



**NOTICE OF JOINT MEETING OF
THE BOARD OF TRUSTEES OF
STAFFORD MUNICIPAL SCHOOL DISTRICT
AND
STAFFORD CITY COUNCIL**



*State of Texas
Counties of Fort Bend and Harris*

Notice is hereby given of a Joint Meeting of the Board of Trustees of the Stafford Municipal School District, Fort Bend and Harris Counties, and Stafford City Council, to be held on August 26, 2024 at 7:00 p.m. in the Scarcella Administration Building, Board Room, 1633 Staffordshire Road, Stafford, TX 77477.

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

1. Establish a Quorum and Call to Order
 - A. Roll call of SMSD Trustees and Stafford City Council Members.
 - B. Announcement by the President and Mayor whether a quorum is present, that the meeting has been duly called, notice of the meeting has been posted for the time and manner required by law, and welcoming those in attendance.
 - C. Invocation
 - D. Posting of the Colors - Stafford High School Army JROTC
 - E. Pledges to the U.S. and Texas Flags - led by Maj. Yulanda Glutz
 - F. National Anthem
2. Public Comment.
3. Opening remarks by Mayor outlining the basic approach to follow for this joint meeting under Texas Education Code 11.303.
4. Consider adoption of (A) a Joint Resolution Approving and Ratifying Fiscal Year 2024 Defeasance and Redemption Certain Outstanding Obligations of Stafford Municipal School District; and Containing Other Provisions Related Thereto, and (B) a Joint Resolution Authorizing and Providing for the Defeasance and Redemption of Certain Outstanding Obligations of Stafford Municipal School District; and Containing Other Provisions Related Thereto.
 - A. Presentation regarding Defeasance Resolutions.
 - B. Comments from the public regarding Defeasance Resolutions.
 - C. Consider adoption of a Joint Resolution Approving and Ratifying Fiscal Year 2024 Defeasance and Redemption Certain Outstanding Obligations of Stafford Municipal School District; and Containing Other Provisions Related Thereto.
 1. Presiding Officers call for a vote from the members of the Board and members of City Council to approve adoption of Joint Resolution.
 - D. Consider adoption of a Joint Resolution Authorizing and Providing for the Defeasance and Redemption of Certain Outstanding Obligations of Stafford Municipal School District; and Containing Other Provisions Related Thereto.
 1. Presiding Officers call for a vote from the members of the Board and members of City Council to approve adoption of Joint Resolution.

City Council & SMSD Board Joint Meeting
August 26, 2024

5. Opening remarks by the School Board President concerning the 2024-25 budget, tax rates, and budget process.
6. Presentation by SMSD Superintendent Dr. Robert Bostic and Chief Financial Officer Dovran Ovezov on proposed budget and proposed tax rate.
7. Presentation by Mayor of City's contribution to SMSD, and Stafford taxpayers' support provided in SMSD 2024-25 budget, and observations on budget and tax rate and other items.
8. Presentation by the Board President regarding 2024-2025 proposed budget and other related items.
9. Comments and questions by elected officials pertaining to presentations.
10. Public hearing to receive comments regarding SMSD proposed budget and proposed tax rate.
11. Discussion by SMSD Trustees, City Council, and SMSD Administration on comments regarding presentations, SMSD proposed budget and proposed tax rate and items 3, 5-10 on the agenda.
12. Consideration, discussion and possible action(s) by SMSD Board and City Council to approve the 2024-25 SMSD budget and related actions.
 - A. Consider approval of 2024-25 SMSD budget by SMSD Board and related actions.
 - B. Consider approval by the SMSD Board to suspend the rule requiring a motion and second to take further action.
 - C. Call for a roll-call vote and brief comments from the members of the SMSD Board and members of City Council to approve the 2024-25 SMSD budget as presented.
13. Consideration, discussion and possible action(s) by SMSD Trustees and City Council to approve and establish the ad valorem tax rate necessary for the support and maintenance of schools and the ad valorem tax rate necessary for the purpose of paying the interest and providing a sinking fund for the payment of bond indebtedness of the Stafford Municipal School District for the tax year 2024 to fund school budget year 2024-25 and related actions.
 - A. Consideration and possible action by SMSD Board of Trustees to approve and establish a tax rate on \$100 valuation for Stafford MSD for the tax year 2024 at a total rate of \$1.002121 to be assessed and collected by the duly specified assessor and collector as follows: \$0.786900 for the purpose of maintenance and operations and \$0.215221 for the purpose of debt service for the total tax rate of \$1.002121.
 - B. Presiding officers call for a vote from the members of the Board and members of City Council to approve the total tax rate of \$1.002121, \$0.786900 for the purpose of maintenance and operations and \$0.215221 for the purpose of debt service for the total tax rate of \$1.002121 for the tax year 2024 and related actions.
14. Consideration and possible action by City Council to adopt an ordinance providing for the

assessment, levy, and collection of ad valorem taxes by the City of Stafford, Texas, for the use and benefit of the Stafford Municipal School District for the tax year 2024 to fund the school budget year 2024-25; providing the date on which such taxes shall be due and payable; providing for penalty and interest on all taxes not timely paid; repealing all ordinances and parts of ordinances in conflict herewith; and containing a severability clause.

