



TEXAS SOUTHMOST COLLEGE DISTRICT

THE UNIVERSITY OF TEXAS AT BROWNSVILLE and TEXAS SOUTHMOST COLLEGE

80 Fort Brown • Brownsville, Texas 78520 • (956) 882-3879 • Fax: (956) 882-8811 • <http://blue.utb.edu/vpapa>

FILED AND RECORDED  
OFFICIAL PUBLIC RECORDS  
On: Jun 20, 2008 at 04:32P

Joe G. Rivera  
County Clerk  
By  
Hilda Perez, Deputy  
Cameron County

**Board of Trustees**

*Chester Gonzalez*

*Chair*

*Rosemary Breedlove*

*Vice Chair*

*Eduardo A. Campirano*

*Secretary*

*Adela Garza*

*David G. Oliveira*

*Roberto Robles, M.D.*

*Rene Torres*

Official Notice of the

**Texas Southmost College District  
Regular Meeting**

**For  
June 25, 2008**

Posted  
June 20, 2008

**AGENDA**

**UTB/TSC President**

*Juliet V. Garcia, Ph.D*

The Board of Trustees of the Texas Southmost College District will convene **Wednesday, June 25, 2008 at 5:30 p.m.** at the Free Speech Area Behind Gorgas Hall of The University of Texas at Brownsville and Texas Southmost College, 80 Fort Brown, Brownsville, Texas 78520.

**Call to Order**

**1. Announcements**

Recognition of:

**Rene Torres** for receiving the  
Jefferson Award

**Dr. Roberto Robles** for being  
honored at the "Timeless Values"  
Boy Scout Dinner

**2. Resolution**

Consideration and possible action on:

**Resolution** Honoring Heroes Albert  
Barreda, Oseas Cantu, Dr. Philip  
Conatser and Dr. Susan Hart

**3. Board Briefing**

**4. District Elections**

Consideration and possible action on:

**5. Administering of Oath  
of Office of Elected Members**

**6. Executive Session**

**Real Estate**

**Legal Matters**

**7. Consideration and Possible  
action on Matters Discussed  
in Executive Session**

**Real Estate**

**Bond Retirement Report**

**Canvassing** the Results of the Texas Southmost College District Runoff Election

**Order** Declaring Results of the Texas Southmost College District Runoff Election

**Recess**

**Reception – Free Speech Area**

**Reconvene – Gorgas Board Room**

as provided by Government Code, Chapters 551.071-7

**Electric** Utility Easement to the Brownsville Public Utilities Board for the Arts Center

**Contract** and Resolution for Purchase of Lot 3, Block 11, Colonia Alta Vista Subdivision, Brownsville, Texas

**Contract** and Resolution for Purchase of Lot 21, Block 12, Colonia Alta Vista Subdivision, Brownsville, Texas

**Contract** and Resolution for Purchase of Lot 22, Block 12, Colonia Alta Vista Subdivision, Brownsville, Texas

**Contract** and Resolution for Purchase of Lots 23 & 24, Block 12, Colonia Alta Vista Subdivision, Brownsville, Texas

**Electric** Utility Easement to the Brownsville Public Utilities Board for the Arts Center

**Contract** and Resolution for Purchase of Lot 3, Block 11, Colonia Alta Vista Subdivision, Brownsville, Texas

**Contract** and Resolution for Purchase of Lot 21, Block 12, Colonia Alta Vista Subdivision, Brownsville, Texas

**Contract** and Resolution for Purchase of Lot 22, Block 12, Colonia Alta Vista Subdivision, Brownsville, Texas

**Contract** and Resolution for Purchase of Lots 23 & 24, Block 12, Colonia Alta Vista Subdivision, Brownsville, Texas

**Legal Matters**

- 8. **Approval of Minutes of Previous Meeting**  
Consideration and possible action on:

**Regular Meeting** May 15, 2008  
**Special Meeting/ Workshop**  
May 19, 2008

- 9. **Speakers to Agenda Items and Public Discussion**

- 10. **Early College High School**

**Presentation and Briefing** on Memorandum of Understanding with Brownsville ISD

- 11. **Trustee Scholarship**  
Consideration and possible action on:

**Distribution** of FY 2008 Trustee Scholarship Dollars for Students taking Summer II Classes

- 12. **Physical Facilities Committee**  
Consideration and possible action on:

**Funding** Allocation for Construction Projects

**Change Order** to the Contract with SpawGlass Contractors for the Renovation Project at the ITEC Campus

**Change Order** to the Contract with J.E. Dunn/Terry Ray, a Joint Venture Partnership, for Construction of Recreation, Education and Kinesiology Center

**Approval of Purchase of Furniture** for the ITEC Campus Renovation and the Recreation, Education and Kinesiology Center

**13. Business Affairs**

**Partnership Committee**

Consideration and possible action on:

**First Reading** of Board Policy V-D: Investment

**First Reading** of the TSC District Budget for Fiscal Year 2008-2009

**14. Bond Issuance**

Consideration and possible action on:

**Order** Authorizing the Issuance of "Texas Southmost College District Limited Tax Bonds, Series 2008"; Entering Into a Purchase Contract and a Paying Agent/Registrar Agreement; Approving an Official Statement and Authorizing and Approving Other Matters Related Thereto

**Resolution** Authorizing the Issuance of "Texas Southmost College District Maintenance Tax Notes, Series 2008"; Entering Into a Purchase Contract and a Paying Agent/Registrar Agreement; Approving an Official Statement; and Authorizing and Approving Other Matters Related Thereto

**15. Construction Report**

**16. President's Report**

**17. Proposed Meeting Dates**

**July \*\*no meeting\*\***

**Friday, August 15, 2008**

Special Meeting 5:00 p.m. *Tentative*

**Thursday, August 28, 2008**

Public Hearing 5:00 p.m. *Tentative*

Regular Meeting 5:30 p.m.

**Monday, September 8, 2008**

Public Hearing 5:00 p.m. *Tentative*

**Thursday, September 18, 2008**

**Thursday, October 30, 2008 – 4:30 p.m.**

**Thursday, November 20, 2008**

**Thursday, December 18, 2008**

**Adjournment**

Individuals with disabilities are entitled to have access to and participate in public meetings. An individual requiring an accommodation for access to the meeting must notify the Texas Southmost College District in writing 24 hours prior to the scheduled meeting of the necessity of an accommodation. Upon receipt of this request, the Texas Southmost College District will furnish appropriate auxiliary aids and services when necessary to afford an individual with a disability an equal opportunity to participate in and enjoy the benefits of the Board meeting as non-handicapped individuals enjoy.

THE STATE OF TEXAS §

COUNTY OF CAMERON §

TEXAS SOUTHMOST COLLEGE DISTRICT

RESOLUTION

*WHEREAS*, Dr. Phillip Conatser, Assistant Professor of Health and Human Performance; Dr. Susan Hart, Associate Professor of Health and Human Performance; Oscar Cantu, Medical Assistant, Student Health Services; and Albert Barreda, Registrar, are to be honored for their efforts in saving the life of Ernesto Gamez; and

*WHEREAS*, Mr. Ernesto Gamez has been a public servant as a Brownsville attorney and is an avid Pington player at the Manuel Garza Gymnasium; and

*WHEREAS*, on May 21, 2008, Mr. Gamez suffered a heart attack at the Manuel Garza Gymnasium; and

*WHEREAS*, the team of Dr. Conatser, Dr. Hart, Mr. Cantu, and Mr. Barreda acted courageously and expeditiously as they rushed to provide immediate emergency attention to Mr. Gamez, applying the Cardiopulmonary Resuscitation techniques in which they have been trained, and making use of the Automated Emergency Defibrillator at the gymnasium; and

*WHEREAS*, Mr. Gamez was kept alive because of their prompt action prior to the arrival of Brownsville Emergency Medical Services personnel to transport him to the hospital for further care and treatment; and

*WHEREAS*, Mr. Gamez, after spending eleven days in the hospital, is now doing well, thanks to the life-saving efforts of these UTB/TSC faculty and staff members.

*NOW, THEREFORE, BE IT RESOLVED* by the Board of Trustees of the Texas Southmost College District that we recognize these individuals for their actions as they worked to revive Mr. Gamez, and also to acknowledge the UTB/TSC administration for

its foresight in providing Automated Emergency Defibrillators throughout campus for emergency situations.

***ADOPTED this 25<sup>th</sup> day of June 2008.***

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Chester Gonzalez  
Chair, Board of Trustees

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Eduardo A. Campirano  
Secretary, Board of Trustees



# TEXAS SOUTHMOST COLLEGE DISTRICT

## BOARD AGENDA REQUEST FORM

<b>Department/Division:</b> Facilities Services/Partnership Affairs	<b>Board Meeting Date:</b> June 25, 2008
<b>Agenda Item:</b> Consideration and possible action on Canvassing the results of the Texas Southmost College District Runoff Election.	
<b>Rationale/Background:</b> On June 14, 2008 a runoff election was held for place 1 on the TSC Board of Trustees. The results as are as follows.	
<b>Recommended Action:</b> Motion to approve the Canvassing the results of the Texas Southmost College District Runoff Election.	
<b>Fiscal Implications:</b> Budgeted Item: <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A If no, explain:	
<b>Attachments (list):</b> -Results for Canvassing	

<b>FOR OFFICE USE ONLY:</b>
<b>Board Action:</b> Approved: <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> Tabled for action on: _____
<b>Certified by:</b> _____ <b>Title:</b> _____ <b>Date:</b> _____



38 PRECINCTS	R V		T P	Place 1 TEXAS SOUTHMOST COLLEGE	
	E O		U E		
	G T		R R		
	I E	B C	N C		
	S R	A A	O E		
	T S	L S	U N	J L S	A G G
	E	L T	T T	a . i	d . a
	R	O	A	i l	e r
	E	T	G	m v	l z
	D	S	E	e a	a a
0001 PCT 1 & 83	3136	127	4.05	19	107
0002 PCT Part 2 & 2A	733	4	.55	0	4
0003 PCT 3. Part 50. 65	7695	344	4.47	154	189
0004 PCT Part 4	2588	65	2.51	18	47
0005 PCT 5	1955	36	1.84	22	14
0006 PCT 6	1720	28	1.63	18	9
0007 PCT 7 & 9	2473	59	2.39	45	14
0008 PCT 8	1308	17	1.30	11	6
0009 PCT 10 & 69	4537	50	1.10	19	30
0010 PCT 11	2181	48	2.20	29	19
0011 PCT 12	1616	44	2.72	31	13
0012 PCT 13	1425	29	2.04	14	15
0013 PCT 14 & 82	4270	27	.63	17	10
0014 PCT 15	2167	81	3.74	47	34
0015 PCT Part 16 & Part	808	11	1.36	3	7
0016 PCT 37	2018	36	1.78	18	18
0017 PCT 38	1305	71	5.44	35	36
0018 PCT 45	2173	24	1.10	7	17
0019 PCT 46	2698	48	1.78	18	30
0020 PCT 47 & 49	2806	87	3.10	43	44
0021 PCT 48	4477	100	2.23	56	44
0022 PCT 52	2229	20	.90	6	14
0023 PCT 53	2115	20	.95	7	13
0024 PCT 54	5038	149	2.96	41	108
0025 PCT 59	749	23	3.07	5	18
0026 PCT 60	2286	28	1.22	12	16
0027 PCT 61 & 72	5241	109	2.08	44	65
0028 PCT 62 & 62A	2827	59	2.09	30	27
0029 PCT 63	1744	56	3.21	27	29
0030 PCT 67	1961	28	1.43	4	24
0031 PCT 68 & 86	3849	50	1.30	35	15
0032 PCT 70	1439	21	1.46	17	4
0033 PCT 71	3456	31	.90	20	11
0034 PCT 73	3352	69	2.06	39	30
0035 PCT 74	2738	25	.91	10	15
0036 PCT 75	1234	3	.24	2	0
0037 PCT 76	2021	54	2.67	29	25
0038 PCT 77	3904	44	1.13	21	22
GRAND TOTALS	100272	2125	2.12	973	1143

RU...TE:06/16/06 09:31 AM

REPORT-EL45A PAGE 001

	TOTAL VOTES	%	ELECTION DAY	EARLY VOTING	MAIL-IN	PROVISIONAL
PRECINCTS COUNTED (OF 38)	38	100.00				
REGISTERED VOTERS - TOTAL	100,272					
BALLOTS CAST - TOTAL	2,125		924	1,107	94	0
VOTER TURNOUT - TOTAL		2.12				
Place 1 TEXAS SOUTHMOST COLLEGE						
VOTE FOR 1						
(WITH 38 OF 38 PRECINCTS COUNTED)						
Jaime L. Silva	973	45.98	409	507	57	0
Adela G. Garza	1,143	54.02	513	594	36	0
Total	2,116		922	1,101	93	0



# TEXAS SOUTHMOST COLLEGE DISTRICT

## BOARD AGENDA REQUEST FORM

<b>Department/Division:</b> Facilities Services/Partnership Affairs	<b>Board Meeting Date:</b> June 25, 2008
<b>Agenda Item:</b> Consideration and possible action on Order Declaring results of the Texas Southmost College District Runoff Election.	
<b>Rationale/Background:</b> On June 14, 2008 a Runoff Election was held for place 1 on the TSC Board of Trustees. The Order Declaring the results of the Runoff Election is in your packet.	
<b>Recommended Action:</b> Motion to approve the Order Declaring Results of the Texas Southmost College District Runoff Election.	
<b>Fiscal Implications:</b> Budgeted Item: <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A If no, explain:	
<b>Attachments (list):</b> - Order Declaring Results of Texas Southmost College District Runoff Election	

<b>FOR OFFICE USE ONLY:</b>
<b>Board Action:</b> Approved: <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> Tabled for action on: _____
<b>Certified by:</b> _____ <b>Title:</b> _____ <b>Date:</b> _____

# ORDER DECLARING RESULTS OF TEXAS SOUTHMOST COLLEGE DISTRICT ELECTION

**THE STATE OF TEXAS            §**

**COUNTY OF CAMERON           §**

On this the 25<sup>th</sup> day of June, 2008, the Board of Trustees of Texas Southmost College District convened in regular session open to the public, with the following members to wit:

Chester Gonzalez, Chair  
Eduardo A. Campirano, Secretary

René Torres  
David Oliveira  
Adela Garza  
Dr. Roberto Robles

constituting a quorum and the following absent: Rosemary Breedlove; among other proceedings had by said Board of Trustees was the following:

There came on to be considered the returns of an election held on the 14<sup>th</sup> day of June, 2008, for the purpose of electing one member to the Board of Trustees and said returns of said election having been duly canvassed by the Board of Trustees and each of the candidate in said election received the following votes to wit:

<b>NAME OF CANDIDATE</b>	<b>TOTAL VOTES RECORDED</b>	<b>PLACE</b>
<b>Adela G. Garza</b>	<b>1,143</b>	<b>1</b>
<b>Dr. Jaime L Silva</b>	<b>973</b>	<b>1</b>

*It Is, Therefore, Found and Declared and So Ordered* by the Board of Trustees of Texas Southmost College District that the above Trustee Election was duly called, that notice of said election was duly posted and that said election was held in accordance with law; that at said election **Adela Garza, Place 1** was duly elected to the Board of Trustees of said Texas Southmost College District subject to taking her oath.

*Passed, Approved And Adopted this 25<sup>th</sup> day of June, 2008.*

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Chester Gonzalez  
Chair, Board of Trustees  
Texas Southmost College District

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Eduardo A. Campirano  
Secretary, Board of Trustees  
Texas Southmost College District

## **Texas Southmost College District**

### **Minutes of the Regular Meeting of the Board of Trustees**

May 15, 2008

The Board of Trustees of the Texas Southmost College District convened in open session on May 15, 2008, at 5:30 p.m., in the Board Room of Gorgas Hall, Texas Southmost College. Board members present were Mr. Chester Gonzalez, Chair, Ms. Rosemary Breedlove, Vice Chair, Mr. Eduardo A. Campirano, Secretary, Dr. Roberto Robles, Ms. Dolly Zimmerman, Mr. David Oliveira. Absent was Mr. José A. Herrera, Jr. Also present was Dr. Juliet V. García, President of The University of Texas at Brownsville and Texas Southmost College.

#### **Call to Order**

The meeting was called to order by Chairman Gonzalez at 5:41 p.m.

#### **1. Resolution**

##### **Consideration and possible action on adoption of a Resolution Honoring Dolly Zimmerman**

Mr. Chester Gonzalez, Chair, announced Ms. Dolly Zimmerman's retirement from the TSC Board after 13 years of service. He recognized Ms. Zimmerman for her dedication, commitment, and service to the College and the community. He also thanked her family for letting her serve those many years.

Mr. Gonzalez presented a plaque to Mrs. Zimmerman and read the Resolution honoring her for her 13 years of service to the TSC Board. A reception at the Rose Garden followed.

**A motion was made by Dr. Robles to adopt the resolution Honoring Dolly Zimmerman for her 13 years of service to the Board as presented. The motion was seconded by Ms. Breedlove and carried unanimously.**  
*Exhibit "A"*

**2. Executive Session**

as provided by Government Code, Chapter 551.071-72

**Real Estate**

**Contract** and resolution for purchase of Fort Brown Villas I, Unit 4004, Brownsville, Texas

**Contract** and resolution for purchase of Fort Brown Villas I, Unit 4003, Brownsville, Texas

**Contract** and resolution for purchase of Fort Brown Villas I, Unit 6008, Brownsville, Texas

**Contract** and resolution for purchase of Lot 8, Block 13, Colonia Alta Vista, Brownsville, Texas

**Legal Matters**

**Discussion** of construction project issues

**The Board convened in Executive Session at 6:15 p.m.**

**The Board reconvened in Regular Session at 7:05 p.m.**

**3. Consideration and possible action on matters discussed in Executive Session**

**Contract and resolution for purchase of Fort Brown Villas I, Unit 4004, Brownsville, Texas**

A motion was made by Mr. Campirano to approve the earnest money contract and resolution for the acquisition of Fort Brown Villas I, Unit 4004, in the amount of \$38,000. The motion was seconded by Ms. Breedlove and carried unanimously. *Exhibit "B"*

**Contract and resolution for purchase of Fort Brown Villas I, Unit 4003, Brownsville, Texas**

A motion was made by Mr. Campirano to approve the earnest money contract and resolution for the acquisition of Fort Brown Villas I, Unit 4003, in the amount of \$38,000. The motion was seconded by Ms. Breedlove and carried unanimously. *Exhibit "C"*

**Contract and resolution for purchase  
of Fort Brown Villas I, Unit 6008, Brownsville, Texas**

**A motion was made by Ms. Zimmerman to approve the earnest money contract and resolution for the acquisition of Fort Brown Villas I, Unit 6008 in the amount of \$40,000. The motion was seconded by Dr. Robles and carried unanimously. *Exhibit "D"***

**Contract and resolution for purchase of  
Lot 8, Block 13, Colonia Alta Vista, Brownsville, Texas**

**A motion was made by Dr. Robles to approve the earnest money contract and resolution for the acquisition of Lot 8, Block 13, Colonia Alta Vista in the amount of \$30,000 as presented. The motion was seconded by Ms. Zimmerman and carried unanimously. *Exhibit "E"***

**Consideration and possible action on  
Change Order and Related Documents in Connection with  
the Recreation and Kinesiology Center.**

**A motion was made by Ms. Breedlove to approve the Change Order and Related Documents in Connection with the Recreation and Kinesiology Center and authorize the Vice President for Planning and Construction to execute the change order in the amount of \$453,777.00. The motion was seconded by Ms. Zimmerman and carried unanimously. *Exhibit "F"***

**4. Approval of Minutes of Previous Meeting**

**Consideration and possible action on  
Minutes of Regular Meeting on April 24, 2008**

**A motion was made by Mr. Campirano to approve the Minutes of the Regular Meeting on April 24, 2008. The motion was seconded by Ms. Breedlove and carried unanimously.**

**5. Speakers to Agenda Items and Public Discussion**

No Speakers.

## **6. Acceptance of Gift and Resolution**

Dr. Ruth Ann Ragland, Vice President for Institutional Advancement, announced the acceptance of a gift for the Orchestra Pit of the Arts Center from IBC Bank. She presented a brief summary of the donors, recognizing them as strong advocates for the Arts Center and for their dedicated and support for our students.