15. Consider adoption of a Resolution authorizing the issuance of Stafford Municipal School District Tax and Revenue Anticipation Notes, Series 2024; and Containing Other Matters relating thereto.
16. Consider adoption of a Resolution authorizing the issuance of Stafford Municipal School District Maintenance Tax Notes, Series 2024; and Containing Other Matters relating thereto.
17. Brief closing remarks by SMSD representatives and City representatives.
18. Adjournment.

I CERTIFY THAT THE ABOVE NOTICE OF MEETING AND AGENDA WAS POSTED ON THE BULLETIN BOARD OF THE STAFFORD CITY HALL ON AUGUST 23, 2024.



Roxanne Benitez, TRMC, CPM, CMCC
City Secretary

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's Office at (281) 261-3900 for further information.

A JOINT RESOLUTION AUTHORIZING AND PROVIDING FOR THE
DEFEASANCE AND REDEMPTION OF CERTAIN OUTSTANDING
OBLIGATIONS OF STAFFORD MUNICIPAL SCHOOL DISTRICT; AND
CONTAINING OTHER PROVISIONS RELATED THERETO

THE STATE OF TEXAS §
COUNTIES OF FORT BEND AND HARRIS §

WHEREAS, pursuant to Section 11.303, Education Code, the City Council (the “City Council”) of the City of Stafford, Texas (the “City”) and the Board of Trustees (the “Board” and together with the City Council, the “Governing Bodies”) of Stafford Municipal School District jointly levy the ad valorem taxes of the District;

WHEREAS, on August 11, 2016, the City previously adopted an ordinance (the “Original Ordinance”) authorizing the issuance of bonds designated as “Stafford Municipal School District Unlimited Tax Refunding Bonds, Series 2016B,” dated September 1, 2016, in the original principal amount of \$5,540,000 (the “Bonds”) and the District authorized an order levying an ad valorem tax for the benefit and payment of the Bonds;

WHEREAS, the Bonds are currently outstanding in the principal amount of \$5,520,000, and the Bonds maturing on and after August 15, 2027 are subject to redemption on August 15, 2026, at the option of the District;

WHEREAS, it is in the best interest of the District to redeem the Bonds as herein provided in order to terminate the payment of interest thereon and to reduce the District’s aggregate debt service requirements in the years subsequent to the redemption date;

WHEREAS, the Original Ordinance provides the notice and publication requirements to effectuate the redemption of the eligible outstanding Bonds; and

WHEREAS, the Governing Bodies hereby determine that it is in the best interests of the District and its taxpayers to apply legally available funds of the District, in a principal amount not to exceed \$5,000,000, to defease and redeem certain eligible Bonds as herein provided in order to reduce the payment of interest thereon, the District’s aggregate debt service requirements, and the District’s legal debt outstanding.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STAFFORD, TEXAS AND THE BOARD OF TRUSTEES OF THE STAFFORD MUNICIPAL SCHOOL DISTRICT THAT:

SECTION 1: Redemption of Redeemed Bonds. The Governing Bodies hereby authorize the application of legally available funds of the District, in an aggregate amount not to exceed \$5,000,000 (excluding any costs and expenses in connection with the defeasance and redemption), towards the redemption of the Bonds stated to mature on August 15 in the years 2027, 2028 and 2029 (such redeemed bonds, the “Redeemed Bonds”) and further authorizes the application of any additional funds necessary to pay costs and expenses associated with the redemption of the Redeemed Bonds.

SECTION 2: Authorized Officers; Timing of Redemption. The President, Vice President and Secretary of the Board (the “Officers”) are each individually and collectively authorized and instructed to take all actions necessary to determine the Bonds to be redeemed withing the parameters established herein and redeem the Redeemed Bonds. Such Officers shall redeem the Redeemed Bonds as soon as reasonably practicable after funds of the District become available for such purpose, but in no event later than August 30, 2025.

SECTION 3: Notice of Redemption. The Officers are authorized and directed to give notice of redemption to the paying agent/registrar for the Redeemed Bonds as provided in the Ordinance. Such notice shall be in substantially the form attached hereto as Exhibit A hereto and incorporated fully herein for all purposes with appropriate additions based on the total amount of the Redeemed Bonds. The Governing Bodies’ authorization and direction to the Officers to redeem the Redeemed Bonds is irrevocable upon adoption of this Resolution (the “Redemption Resolution”).

SECTION 4: Escrow Agreement. The discharge and defeasance of the Redeemed Bonds shall be effectuated pursuant to the terms and provisions of an escrow agreement (the “Escrow Agreement”) with The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, (the “Escrow Agent”), in substantially the form attached hereto as Exhibit B, the terms and provisions of which are hereby approved in order to comply with all applicable laws and regulations relating to the redemption of the Redeemed Bonds and to carry out the other intents and purposes of this Resolution, including the execution of the Escrow Agreement. The President or Vice President of the Board is hereby authorized, as soon as is practicable, to take such actions as are necessary to effectuate the deposit with the Escrow Agent and the redemption of the of the Redeemed Bonds.

SECTION 5: Purchase of Escrow Securities. The Governing Bodies hereby authorize and direct the deposit of funds with the Escrow Agent to effectuate the defeasance of the Redeemed Bonds, and if applicable, directs the District’s consultants and the Escrow Agent to subscribe for, agree to purchase and purchase obligations of the United States of America or other securities authorized by law, in such amounts and maturities and bearing interest at such rates as may be provided for in 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.

SECTION 6: Further Actions Authorized. The Officers or the designees thereof, are authorized to evidence adoption of this Redemption Resolution and to do any and all things necessary or convenient to effect the redemption described herein and otherwise give effect to the intent hereof, including the retention of a verification agent to provide the Report (as defined in the Escrow Agreement).

SECTION 7: Recitals Incorporated. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Redemption Resolution for all purposes and are adopted as a part of the judgment and findings of the Governing Bodies.

SECTION 8: Repealer. All orders and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Redemption Resolution are hereby repealed to the extent

of such conflict, and the provisions of this Redemption Resolution shall be and remain controlling as to the matters resolved herein.

SECTION 9: Choice of Law. This Redemption Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 10: Severability. If any provision of this Redemption Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Redemption Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Governing Bodies hereby declare that this Redemption Resolution would have been enacted without such invalid provision.

SECTION 11: Open Meeting. It is officially found, determined, and declared that the meeting at which this Redemption Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Redemption Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 12: Headings. The titles and headings of the sections are for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms and provisions hereof.

SECTION 13: Effective Date. This Redemption Resolution shall be in force and effect from and after its final passage, and it is so resolved.

[Signature page follows]

PASSED AND APPROVED, this the ____ day of August, 2024.

STAFFORD MUNICIPAL SCHOOL DISTRICT

President, Board of Trustees

ATTEST:

Secretary, Board of Trustees

(District Seal)

PASSED AND APPROVED, this the ____ day of August, 2024.

CITY OF STAFFORD, TEXAS

Mayor

ATTEST:

City Secretary

(City Seal)

EXHIBIT A
NOTICE OF PARTIAL REDEMPTION

Notice is hereby given that the Stafford Municipal School District (the “District”), acting through the City Council of the City of Stafford, Texas, and the Board of Trustees of the District (collectively, the “Governing Bodies”), has called for redemption the following outstanding obligations:

“Stafford Municipal School District Unlimited Tax Refunding Bonds, Series 2016B,” dated September 1, 2016 (the “Bonds”), bearing interest, and stated to mature on August 15th in the following years:

<u>Maturity Date</u>	<u>Principal Amount Outstanding (\$)</u>	<u>Amount Being Redeemed (\$)*</u>	<u>Interest Rate (%)</u>
2027	1,715,000		4.000
2028	1,785,000		4.000
2029	1,855,000		4.000

* To be completed with final redemption information as determined by the Officers.

The date fixed for redemption of the Bonds is August 15, 2026 (the “Redemption Date”) as authorized by the order authorizing the issuance of the Bonds and as directed by the Governing Bodies pursuant to a joint resolution adopted on August 26, 2024. You are hereby notified that the Bonds should be presented for redemption on or before the Redemption Date and that interest shall cease to accrue from and after that date, and that on such date there shall become due and payable on each of the Bonds the redemption price equal to the principal amount thereof, without premium, plus unpaid accrued interest to the Redemption Date.