Mr. Gonzalez read the Resolution honoring IBC Bank and presented the resolution and a framed portrait of the building to Mr. Al Villarreal. Mr. Villarreal thanked the Board on behalf of Mr. Rusteburg and IBC Board of Directors for the opportunity to make this important donation.

### **Consideration and possible action on adoption of resolution naming The Arts Center Orchestra Pit the IBC Bank Orchestra Pit**

**A motion was made by Mr. Campirano to adopt the resolution naming The Arts Center Orchestra Pit the IBC Bank Orchestra Pit as presented. The motion was seconded by Ms. Zimmerman and carried unanimously. Exhibit "G"**

## **7. Board Briefing**

Dr. Charles Dameron, Vice President for Academic Affairs, introduced Mary Jane Shands, Lecturer, Environmental Sciences. She provided a presentation on several awards that the Bahia Grande Restoration Project has received as result of the hard work and support from hundreds of people, including researchers and school children from our own community. She reported that the project continues to get new funding, including \$2.7 million from Cameron County for a permanent main channel and a scenic overlook area on Highway 48.

## **8. District Elections**

### **Report**

Mr. Allan Peakes, Assistant Vice President for Facilities Services, gave a brief summary on elections. He stated that the election was held last Saturday, May 10, 2008 for Places 1 and 2 on the TSC Board of Trustees. He reported that the late ballot board doesn't convene until tomorrow, May 16, 2008 and that this cannot give the board official results to canvass this evening May 15, 2008. Unofficially, for place one, Adela Garza and Dr. Jaime Silva were the leaders. As no one received a majority of the votes cast, a runoff election needs to occur. Until the



election is canvassed, TSC cannot officially post a Notice and Order for a Runoff Election.

Mr. Peakes stated that next time the Board meets on May 19, 2008, TSC will propose per the recommendation of the County Elections Administrator that the Runoff occur on June 14, 2008, with early voting taking place on June 5,6,7,9, and 10, TSC will propose the same number of locations of polling places as in the May 10 election.

Mr. Peakes announced that the winner for place 2 was Mr. Rene Torres. Since the Election results cannot yet be canvassed, the results are not official and no swearing in can occur. When the Board meets on Monday, May 19, 2008, TSC will have the official results for the Board to canvass at that time he will ask the Board approve the Notice and Order for a Runoff Election, to approve the Notice of Drawing for place on the ballot, and to present the certificate of elections.

## **9. Disposition of Items**

### **Consideration and possible action on Authorization for Disposition of Items at Annual Auction May 31, 2008 to include TSC Vehicles and Furniture.**

Dr. David Pearson, Vice President for Partnership Affairs, gave a summary of disposal of a number of items that are no longer of value to TSC, including furniture and three TSC-owned vehicles.

**A motion was made by Dr. Robles to approve the Disposal of TSC Vehicles and other items as presented at the UTB Auction to be held on May 31, 2008 as presented. The motion was seconded by Ms. Zimmerman and carried unanimously. Exhibit "H"**

## **10. Academic Affairs**

### **Report**

Ms. Breedlove reported the Academic Affairs Partnership Committee met on May 7, 2008. One informational item discussed was the Rural Technical Skilled Training/Distance Learning/Small Business Incubator Center in Raymondville. The City of Raymondville has received a \$1.3 million grant to build the Center on 20 acres of land across from the high school. The Center will allow for economic development, business assistance, community events, workforce support, and educational resources all in one location.

The Southern Association of Colleges and Schools (SACS) accreditation on-site visit went well, with only twelve items needing further clarification. Committees have been formed and are working on the responses to those items. A final document with these responses will be ready for submittal to SACS by the end of August. An announcement of reaffirmation of accreditation of UTB/TSC is expected at the December SACS meeting.

The first steps have been taken toward the goal of developing an architecture program. We will be bringing in a faculty member with a Ph.D. in Architecture to develop a pre-architecture program at the lower level, with a possible bridge program to Texas Tech University. Students may be able to enroll in this program within a year, provided the curriculum has been developed and approved.

The Texas Higher Education Coordinating Board approved preliminary authority requests for nine programs at their April 2008 meeting (Three bachelors' and six masters' level programs):

The Bachelor's Level Includes:

- Biomedical Sciences
- Public Health
- Spanish Translation and Interpreting

The Master's Level Includes:

- Art Education
- Chemistry
- Communication
- Health Services/Allied Health/Health Sciences, General
- Industrial Technology
- Information Science/Studies

Ms. Breedlove stated that UTB/TSC is taking greater responsibility and an enhanced role in solving regional problems and improving the quality of life through the creation of The Institute for Public Service. The proposal to create this institute grew out of broad-based community and campus participation spanning several years. Emphasizing the importance of values and ethics, the Institute will build skills and capacity in those who aspire to careers in public service. It will emphasize research and analysis, instruction and training programs, and developing resources and networks. The Institute will offer certification programs, technical and consulting assistance, and research linking theory to practice. It will convene and promote partnerships and help build a professional culture based on service and learning. The search for a Director has already begun.

## 11. Construction Report

*Dr. Pearson reported the following:*

- Dr. Pearson stated that the work is near completion on the new parking areas in on the intersection of Jackson St. and 21 St. He said that the asphalt has been applied to both parking lots, and that in the following weeks work will continue with the landscaping irrigation and striping.
- Construction continues in the Cavalry Building, for the Center for Gravitational Wave Astronomy. The electrical wiring and the air conditioning system are being installed, and a number of deteriorated roof boards and bricks.
- Renovation on the Commandant's Quarters continues. The roof is being lowered five feet, from two stories to its original one and half stories. New siding is being installed and two chimneys are being reconstructed.
- Demolition work continues on the Commissary Building.

*Ms. Mendez reported the following:*

- Steel will be delivered this week for the New Library and Classrooms building, and work continues to connect the buildings.
- Construction continues at the REK Center and the jogging track has been completed and installation of brick, air conditioning ducts, and the railing for the track are in progress.
- Construction continues at the Arts Center. The concrete pilings to support the structure are being built. The utility and communication lines are being worked on.
- Work on the ITECC they continue on the interior renovation continues, with walls being installed and insulation that will remediate noise transmission.

## 12. Presidents Report

*Dr. García reported the following:*

- Dr. García stated that UTB/TSC held its 16<sup>th</sup> Spring semester commencement celebration, awarding almost 800 degrees. UTB/TSC received notes and e-mails from students thanking us for the special attention that our faculty and staff gave to each detail of the ceremony. She also thanked the Trustees for making it a priority to honor the achievement of our graduates, and for making sure each one gets a handshake or a hug as they cross the stage. The evening before commencement, UTB/TSC held its Distinguished Guest Ceremony. UTB/TSC honored two Distinguished Alumni, Dr. Ciro Valent Sumaya, founding Dean of the Texas A&M School of Rural Public Health, and Dr. Ruben Gallegos, Chief Executive Officer of International Education Services, Inc. UTB/TSC also honored the Chancellor's Council Outstanding Teaching Award winner, Mr.

James Mills, Professor Emerita Dr. Sylvia Pena, and paid tribute to our outgoing Board member, Mrs. Dolly Zimmerman.

- Dr. García stated that last week UTB/TSC broke ground on the Raymondville Rural Technical Skills Training/Distance Learning and Small Business Incubator Center. The Center, which is the first of its kind for Willacy County, is modeled after UTB/TSC's work at the ITEC Campus. She also stated that the ITECC team assisted the Raymondville team in writing the \$1.25 million EDA grant which is funding the facility. To be co-located at the Center are an office of UTB/TSC's Workforce Training and Continuing Education, the Raymondville Economic Development office, the Raymondville Chamber of Commerce, and Workforce Solutions. She also said that UTB/TSC will have the ability to provide specialized training, distance learning, and business incubator offices. The facility is to be strategically located across from the Raymondville High School and will provide a constant image and reminder to high school students that institutions of higher education do exist in the area and are achievable.
- Dr. García announced that UTB/TSC is in the processes of applying for reaccreditation from the Southern Association of Colleges and Schools. Every accredited college and university in the United States undergoes this process once every 10 years. The SACS on-site review committee visited in April. While UTB/TSC passed most areas with flying colors, there were several recommendations made regarding our Institutional Effectiveness process and the Quality Enhancement Plan (QEP) that we submitted. Dr. García stated that UTB/TSC is in the process of responding to these recommendations, which are due back to SACS by the end of August. UTB/TSC has formed solid teams to address the recommendations and UTB/TSC has even recruited some outside expertise to help us think through the process. Today UTB/TSC had a visit from two colleagues from UT Arlington, Dr. Pam Haws, Associate VP and Director for Institutional Research, Planning, and Effectiveness and Rebecca Lewis, the Coordinator of Outcomes Assessment, Institutional Research, Planning, and Effectiveness. She stated that they spoke of the dedication of the faculty and staff, and the campus' infectious passion for the region. They spoke of the beauty of the campus and admired the care taken to respect the historical nature and the natural beauty of the area. They were impressed with our students; their enthusiasm and sincerity, which they cited as a reflection of all that we do. Finally, they spoke of the kind and generous hospitality provided by all who took time to welcome them to our community. In fact, the Committee felt that with some revisions and refinement, our QEP has the potential to become a national model for improving student success.
- Dr. García stated that preparations have begun around the state for the next legislative session, which begins in January. On Friday, May 9, 2008 she testified at the Select Committee on Higher and Public Education Finance in McAllen. Among the other University President's present were: Dr. William Powers, The University of Texas at Austin, Dr. Blandina Cardenas, The

University of Texas-Pan American and Dr. Rumaldo Juarez, Texas A & M University-Kingsville.

- Dr. García said the Senate Committee on International Relations and Health and Human Services will hold a joint public hearing in Austin on May 28. They will be hearing testimony on their joint interim charge, which directs the committee to address the current and long-range needs for healthcare professionals along the Border region. Specifically, they have been asked to study the state's current and long-range need for physicians, dentists, nurses, and other allied health professionals. They have also been asked to make recommendations for recruiting high-need professionals-especially for primary care providers and long-term care professionals in the border region of Texas. Dr. Eldon Nelson, Dean of the School of Health Sciences, has been invited by Senator Eddie Lucio to testify at this hearing.
- Dr. García said that UTB/TSC has been notified by the Committee on Accreditation of Educational Programs for the EMS Professions that our progress report submitted for the EMT-Paramedic Program has been accepted and we maintain our Initial Accreditation status. Initial Accreditation is a status of public recognition that is granted for a limited period of time to a new program. The agency commended the University for our commitment to continuous quality improvement in education as demonstrated by our participation in "programmatic" accreditation. We congratulate Adriel García, Program Director, his colleagues and staff, as well as Dr. Eldon Nelson, Dean of the School of Health Sciences for their outstanding work in this field.

### **13. Proposed Meeting Dates**

**Monday, Special Meeting  
and Workshop, May 19, 2008**  
**Wednesday, June 25, 2008**  
**July \*\* no meeting\*\***  
**Thursday, August 28, 2008**  
**Thursday, September 18, 2008**

### **14. Announcements**

## Adjournment

The meeting was adjourned by Chairman Gonzalez at 6:20 p.m.

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Mr. Chester Gonzalez  
Chairman, Board of Trustees

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Mr. Eduardo A. Campirano  
Secretary, Board of Trustees

Draft

**NOTE:** The tape of the Regular Board of Trustees meeting held on May 15, 2008 is on file at the District Office of the Texas Southmost College District. The master tape is on file at the UTB/TSC Media center. These minutes were taken and transcribed by Max E. Roca, Administrative Secretary. Videotaping of the Board of Trustees' meetings began on April 11, 1996. They are aired on Channel KISD in cooperation with the Brownsville Independent School District.

# **Texas Southmost College District**

## **Minutes of the Board of Trustees Special Meeting/Workshop**

**May 19, 2008**

The Board of Trustees of the Texas Southmost College District convened in open session May 19, 2008, at 1:00 p.m., in the Cueto Building at 1301 E. Madison. The Board members present were Mr. Chester Gonzalez, Chairman, Ms. Rosemary Breedlove, Vice Chair, Mr. Eduardo A. Campirano, Mr. David Oliveira, Mr. Jose A. Herrera, and Mr. Rene Torres. Also present was Dr. Juliet V. Garcia, President of The University of Texas at Brownsville and Texas Southmost College.

### **Special Meeting/Workshop**

#### **Call to Order**

The special meeting/workshop was called to order by Chairman Gonzalez at 1:00 p.m.

#### **1 District Elections**

Chairman Gonzalez introduced Dr. David Pearson Vice President for Partnership Affairs to begin the discussion on the TSC District Elections. Dr. Pearson, called on Mr. Allan Peakes Assistant Vice President for Facilities and Services to provide the report. Mr. Peakes is also the Elections Agent for the TSC District Office.

Mr. Peakes presented the election results for the Texas Southmost College Trustee election held on May 10, 2008. The results were read as follows: Place 1 Adela G. Garza 2,989; Jose A. Herrera, 1,579; and Dr. Jaime Silva 2,082 votes. Place 2: Tita Esparza Tamez 2,527; and Rene Torres 3,954 votes. Mr. Peakes determined according to the election results, Adela G. Garza and Dr. Jaime Silva must engage in a Run-off Election for Place 1. Rene Torres Place 2 was duly elected to the Board of Trustees of Texas Southmost District. He explained that per Board policy a candidate receiving majority of the votes cast for all candidates for a single position shall be declared elected. If no candidates

receive such a majority the two candidates receiving the highest number of votes shall be ordered, notice thereof given, and held, as provided herein for regular elections.

**Consideration and possible action on  
Canvassing the Results of the TSC District Election.**

**A motion to accept the Results of Texas Southmost College Trustee District Election by. The motion was seconded by Mr. Herrera and carried unanimously. *Exhibit "A"***

**Consideration and possible action on  
Order Declaring Results of the TSC District Election**

On May 10<sup>th</sup>, 2008, an election was held for Place 1 and Place 2 on the TSC Board of Trustees ballot. The Order Declaring Results of Texas Southmost College District Election is included in the binders for review.

**A motion to adopt the Order Declaring Results of the TSC District Election was made by. The motion was seconded by and carried unanimously. *Exhibit "B"***

**Consideration and possible action on  
Notice and Order of Runoff Election, Place 1**

Mr. Peakes reported that due to statutory and reporting deadlines, the Runoff Election for Texas Southmost College Board of Trustees, Place 1 is to be held on June 14, 2008. Early voting will be held on June 5, 6, 7, 9, & 10. The location and number of polling places will remain the same as the May 10, 2008 election.

**A motion to approve Notice and Order of Runoff Election was made by. The motion was seconded by and carried unanimously. *Exhibit "C"***

**Consideration and possible action on  
Set Date and Time for Drawing for a Place on Ballot**

Dr. Pearson elated that Mr. Rogelio Ortiz, Elections Administrator for Cameron County Elections Office, suggested that the Drawing be held on the same day of the special meeting, May 19<sup>th</sup>, 2008 at 5:30 pm, in the TSC District Office. The notice has been posted and both candidates have been notified.



**A motion to approve to hold the drawing for a place on the TSC District Ballot on May 19<sup>th</sup>, 5:30 pm, in the Gorgas Tower, as presented was made by. The motion was seconded by and carried unanimously. *Exhibit "D"***

Dr. Pearson presented Mr. Rene Torres with the Certificate of Elections.

## **2 Administering the Oath of Office to Elected Member**

Chairman Gonzalez announced the results of the May 10<sup>th</sup> election where he declared Mr. Rene Torres as the winner of Place 2. Mr. Gonzalez extended and invitation to Mr. Torres to be sworn and allow him full participation in the workshop. Ms. Kim Sanchez, Notary Public, administered the Oath of Office to Mr. Torres.

Chairman Gonzalez announced that Mr. Torres, along with the winner of the Runoff Election on June 14, 2008, would be officially sworn in at the next regular Board meeting scheduled for Wednesday, June 25, 2008.

## **3. Workshop Bond Issuance Update**

Dr. David Pearson, Vice President for Partnership Affairs, began the workshop discussion.

No action will be taken during the workshop.

## **Adjournment**

The workshop was adjourned by Chairman Gonzalez at 5:00 p.m.

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Mr. Chester Gonzalez  
Chairman, Board of Trustees

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Mr. Eduardo A. Campirano  
Secretary, Board of Trustees

The minutes for the Board of Trustees Workshop on Monday, May 19, 2008 were taken and transcribed by Gloria Miranda, Administrative Assistant for the Office of the Vice President for Partnership Affairs. Videotaping of the Board of Trustees' meetings began on April 11, 1996. They are aired on Channel KISD in cooperation with the Brownsville Independent School District.



## TEXAS SOUTHMOST COLLEGE DISTRICT BOARD AGENDA REQUEST FORM

<b>Department/Division:</b> Academic Affairs Division	<b>Board Meeting Date:</b> June 25, 2008
<b>Agenda Item:</b> Consideration and possible action on: Brownsville Early College High School resolution	
<b>Rationale/Background:</b> The Brownsville Independent School District in partnership with the University of Texas at Brownsville and Texas Southmost College propose to open the Brownsville Early College High School in August 2008. Grant funding from the Meadows Foundation and the Greater Texas Foundation has been secured to assist in financing this endeavor. The BECHS will open to 100 selected Brownsville ISD students entering the ninth grade in the 2008-2009 school year. This school is designed to enable students to achieve up to two years of college credit, tuition free, at the same time they are earning a high school diploma. The BECHS is designed to boost graduation rates and increase the number of high school students who are college ready. The Memorandum of Understanding has been reviewed by legal counsel.	
<b>Recommended Action:</b> Motion to approve the resolution establishing the Brownsville Early College High School.	
<b>Fiscal Implications:</b>	Budgeted Item: <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A If no, explain:
<b>Attachments (List):</b> Memorandum of Understanding.	

<b>FOR OFFICE USE ONLY:</b>		
<b>Board Action:</b>	Approved: <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> Tabled for action on: _____	
<b>Certified by:</b> _____	Title: _____	Date: _____



# Brownsville Independent School District

Agenda Category: General Function

Board of Education Meeting: 06/03/08

Item Title: Memorandum of Understanding  
UTB/TSC Brownsville Early College  
High School

X Action  
Information  
Discussion

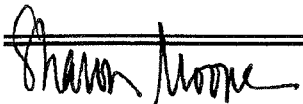
## BACKGROUND:

The Brownsville Independent School District in partnership with the University of Texas at Brownsville/Texas Southmost College will be opening the Brownsville Early College High School in August of 2008. Grant funding from the Meadows Foundation and the Greater Texas Foundation has been secured to assist in financing this endeavor. The BECHS will open to 100 selected Brownsville ISD students entering the ninth grade in the 2008-2009 school year. This school is designed to enable students to achieve two years of college credit, tuition-free, at the same time they are earning a high school diploma. The BECHS is designed to boost graduation rates and increase the number of high school students that are college ready. The Memorandum of Understanding has been reviewed by legal counsel.

## FISCAL IMPLICATIONS:

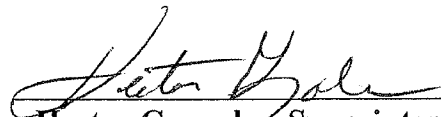
## RECOMMENDATION:

Recommend approval to enter into a Memorandum of Understanding with the University of Texas at Brownsville/Texas Southmost College for the Brownsville Early College High School. Services and materials to be purchased are subject to the District's needs and funding.

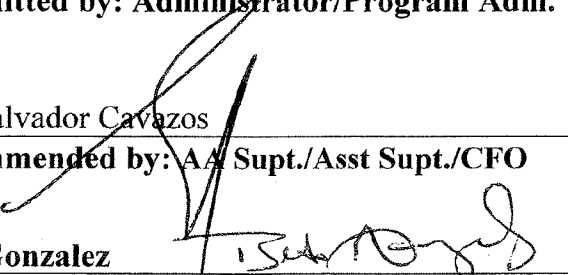
  
Sharon Moore

Submitted by: Administrator/Program Adm.

Approved for Submission to Board of Education:

  
Hector Gonzales, Superintendent of Schools

Dr. Salvador Cavazos  
Recommended by: AA Supt./Asst Supt./CFO

  
Beto Gonzalez  
Approved by: Deputy Superintendent

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MEMORANDUM

TO: Mr. Hector Gonzales, Superintendent  
Dr. Salvador Cavazos, Assistant Superintendent for Curriculum & Instruction

FROM: Miguel A. Saldana, General Counsel, Brownsville ISD

DATE: May 30, 2008

SUBJECT: MOU Agreement between the University of Texas at Brownsville and Texas Southmost College District and BISD

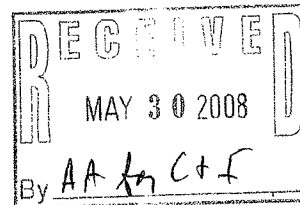
*NOTE: This memorandum is intended as a confidential communication between Brownsville Independent School District's General Counsel, WABSA and Brownsville Independent School District and as such is protected by the attorney-client communication privilege and the attorney work product privilege. The information contained in this memorandum contains privileged and confidential information. It is intended only for the use of the person(s) named above. If you are not the intended recipient, you are hereby notified that any review, dissemination, distribution or duplication of this communication is strictly prohibited. If you are not the intended recipient, please contact the sender and destroy all copies of the original message.*

**REVIEW:**

Counsel was asked to review the above referenced agreement. The agreement contains no legally objectionable language.

**RECOMMENDATIONS:**

Counsel recommends that the agreement may be signed by the Board President upon Board approval.



STATE OF TEXAS

COUNTY OF CAMERON

MEMORANDUM OF UNDERSTANDING  
AGREEMENT  
BETWEEN  
THE UNIVERSITY OF TEXAS AT BROWNSVILLE AND  
TEXAS SOUTHMOST COLLEGE DISTRICT  
AND  
BROWNSVILLE INDEPENDENT SCHOOL DISTRICT

THIS INTERLOCAL AGREEMENT {hereinafter referred to as "AGREEMENT") is made and entered into by and between the The University of Texas at Brownsville and Texas Southmost College District (hereinafter referred to as "UTB/TSC") and the Brownsville Independent School District, (hereinafter "BISD"), pursuant to the authority granted in compliance with section 29.908 of the Texas Education Code,

WHEREAS, the parties to this AGREEMENT desire to establish a T-STEM (Texas Science, Technology, Engineering and Mathematics) Early College High School by the fall 2008 academic year, serving grades 9 – 12;

WHEREAS, Services under this AGREEMENT are targeted towards low-income, first generation college goers, students who are highly motivated but have not received the academic preparation necessary to meet high school standards, students who are English language learners, students for whom a smooth transition into postsecondary education is now problematic, including low-income students, students whose family obligations keep them at home, and students for whom the cost of college is prohibitive; and

WHEREAS, under this AGREEMENT, Brownsville Early College High Schools (BECHS) is a small school with enrollments of 400 or fewer students who earn both a high school diploma, an Associate's Degree, or up to 60 hours of college credit, the parties agree to follow the intent of the Guiding Principles of the BECHS especially in providing dual credit classes with sufficient time for the students to complete an Associate's Degree; and

WHEREAS the Brownsville Early College High School will prepare high school students for successful career and educational futures through a full integration of high school, college, and the world of work, improve academic performance and self-concept, and increase high school and college/university completion rates.

NOW, THEREFORE, the parties to this AGREEMENT mutually agree to the following:

**1. Guiding Principles:** The BEHCS, UTB/TSC, and BISD will function on the following principles:

a) Establishment of a mutually beneficial arrangement between UTB/TSC and BISD that allows a flexible and creative response to the organizational, mission, and fiscal needs of all institutions.

b) Collaboration in planning, implementation, and continuous improvement of the Brownsville Early College High School programs including the provision for faculty, staff, and administration; curriculum development; training; and student services.

c) Provision of rigorous college readiness, dual credit, and technical and early college credit courses.

d) Financial collaboration that addresses costs of all partners and assists each in obtaining necessary funds from local, state, federal and private/foundation sources to operate the program successfully.

e) Assurance that federal, state, and local funds such as Average Daily Attendance, high school allotment, Title I, Special Education, Gifted and Talented, and formula funding, etc., will follow the Brownsville Early College High School student.

f) Year one of the BECHS will be on the BISD Clearwater facility.

If sufficient external funds are available to renovate an agreed upon space at ITECC, the BECHS will be located in the renovated space.

g) Selection of students that reflect the diversity of the region served by the Brownsville Early College High School.

i) Vertical alignment that promotes a college-going culture in all areas: teachers, college faculty, high school counselors, and academic advisors.

**2. Scope of Agreement and Limitations of Authority:** The Scope of the AGREEMENT and the parties agree as follows:

**A. Governance:**

(1) The Brownsville Early College High School will:

- a. be governed by BISD and subject to BISD's, state and federal policies; and
- b. have the autonomy to operate as a separate small school within the rules and guidelines established by the Texas Education Agency ("TEA") and BISD; and
- c. operate within the operating hours to be established by the parties.

(2) The Principal

- a. Within the rules and guidelines established by TEA, BISD and UTB/TSC will have the authority to implement:
    - 1. governance;
    - 2. staffing;
    - 3. budget;
    - 4. student assessment, curriculum and scheduling;
    - 5. professional development;
    - 6. access to school and student data for BECHS college students with permission of the UTB/TSC; and
    - 7. parent and community involvement consistent with the mission and needs of the school.
  - b. Will report to the BISD Superintendent or designee through the established BISD governance structure;
  - c. Will report to the Office of the Vice President of Academic Affairs or designee on operational issues concerning the BECHS and UTB/TSC.
  - d. Will annually evaluate and report findings of the BECHS to the UTB/TSC President or designee;
  - e. Is the primary contact for the Brownsville Early College High School with the community, UTB/TSC partners;
  - f. Is the manager of any sub-contract with BISD, the primary grantee for the BECHS startup funds; and
  - g. Will be an employee of the BISD. The BISD will be responsible for payment of benefits.
- (3) Brownsville Early College High School Steering Committee
- a. This body will serve as an advisory committee to the Principal in establishing policies and developing a coherent program across institutions.
  - b. Membership on the Council will include, but not be limited to, representatives of BISD and UTB/TSC, parents and community members. The specific membership of the BECHS Steering Committee will be determined by the Superintendent of BISD and the President of UTB/TSC.
  - c. The committee will be co-chaired by BISD and UTB/TSC. Chairs for the Steering committee will be selected by the Superintendent of BISD and the President of UTB/TSC.

d. This committee will meet quarterly.

B. **Awarding Credit for Courses.** The UTB/TSC will award credit for courses for which Course Articulation Agreements have been approved and appear in the Dual Credit Course Articulation Agreement for Brownsville Early College High School and any required course for a T-STEM Associate's Degree. These courses shall have been evaluated and approved through the official College curriculum approval process in accordance with Texas Higher Education Coordinating Board requirements and TEA requirements for high school graduation and shall be at a more advanced level than courses taught at the high school level.

C. **Duties of UTB/TSC.** UTB/TSC shall have the following duties:

- (1) Ensure that UTB/TSC course requirements are followed;
- (2) Apply the standards of expectation and assessment uniformly in all courses offered by the BECHS;
- (3) Coordinate with the BECHS counselor to ensure that all UTB/TSC Core Curriculum courses are in the students' Individual Graduation Plan for Dual Credit by the beginning of their sophomore year;
- (4) Designate personnel to monitor the quality of instruction in order to assure compliance with the Dual Credit Course Articulation Agreement for the Brownsville Early College High School and the standards established by the State and the Southern Association of Schools and Colleges;
- (5) Participate in the selection of the BECHS principal, counselor, and teachers;
- (6) Participate in support of BECHS principal as appropriate and provide feedback to the supervisor of the principal; provide articulation support for transition of BECHS graduates to a four-year college;
- (7) Provide dual enrolled students access to the instructional and non-instructional resources available on the campus of UTB/TSC
- (8) UTB/TSC will provide security to the BECHS if and when it is located at ITECC and to BECHS students when they attend the UTB/TSC campus.
- (9) Select, supervise and evaluate instructors of all college-level curricula offered for college credit in the BECHS.

D. **Duties of BISD.** BISD shall have the following duties:

- (1) BISD will be the fiscal agent and manage the Communities Foundation of Texas (CFT) funds for the **BECHS** and will submit budget amendments as necessary.



- (2) Involve UTB/TSC faculty in the design and implementation of all dual credit courses at the BECHS to assure that course goals enable students to match the requirements of the Texas Higher Education Coordinating Board and Texas Education Agency;
- (3) Pay the salaries of BECHS teachers who teach BECHS students;
- (4) Provide breakfast and lunch to students who participate in the program under this AGREEMENT;
- (5) Provide transportation to and from the student's zoned high school to the BECHS and the UTB/TSC campus;
- (6) Provide laptops for BECHS students; and
- (7) Ensure that all BISD high school courses are in the students' Individual Graduation Plan by the end of their sophomore year through coordination with UTB/TSC's designated Academic Advisors.
- (8) Assess each student for readiness to engage in any college-level curriculum prior to the student's enrollment in such curriculum.
- (9) For this assessment, BISD may use any instrument otherwise approved by the Board for Texas Success Initiative purposes in accordance with §§ 4.54 and 4.56 Texas Administrative Code, Title 19, Part I, including, but not limited to, Texas Assessment of Knowledge and Skills (TAKS) scores, ACT scores, and SAT scores. After assessment, BISD will, using UTB/TSC guidelines, determine what forms of assistance and remediation, if any, are necessary prior to a student's enrollment in any college-level curriculum based on the results of the assessment and other indicators of student readiness.

#### E. Joint Duties

- (1) BISD and UTB/TSC are jointly responsible for the development and implementation of an evaluation process to determine the effectiveness of the BECHS. Measures of effectiveness will include, but are not limited to, student results on the K-12 accountability assessments (e.g., TAKS) and success indicators of graduates at Texas public institutions of higher education (e.g., participation rates, grade point average, retention rates and graduation rates).

#### E. Faculty.

- (1) Faculty provided by the UTB/TSC;
  - a. must meet the university's academic requirements; and
  - b. will teach Academic Dual Credit courses.
- (2) Faculty provided by BISD:
  - a. will teach high school courses in the BECHS; and
  - b. may be designated as UTB/TSC Adjunct faculty to teach Dual Credit courses, if credentialed.

F. **Classroom and Office Facilities.**

- (1) Courses, including high school courses of the BECH, will be conducted at Clearwater for the first year of the program
- (2) Dual enrolled students will be issued a UTB/TSC identification card.
- (3) BISD will *bear* the sole cost of any remodeling of space that may be required to meet the specific needs of the BECHS at the Clearwater facility.
- (4) BISD through the BECHS budget will be responsible for the costs associated with the maintenance, repair and use of spaces for the BECHS at Clearwater or ITECC.
- (5) BISD through the BECHS budget will be responsible for all other operating costs such as telephone, utilities, custodial and any other operating costs associated with the BECHS at the Clearwater or ITECC facilities.

G. **Tuition and Fees.** UTB/TSC will waive tuition and fees for High School students enrolled in Dual Credit courses based on the Dual Credit Course Articulation Agreement for Early College High School and any required course for a T-STEM Associate's Degree.

H. **Books and Supplemental Materials.**

- (1) Courses offered for dual credit will be identified as college-level courses. Instruction and materials for dual credit will be at the equivalent level used for the identical course taught on the main campus of the college.
- (2) All textbooks and supplemental materials required for classes will be the

responsibility of the BECHS and Brownsville Independent School District. Textbooks must be college level texts approved by UTB/TSC.

- I. **Recruitment and Enrollment of Students.**
- (1) Students will be recruited from currently enrolled BISD eighth graders.
  - (2) UTB/TSC will assist with recruitment, enrollment and retention, as necessary, of all students selected for the Brownsville Early College High School.
- J. **Instructional Calendar.** The UTB/TSC and BISD will establish an instructional calendar that is consistent with the mutual needs and requirements of both parties. Inclement weather policies established by BISD and UTB/TSC shall be followed by the BECHS.
- K. **Student Code of Conduct.** Brownsville Early College High School students, faculty and staff shall adhere to:
- 1) Policies of BISD;
  - 2) Policies of the UTB/TSC.
- L. **Media and Public Relations.** Media and public relations regarding the Brownsville Early College High School will be managed according to BISD and UTB/TSC protocols.
3. **Indemnification.** To the extent permitted under the laws and Constitution of the State of Texas and without waiving any defenses including governmental immunity, UTB/TSC will indemnify BISD against claims arising out of this Agreement that result from UTB/TSC's intentional or negligent acts. To the extent permitted under the laws and Constitution of the State of Texas and without waiving any defenses including governmental immunity, BISD will indemnify UTB/TSC against claims arising out of this Agreement that result from BISD's intentional or negligent acts. The provisions in this paragraph are solely for the benefit of the parties to this AGREEMENT and are not intended to create or grant any rights, contractually or otherwise to any third party.
4. **Term:** Subject to prior termination or revocation of this AGREEMENT as provided in section 5 of this AGREEMENT, the initial term of this AGREEMENT is in full force and effect for a period of four years commencing on August 2008 and terminating on June 2012. It may be renewed for additional terms as determined by both partners. At least one hundred twenty (120) days before the expiration of the initial term and any subsequent renewal terms UTB/TSC and BISD shall review this AGREEMENT and may renew this AGREEMENT on approval of the UTB/TSC and BISD.
5. **Right of Revocation:** Either party may terminate this AGREEMENT on 120 days

written notice to the other party. Termination may occur immediately upon the material breach of this AGREEMENT by one of the parties. A breach of this AGREEMENT includes, but is not limited to, a violation of the policies and rules of UTB/TSC or BISD, the making of a misrepresentation or false statement by one of the parties, nonperformance of the party's duties, or the occurrence of a conflict of interest between the parties. Each party has 30 days to cure the breach. If this AGREEMENT is terminated during an academic term, students enrolled in classes under this AGREEMENT will be allowed to finish their coursework.

6. **Assignment:** No party may assign their interest in this AGREEMENT without the written permission of the other party.

7. **Limitations of Authority:**

A. No party has authority for and on behalf of the other except as provided in this AGREEMENT. No other authority, power, partnership, use of rights are granted or implied.

B. This Agreement represents the entire Agreement by and between the parties and supersedes all previous letters, understanding or oral agreements between the UTB/TSC and BISD. Any representations, promises, or guarantees made but not stated in the body of this Agreement are null and void and of no effect.

C. No party may make, revise, alter, or otherwise diverge from the terms, conditions or policies which are subject to this Agreement without a written amendment to this Agreement. Changes to this Agreement are subject to the approval of the UTB/TSC and BISD Legal Departments and Boards of Trustees.

D. No party may incur any debt, obligation expense, or liability or any kind against the other without the other's express written approval.

8. **Waiver:** The failure of any party to exercise the rights granted them herein upon the occurrence of any of the contingencies set forth in this Agreement shall not in any event constitute a waiver of any such rights upon the occurrence of any such contingencies.

9. **Applicable Law:** This Agreement and all materials and/or issues collateral thereto shall be governed by the laws of the State of Texas applicable to contracts made and performed entirely therein.

10. **Venue:** Venue to enforce this Agreement shall lie exclusively in Cameron County, Texas.

11. **Miscellaneous Provisions:**

A. Parties to this AGREEMENT shall comply with all Federal, State and local laws.

B. If the Texas Higher Education Coordinating Board adopts new guidelines for Early College High School programs during the term of this AGREEMENT, the new guidelines shall prevail and shall cause the parties to execute an amendment to the AGREEMENT, if necessary.

12. **Notice:** Notices given pursuant to this Agreement shall be sufficient if actually received and sent by certified or registered mail, postage fully prepaid to:

**UTB/TSC**

**Dr. Juliet V. García**  
**President**  
**The University of Texas at Brownsville**  
**And Texas Southmost College**  
**80 Fort Brown**  
**Brownsville, TX 78520**

**With copy to:**  
**Dr. Charles Dameron**  
**Vice President Academic Affairs**  
**for UTB/TSC**  
**80 Fort Brown**  
**Brownsville, TX 78520**

**BISD**

**Mr. Hector Gonzales**  
**Superintendent**  
**Brownsville ISD**  
**1900 Price Rd.**  
**Brownsville, TX 78521**

**With copy to:**  
**Dr. Salvador Cavazos**  
**Asst. Superintendent**  
**Curriculum & Instruction**  
**Brownsville ISD**  
**1900 Price Rd.**  
**Brownsville, TX 78521**

Either party reserves the right to designate in writing to the other party any change of name, change of person, or address to which the notices shall be sent.

13. **Nondiscrimination:** Parties to this Agreement shall not discriminate in this Program on the basis of race, sex, national origin, disability, religion, or sexual orientation.
14. **Signatory Clause:** The individuals executing this Agreement on behalf of the UTB/TSC and BISD acknowledge that they are duly authorized to execute this Agreement on behalf of their respective principals. All parties hereby acknowledge that they have read and this Agreement and understand its terms.
15. **Amendment:** The Parties to this MOU acknowledge that the T-STEM Brownsville Early College High School program anticipated by this MOU is in the preliminary stages of development. The Parties further understand that it may be necessary to amend and modify this MOU from time to time in order to address additional concerns or issues that arise as the program progresses. However, no amendment, modification or alteration of the terms of this agreement shall be binding unless the same is in writing, dated subsequent to the date hereof and duly executed by an authorized representative of the parties hereto.
16. **Safety:** If any high school student, instructor, employee of BECHS or administrator should experience an accident or sudden illness while on the premises of UTB/TSC, the response to such incidents will be based upon the guidelines, and procedures, operation of UTB/TSC and School District regulations. Upon mutual agreement, UTB/TSC may require the School District to provide ISD security personnel, when requested by UTB/TSC.
17. **Confidentiality of Student Records:** The Parties agree to maintain the records of all students in accordance with all applicable federal, state, and local laws. The parent(s) of any authorized student shall have access to his or her child's records if allowed under the Family Educational Rights and Privacy Act ("FERPA") (20 U.S.C. § 1232g). FERPA and School District Board Policy series FL, all records relating to BECHS students which are generated or maintained by either party shall be considered education records in accordance with applicable laws and policies. All parties shall maintain the confidentiality of these and all education records in accordance with all applicable state, federal and local laws and regulations, including FERPA and School District Board Policy services FL. The Parties shall not release education records to any third party without prior written consent by the appropriate person (as defined under FERPA and any applicable local or state law), except as otherwise permitted by law.
18. **Texas Law to Apply:** This agreement shall be construed under and in accordance with the laws of the State of Texas and all obligations of the parties created hereunder are performable in Cameron County, Texas.
19. **Force Majeure:** Neither party to this agreement shall be required to perform any term,

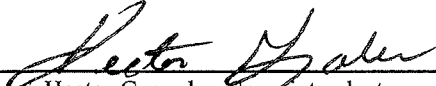
condition, or covenant in this agreement so long as performance is delayed or prevented by force majeure, which shall mean acts of God, strikes, lockouts, material or labor restrictions by a governmental authority, civil riots, floods, and any other cause not reasonably within the control of either party to this agreement and which by the exercise of due diligence such party is unable, wholly or in part, to prevent or overcome. If by reason or force majeure, either party is prevented from full performance of its obligations under this agreement, written notice shall be provided to the other party within three days.

EXECUTED in duplicate original counterparts effective upon the date indicated above.