Notice is further given that the Bonds will be payable at and should be submitted either in person or by certified or registered mail to The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, at the following address:

The Bank of New York Mellon Trust Company, N.A.
500 Ross St., Ste 625
Pittsburg, PA 15262
Attn: Corporate Trust – Paying Agency

This notice is issued and given pursuant to the option of redemption reserved to the Governing Bodies in the order authorizing the issuance of the Bonds.

WITNESS MY OFFICIAL SIGNATURE this August 26, 2024.

STAFFORD MUNICIPAL SCHOOL DISTRICT

Secretary, Board of Trustees

EXHIBIT B
FORM OF ESCROW AGREEMENT

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this “Escrow Agreement”), dated for convenience as of August __, 2024, but effective on the Escrow Funding Date described herein, is made and entered into by and between the STAFFORD MUNICIPAL SCHOOL DISTRICT, an municipal school district duly created, organized and existing under the Constitution and laws of the State of Texas (together with any successor to its duties and functions, the “District”), and The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as escrow agent (together with any successor or assign in such capacity, the “Escrow Agent”).

WHEREAS, the District has heretofore issued certain bonds (hereinafter defined as the “Defeased Bonds”) that it desires to refund in advance of their maturities;

WHEREAS, Chapter 1207, Texas Government Code, as amended, authorizes and empowers the District to deposit with a paying agent for any of the Defeased Bonds, or a trust company or commercial bank that does not act as a depository for the District, from available funds from any source, an amount sufficient to provide for the payment or redemption of the Defeased Bonds;

WHEREAS, the governing bodies of the City of Stafford, Texas and the District have adopted a defeasance and redemption resolution authorizing the defeasance and redemption of certain of its Unlimited Tax Refunding Bonds, Series 2016B as further described in Exhibit B hereto (the “Defeased Bonds”), for the purpose, among other purposes, of providing the funds necessary to defease and redeem the Defeased Bonds to reduce the payment of interest thereon and to reduce the District’s aggregate debt service requirements and legal debt outstanding;

WHEREAS, to provide for the payment of the Defeased Bonds, the District has provided for the transfer to the Escrow Agent pursuant to this Escrow Agreement of money lawfully available for such purpose; and

WHEREAS, the governing body of the District has further determined to effectuate the defeasance and redemption pursuant to this Escrow Agreement, under which provision is made for the safekeeping, investment, reinvestment, administration and disposition of funds necessary to defease and redeem the Defeased Bonds so as to provide firm banking and financial arrangements for the discharge and final payment of the Defeased Bonds;

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, and in order to secure the full and timely payment of the principal of and interest on the Defeased Bonds, the District and the Escrow Agent contract and agree as follows:

ARTICLE ONE DEFINITIONS AND INTERPRETATIONS

Section 1.1 Definitions.

Unless otherwise expressly provided or unless the context clearly requires otherwise, the following terms shall have the respective meanings specified below for all purposes of this Escrow Agreement:

“Board” shall mean the District’s Board of Trustees.

“City” shall mean the City of Stafford, Texas.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder and under the Internal Revenue Code of 1954.

“Defeased Bond Resolution” shall mean the City and District’s resolution authorizing the issuance, sale and delivery of the Defeased Bonds.

“Defeased Bonds” shall mean the outstanding bonds of the District as shown on Exhibit B hereto.

“District” shall mean the Stafford Municipal School District, and any successor to its duties and functions.

“Escrow Agent” shall mean The Bank of New York Mellon Trust Company, N.A., in its capacity as escrow agent hereunder, and any successor or assign in such capacity.

“Escrow Agreement” shall mean this escrow agreement.

“Escrow Deposit” shall mean the initial deposit into the Escrow Fund, as more particularly described in Section 2.1.

“Escrow Fund” shall mean the fund created in Section 3.1 of this Escrow Agreement to be administered by the Escrow Agent pursuant to the provisions of this Escrow Agreement.

“Escrow Funding Date” shall mean the date on which the District deposits with the Escrow Agent the Escrow Deposit described in Section 2.1 which date shall be no later than August 30, 2025.

“Escrowed Securities” shall mean the Limited Yield Securities and the Open Market Securities.

“Limited Yield Securities” shall mean the non-callable United States Treasury Obligations-State and Local Government Series to be initially purchased with lawfully available funds of the District, together with all reinvestments of the proceeds thereof as may be directed in Section 4.2 or permitted in Section 4.3(b).

“Open Market Securities” shall mean the United States Treasury securities (or other direct non-callable obligations of the United States, including obligations that are unconditionally guaranteed by the United States) and any non-callable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the

agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the defeasance and redemption of the Defeased Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, to be purchased in the open market with cash, together with all reinvestments thereof as may be directed in Section 4.2 or permitted in Section 4.3(b), or cash or obligations substituted therefor pursuant to Section 4.3(a).