**THE UNIVERSITY OF TEXAS AT BROWNSVILLE  
AND  
TEXAS SOUTHMOST COLLEGE**

By: \_\_\_\_\_  
Juliet V. Garcia, President

**BROWNSVILLE INDEPENDENT SCHOOL DISTRICT**

By:  \_\_\_\_\_  
Hector Gonzales, Superintendent



# TEXAS SOUTHMOST COLLEGE DISTRICT

## BOARD AGENDA REQUEST FORM

<b>Department/Division:</b> Office for Planning and Construction / Partnership Affairs	<b>Board Meeting Date:</b> June 25, 2008
<b>Agenda Item:</b> Funding Allocation for Construction Projects	
<b>Rationale/Background:</b> <p>Funding allocation summary outlines budgets for the construction projects and funding sources for each project. Last funding allocation was approved by the Board in November 2007. The funding allocation is being updated to incorporate the funds that will become available from June bond sales. Other modifications were necessary to reflect changes in the project scope. Summary of the changes are as follows:</p> <p>Project #1 Arts Center - Total project allocation did not increase. Changes are related to sources of funds only. GO bond allocation increased by \$2 million. Maintenance notes source was deleted as these funds cannot be used for new construction. TSC budget and fund balance allocations were "swapped" from ITECC allocation to supplement the reduction of maintenance notes. The "swap" did not affect the ITECC allocation and allowed us to accurately reflect the use of maintenance notes for renovation at ITECC. The donation funding source decreased from \$3.7 million to \$1.7 million.</p> <p>Project #2 REK Center - Total allocation increased by \$874,777. Increase reflects two change orders approved by the Board: chilled water line extension (\$421,000) and the settlement for claims (\$453,777). The chilled water line extension funding sources and allocation were moved to the REK center project, since the work is being performed by the REK center contractor. Settlement costs will be funded by TSC fund balance and interest earned on REK student fees in fund balance. Each column was updated to reflect the increase.</p> <p>Project #7 ITECC - Total allocation increased by \$1.33 million. The increase reflects extra funding required for additional roof repairs (\$80,000) and the EDA funding received for the Incubator expansion (\$1.25 million). GO bond allocation was reduced by \$2 million. Maintenance notes allocation increased by \$3.796 million. TSC budget and fund balance allocations were "swapped" with the Arts Center allocation. \$80,000 extra funding required for additional roof repairs were moved from the allocation for MRC upgrades. Added \$1.25 million of EDA funding received for expansion of the Incubator.</p> <p>Project #16 MRC Upgrades - Allocation decreased by \$80,000. Funds were moved to ITECC project to fund additional roof repairs.</p> <p>Project #18 Chilled Water line extension - Total allocation was moved to the REK center project.</p>	



**Recommended Action:**

Motion to approve the funding allocation to construction projects as presented.

**Fiscal Implications:**

Budgeted Item:  Yes  No N/A If no, explain:

**Attachments (list):**

1. November 2007 funding allocation
2. Proposed June 2008 funding allocation

**FOR OFFICE USE ONLY:**

**Board Action:** Approved:  Yes  No  N/A  Tabled for action on: \_\_\_\_\_

**Certified by:** \_\_\_\_\_ **Title:** \_\_\_\_\_ **Date:** \_\_\_\_\_

## Texas Southmost College Project Allocation and Funding Summary

PROJECTS		FUNDING SOURCES											Total
		Original Bond Allocation	TSC \$68M Bonds	TSC Maint Notes	TSC Refinancing of Revenue	TSC Fund Balance	TSC Budget	REK Student Fees	UTB Tuition Rev Bond	UTB Heef	UTB Resources	Donations	
<b>Bond</b>													
1	Arts Center**	\$ 8,000,000	\$ 17,575,000	\$ 3,035,090			\$ 360,410		\$ 525,000		\$ 3,700,000	\$ 25,195,500	
2	REK Center	\$ 8,000,000	\$ 12,175,000					\$ 13,500,000	\$ 1,011,000			\$ 26,686,000	
3	Classrooms	\$ 12,000,000	\$ 9,249,710						\$ 525,000			\$ 10,724,710	
4	Library - Remodel	\$ 2,000,000	\$ 2,000,000									\$ 2,000,000	
5	Library - New	\$ 12,000,000	\$ 12,495,290		\$ 426,003				\$ 950,000			\$ 14,366,293	
6	Early Childhood Center	\$ 4,000,000	\$ 5,005,000						\$ 525,000			\$ 5,005,000	
7	ITECC***	\$ 17,000,000	\$ 9,500,000	\$ 5,320,410	\$ 740,000	\$ 1,000,000	\$ 439,590					\$ 17,000,000	
8	Biomedical Research	\$ 5,000,000											
	Subtotal	\$ 68,000,000										\$ 101,007,503	
<b>TRB</b>													
9	Science & Technology									\$ 31,900,000		\$ 31,900,000	
<b>TSC</b>													
10	Capital Improvements												
11	Soccer Field			\$ 651,429			\$ 1,069,000					\$ 1,720,429	
12	Condos & Jackson				\$ 750,000							\$ 750,000	
13	Commissary Renovation			\$ 346,000	\$ 500,000		\$ 550,000					\$ 500,000	
14	Compress			\$ 50,000								\$ 50,000	
15	Neutra House			\$ 150,000								\$ 150,000	
16	MRC Upgrades			\$ 150,000								\$ 150,000	
17	Contingency			\$ 53,161								\$ 53,161	
18	Chilled Water Line Extension***				\$ 121,000		\$ 300,000					\$ 421,000	
	Subtotal			\$ 9,756,090	\$ 2,537,003	\$ 1,000,000	\$ 3,403,415	\$ 13,500,000	\$ 33,800,000	\$ 2,586,000	\$ 5,363,484	\$ 143,645,992	
<b>UTB</b>													
19	University Blvd. Parking Lot									\$ 1,600,000		\$ 2,284,415	
20	Property Acquisitions						\$ 684,415			\$ 2,113,484		\$ 2,113,484	
21	North Thermal Plant									\$ 1,650,000		\$ 1,650,000	
	Subtotal											\$ 6,047,899	
	Totals	\$ 68,000,000	\$ 68,000,000	\$ 9,756,090	\$ 2,537,003	\$ 1,000,000	\$ 3,403,415	\$ 13,500,000	\$ 33,800,000	\$ 2,586,000	\$ 5,363,484	\$ 143,645,992	

\*\*Parking Fund for parking lot renovations around JB and Arts Center. \*\*\*Total \$1M. 50% TSC Fund Balance and 50% FY08 budget, restricted to ITECC Roof. \*\*\*\*Capital Improvements and/or Infrastructure accounts.

# Texas Southmost College Project Allocation and Funding Summary

PROJECTS	FUNDING SOURCES											Notes	
	Original Bond Allocation	TSC \$98M Bonds	TSC Maint Notes	TSC Refinancing of Revenue	TSC Fund Balance	TSC Budget	REK Student Fees	UIB Tuition Rev/Bond	UIB Hear	UIB Resources	EDA Grant		Donations
<b>Bond</b>													
1 Arts Center**	\$ 8,000,000	\$ 19,575,000	\$ -	\$ 356,410	\$ 1,000,000	\$ 2,039,090			\$ 525,000			\$ 1,700,000	\$ 25,155,500
REK Center	\$ 8,000,000	\$ 12,175,000		\$ 121,000	\$ 226,889	\$ 300,000	\$ 43,726,889		\$ 1,011,000				\$ 27,590,777
2 Classrooms	\$ 12,000,000	\$ 9,249,710						\$ 950,000	\$ 525,000				\$ 10,724,710
3 Library - Remodel	\$ 2,000,000	\$ 2,000,000											\$ 2,000,000
5 Library - New	\$ 12,000,000	\$ 12,495,290		\$ 426,003				\$ 950,000	\$ 525,000				\$ 14,396,293
6 Early Childhood Center	\$ 4,000,000	\$ 5,005,000											\$ 5,005,000
ITECC**	\$ 17,000,000	\$ 7,500,000	\$ 9,195,440	\$ 383,580	\$ -	\$ -				\$ 1,250,000			\$ 18,330,000
7 Biomedical Research	\$ 5,000,000												
Subtotal	\$ 68,000,000												\$ 103,212,280
<b>TRB</b>													
9 Science & Technology								\$ 31,900,000					\$ 31,900,000
<b>TSC</b>													
10 Capital Improvements			\$ 1,720,429	\$ 750,000		\$ -							\$ 1,720,429
11 Soccer Field				\$ 500,000									\$ 750,000
12 Condos & Jackson			\$ 516,090			\$ 379,910							\$ 500,000
13 Commissary Renovation			\$ 50,000										\$ 856,000
14 Compress			\$ 150,000										\$ 50,000
15 Neutral House			\$ 70,000										\$ 150,000
16 MRC Upgrades			\$ 53,161	\$ -		\$ -							\$ 70,000
17 Contingency				\$ -		\$ -							\$ 53,161
18 Chilled Water Line Extension***													\$ -
Subtotal													\$ 4,189,590
<b>UTB</b>													
19 University Blvd. Parking Lot						\$ 684,415			\$ 1,600,000				\$ 2,284,415
20 Property Acquisitions									\$ 2,113,484				\$ 2,113,484
21 North Thermal Plant									\$ 1,650,000				\$ 1,650,000
Subtotal													\$ 6,047,899
<b>Totals</b>	\$ 88,000,000	\$ 68,000,000	\$ 11,755,090	\$ 2,537,003	\$ 1,226,889	\$ 3,403,415	\$ 43,726,889	\$ 33,800,000	\$ 2,585,000	\$ 5,363,484		\$ 1,700,000	\$ 145,349,769

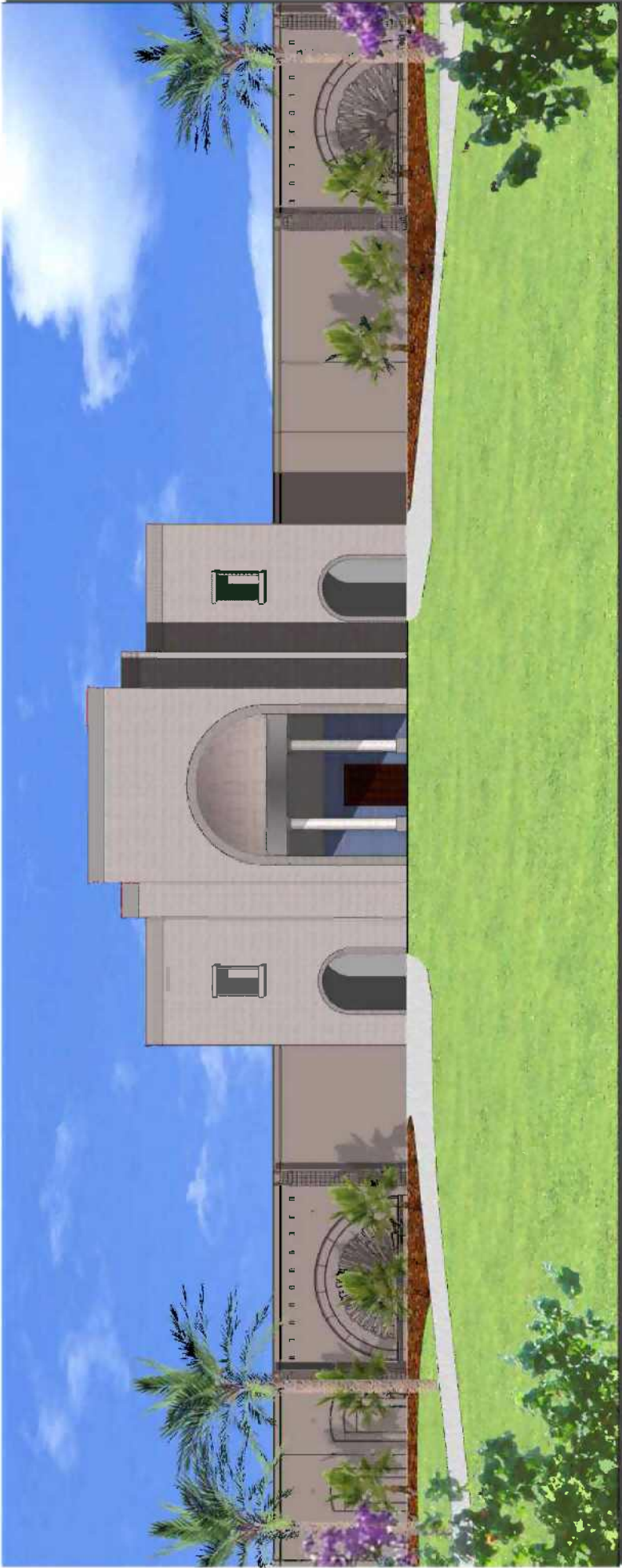
\*\*Parking Fund for parking lot at University Blvd. Center \*\*\*19% of 11.30% TSC - Fund Balance and 30% F-900 budget restricted to ITECC Repl. \*\*\*\*Capital improvements at the mechanical school.



## TEXAS SOUTHMOST COLLEGE DISTRICT BOARD AGENDA REQUEST FORM

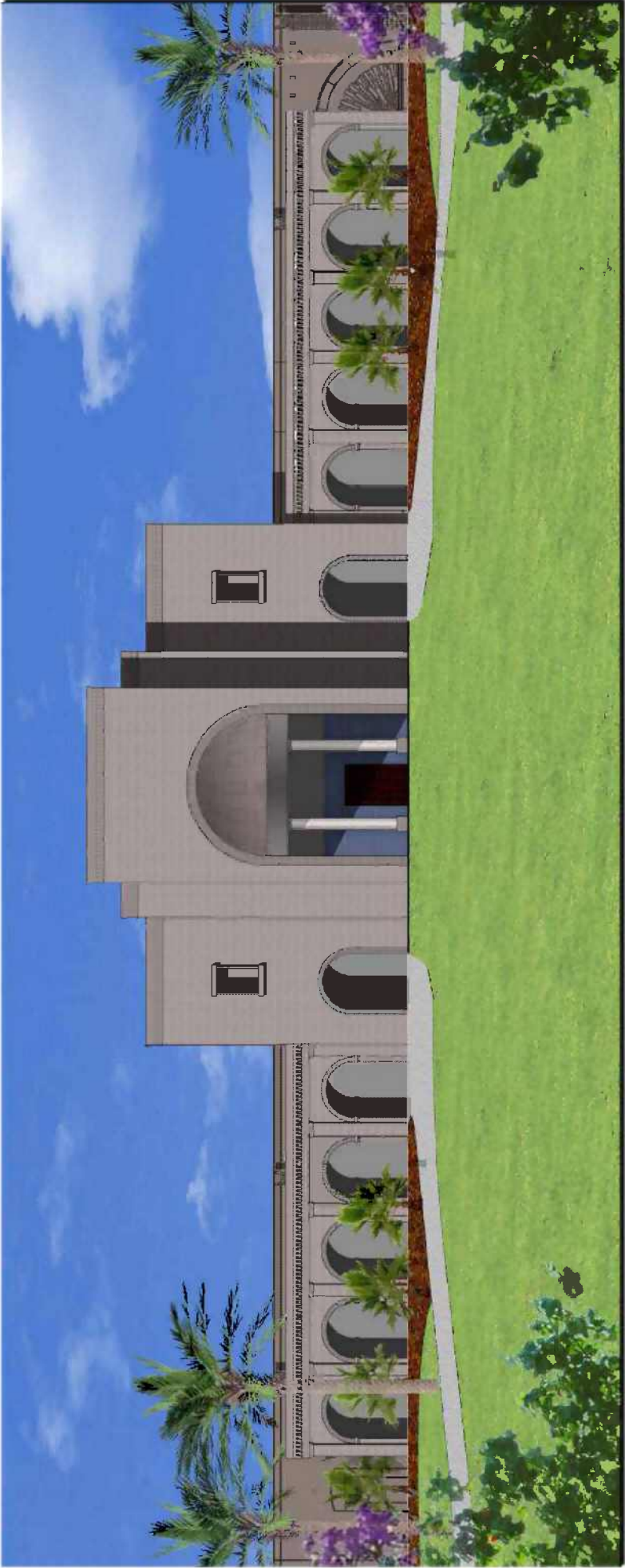
<b>Department/Division:</b> Office for Planning and Construction	<b>Board Meeting Date:</b> June 25, 2008
<b>Agenda Item:</b> Consideration and possible action on a change order to the contract with SpawGlass Contractors, Inc for the renovation project at the ITEC Campus.	
<b>Rationale/Background:</b> <p>The ITECC renovation project was divided into several contracts: thermal plant expansion, roof repair, interior renovation and site work. All projects were budgeted within the \$17 million project allocation approved by the Board. The thermal plant expansion and the roof repairs have been completed. The interior renovation and site work are currently in progress under a contract with SpawGlass. The renovation plans included a spruce up of the entry drive, landscape, a new entry and approximately 60,000 of interior renovation.</p> <p>Staff has been working with design architects to complete the design for the main entry. The design has been completed. The proposed entry, as depicted in attachment labeled Phase I, will allow the ITEC Campus to have a new main entry. The plans also call for a Phase II on the façade. Phase II is a flanking arcade reminiscent of the Fort Brown architecture. However, budget constraints do not allow for complete build out. Staff recommends funding phase I only. The attached change order is required to fund Phase I of the new entry to the ITEC Campus. Funding in the amount of \$570,000 is available in the ITECC budget within the project contingency.</p>	
<b>Recommended Action:</b> Motion to approve a change order to the contract with SpawGlass Contractors, Inc. and authorize Assistant Vice President for Planning and Construction to execute change order in the amount of \$570,000.	
<b>Fiscal Implications:</b> ITECC Project Contingency	Budgeted Item: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, explain:
<b>Attachments (List):</b> 1.Phase I and II main entry designs.	

**FOR OFFICE USE ONLY:****Board Action:** Approved:  Yes  No  N/A  Tabled for action on: \_\_\_\_\_**Certified by:** \_\_\_\_\_ **Title:** \_\_\_\_\_ **Date:** \_\_\_\_\_



**UTB TSC  
ITECC CAMPUS ENTRY  
PHASE I**





# UTB TSC ITECC CAMPUS ENTRY PHASE II





# TEXAS SOUTHWEST COLLEGE DISTRICT

## BOARD AGENDA REQUEST FORM

<b>Department/Division:</b> Planning and Construction Office/Partnership Affairs	<b>Board Meeting Date:</b> June 25, 2008
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**Agenda Item:**  
 Consideration and possible action on change order to the contract with J.E Dunn/Terry Ray, a Joint Venture Partnership, for construction of Recreation, Education and Kinesiology Complex

**Rationale/Background:**

The REK Center project is in the final stages of construction. The project has faced many challenges such as scope reduction and construction escalation increases caused by ambiguities in the construction documents and requested changes. In order to complete the project by the end of the year, it is necessary to add funding to the contract with JE Dunn/Terry ray. The requested funding is needed at this time to supplement the depleted project contingencies to support changes outside of the guaranteed maximum price, continue with the progress of the work, maintain the project completion time and to mitigate any potential for future delays. The additional funding will cover the following items:

1. The addition of a six lane, National Council Athletic Association (NCAA) twenty five yard (25 yd.) swimming pool, brick paver deck and landscape area at a cost no to exceed \$566,875.
2. Funding for scope change items as a result of, unforeseen site conditions, owner requested changes, architectural errors and omissions, and execution of value engineering concepts. A total of 34 new potential change items have been identified by the contractor. Each item has been validated by OFPC and the design team. The total cost is not to exceed \$827,015 for all the items.
3. The additional funding will also reimburse the project contingency funds in the amount of \$338,808 for expenses related to the chilled water line extension. At the request of the Campus, project funds were used to extend the chilled water line to support future Campus projects. The chilled water line extension was added to the REK project to offset cost impacts from future inflation, and to provide an overall savings to the Campus. This work was not in the original project budget and contingency funds were utilized. The funds for the extension project were allocated and approved by the Board of Trustees in August 2007.

In summary, the proposed change order will increase the Owner's Construction Contingency in the amount of \$1,732,698 to mitigate any additional impacts, maintain the project schedule and fund the additional items.

**Recommended Action:**  
 Motion to approve a change order to J.E. Dunn/Terry Ray Construction, a Joint Venture Partnership, and authorize Assistant Vice President for Planning and Construction to execute change order in the amount of \$1,732,698

**Fiscal Implications:**                      Budgeted Item:     Yes     No     N/A                      If no, explain:

\$400,000 – Funding allocation for the pool (Approved in November 2007)  
 \$421,000 – Chilled water line extension (Approved in August 2207 funding allocation)  
 \$911,698 – Interest earned on REK Center bonds (New funding - Interest earnings on bond funds are restricted for use for the purpose the bonds were originally sold for)

<b>FOR OFFICE USE ONLY:</b>		
<b>Board Action:</b> Approved: <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> Tabled for action on: _____	<b>Certified by:</b> _____ <b>Title:</b> _____ <b>Date:</b> _____	



*revised pool/entrance layout*

Recreation, Education & Kinesiology Center

**The University of Texas at Brownsville  
& Texas Southmost College**

June 23, 2008

**3D/I**

**SSP** 789 East Washington Street  
Brownsville, Texas 78520  
Design by (936) 847-9766 Fax (936) 847-9917





**CHANGE ORDER** (For CM/R, D/B, and Performance Contracts) Date: June 23, 2008

Project No. & Name: 902-213 C Recreation, Education & Kinesiology Center (Stage III)

Component Institution: University of Texas at Brownsville & Texas Southmost College

Contractor Name: J.E. Dunn/Terry Ray, a Joint Venture

Change Order No.: Seven (07)

To: J.E. Dunn/Terry Ray, a Joint Venture - Houston, Texas, Contractor for the above project.