“Paying Agent for the Defeased Bonds” shall mean The Bank of New York Mellon Trust Company, N.A.

“Report” shall mean the verification report relating to the advance refunding of the Refunded Bonds, a copy of which is attached hereto as Exhibit C, and any subsequent verification report required by Section 4.3.

Section 1.1 Interpretations.

The titles and headings of the articles and sections of this Escrow Agreement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Escrow Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the defeasance and redemption of the Defeased Bonds in accordance with applicable law.

ARTICLE TWO
DEPOSIT OF FUNDS AND ESCROWED SECURITIES

Section 2.1 Deposits to Escrow Fund.

On the Escrow Funding Date, the District shall deposit, or cause to be deposited, into the Escrow Fund the Escrow Deposit, consisting of the following:

- (a) As the beginning cash balance for the Escrow Fund, \$____ from available funds of the District;
- (b) the initial Limited Yield Securities with a purchase price of \$_____ from available funds of the District; and
- (c) the initial Open Market Securities with a purchase price of \$____ from available funds of the District.

ARTICLE THREE
CREATION AND OPERATION OF ESCROW FUND

Section 3.1 Escrow Fund.

On the Escrow Funding Date the Escrow Agent will create in its books a special fund and irrevocable escrow to be known as the “Stafford Municipal School District 2025 Defeasance Escrow Fund” (the “Escrow Fund”). On the Escrow Funding Date, the Escrow Deposit described

in Section 2.1 will be deposited to the credit of the Escrow Fund, The Escrow Deposit and all proceeds therefrom shall be the property of the Escrow Fund and shall be applied only in strict conformity with the terms and conditions hereof. All Escrowed Securities, all proceeds therefrom and all cash balances from time to time on deposit in the Escrow Fund are hereby irrevocably pledged to the payment of the principal of, redemption premium, if any; and interest on the Defeased Bonds, which payment shall be made by timely transfers to the Paying Agent for the Defeased Bonds of such amounts at such times as are provided in Section 3.2. When the final transfers have been made to the Paying Agent for the Defeased Bonds for the payment of such principal of, redemption premium, if any, and interest on the Defeased Bonds, any balance then remaining in the Escrow Fund shall be transferred to the District, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

Section 3.2 Payment of Principal, Redemption Premium, if any, and Interest; Redemption and/or Defeasance of Certain Defeased Bonds.

(a) The Escrow Agent is hereby irrevocably instructed to transfer to the Paying Agent for the Defeased Bonds from the cash balance from time to time on deposit in the Escrow Fund the amounts required to pay the principal of, redemption premium, if any, and interest on the Defeased Bonds in the amounts and at the times shown in the Report.

(b) Except for amounts transferred to the Paying Agent for the Defeased Bonds pursuant to Section 3.2(a) and to the District pursuant to Section 4.2, the Escrow Agent agrees that it shall never make any withdrawals from the Escrow Fund or assert any claims, liens or charges against the Escrow Fund.

Section 3.3 Sufficiency of Escrow Fund.

The District represents (based upon the Report) that the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide money for transfer to the Paying Agent for the Defeased Bonds at the times and in the amounts required to pay the interest on the Defeased Bonds as such interest comes due and to pay the principal of, redemption premium, if any, and interest on the Defeased Bonds as the Defeased Bonds mature or are called for redemption, all as more fully set forth in the Report. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by the Paying Agent for the Defeased Bonds to make the payments set forth in Section 3.2, the District shall timely deposit into the Escrow Fund, from lawfully available funds, additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be given promptly by the Escrow Agent to the District as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Escrow Fund or the District's failure to make additional deposits thereto.

Section 3.4 Trust Fund.

The Escrow Agent at all times shall hold the Escrow Fund, the Escrowed Securities and all other assets of the Escrow Fund wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it

shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund always shall be maintained by the Escrow Agent for the benefit of the holders of the Defeased Bonds; and a special account evidencing such fact shall be maintained at all times on the books of the Escrow Agent. The holders of the Defeased Bonds shall be entitled to the same preferred claim and first lien upon the Escrowed Securities, the proceeds thereof and all other assets of the Escrow Fund to which they are entitled as holders of the Defeased Bonds. The amounts received by the Escrow Agent under this Escrow Agreement shall not be considered as a banking deposit by the District, and the Escrow Agent shall have no right or title with respect thereto except as escrow agent under the terms hereof. The amounts received by the Escrow Agent hereunder shall not be subject to warrants, drafts or checks drawn by the District or, except to the extent expressly herein provided, by the Paying Agent for the Defeased Bonds.

Section 3.5 Security for Cash Balances.

Cash balances from time to time on deposit in the Escrow Fund, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, shall be continuously secured by a pledge of direct obligations of, or obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

**ARTICLE FOUR
LIMITATION ON INVESTMENTS**

Section 4.1 General.

Except as herein otherwise expressly provided, the Escrow Agent shall not have any power or duty to invest any money held hereunder, to make substitutions of the Escrowed Securities or to sell, transfer or otherwise dispose of the Escrowed Securities.

Section 4.2 Reinvestment of Proceeds of Escrowed Securities.

The Escrow Agent is hereby authorized and directed to reinvest proceeds of the Escrowed Securities which are attributable to amounts received as principal of or interest on the Escrowed Securities and which are not immediately needed to pay the Defeased Bonds in direct obligations of the United States of America, i.e., United States Treasury Bonds, Bills and Notes, in the amounts, and maturing and bearing interest, all as set out in the Report. The District hereby designates and appoints the Escrow Agent as its agent and duly authorized representative for purposes of subscribing for and purchasing such obligations, all of which shall constitute Escrowed Securities. Any income or increment earned from such reinvestment remaining after final payment of the Defeased Bonds shall be promptly transferred to the District.

Section 4.3 Substitution of Securities.

(a) The District may, upon compliance with the conditions stated in subsection (c) of this Section 4.3, at its option, substitute cash or non-interest bearing obligations of the United States Treasury (i.e., Treasury obligations which mature and are payable in a stated amount on the maturity date thereof and for which there are no payments other than the payment made on the

maturity date) for non-interest bearing Open Market Securities listed in the Report, but only if such cash and/or substituted non-interest bearing direct obligations of the United States Treasury:

- (i) are in an amount, and/or mature in an amount, which, together with any cash substituted for such obligations, is equal to or greater than the amount payable on the maturity date of the obligation listed in the Report for which such obligation is substituted, and
- (ii) mature on or before the maturity date of the obligation listed in the Report for which such obligation is substituted.

The District may at any time substitute any Open Market Securities which, as permitted by the preceding sentence, were not deposited to the credit of the Escrow Fund, for the cash and/or obligations that were substituted for such Open Market Securities.

(b) At the written request of the District, and upon compliance with the conditions hereinafter stated in subsection (c) of this Section 4.3, the Escrow Agent shall sell, transfer, otherwise dispose of or request the redemption of all or any portion of the Escrowed Securities and apply the proceeds therefrom to purchase Defeased Bonds or direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America which do not permit the redemption thereof at the option of the obligor.

(c) Any such transaction described in subsections (a) and (b) of this Section 4.3 may be effected by the Escrow Agent only if (1) the Escrow Agent shall have received a written opinion from a recognized firm of certified public accountants that such transaction will not cause the amount of money and securities in the Escrow Fund to be reduced below an amount which will be sufficient, when added to the interest to accrue thereon, to provide for the payment of principal of, redemption premium, if any, and interest on the remaining Defeased Bonds as they become due, and (2) the Escrow Agent shall have received the unqualified written legal opinion of nationally recognized bond counsel or tax counsel acceptable to the District and the Escrow Agent to the effect that (a) such transaction will not cause any of the Defeased Bonds to be an “arbitrage bond” within the meaning of the Code and (b) that such transaction complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Defeased Bonds.

Section 4.4 Arbitrage.

The District hereby covenants and agrees that it shall never request the Escrow Agent to exercise any power hereunder or permit any part of the money in the Escrow Fund or proceeds from the sale of Escrowed Securities to be used directly or indirectly to acquire any securities or obligations if the exercise of such power or the acquisition of such securities or obligations would cause any Defeased Bond to be an “arbitrage bond” within the meaning of the Code.

ARTICLE FIVE
RECORDS AND REPORTS

Section 5.1 Records.

The Escrow Agent shall keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipt, disbursement, allocation and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at reasonable hours and under reasonable conditions by the District and the holders of the Defeased Bonds.

Section 5.2 Reports.

For the period beginning on the Escrow Funding Date and ending on December 31, 2025, and for each twelve (12) month period thereafter while this Agreement remains in effect, the Escrow Agent shall prepare and send to the District within thirty (30) days following the end of such period a written report summarizing all transactions relating to the Escrow Fund during such period, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund to the Paying Agent for the Defeased Bonds or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end, of such period.

ARTICLE SIX
CONCERNING THE ESCROW AGENT

Section 6.1 Representations of Escrow Agent.