You are hereby authorized to make the following changes in the work under your contract;

C.P./F.O.

<u>No.</u>	<u>Description of Work</u>	<u>Cost</u>	<u>Time Extension</u>
1.	Pending PCI #'s 13-111	\$ 1,252,766	0
2.	General Conditions/Construction Phase Fee	\$ 141,124	0
3.	Chilled Water Line Extension Project Fund Reimbursement	\$ 338,808	0
<b>Total Change Order Amount:</b>		<b>\$ 1,732,698</b>	<b>0 Days</b>
<b>(Refer Attachment "A" for Item Re-cap)</b>			

It is mutually agreed that the payment of One Million, Seven Hundred and Thirty-Two Thousand, Six Hundred and Ninety-Eight Dollars (\$ 1,732,698.00) and Zero (0) calendar days time extension provided for in this Change Order, constitutes full compensation to the Contractor, whether direct, consequential or otherwise, in any way incidental to, or arising out of, or resulting directly from the work performed or modified by the Contractor under this Change Order.

The new Substantial Completion date, including this time extension, if any is: November 14, 2008 (Stage III)  
 The new Final Completion date, including this time extension, if any is: December 14, 2008 (Stage III)

For the above changes the sum of One Million, Seven Hundred and Thirty-Two Thousand, Six Hundred and Ninety-Eight Dollars (\$ 1,732,698.00) will be added to the Contract Price as follows:

Original Contract Price:	\$ <u>18,624,957.00</u>	ACCEPTED:
Previous Additions:	\$ <u>813,908.00</u>	By _____ <i>Timothy J. Baisdon, AIA - Parsons-3D/I</i>
Previous Deductions:	(\$ <u>247,265.00</u> )	Date _____
Net Balance Contract Price:	\$ <u>19,191,600.00</u>	By _____ <i>Myron Pendley - J.E. Dunn/Terry Ray</i>
THIS Addition:	\$ <u>1,732,698.00</u>	Date _____
Adjusted Contract Price:	\$ <u>20,924,298.00</u>	APPROVED:
		By _____ <i>Veronica Mendez - Assistant Vice-President for Planning and Construction - UTB/TSC</i>
		Date _____
		By _____ <i>Laura Lara, RA Senior Project Manager-Rio Grande Valley Office of Facilities Planning &amp; Construction</i>
		Date _____
OFPC Resident Construction Manager Confirms HUB Opportunities are Probable:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If Yes, HUB Coordinator Signature Required</i>	By _____ <i>HUB Coordinator</i>
		Date _____

# GUARANTEED MAXIMUM PRICE CONTRACT SUMMARY

University of Texas System - Office of Facilities Planning & Construction

(To be used as a back-up summary for all GMP Contract and Owner's Construction Contingency Change Orders)

CO/CP/FO No.: 07

Submittal Date: June 23, 2008

OFPC Project No.: 902 - 213 C

Project Name: Recreation, Education & Kinesiology Center (Stage III)  
The University of Texas at Brownsville and Texas Southmost College

	<u>Previous Contract Price*</u>		<u>This Contract Price</u>		<u>Total Contract Price</u>
1. Cost of the Work:	\$ <u>16,908,053.00</u>	+	\$ <u>0</u>	=	\$ <u>16,908,053.00</u>
2. General Conditions:	\$ <u>1,428,865.00</u>	+	\$ <u>0</u>	=	\$ <u>1,428,865.00</u>
3. Construction Manager's Contingency:	\$ <u>0</u>	+	\$ <u>0</u>	=	\$ <u>0</u>
4. Construction Phase Fee:	\$ <u>643,660.00</u>	+	\$ <u>0</u>	=	\$ <u>643,660.00</u>
5. Owner's Special Cash Allowance:	\$ <u>100,000.00</u>	+	\$ <u>0</u>	=	\$ <u>100,000.00</u>
6. Owner's Construction Contingency:	\$ <u>111,022.00</u>	+	\$ <u>1,732,698.00</u>	=	\$ <u>1,843,720.00</u>
7. TOTAL OF GMP LINE ITEMS 1 THROUGH 6:	\$ <u>19,191,600.00</u>	+	\$ <u>1,732,698.00</u>	=	\$ <u>20,924,298.00</u>

This figure shall be the Guaranteed Maximum Price (GMP), which we hereby guarantee to the Owner.

\* Includes ALL changes to previous GMP(s).

**ATTACHMENT "A"**  
**Change Order No. 07 Item Re-cap**

<u>C.P./F.O. No.</u>	<u>Description of Work Extension</u>	<u>Magnitude of Cost/Not to Exceed</u>	<u>Time</u>
	PCI No. 013-PR -Add Swimming Pool	\$ 354,875	0 days
	Pool Electrical	\$ 12,000	
	Pool-landscape and sitework	\$ 200,000	
	PCI No. 016- Post GMP VE-11-Change the Cast Stone Coping to Pre-Finished Aluminum	\$ (17,000)	0 days
	PCI 061-PR-003 Additional Masonry and Masonry detail in PR#3	\$ 60,584	0 days
	PCI 069-PR-003 Add/Change Hardware per PR #3 drawings	\$ 16,357	0 days
	PCI 070-PR-003 Additional Spray Fire Proofing	\$ 18,000	0 days
	PCI 071-Provide double wall duct at gymnasium	\$ 17,024	0 days
	PCI 072-Chilled Water Extension - Additional demo for the chilled water line including the	\$ 35,000	0 days
	PCI 075-ASI #8 - Brick Details at Brick Pilasters and Window Detail Changes	\$ 3,000	0 days
	PCI 076-ASI #9 - 3/4" Plaster band around arched windows at the Kinesiology building was added to allow for proper window and flashing installation.	\$ 9,735	0 days
	PCI 078-PR #7 - Changes in Fireproofing / Sprinkler System	\$ 170,000	0 days
	PCI 080-RFI No. 148 - Stainless Steel Flashing was not shown on drawings but was required	\$ 10,000	0 days
	PCI 081-RFI #155 - Deduct for insulation that was double covered by Starcraft and Alpha Insulation	\$ (36,682)	0 days
	PCI 083-PR #6 - Addition of Hot Water Heaters at mop sinks	\$ 8,000	0 days
	PCI 085-PR #9 - Controlled Access Gates	\$ 10,000	0 days
	PCI 087-Finish Schedule was not included in Original Drawings and was produced after PR #3	\$ 35,000	0 days
	PCI 090-PR #8 Ceiling Heights and Fur downs were modified. Light fixtures were also added/modified. Framing around the running track was modified.	\$ 45,000	0 days
	PCI 092-PR #3 Plaster was added in PR#3 along with reveals in the plaster walls	\$ 25,000	0 days
	PCI 093-Add Additional CTV Outlets	\$ 5,897	0 days
	PCI 094-Brick Ties - Item #10 in Addendum #2 require the brick anchors to be designed by a engineer. Limon Masonry's Engineer determined additional reinforcement was required.	\$ 76,000	0 days
	PCI 096-2" PVC Condensate needed to be added for the AHU's	\$ 4,610	0 days
	PCI 97-PCI 48 (Part II) PR #3 Mechanical Changes	\$ 35,349	0 days
	PCI 98- RFI 150 & 158 - Changes in the relief Steel Changes	\$ 1,639	0 days
	PCI 99-PR #11 - Changed the Cast Stone Size below two windows on the Northwest wall of Kinesiology. Detail was not included in original drawings.	\$ 2,000	0 days

**ATTACHMENT "A"**  
**Change Order No. 07 Item Re-cap**

<u>C.P./F.O. No.</u>	<u>Description of Work Extension</u>	<u>Magnitude of Cost/Not to Exceed</u>	<u>Time</u>
	PCI 101-Temporary Construction Road	\$ 21,378	0 days
	PCI 102-Fire Damper Changes not on original drawings	\$ 5,000	0 days
	PCI 103-Concealed Lintels - Credit for using alternate anchoring system for arches	\$ (25,000)	0 days
	PCI 104-CP #14 - Changes to Casework due to new design	\$ 5,000	0 days
	PCI 105-Securing method for Relief Angle at Tower that wasn't shown on original drawings	\$ 17,000	0 days
	PCI 106-Additional tile roof adhesive required to meet wind load	\$ 15,000	0 days
	PCI 107-Signage not included in original contract	\$ 30,000	0 days
	PCI 108-Chilled Water Road Boring	\$ 25,000	0 days
	PCI 109-Pavers at Entryway	\$ 25,000	0 days
	PCI 110-Changes in Rating of Coiling Doors	\$ 8,000	0 days
	PCI 111-Skylight - Addition of gutters, roof drains, and extension of skylight to top of roof	\$ 25,000	0 days
<b>SUBTOTAL (COW)</b>		<b>\$ 1,252,766</b>	<b>0 days</b>
<b>Associated Fees for Cost of Work Difference</b>			
	• 7.765% General Conditions (Per Owner-CM Contract Agreement Section 24.4.3):	\$ 97,277	0 days
	• 3.5% Construction Phase Fee (Per Owner-CM Contract Agreement Section 24.3.3):	\$ 43,847	0 days
<b>SUBTOTAL (GC's &amp; Fees)</b>		<b>\$ 141,124</b>	<b>0 days</b>
<b>Total Magnitude of Cost/Not to Exceed Change Order Amount:</b>		<b>\$ 1,393,890</b>	<b>0 days</b>
<b>Chilled Water Extension Project Fund Reimbursement</b>		<b>\$ 338,808</b>	<b>0 days</b>
<b>TOTAL CHANGE ORDER AMOUNT</b>		<b>1,732,698</b>	<b>0 days</b>



## TEXAS SOUTHMOST COLLEGE DISTRICT

### BOARD AGENDA REQUEST FORM

<b>Department/Division:</b> Office for Planning and Construction Office/ Partnership Affairs	<b>Board Meeting Date:</b> June 25, 2008
<b>Agenda Item:</b> Consideration and possible action on furniture purchase for the ITEC Campus and the Recreation, Education and Kinesiology Center through a contract with Workplace Resource.	
<b>Rationale/Background:</b> <p>Owner procurement of materials was identified as one of the cost control strategies for the bond projects. At the request of Texas Southmost College, Broadus &amp; Associates obtained a cost estimate from Workplace Resource to purchase furniture for the ITEC Campus renovation and the Recreation, Education and Kinesiology Center project.</p> <p>Workplace Resource has a contract with several manufacturers that have purchase agreements with UT System and TXMAS such as Herman Miller. Herman Miller staff has been providing design services throughout the furniture selection process. By using their services as part of the contract with UT System, TSC was able to save interior design fees on every project. Also, TSC received additional discount as it has been recommended to purchase furniture for all the projects through Workplace Resource.</p> <p>The proposed plan for the ITEC Campus renovation will furnish a one-stop shop (concierge area), open areas, classrooms, seminar rooms, administration spaces, and faculty and staff offices at a cost of \$340,000.</p> <p>The proposed plan for the REK Center project will furnish faculty and staff offices, classrooms, open areas, seminar rooms, a "wet" lab and study areas at a cost of \$380,120.</p> <p>The estimated cost to furnish the ITEC Campus renovation and the REK Center project is \$720,120. Each project has funds in the furniture budget to cover the expense for the furniture.</p>	
<b>Recommended Action:</b> Motion to award purchase contract to furnish the ITECC renovation and the Recreation, Education and Kinesiology Center to Workplace Resource in the amount of \$720,120 and authorize the Vice President for Planning and Construction to execute the contract.	
<b>Fiscal Implications:</b> Budgeted Item <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, explain: ITEC Campus renovation furniture budget Recreation, Education and Kinesiology Center furniture budget	
<b>Attachments (List):</b> <ol style="list-style-type: none"><li>1. Workplace Resource ITEC Campus renovation furniture estimate and furniture plan</li><li>2. Workplace Resource REK Center furniture estimate and furniture plan</li></ol>	

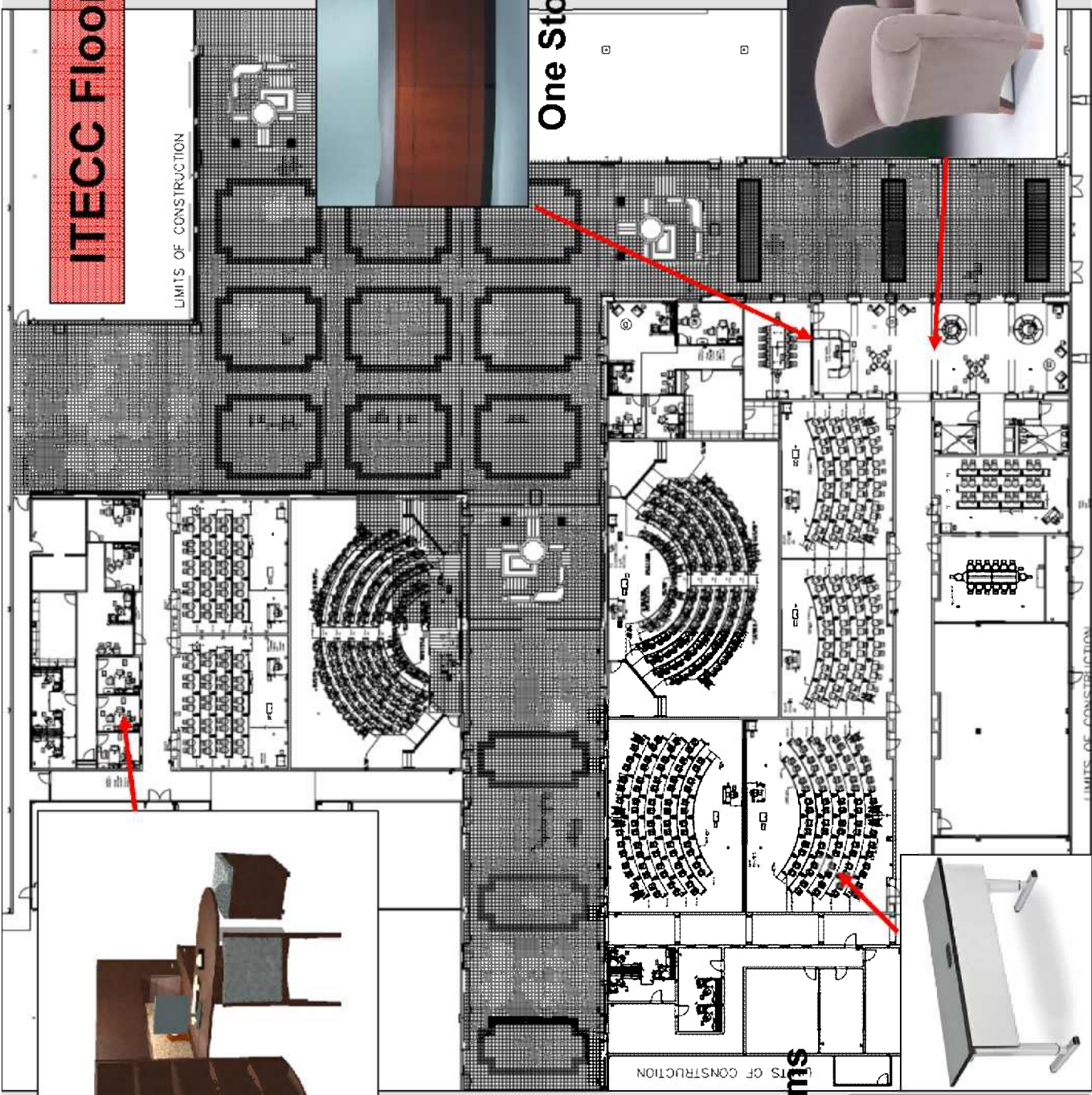
<b>FOR OFFICE USE ONLY:</b>
<b>Board Action:</b> Approved: <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> Tabled for action on: _____
<b>Certified by:</b> _____ <b>Title:</b> _____ <b>Date:</b> _____

## ITEC Campus Furniture Estimate

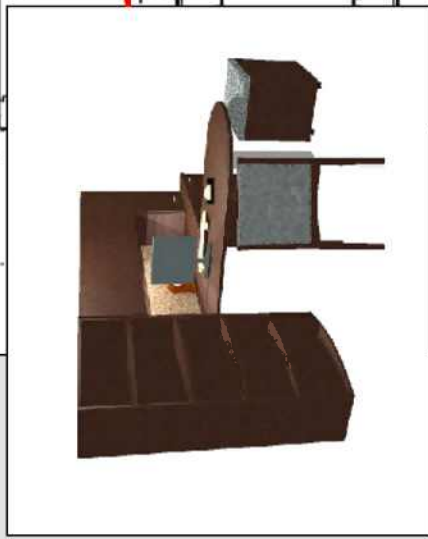
Area	Furniture Manufacturer
<b>One Stop Shop (Concierge)</b>	Bretford "Royal" Lounge
<b>Gallery Area</b>	Bretford "Ithica" Lounge
<b>Computer Labs</b>	Sedia Freestanding, Sit On It "Achieve" Chairs
<b>Classrooms</b>	Sedia Freestanding, Sit On It "Achieve" Chairs
<b>Seminar Rooms</b>	Sedia Freestanding, Sit On It "Achieve" Chairs
<b>Dean's Suite</b>	Kimball "Xsite" Workstations
<b>Faculty Offices</b>	Private Offices Kimball "Priority"
<b>Academic Communications</b>	Private Offices Kimball "Priority"
<b>Total</b>	<b>\$ 283,545.45</b>
10% Contingency	\$ 28,354.55
Installation	\$ 28,100.00
<b>Grand Total</b>	<b>\$ 340,000.00</b>

# ITECC Floor Plan

LIMITS OF CONSTRUCTION



**Faculty  
Offices**

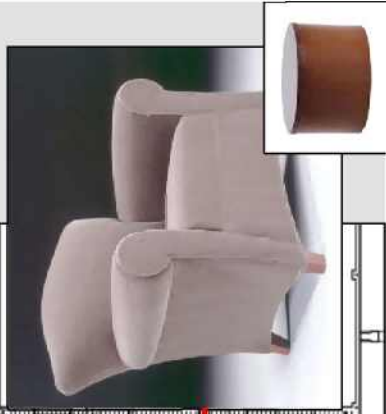


**Classrooms**



**One Stop Shop**

**Gallery  
Area**



LIMITS OF CONSTRUCTION

LIMITS OF CONSTRUCTION

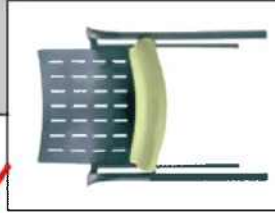
## REK Center Furniture Estimate

Area	Furniture Manufacturer
<b>Level One</b>	
<b>Student Social and Study Area</b>	Arcadia "Hush" Lounge
<b>Computer Labs</b>	Sedia Tables & "Achieve" Chairs
<b>Classrooms</b>	Sedia Freestanding, Sit On It "Achieve" Chairs
<b>Recreation Support Offices</b>	Kimball "Priority" Wood Casegoods
<b>Wet Lab</b>	Sedia Tables & Caper Chairs (no fabric)
<b>Level Two</b>	
<b>Study Area</b>	Carrells, Hush Seating, Tables
<b>Classrooms</b>	Sedia Freestanding, Sit On It "Achieve" Chairs
<b>Faculty Offices</b>	Kimball "Priority" Wood Casegoods
<b>Total</b>	<b>\$ 320,200.00</b>
10% Contingency	\$ 32,020.00
Installation	\$ 27,900.00
<b>Grand Total</b>	<b>\$ 380,120.00</b>