The Bank of New York Mellon Trust Company, N.A. hereby represents (a) that it is either a (i) Paying Agent for the Defeased Bonds or (ii) trust company or commercial bank that does not act as a depository for the District and (b) that it has all necessary power and authority to enter into this Escrow Agreement and undertake the obligations and responsibilities imposed upon it herein and that it will carry out all of its obligations hereunder.

Section 6.2 Limitation on Liability.

The liability of the Escrow Agent to transfer funds to the Paying Agent for the Defeased Bonds for the payments of the principal of, redemption premium, if any, and interest on the Defeased Bonds shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, the Escrow Agent shall have no liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligor of the Escrowed Securities to make timely payment thereon, except for its obligation to notify the District promptly of any such occurrence.

The recitals herein and in the proceedings authorizing the Defeased Bonds shall be taken as the statements of the District and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent. The Escrow Agent is not a party to the Defeased Bond Resolution and in its capacity as Escrow Agent is not responsible for or bound by any of the

provisions thereof. In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Escrow Agreement.

The Escrow Agent makes no representation as to the value, condition or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the District thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall incur no liability or responsibility with respect to any of such matters.

It is the intention of the District and the Escrow Agent that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for the performance of any duties, except such duties as are specifically set forth in this Escrow Agreement, and no implied covenants or obligations shall be read into this Escrow Agreement. Nothing herein contained shall relieve the Escrow Agent from liability for its own negligent action, negligent failure to act or willful misconduct, except that this sentence shall not be construed to limit the effect of the immediately preceding sentence. The Escrow Agent shall not incur any liability for any error of judgment made in good faith by a responsible officer thereof, unless it shall be proved that it was negligent in ascertaining the pertinent facts. The Escrow Agent shall be protected in acting upon any notice, resolution, request, consent, order, ordinance, certificate, report, opinion, bond or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Escrow Agent may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it in good faith and in accordance therewith. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct on the part of any agent, attorney, custodian or nominee so appointed.

Unless it is specifically provided otherwise herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the District with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund and to dispose of and deliver the same in accordance with this Escrow Agreement. If, however, the Escrow Agent is called upon by the terms of this Escrow Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in the event of error in making such determination the Escrow Agent shall be liable only for its own negligence or willful misconduct. In determining the occurrence of any such event or contingency the Escrow Agent may request from the District or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, the District, among others, at any time.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in the exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Escrow Agreement, nor shall the Escrow Agent be responsible for the

consequences of any error of judgment; nor shall the Escrow Agent be answerable, except for its own neglect or fault, for any loss unless the same shall have been through its negligence or willful misconduct.

In the absence of bad faith, the Escrow Agent may rely conclusively upon the truth, completeness and accuracy of the statements, certificates, opinions, resolutions, ordinances and other documents conforming to the requirements of this Escrow Agreement, and shall not be obligated to make any independent investigation with respect thereto.

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

Section 6.3 Compensation.

On the Escrow Funding Date, the District will pay The Bank of New York Mellon Trust Company, N.A. for performing its services as Escrow Agent hereunder and for all expenses incurred or to be incurred by the Escrow Agent in the administration of this Escrow Agreement, the fees set out in Exhibit A. If the Escrow Agent is requested to perform any extraordinary services hereunder, the District hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services and to reimburse the Escrow Agent for all expenses incurred by the Escrow Agent in performing such extraordinary services. It is expressly provided that the Escrow Agent shall look only to the District for the payment of such additional fees and reimbursement of such additional expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular, additional or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses.

The Escrow Agent, in its capacity as the Paying Agent for the Defeased Bonds, agrees to continue to act as paying agent for the Defeased Bonds for the life of such bonds, under the fee schedule currently in effect for such bonds, with the remedy for nonpayment being solely an action against the District for amounts owing under the Paying Agent Agreement. The fees will continue to be paid by the District, and in no instance will the proceeds of the Escrow Fund be used to pay the fees of the Paying Agent for the Defeased Bonds.

Section 6.4 Successor Escrow Agents.

If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the District, by appropriate action, shall promptly

appoint a successor Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the District within sixty (60) days of such vacancy, a successor may be appointed by the holders of a majority in aggregate principal amount of the Defeased Bonds then outstanding by an instrument or instruments in writing filed with the District, signed by such holders or by their duly authorized attorneys. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the holder of any Defeased Bond then outstanding may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be qualified to act in such capacity under Chapter 1207, Texas Government Code, as amended, and shall be a corporation organized and doing business under the laws of the United States or the State of Texas, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by federal or state authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the District and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the District shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties. The Escrow Agent shall pay over to its successor Escrow Agent a proportional part of the Escrow Agent's fee paid hereunder.