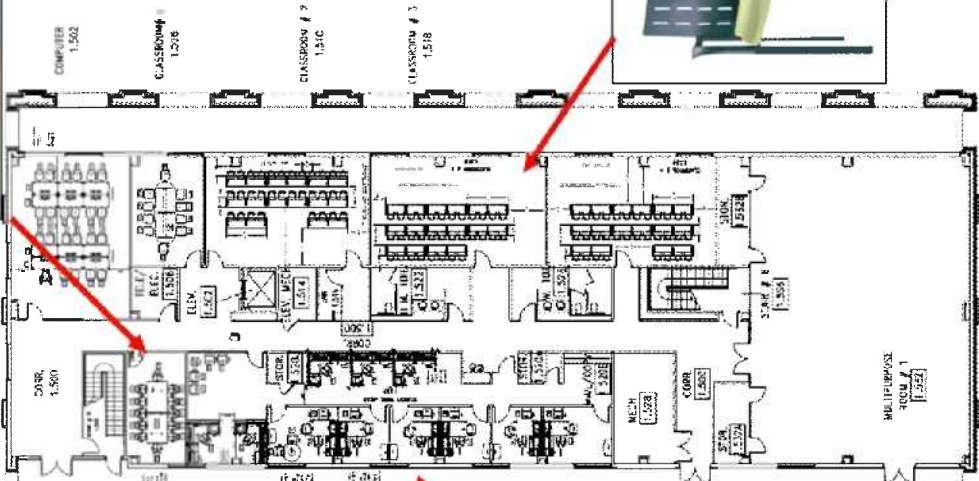




## Conference Room



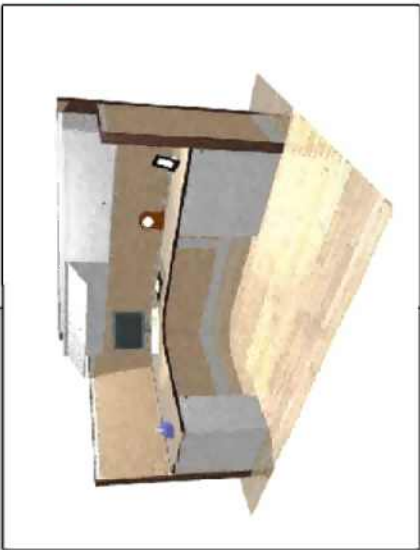
## Classrooms



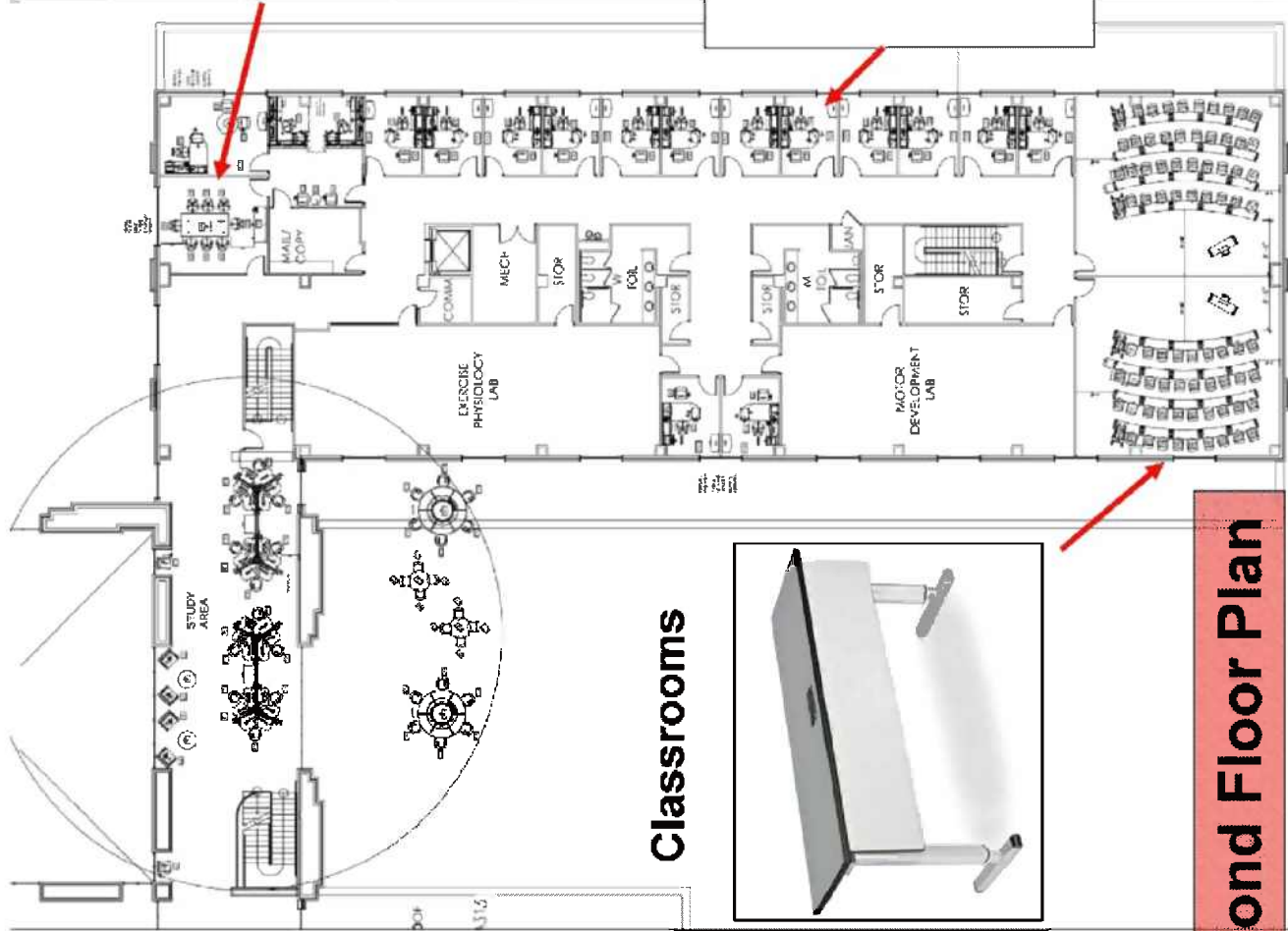
## Student Social Area



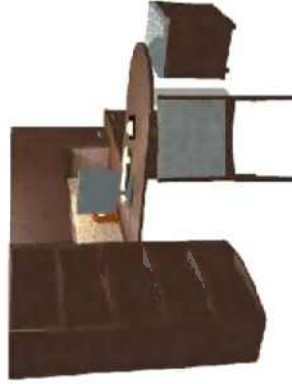
## Recreation Support Offices



# REKC First Floor Plan

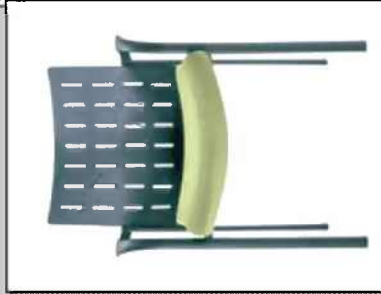


**Dean's  
Conference Room**



**Faculty Offices**

**Classrooms**



**REKC Second Floor Plan**



# TEXAS SOUTHMOST COLLEGE DISTRICT

## BOARD AGENDA REQUEST FORM

<b>Department/Division:</b> Finance Office/Partnership Affairs	<b>Board Meeting Date:</b> June 25, 2008
<b>Agenda Item:</b> Consideration and possible action on First Reading of the Investment Policy	
<b>Rationale/Background:</b> The Public Funds Investment Act requires that the District's Investment Policy be reviewed on an annual basis.	
<b>Recommended Action:</b> No action required. Item will be presented for second reading and approval at next board meeting.	
<b>Fiscal Implications:</b> Budgeted Item: <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A If no, explain:	
<b>Attachments (List):</b> Investment Policy, Section V-D	

<b>FOR OFFICE USE ONLY:</b>
<b>Board Action:</b> Approved: <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> Tabled for action on: _____
<b>Certified by:</b> _____ <b>Title:</b> _____ <b>Date:</b> _____

**TEXAS SOUTHMOST COLLEGE  
POLICY STATEMENT**

<b>TITLE</b>	<b>INVESTMENT</b>	<b>NUMBER V-D</b>
<b>AUTHORITY</b>	<b>Texas Education Code, Sec. 23.61 et seq.; and TSCD Board of Trustees</b>	<b>PAGE 1 of 7</b>

**APPROVED BY BOARD OF TRUSTEES:** December 18, 1985

**LAST AMENDED BY BOARD:** August 30, 2007

**POLICY:**

**INVESTMENT**

1. This policy shall be reviewed annually in accordance with provisions of the Public Funds Investment Act chapter 2256 as it now may be amended.
2. This policy is meant to be in compliance with such Act and any other law or statute specifically related to the “Investment of Public Funds,” under the control of this entity.
3. The Investing Officers for Texas Southmost College District shall be listed by position.
  - a. Any persons employed in the following positions are hereby appointed to act on behalf of this entity as “Investment Officer”:
    - i. Vice President for ~~Administration and Partnership Affairs~~
    - ii. ~~Assistant Vice President for Administration and Partnership Affairs~~
    - iii. ~~ii. District Comptroller~~ Assistant Vice President for Finance
    - iii. Director of Finance
    - iv. Anyone else the Board may appoint from time to time by official resolution.
4. The Investment Officers shall be required, within twelve (12) months of taking office, and once every two years, to attend at least one (1) training session related to the Officers’ responsibilities containing at least 10 hours of instruction.
5. The governing body will establish the qualification and capabilities of the Investment Officers which will be subject to change from time to time. The current qualifications and required capabilities are the required annual training in investment management and process.
6. The only other persons who are authorized to transact any investment business for the entity are those individuals who are instructed by the Investment Officers to facilitate the efficient handling of the investment portfolio. Any other person must be approved by the governing board of the entity.
7. This entity recognizes that the public has entrusted it with various monies to be used in the operation, debt service, special projects and various other activities necessary for successful operations.
8. The primary focus of this Investment Policy is on “Safety” of principal. In addition, because of the nature of the sources and uses of monies this entity recognizes that it is similarly important to maintain “Liquidity” in all of its funds to ensure that monies are available when and as needed. Investment decisions

will be made with a focus on creating a reasonable “Yield” on the monies invested. Once the first three requirements of the policy are considered, attention will naturally be focused on “Diversification” in order to maintain a level of protection against risk.

**9. Definitions:**

- a. Dollar weighted average maturity: The average maturity of the fund, giving weight to the dollar amounts by maturity ie., \$100,000 for 30 days, and \$400,000 for 180 days, creates an average weighted maturity of 150 days.
- b. Final maturity: The day in which all principal and interest are due on a security.
- c. Training in investment management and process: Training in the basic types of allowable investments authorized by Texas Southmost College District, the mechanics of buying and redeeming a security, basic accounting for any securities purchased, or any training conducted by the state to meet this requirement. Training must include investment controls, security, strategy risks, market risks and compliance with the PFIA.
- d. Funds: Are those monies necessary for Texas Southmost College District to conduct its day to day operations, receive and disburse money, money received from and to pay for bonded indebtedness, and any other account established by the Texas Southmost College District.

**10. This Policy is written and arranged using the main components of the Public Funds Investment Act (PFIA) as a guideline:**

- I. Listing of authorized investments
- II. Definition of Standard Care
- III. Strategy for each of the funds under District control
- IV. Dealing with Brokers and Third Parties
- V. Reporting Requirements

**I. LISTING OF AUTHORIZED INVESTMENTS**

The following investments have been reviewed and approved as authorized investments:

- A. Obligations of the United States, or its Agencies and Instrumentalities;
  1. Authorized to 100% of the entire Investment portfolio
  2. Maturities specifically related to the investment strategy by fund
  3. Individual investment maturities shall not exceed two (2) years
- B. Direct Obligations of the State of Texas, or its Agencies and Instrumentalities;
  1. Authorized to no more than 25% of the entire portfolio
  2. No individual maturity greater than two (2) years per investment
  3. The securities should be rated by two national rating agencies, AAA or the like
  4. Since this investment is also exposed to credit risk, there will be an analysis of the credit quality concerns before any investments are made, and annually thereafter

5. If it is determined that the chances of receiving payments due to deterioration of the credit quality, the governing body will be appraised immediately and the investment considered for sale
- C. Certificates of deposit
1. Authorized to 100% of the entire portfolio
  2. Issued by Banks domiciled in the State of Texas
  3. Insured by the Federal Deposit Insurance Corporation (FDIC) Bank Insurance Fund (BIF)
  4. Excess collateralized by authorized collateral per Public Funds Collateral Act (Chpt. 2257)
  5. The final maturity of any one investment not to exceed two (2) years
- D. Bank Interest Bearing Checking Accounts
1. Authorized to 100% of entire portfolio
  2. Insured by the FDIC (BIF)
  3. Excess collateralized by authorized collateral per Public Funds Collateral Act (Chpt. 2257)
- E. Money Market Funds
1. Maximum dollars allowed to be invested shall be 80% of the monthly average fund balance (excluding bond proceeds and reserves and other funds held for debt service)
  2. No single investment in any one mutual fund which exceeds 10% of the total assets of the mutual fund
  3. Average dollar weighted maturity of all funds should be ninety (90) days or less
  4. The money market fund must have, as an investment objective, the maintenance of a stable net asset value of \$1 for each share
  5. The fund shall be a no-load fund
  6. The money market mutual fund shall be regulated by the Securities and Exchange Commission
- F. Mutual Funds
1. Maximum dollars allowed to be invested shall be 15% of the monthly average fund balance
  2. No single investment in any one mutual fund which exceeds 10% of the total assets of the mutual fund
  3. Average weighted maturity of less than two (2) years
  4. Continuously rated as to investment quality by at least one nationally recognized investment rating firm AAA or better
  5. Conforms to the requirements set out in Sec. 2256.016 b and c relating to eligibility
  6. Must be a no load fund
- G. Investment Pools
1. Authorized to 100% of the entire portfolio
  2. The pool must comply with Sec. 2256.016 in its entirety (see attached)
- H. Repurchase Agreement for Bond Proceeds-Restricted
- (a) A fully collateralized repurchase agreement is an authorized investment if the repurchase agreement:

- (1) has a defined termination date;
- (2) is secured by obligations described by Section 2256.009(a)(1) of the Government Code; and
- (3) requires the securities being purchased by the District to be pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District; and
- (4) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state.

(b) Money received by the District under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must not mature later than the expiration date stated in the reverse security repurchase agreement. Government Code 2256.011

## II. Standard Care

The District recognizes that the securities are a dynamic moving target. As such, the District has approved, by acceptance of this policy, the following doctrine of standard of care to be used with all its investments. Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the income to be derived. As such, the entity will apply the following general guidelines with each and every investment:

1. Emphasis will be placed on safety of principal
2. Emphasis will be given to the liquidity of the investment
3. Emphasis will be placed on the return of the investment

In order to maintain these standards of care, the Investment Officer(s) is responsible for taking into consideration:

1. The entire portfolio, meaning that the standards should be applied to the entire portfolio and the safety, liquidity, and yields should be considered on the whole portfolio
2. Each particular investment shall comply and be consistent with this written policy
3. The maximum allowable stated maturity of any individual investment owned by the District will be two (2) years

## III. Strategy for each of the Funds under District Control

A. Each of the entity's funds will be grouped into one of the following categories for use with this policy.

1. General Fund
2. Loan Fund
3. Auxiliary Fund
4. Plant Fund
5. Agency Fund

- B. Each of the categories mentioned above will have a strategy written for that fund which is part of this investment policy. This strategy will comply with the general terms of the policy in that safety, liquidity, and yield are to be addressed. In addition, each strategy will include an analysis and an explanation of the objectives of that particular strategy. The Investment Officer will follow the investment strategy when making authorized investments for the fund.
- C. Since strategies for each particular fund may change from time to time depending on the position in which the entity finds itself, those approved and adopted strategies are part of this policy and carried under SCHEDULE A, which is made part of this policy.

#### IV. Dealing with Brokers and Third Parties

Any person or organization who is in the legitimate position where they, in fact, are going to sell the entity an authorized investment, or act as an authorized agent of the District, shall be given a copy of this policy. This entity shall require that the principal of the particular organization seeking to sell authorized investments execute a written instrument that confirms that the person or organization has:

1. Received and reviewed thoroughly the investment policy of the entity.
2. Acknowledged that the firm has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities.
3. Filed a statement disclosing any personal business relationship or familial relationship with any Investment Officer.
4. Agreed that all securities will be purchased on a delivery vs. payment settlement method so that no security will be purchased without good delivery of the security.
5. Provided a professional resume and job history with a listing of the organization's principal partners or agents.

Any Investment Officer who has a personal business relationship, or a familial relationship with an individual of the organization seeking to sell an investment to the entity, shall file a statement disclosing that relationship. A statement must be filed with the Texas Ethics Commission and the governing body of this entity. The Investment Officer of Texas Southmost College District may not buy securities from a person who has not delivered to TSC an instrument which covers all of the above.

#### V. Reporting Requirements

In order to properly service this portfolio, and provide the Board with information to determine the success of the entity's investment portfolio, reporting will be required on all investments to the Board no less than quarterly.

A. This information, at minimum, shall:

1. Contain a detail of the investment position as of the date of the report.
2. Be prepared jointly by all of the Investment Officers.
3. Be signed by each Officer.
4. Contain a summary statement on each pooled fund group with:
  - a. beginning market value for the reporting period;



- b. additions and changes to the market value during the period;
- c. ending market value for the period
5. State book value, market value, beginning and end of the reporting period by investment.
6. State maturity date on each investment.
7. List this information by pool.
8. Contain a statement that the investments made by the entity are in accordance with the stated strategies and approved policy, and relevant provisions of the law.

#### SCHEDULE A: INVESTMENTS STRATEGIES BY FUND

The following investment strategies are the guidelines to investments of the funds of this entity. All investments, when aggregated together, must be within the diversification parameters listed with the authorized investments. From time to time, on a temporary basis, the actual investments within one fund or another may vary slightly from its underlying strategy. However, these aberrations should only be temporary and corrected easily. Diversification, very often, is impacted by the yield on various types of authorized investments. Although diversification is part of the decision criteria used by the Investment Officer, more heavily considered are: yield, safety of principal, and maturity of the particular investment. As a result, diversity of the investment portfolio may not be significantly accomplished.

##### **1. General Fund**

The operating funds are necessary for the operations of the day to day activities of the District and, as such, need to be available when needed. Excess balances in the General Fund will be invested in highly liquid securities which can be sold and cash delivered immediately. The suitable investments to meet this high level of liquidity are considered to be those investments authorized under this policy, with maturities of less than two weeks. Marketability of the short term investments will be high priority in the event the security must be sold before maturity and as such, only those investments which can be sold immediately will be considered for this fund.

##### **2. Loan Fund**

These funds are necessary to provide for students, faculty and staff on an as needed basis. Investments authorized under this policy will have maturities of less than one (1) week. The fund will be maintained in an interest bearing checking account.

##### **3. Auxiliary Fund**

The Auxiliary Funds are not as time sensitive as some of the other funds. Consequently, the funds investments may be pushed further in time and thus realizing a higher Return on Investment (yield). The suitable investments for this fund will be longer term investments as authorized under this policy. The fund will keep at least 20% of its monies in investments of maturities of two weeks or less in order to provide for and maintain liquidity for those unplanned or immediate expenditures. The remaining percentage of the

monies in this fund may be invested in authorized investments not exceeding two (2) years.

**4. Plant Fund**

The nature of the funds in this account, allow for longer term investments. The fund will maintain an interest bearing checking account to act as a collection vehicle for monies transferred into and out of the fund. However, the strategy for this fund will be to invest the available balances in maturities up to two (2) years and not less than 60 days. Investments suitable for this fund will be those authorized by this policy. The marketability of the investments will be more volatile in this fund due to the longer term investment horizon, the impact of this volatility will be partially mitigated by maintaining at least 20% of the invested funds in maturities of one hundred twenty (120) days or less.

**5. Agency Fund**

The nature of these funds is identical to No. 2 above, and strategy is the same.

<p><b>TEXAS SOUTHMOST COLLEGE</b></p>   <p>_____  <b>UTB/TSC PRESIDENT                      DATE</b></p>	<p><b>BOARD OF TRUSTEES</b></p>  <p>_____  <b>CHAIRPERSON                      DATE</b></p> <p>_____  <b>SECRETARY                      DATE</b></p>
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# TEXAS SOUTHMOST COLLEGE DISTRICT

## BOARD AGENDA REQUEST FORM

<b>Department/Division:</b> Finance Office/Partnership Affairs	<b>Board Meeting Date:</b> June 26, 2008
<b>Agenda Item:</b> Consideration and possible action on First Reading of the TSC District Budget for Fiscal Year 2008-2009	
<b>Rationale/Background:</b> Annual budget requirements are contained within a rider in the general appropriation act by the State of Texas. The proposed budget will fund scholarships for tuition, capital improvements, deferred maintenance, property acquisition and bond projects. A detailed presentation of the budget will be made at the Business Affairs Partnership Committee on Tuesday, June 17, 2008.	
<b>Recommended Action:</b> No action required. Item will be presented for second reading and action at next board meeting.	
<b>Fiscal Implications:</b> Budgeted Item: <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If no, explain:	
<b>Attachments (List):</b> FY 2009 Budget	

<b>FOR OFFICE USE ONLY:</b>
<b>Board Action:</b> Approved: <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> Tabled for action on: _____
<b>Certified by:</b> _____ <b>Title:</b> _____ <b>Date:</b> _____

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ORDER AUTHORIZING THE ISSUANCE OF "TEXAS SOUTHMOST COLLEGE DISTRICT LIMITED TAX BONDS, SERIES 2008"; ENTERING INTO A BOND PURCHASE AGREEMENT AND A PAYING AGENT/REGISTRAR AGREEMENT; APPROVING AN OFFICIAL STATEMENT; AND AUTHORIZING AND APPROVING OTHER MATTERS RELATED THERETO

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ORDER AUTHORIZING THE ISSUANCE OF "TEXAS SOUTHMOST COLLEGE DISTRICT LIMITED TAX BONDS, SERIES 2008"; ENTERING INTO A BOND PURCHASE AGREEMENT AND A PAYING AGENT/REGISTRAR AGREEMENT; APPROVING AN OFFICIAL STATEMENT; AND AUTHORIZING AND APPROVING OTHER MATTERS RELATED THERETO

WHEREAS, the Texas Southmost College District (formerly Southmost Union Junior College District) (the "District") has been organized, created, and established pursuant to the laws of the State of Texas (the "State") as a junior college district and political subdivision of the State, and operates pursuant to Chapter 130, Texas Education Code, as amended, (the "Act") in partnership with the University of Texas at Brownsville ("UTB") pursuant to Chapter 51, Texas Education Code, as amended;

WHEREAS, at an election duly called and held for and within the District for such purposes on November 2, 2004, the duly qualified resident electors of the District authorized the Board to issue bonds of the District with the terms and for the purposes described herein in the maximum amount of \$68,000,000 (the "2004 Authorization") and to provide for the payment of the principal of and interest on such bonds from the sources and in the manner described herein;

WHEREAS, the Board of the District has heretofore issued the following described outstanding bonds under the 2004 Authorization (the "Previously Issued Bonds") to-wit: "Southmost Union Junior College District Limited Tax Bonds, Series 2005" in the principal amount of \$19,805,000, "Texas Southmost College District Limited Tax Bonds, Series 2006" in the principal amount of \$24,945,000 plus a net reoffering premium of \$445,864.40, and "Texas Southmost College District Limited Tax Bonds, Series 2007" in the principal amount of \$14,000,000;

WHEREAS, the Board now deems it to be in the best interest of the District to issue bonds in the amount of \$5,000,000, to be counted against the 2004 Authorization, leaving \$3,804,135.60 in bonds to be issued in the future.

NOW, THEREFORE, BE IT ORDERED BY THE BOARD OF TRUSTEES OF THE TEXAS SOUTHMOST COLLEGE DISTRICT THAT:

Section 1. Definitions. In addition to other words and terms defined in this Order (except those defined and used in Section 4), and unless a different meaning or intent clearly appears in the context, the following words and terms shall have the following meanings, respectively:

"Act" means Section 130.122, Texas Education Code, as amended.

"Board" means the duly constituted Board of Trustees of the District, or any successor thereto.

"Bond Purchase Agreement" means the Bond Purchase Agreement, dated June 25, 2008, by and between the District and the Initial Purchaser substantially in the form attached hereto as Exhibit "A".

"Bond or Bonds" means any bond or bonds or all of the bonds, as the case may be, of that series styled "Texas Southmost College District Limited Tax Bonds, Series 2008" authorized by this Order.

"Business Day" means any day which is not a Saturday, a Sunday, or a legal holiday or a day on which banking institutions in the District or the City of Brownsville, Texas are authorized by law or executive order to close.

"Code" means the Internal Revenue Code of 1986, as amended.

"College" means Texas Southmost College as owned and operated by the District, or any successor thereto.

"Defeased Bonds" means any Bond retired or no longer outstanding as provided in Section 15.

“District” or “Issuer” means Texas Southmost College District, formerly named the Southmost Union Junior College District, or any successor thereto.

“DTC” means the Depository Trust Company or any successor thereto.

“Fiscal Year” means the District’s fiscal year, which currently is September 1 to August 31, but which may be changed from time to time by the Legislature.

“Governmental Obligations” means the (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States of America; (ii) noncallable obligations of the following agencies or instrumentalities of the United States, which obligations are unconditionally guaranteed or insured by the full faith and credit of the United States and, on the date the Board adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent: U.S. Export-Import Bank, Farmers Home Administration, Federal Financing Bank, General Services Administration, U.S. Maritime Administration, and U.S. Department of Housing and Urban Development; or (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board adopts or approves the proceedings and authorizing the issuance of refunding bonds, are rated as to investment quality by S&P and Moody’s not less than “AAA” and “Aaa”, respectively (if there is no Moody’s rating, then the pre-funded obligations must have been pre-funded with cash, direct United States or United States-guaranteed obligations, or “AAA” rated pre-funded municipal obligations).

“Interest Payment Date” means, when used in connection with any Bond, February 15, 2009 and each February 15 and August 15 thereafter until maturity or earlier redemption of such Bond.

“Initial Bond” means the Bond registered by the Comptroller of Public Accounts of the State of Texas as described in Section 10 hereof.

“Initial Purchaser” means Banc of America Securities LLC, Wachovia Bank, National Association, and Estrada Hinojosa & Company, Inc.

“Legislature” means the Legislature of the State.

“MSRB” means the Municipal Securities Rulemaking Board.

“NRMSIR” means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

“Order” means this “Order Authorizing the Issuance of the Texas Southmost College District Limited Tax Bonds, Series 2008; Entering into a Bond Purchase Agreement and a Paying Agent/Registrar Agreement; and Other Matters Related Thereto” adopted by the Board on June 25, 2008, as revised and completed as herein permitted.

“Outstanding” means as of any particular date, any Bonds theretofore and thereupon delivered except: (a) any such bonds cancelled by or on behalf of the District at or before said date, (b) any such bond defeased or no longer considered Outstanding pursuant to the provisions of the Order authorizing its issuance, or otherwise defeased as permitted by applicable law, and (c) any such bond in lieu of or in substitution for which another bond shall have been delivered pursuant to the order authorizing the issuance of such bond. Provided, however, that in determining whether the Owners of the requisite principal amount of Bonds which are Outstanding have given any request, demand, authorization, direction, notice, consent, or waiver as called for by this Order, Bonds owned by the District shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Paying Agent/Registrar shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, or waiver, only Bonds which the Paying Agent/Registrar knows to be so owned shall be disregarded.

“Owners” means any person or persons who shall be the registered owner of any outstanding Bonds.

“Paying Agent/Registrar” means Wells Fargo Bank, Austin, Texas, and such other bank or trust company as may hereafter be appointed in substitution therefor or in addition thereto to perform the duties of the Paying Agent/Registrar in accordance with this Order.

“Paying Agent/Registrar Agreement” means the agreement, dated June 25, 2008, between the Paying Agent/Registrar and the District relating to the registration, authentication, and transfer of the Bonds, substantially in the form attached hereto as Exhibit “C.”

“Permitted Investments” means any investment to the extent permitted under the laws of the State and the District’s investment policy, unless limited under documents authorizing the Bonds.

“Record Date” means the last calendar day of the month next preceding the applicable Interest Payment Date.

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

“Rule” means the rule set out at 17 C.F.R. §240.15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

“SID” means any person designated by the State or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

“State” means the State of Texas.

“UTB” means the University of Texas at Brownsville.

Section 2. Authorization of the Bonds. There is hereby ordered to be issued, under and by virtue of the laws of the State, including particularly the Act, a series of bonds of the District to be known as “TEXAS SOUTHMOST COLLEGE DISTRICT LIMITED TAX BONDS, SERIES 2008” in the total amount of \$5,000,000 (the “Bonds”), payable from ad valorem taxes as provided in this Order, for the purposes described in the “Form of Bonds” contained in Section 4 hereof.

Section 3. Date, Denominations, Numbers, and Maturities of and Interest on the Bonds. The Bonds shall be dated June 15, 2008. Interest shall commence to accrue on the Bonds on such date and will be payable February 15 and August 15 of each year commencing February 15, 2009. The Bonds shall be in the denominations and principal amounts hereinafter stated, consecutively from R-1 upward, payable to the Initial Purchaser (hereinafter defined), or to the registered assignee or assignees of the Bonds or any portion or portions thereof (in each case, the “Registered Owner”).

The Bonds shall mature on February 15 in each of the years and in the amounts and bear interest as set forth in the following schedule:



<u>YEARS OF STATED MATURITY</u>	<u>PRINCIPAL MATURING</u>	<u>INTEREST RATE</u>	<u>YEARS OF STATED MATURITY</u>	<u>PRINCIPAL MATURING</u>	<u>INTEREST RATE</u>
2009	\$1,090,000		2023	\$170,000	
2013	110,000		2024	380,000	
2014	110,000		2025	610,000	
2015	115,000		2026	860,000	
2016	130,000		2027	130,000	
2017	140,000		2028	140,000	
2018	25,000		2029	145,000	
2019	35,000		2030	150,000	
2020	45,000		2031	160,000	
2021	55,000		2032	170,000	
2022	55,000		2033	175,000	

Section 4. General Characteristics and Form of the Bonds. The Bonds shall be issued, shall be payable, may be redeemable prior to their scheduled maturities, shall have the characteristics, and shall be signed and executed (and the Bonds shall be sealed) all as provided, and in the manner indicated, in the form set forth below. The Form of the Bonds, the Form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be printed and manually endorsed on the Initial Bond (hereinafter defined), [the Form of Statement of Insurance,] the Form of the Authentication Certificate, and the Form of Assignment, which shall be, respectively, substantially as follows, with necessary and appropriate variations, omissions, and insertions as permitted or required by this Order, and the definitions contained with each such form shall apply solely to such form:

FORM OF BONDS

United States of America  
State of Texas

TEXAS SOUTHMOST COLLEGE DISTRICT  
LIMITED TAX BONDS, SERIES 2008

[FORM OF FACE OF THE DEFINITIVE BONDS]

NUMBER  
R-  
REGISTERED

DENOMINATION  
\$  
REGISTERED

INTEREST  
RATE  
%

MATURITY  
DATE

DATED  
DATE  
June 15, 2008

CUSIP NO.

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS (\$ )

TEXAS SOUTHMOST COLLEGE DISTRICT (formerly, Southmost Union Junior College District) (the "District"), a political subdivision of the State of Texas, promises to pay to the Registered Owner, specified above, or registered assignees (the "Registered Owner") on the Maturity Date, specified above, upon presentation and surrender of this Bond at the designated payment office of Wells Fargo Bank, Austin, Texas, or its successor (the "Paying Agent/Registrar"), the Principal Amount, specified above, in lawful money of the United States of America,

and to pay interest thereon at the Interest Rate, specified above, calculated on the basis of a 360-day year of 12 30-day months, from the later of the Dated Date, specified above, 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 dated February 15, 2009 and each August 15 and February 15 thereafter, mailed to the Registered Owner of record as shown on the books of registration kept by the Paying Agent/Registrar (the "Register"), as of the date which is the last calendar day of the month next preceding the interest payment date or in such other manner as may be acceptable to the Registered Owner and the Paying Agent/Registrar. Notwithstanding the above paying procedures, upon written request to the District and the Paying Agent/Registrar, the Registered Owner of at least \$1,000,000 in principal amount may receive all payments of principal and interest hereon by wire transfer on each payment date. CUSIP number identification with appropriate dollar amount of payment pertaining to each CUSIP number (if more than one CUSIP number) must accompany all payments of interest and principal, whether by check or wire transfer. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment thereof have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due payment (the "Special Payment Date," which shall be 15 calendar days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of the Registered Owner appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice. The District covenants with the Registered Owner that no later than each principal installment payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bond, when due, in the manner set forth in the Order defined below.

THIS BOND is one of a series of Bonds, dated as of June 15, 2008 (the "Bonds") of like designation and tenor, except as to number, interest rate, denomination, and maturity issued pursuant to the Order adopted by the Board of Trustees of the District on June 25, 2008 (the "Order"), in the original aggregate principal amount of \$5,000,000 for the purpose of paying costs incurred in connection with the construction and equipment of school buildings and the purchase of necessary sites therefor, and to pay costs of issuance of the Bonds in accordance with the laws of the State of Texas, including particularly Chapter 130, Texas Education Code, as amended.

THE DISTRICT RESERVES THE RIGHT, at its option, to redeem the Bonds maturing on or after February 15, [ ] prior to their scheduled maturities, in whole or in part, in integral multiples of \$5,000 on February 15, [ ], or any date thereafter, at a redemption price of par value plus accrued interest on the principal amounts called for redemption from the most recent interest payment to the date fixed for redemption. If less than all the Bonds are redeemed at any time, the particular maturities of Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bond or portions thereof to be redeemed will be selected by the Paying Agent/Registrar by such random method as the Paying Agent/Registrar shall deem fair and appropriate.

[THE BONDS MATURING IN [ ] shall be subject to mandatory sinking fund redemption, in whole or in part (at a redemption price equal to the principal amount thereof and any accrued interest thereon to the date set for redemption), on February 15 of each year and in the amount set forth below:

<u>Maturity February 15</u>	
20	\$
20	
20	
20	
20	]

IF LESS THAN ALL THE BONDS of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only Form) will determine by lot the Bonds or portions thereof within such maturity to be redeemed. The principal amount of the Bonds required to be redeemed on any date pursuant to the

operation of the mandatory sinking fund redemption provisions may be reduced, at the option of the District, by the principal amount of any Bonds of the maturity scheduled for redemption on such redemption date or dates, which at least 50 days prior to the respective mandatory sinking fund redemption date, (1) have been acquired by the District and delivered to the Paying Agent/Registrar for cancellation or (2) have been redeemed pursuant to the optional redemption provisions of the Bonds and not previously credited to a scheduled mandatory sinking fund redemption.

PRIOR TO THE DATE FIXED FOR ANY REDEMPTION of Bonds or portions thereof prior to maturity a written notice of such redemption shall be given by the Issuer to the Paying Agent/Registrar, and the Paying Agent/Registrar shall send a copy of such notice at least 30 days prior to the date fixed for redemption by United States mail, first class, postage prepaid, addressed to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the books of registration kept by the Paying Agent/Registrar and to major securities depositories, national bond rating agencies, and bond information services; provided, however, that the failure to send, mail, or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. Any notice so mailed will be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. 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.

IF ANY BOND shall not be paid upon the surrender thereof at the redemption or on a maturity date, such Bonds shall continue to bear interest until paid and, to the extent permitted by law, interest on any overdue payments of principal or interest on such Bond shall be paid at the rate of interest borne by such Bond.

IF THE DATE for the payment of the principal or interest on this Bond shall be a Saturday, a Sunday, a legal holiday, or a day in which banking institutions in the District or the city where the principal corporate trust offices of the Paying Agent/Registrar are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect if made on the original date of payment.

THE BONDS are issued pursuant to the Order whereunder the District covenants to levy a continuing, direct, annual ad valorem tax on taxable property within the District, not to exceed \$0.50 on the \$100 valuation of taxable property in the District, for each year while any part of the Bonds are considered outstanding under the provisions of the Order, in a sufficient amount to pay interest on each Bond as it becomes due, to provide for the payment of the principal of the Bonds when due, and to pay the expenses of assessing and collecting such tax. Reference is hereby made to the Order for provisions with respect to the custody and application of the District's funds, remedies in the event of a default hereunder or thereunder, and the other rights of the Registered Owner. By acceptance of this Bond, the Registered Owner consents to all of the provisions of the Order, a certified copy of which is on file in the office of the Board.

THIS BOND IS TRANSFERABLE OR EXCHANGEABLE only upon presentation and surrender at the designated payment office of the Paying Agent/Registrar. If a Bond is being transferred, it shall be 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. If a Bond is being exchanged, it shall be in the principal amount of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Order. The Registered Owner of this Bond shall be deemed and treated by the District and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the District and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the District, resigns, or otherwise ceases to act as such, the District has covenanted in the Order that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owner.

IT IS HEREBY CERTIFIED, COVENANTED, AND REPRESENTED that all acts, conditions, and things necessary to be done precedent to the issuance of the Bonds in order to render the same legal, valid, and binding obligations of the District have happened and have been accomplished and performed in regular and due time, form, and manner, as required by law; that provision has been made for the payment of the principal of and interest on the Bonds by the levy of a continuing, direct, annual ad valorem tax upon taxable property within the District within legal limitations; and that issuance of the Bonds does not exceed any constitutional or statutory limitation.

BY BECOMING the Registered Owner of this Bond, the Registered Owner thereby acknowledges all of the terms and provisions of the Order, agrees to be bound by such terms and provisions, and agrees that the terms and provisions of this Bond and the Order constitute a contract between each Registered Owner and the District.

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

TEXAS SOUTHMOST COLLEGE DISTRICT

XXXXXXXXXXXXXXXXXXXXXXXXXXXX  
Secretary, Board of Trustees

XXXXXXXXXXXXXXXXXXXXXXXXXXXX  
Chairperson, Board of Trustees

(DISTRICT'S SEAL)

\* \* \*

FORM OF INITIAL BOND

The Initial Bond shall be in the form set forth above for the Definitive Bond, except the following shall replace the heading and the first two paragraphs:

NO. I-1 \$5,000,000  
United States of America  
State of Texas  
TEXAS SOUTHMOST COLLEGE DISTRICT  
LIMITED TAX BOND, SERIES 2008

Issue Date: June 15, 2008  
Registered Owner: BANC OF AMERICA SECURITIES LLC  
Principal Amount: FIVE MILLION DOLLARS (\$5,000,000)

TEXAS SOUTHMOST COLLEGE DISTRICT (the "District"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner, specified above, or the registered assigns thereof (the "Registered Owner"), the Principal Amount, specified above, with principal installments payable on February 15 in each of the years, and bearing interest at per annum rates in accordance with the following schedule:

<u>YEARS OF</u> <u>STATED MATURITIES</u>	<u>PRINCIPAL</u> <u>INSTALLMENTS</u>	<u>INTEREST</u> <u>RATE</u>
---	---	--------------------------------

(Information to be inserted from schedule in Section 2 hereof.)

INTEREST on the unpaid Principal Amount hereof from the Issue Date, specified above, or from the most recent interest payment date to which interest has been paid or duly provided for until the Principal Amount has become due and payment thereof has been made or duly provided for shall be paid computed on the basis of a 360-day year of 12 30-day months; such interest being payable on February 15 and August 15 of each year, commencing February 15, 2009.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The final payment of principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at final maturity, at the designated payment trust office of Wells Fargo Bank, Austin, Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of principal installments and interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof as shown by the Registration Books kept by the Paying Agent/Registrar at the close of business on the Record Date by check drawn by the Paying Agent/Registrar on, and payable solely from, funds of the District required to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, postage prepaid, on each such payment date, to the registered owner hereof at its address as it appears on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. The record date ("Record Date") for payments hereon means the last calendar day of the month preceding a scheduled payment. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment thereof have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due payment (the "Special Payment Date," which shall be 15 calendar days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of the Registered Owner appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice. The District covenants with the Registered Owner that no later than each principal installment payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on this Bond, when due, in the manner set forth in the Order defined below.

THIS BOND is one of a series of Bonds, dated as of June 15, 2008 (the "Bonds") of like designation and tenor, except as to number, interest rate, denomination, and maturity issued pursuant to the Order adopted by the Board of Trustees of the District on June 25, 2008 (the "Order"), in the original aggregate principal amount of \$5,000,000 for the purpose of paying costs incurred in connection with the construction and equipment of school buildings and the purchase of necessary sites therefor, and to pay costs of issuance of the Bonds in accordance with the laws of the State of Texas, including particularly Chapter 130, Texas Education Code, as amended.