The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the escrow hereby created by giving not less than sixty (60) days' written notice to the District specifying the date when such resignation will take effect. No such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holders of the Defeased Bonds or by the District as herein provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent. If an instrument of acceptance by a successor Escrow Agent shall not have been delivered to the Escrow Agent within 60 days after the giving of such notice of resignation, the resigning Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent.

The Escrow Agent may be removed at any time with thirty (30) days' prior notice by an instrument or concurrent instruments in writing delivered to the Escrow Agent and to the District and signed by the holders of a majority in aggregate principal amount of the Defeased Bonds then outstanding.

ARTICLE SEVEN
MISCELLANEOUS

Section 7.1 Notices.

Any notice, authorization, request or demand required or permitted to be given hereunder shall be made or given in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid, addressed as follows:

To the Escrow Agent:

The Bank of New York Mellon Trust Company, N.A.
2001 Bryan Street, 10th Floor
Dallas, Texas 75201
Attention: Corporate Trust Services

To the District:

Stafford Municipal School District
1633 Staffordshire Road
Stafford, Texas 77477
Attention: Chief Financial Officer

The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Either party hereto may change the address to which notices are to be delivered by giving to the other party not less than ten (10) days' prior written notice thereof.

Section 7.2 Termination of Responsibilities.

Upon the taking by the Escrow Agent of all the actions as described herein, the Escrow Agent shall have no further obligations or responsibilities hereunder to the District, the holders of the Defeased Bonds or to any other person or persons in connection with this. Escrow Agreement.

Section 7.3 Binding Agreement; Amendment.

This Escrow Agreement shall be binding upon the District and the Escrow Agent and their respective successors and legal representatives and shall inure solely to the benefit of the holders of the Defeased Bonds, the District, the Escrow Agent and their respective successors and legal representatives. This Escrow Agreement shall not be subject to amendment without the written consent of the holders of all Defeased Bonds then outstanding.

Section 7.4 Severability.

If any one or more of the provisions contained in this Escrow Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Escrow Agreement, but this Escrow Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 7.5 Governing Law.

This Escrow Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Texas.

Section 7.6 Time of Essence.

Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Escrow Agreement.

Section 7.7 Legislative Contracting Requirements.

The undersigned verifies that, pursuant to Chapter 2270, Texas Government Code, and solely for purposes relating to Chapter 2270, Texas Government Code, it does not boycott Israel and agrees it will not boycott Israel during the term of this Escrow Agreement. Additionally, pursuant to Subchapter F of Chapter 2252, Texas Government Code, the undersigned certifies that it is not a company that contracts with or provides supplies or services to a foreign terrorist organization, as defined by Section 2252.151(2), Texas Government Code, and has not been identified as a company known to have contracts with or provide supplies or services to a foreign terrorist organization as identified on a list prepared and maintained by the Comptroller of Public Accounts under Sections 2270.0201 or 2252.153, Texas Government Code. At the request of the District, the undersigned agrees to execute further written certifications as may be necessary or convenient for District to establish compliance with these laws.

[Execution page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

STAFFORD MUNICIPAL SCHOOL DISTRICT

By: _____
President, Board of Trustees

Address: 1633 Staffordshire Road
Stafford, Texas 77477

ATTEST:

By: _____
Secretary, Board of Trustees

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

By: _____
Name: _____
Title: _____

Address: As listed in Section 7.1 hereof

ATTEST:

By: _____
Name: _____
Title: _____

Exhibit A
Fee Schedule

Exhibit B

Schedule of Defeased Bonds

“Stafford Municipal School District Unlimited Tax Refunding Bonds, Series 2016B,” dated September 1, 2016 (the “Bonds”), bearing interest, and stated to mature on August 15th in the following years:

<u>Maturity Date</u>	<u>Principal Amount Outstanding (\$)</u>	<u>Amount Being Redeemed (\$)*</u>	<u>Interest Rate (%)</u>
2027	1,715,000		4.000
2028	1,785,000		4.000
2029	1,855,000		4.000

* To be completed with final redemption information as determined by the Officers.

The date fixed for redemption of the Bonds is August 15, 2026 (the “Redemption Date”) as authorized by the order authorizing the issuance of the Bonds and as directed by the Governing Bodies pursuant to a joint resolution adopted on August 26, 2024. You are hereby notified that the Bonds should be presented for redemption on or before the Redemption Date and that interest shall cease to accrue from and after that date, and that on such date there shall become due and payable on each of the Bonds the redemption price equal to the principal amount thereof, without premium, plus unpaid accrued interest to the Redemption Date.

Exhibit C
Verification Report