\* \* \*

FORM OF STATEMENT OF INSURANCE

STATEMENT OF INSURANCE

[TO COME]

\* \* \*

FORM OF REGISTRATION CERTIFICATE OF THE COMPTROLLER  
OF PUBLIC ACCOUNTS (TO BE PRINTED ON OR ATTACHED TO THE INITIAL BOND)

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'S SEAL

\_\_\_\_\_  
Comptroller of Public Accounts of the State of Texas

\* \* \*

FORM OF AUTHENTICATION CERTIFICATE

AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the Order described in this Bond; and that this Bond has been issued in exchange for or replacement of a bond, bonds, or a portion of a bond or bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Wells Fargo Bank, Austin, Texas, as Paying Agent/Registrar

Dated \_\_\_\_\_

By \_\_\_\_\_  
Authorized Representative

\* \* \*

(Remainder of page intentionally left blank)

FORM OF ASSIGNMENT

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner of this bond or duly authorized representative or attorney thereof, hereby assigns this bond to

\_\_\_\_\_/\_\_\_\_\_  
(Assignee's Social Security or Taxpayer Identification Number) (Print or typewrite Assignee's name and address, including zip code)

and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the registration of this bond on the Bond Registration Books with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

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

NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

The following abbreviations, when used in the assignment above or on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with right of survivorship and not as tenants in common
- UNIF GIFT MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_  
(Cust) (Minor)  
under Uniform Gifts to Minors Act \_\_\_\_\_  
(State)

Additional abbreviations may also be used though not in the list above.

\* \* \*

[END OF FORMS]

In case any officer of the District whose manual or facsimile signature shall appear on any Bond shall cease to be such officer before the delivery of any such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery. Any Bond which bears the facsimile signature of such person who at the actual time of the delivery of such Bond shall be an officer authorized to sign such Bond, but who at the date of such Bonds was not such an officer, shall be validly and sufficiently signed for such purpose as if such person had been such officer as the date of such Bond. The District authorizes the printing of a true and correct copy of an opinion of Winstead PC, attorneys at law, relating to the validity and enforceability of the Bonds under Texas law and the status of interest on the Bonds under federal income tax laws on the reverse side of each of the Bonds over a certificate of identification executed by the facsimile signature of the Secretary, Board of Trustees, and also authorizes the imprinting of CUSIP (the American Bankers Association's Committee on Uniform Securities Identification Procedures) numbers on the Bonds; provided, however, that the failure of such opinion, certificate, or CUSIP numbers to appear on any Bond, or any

errors therein or in any part of the Bond the form of which is not included in this Order, shall in no way effect the validity or enforceability of the Bonds or relieve the Initial Purchaser of its obligation to accept delivery of and pay for the Bonds.

Section 5. Special Funds. The District hereby confirms the establishment of the following funds of the District at a depository of the District:

(a) Interest and Sinking Fund, Tax Levy, and Appropriation. A special "2008 Tax Bond Interest and Sinking Fund" (the "Interest and Sinking Fund") is hereby created and established and shall be maintained by the District at an official depository bank of the District and accounted for as herein provided so long as any of the Bonds remain Outstanding. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the District and shall be used only for paying the interest on and principal of the Bonds. The net proceeds of all ad valorem taxes levied and collected for and on account of the Bonds shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the principal of or interest on or maturing amounts of (as appropriate) the Bonds are outstanding and unpaid, the Board shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest on the Bonds and the principal on the Bonds as such principal matures, provided that the annual bond tax shall never exceed \$0.50 on the \$100 valuation of taxable property in the District, and the annual ad valorem tax together with the annual maintenance tax shall never exceed the aggregate of \$1.00 on the \$100 valuation of taxable property in the District; the tax shall be based on the latest approved tax rolls of the District, with full allowances being made for tax delinquencies and the cost of tax collection. The rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the District, for each year while any of the Bonds are outstanding and unpaid, and the tax shall be assessed and collected each year and deposited to the credit of the Interest and Sinking Fund. The ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds, as such interest comes due and such principal matures, are hereby pledged irrevocably for such payment.

Legally available funds of the District have been appropriated to make the interest payment on the Bonds on February 15, 2009.

(b) Construction Fund. A special "2008 Construction Fund" (the "Construction Fund") is hereby created and established and shall be maintained by the District at an official depository bank of the District. The Construction Fund is the fund into which the proceeds of the Bonds shall be placed, [including the net reoffering premium], but except for accrued interest which shall be paid into the Interest and Sinking Fund. The Construction Fund shall be used to pay the costs necessary or appropriate to accomplish the purposes for which the Bonds are issued.

Section 6. Investments and Security. (a) Investment of Funds. The Board may place money in the Interest and Sinking Fund and the Construction Fund in time or demand deposits or invest such money as authorized by law at the time of such deposit. Obligations purchased as an investment of money in a fund shall be deemed to be part of such fund.

(b) Amounts Received from Investments. Except as otherwise provided by law, amounts received from the investment of any money in the Interest and Sinking Fund shall be retained therein. Interest earnings derived from the investment of proceeds of the Bonds shall be retained in the Construction Fund until the purpose of the Bonds is complete and thereafter transferred to the Interest and Sinking Fund, along with any remaining bond proceeds. It is provided, however, that any interest earnings on proceeds of the Bonds which are required to be rebated to the United States of America in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

(c) Security for Funds. All funds created by this Order shall be secured in the manner and to the fullest extent required by law for the security of funds of the District.



Section 7. Covenants of the District. (a) General Covenants. The District covenants and represents that:

(i) It is a duly created and existing junior college district and political subdivision of the State of Texas, and is duly authorized under the laws of the State of Texas to create and issue Bonds; all action on its part for the creation and issuance of the Bonds has been duly and effectively taken; and the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the District in accordance with their terms; and

(ii) The Bonds shall be ratably secured in such manner that no one Bond shall have preference over other Bonds.

(b) Specific Covenants. The District covenants and represents that, while the Bonds are outstanding and unpaid, it will:

(i) Levy an ad valorem tax, within legal limitations, that will be sufficient to provide funds to pay the current interest on the Bonds and to provide the necessary sinking fund, all as described in this Order and

(ii) Keep proper books of record and accounts in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to the funds created pursuant to this Order, and all books, documents, and vouchers relating thereto shall at all reasonable times be made available for inspection upon request from any Owner.

(c) Covenants Regarding Tax Matters. The District covenants to take any action to maintain, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in "gross income" for federal income tax purposes. In furtherance thereof, the District specifically covenants as follows:

(i) To refrain from taking any action which would result in the Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(ii) To take any action to assure that no more than 10% of the proceeds of the Bonds or the projects financed therewith are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10% of the proceeds or the projects financed therewith are so used, that amounts, whether or not received by the District with respect to such private business use, do not under the terms of this Order or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10% of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(iii) To take any action to assure that in the event that the "private business use" described in paragraph (ii) hereof exceeds 5% of the proceeds of the Bonds or the projects financed therewith, then the amount in excess of 5% is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(iv) To take any action to assure that no amount which is greater than the lesser of \$5,000,000 or 5% of the proceeds of the Bonds is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(v) To refrain from taking any action which would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(vi) Except to the extent permitted by section 148 of the Code and the regulations and rulings thereunder, to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds.

(vii) To otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings);

(viii) Except to the extent otherwise provided in section 148(f) of the Code and the regulations and rulings thereunder, to pay to the United States of America at least once during each five year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90% of the "Excess Earnings," within the meaning of section 148(f) of the Code, and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100% of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code;

(ix) To maintain such records as will enable the District to fulfill its responsibilities under this subsection and section of the Code, including without limitations, all information relating to the Bonds, Investment of Bond proceeds, and use of any Bond-finance facility, and to retain such records for at least six years following the final payment of principal and interest on the Bonds; and

(x) To comply with the information reporting requirements of section 149(e) of the Code.

The covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the District will not be required to comply with any covenant contained herein to the extent that such modification or expansion, in the opinion of nationally-recognized bond counsel, will not adversely affect the exclusion from gross income of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the District agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exclusion from gross income of interest on the Bonds under section 103 of the Code.

Proper officers of the District charged with the responsibility of issuing the Bonds are hereby authorized and directed to execute any documents, certificates, or reports required by the Code and to make such elections, on behalf of the District, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

Notwithstanding any other provision in this Order, to the extent necessary to preserve the exclusion from gross income of interest on the Bonds under section 103 of the Code the covenants contained in this subsection shall survive the later of the defeasance or discharge of the Bonds.

(d) Covenants Regarding Sale, Lease, or Disposition of Financed Property. The District covenants that the District will regulate the use of the property financed, directly or indirectly, with the proceeds of the Bonds and will not sell, lease, or otherwise dispose of such property unless (i) the District takes the remedial measures as may be required by the Code and the regulations and rulings thereunder in order to preserve the exclusion from gross income of interest on the Bonds under section 103 of the Code or (ii) the District seeks the advice of nationally-recognized bond counsel with respect to such sale, lease, or other disposition.

Section 8. Designation As Qualified Tax-Exempt Obligations. The District hereby designates the Bonds as "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. In furtherance of such designation, the District represents, covenants and warrants the following: (a) that during the calendar year in which the Bonds are issued, the District (including any subordinate entities) has not designated nor will designate obligations, which when aggregated with the Bonds, will result in more than \$10,000,000 of "qualified tax-exempt obligations" being issued and (b) that the District reasonably anticipates that the amount of tax-exempt obligations issued, during the calendar year in which the Bonds are issued, by the District (and any subordinate entities) will not exceed \$10,000,000.

Section 9. Perfection of Security. Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the proceeds of ad valorem taxes thereto, and such pledge is, therefore, valid, effective, and perfected. Should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the ad valorem tax proceeds is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, in order to preserve to the Owners a security interest in such pledge, the District agrees to take such measures as it determines are reasonable and necessary to enable a filing of a security interest in said pledge to occur.

Section 10. Paying Agent/Registrar. The Paying Agent/Registrar is hereby appointed as paying agent for the Bonds. The principal of the Bonds and the accrued interest on 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, as described in the "Form of Bonds" in Section 4 hereof.

The District, the Paying Agent/Registrar, and any other person shall treat the Owner as the absolute owner of such Bonds for the purpose of making and receiving payment of the principal thereof and for the further purpose of receiving payment of the interest thereon and for all other purposes, whether or not such Bond is overdue, and neither the District nor the Paying Agent/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 Order shall be valid and effectual and shall discharge the liability of the District and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

The District may at any time and from time to time appoint another Paying Agent/Registrar in substitution for the previous Paying Agent/Registrar provided that any such Paying Agent/Registrar shall be a national or state banking institution, shall be an association or a corporation organized and doing business under the laws of the United States of America or any state, authorized under such laws to exercise trust powers, shall be subject to supervision or examination by federal or state authority, and shall be authorized by law to serve as a paying agent/registrar. In such event, the District shall give notice by United States mail, first-class, postage prepaid to each Owner. Any bank or trust company with or into which any Paying Agent/Registrar may be merged or consolidated, or to which the assets and business of Paying Agent/Registrar may be sold or otherwise transferred, shall be deemed the successor of such Paying Agent/Registrar for the purposes of this Order.

No resignation or removal of the Trustee, Paying Agent, or Bond Registrar shall become effective until a successor has been appointed and has accepted the duties of Trustee, Paying Agent, or Bond Registrar, as applicable.

The Chairperson and Secretary of the Board are hereby authorized to enter into, execute, and deliver the Paying Agent/Registrar Agreement with the initial Paying Agent/Registrar in substantially the form presented to the Board on this date and attached hereto as Exhibit "B."

Section 11. Initial Bond; Book-Entry-Only System; Exchange or Transfer of Bonds. Initially, one Bond (the "Initial Bond") numbered I-1 representing the entire principal amount of Bonds shall be registered in the name of the Initial Purchaser or the designee thereof and shall be executed and submitted to the Attorney General of Texas for approval, and thereupon certified by the Comptroller of Public Accounts of the State or a duly authorized agent, by manual signature. Promptly thereafter, the Owner may deliver the Initial Bond to the Paying Agent/Registrar for exchange for a definitive Bond.

It is intended that the definitive Bonds be registered so as to participate in a securities depository system (the "DTC System") with DTC or any successor entity thereto, as set forth herein. The definitive Bonds shall be issued in the form of a separate single definitive Bond for each maturity. Upon issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as the nominee of DTC, and all of the Outstanding Bonds shall be registered in the name of Cede & Co., as the nominee of DTC. The Board and the Paying Agent/Registrar are authorized to execute, deliver, and take the actions set forth in such letters to or agreements with DTC as shall be necessary to effectuate the DTC System, including a "Blanket Issuer Letter of Representation" (the "Representation Letter").

With respect to the Bonds registered in the name of Cede & Co., as nominee of DTC, the Board and the Paying Agent/Registrar shall have no responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds the Bonds from time to time as securities depository (a "Depository Participant") or to any person on behalf of whom such a Depository Participant holds an interest in the Bonds (an "Indirect Participant"). Without limiting the immediately preceding sentence, the Board and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any Depository Participant with respect to any ownership interest in the Bonds; or (ii) the delivery to any Depository Participant or any Indirect Participant or any other Person, other than an Owner of a Bond, of any amount with respect to principal of, redemption premium, if any, or interest on the Bonds. While in the DTC System, no person other than Cede & Co., or any successor thereto, as nominee for DTC, shall receive a Bond evidencing the obligation of the Board to make payments of principal, redemption premium, if any, and interest pursuant to this Order. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Order with respect to interest checks or drafts being mailed to the Owner, the word "Cede & Co." in this Order shall refer to such new nominee of DTC.

In the event that (a) the Board determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (b) the Representation Letter shall be terminated for any reason, or (c) DTC or the Board determines that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Board shall notify the Paying Agent/Registrar, DTC, and Depository Participants of the availability within a reasonable period of time through DTC of certificated Bonds, and the Bonds shall no longer be restricted to being registered in the name of Cede & Co., as nominee of DTC. At that time, the Board may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a securities depository system, as may be acceptable to the Board, or such depository's agent or designee, and if the Board and the Paying Agent/Registrar do not select such alternate securities depository system then the Bonds may be registered in whatever names the Owners of the Bonds transferring or exchanging the Bonds shall designate, in accordance with the provisions hereof.

Each Bond shall be transferable within 72 hours after request, but only upon the presentation and surrender thereof at the designated payment office of the Paying Agent/Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Owner or his authorized representative in the form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond for transfer, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor, to the extent possible and under reasonable circumstances within three business day after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations, of the same maturity, in the appropriate 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 appropriate corporate trust office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination, in an aggregate principal amount or maturing amounts, as appropriate, equal to the unpaid principal amount or maturing amount of the Bond or Bonds presented for exchange. The Paying Agent/Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with this Order and each Bond so delivered 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 Paying Agent/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 Paying Agent/Registrar for such transfer or exchange shall be paid by the District.

Notwithstanding any other provision of this Order to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of redemption, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

Section 12. District Officer's Duties. (a) Issuance of Bonds. The Chairperson of the Board shall submit the Initial Bond, the record of the proceedings authorizing the issuance of the Bonds, and any and all necessary orders, certificates, and records to the Attorney General of the State of Texas for his investigation. After obtaining the approval of the Attorney General, the Chairperson of the Board shall cause the Initial Bond to be registered by the Comptroller of Public Accounts of the State. The officers or acting officers of the Board are authorized to execute and deliver on behalf of the Board such certificates and instruments as may be necessary or appropriate prior to the delivery of and payment for the Bonds to and by the Initial Purchaser.

(b) Execution of Order. The Chairperson and the Secretary of the Board are authorized to execute the certificate to which this Order is attached on behalf of the Board and to do any and all things proper and necessary to carry out the intent hereof.

Section 13. Remedies of Owners. In addition to all rights and remedies of any Owner of the Bonds provided by the laws of the State of Texas, the District and the Board covenant and agree that in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make the payments required by this Order to be made into the Interest and Sinking Fund, or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in this Order, the Owner of any of the Bonds shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the Board and other officers of the District to observe and perform any covenant, obligation, or condition prescribed in this Order. No delay or omission by any Owner to exercise any right or power accruing to such Owner upon default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right or power may be exercised from time to time and as often as may be deemed expedient. The specific remedies mentioned in this Order shall be available to any Owner of any of the Bonds and shall be cumulative of all other existing remedies.

Section 14. Lost, Stolen, Destroyed, Damaged, or Mutilated Bonds; Destruction of Paid Bonds. (a) Replacement Bonds. In the event any outstanding Bond shall become lost, stolen, destroyed, damaged, or mutilated, at the request of the Owner thereof, the District shall cause to be executed, registered by the Paying Agent/Registrar, and delivered a substitute Bond of like date and tenor, in exchange and substitution for and upon cancellation of such mutilated or damaged Bond, or in lieu of and substitution for such Bond, lost, stolen, or destroyed, subject to the provisions of subsections (b), (c), (d), and (e) of this Section.

(b) Application and Indemnity. Application for exchange and substitution of lost, stolen, destroyed, damaged, or mutilated Bonds shall be made to the District. In every case the applicant for a substitute Bond shall furnish to the District such deposit for fees and costs as may be required by the District to save it and the Paying Agent/Registrar harmless from liability. In every case of loss, theft, or destruction of a Bond, the applicant shall also furnish to the District indemnity to the District's satisfaction and shall file with the District evidence to the District's satisfaction of the loss, theft, or destruction and of the ownership of such Bond. In every case of damage or mutilation of a Bond, the applicant shall surrender the Bond so damaged or mutilated to the Paying Agent/Registrar.

(c) Matured Bonds. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of or interest on the Bonds, the District may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a substitute Bond, if any, provided security or indemnity is furnished as above provided in this Section.

(d) Expense of Issuance. Upon the issuance of any substitute Bonds, the District may charge the owner of such Bond with all fees and costs incurred in connection therewith. Every substitute Bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, destroyed, damaged, or mutilated shall constitute a contractual obligation of the District, whether or not the lost, stolen, destroyed, damaged, or mutilated Bonds shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Order equally and proportionately with any and all other Bonds duly issued under this Order.

(e) Authority to Issue Substitute Bonds. This Order shall constitute sufficient authority for the issuance of any such substitute Bonds without necessity of further action by the Board or any other body or person, and the issuance of such substitute Bonds is hereby authorized, notwithstanding any other provisions of this Order.

(f) Destruction of Paid Bonds. At any time subsequent to six months after the payment thereof, the Paying Agent/Registrar is authorized to cancel and destroy any Bonds duly paid and shall furnish to the District a certificate evidencing such destruction.

Section 15. Redemption. The Bonds are subject to redemption as described in the "Form of Bonds" in Section 4 hereof.

Section 16. Defeasance. Any Bond shall be deemed to be paid and shall no longer be considered to be a "Bond" within the meaning of this Order when payment of the principal of such Bond, plus interest thereon to the due date thereof (whether such date be by reason of maturity or otherwise) either (a) shall have been made or caused to be made in accordance with the terms thereof or (b) shall have been provided for by depositing with an escrow agent (the "Escrow Agent" for purposes of this Section), for such payment, (i) lawful money of the United States of America sufficient to make such payment or (ii) Governmental Obligations certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and to bear interest at such rates as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed, except as hereinafter provided), be sufficient to make such payment or (iii) a combination of money and Governmental Obligations together so certified to be sufficient, provided that all the expenses pertaining to the Bonds with respect to which such deposit is made shall have been paid, or the payment thereof provided for, to the satisfaction of the Escrow Agent. Notwithstanding anything herein to the contrary, no such deposit shall have the effect described in this Section if made during the subsistence of a default in the payment of any Bond unless made with respect to all of the Bonds then outstanding. Any money and Government Obligations deposited for such purpose shall be held by the Escrow Agent in a segregated account in trust or escrow for the Owners with respect to which such deposit is made and, together with any investment income therefrom, shall be disbursed solely to pay the principal of and interest on such Bonds when due. No money or Governmental Obligations so deposited shall be invested or reinvested unless in Governmental Obligations and unless such money and Governmental Obligations not invested and such new investments are together certified by an independent public accounting firm of national reputation to be of such amounts, maturities, and interest payment dates and to be of such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earning therefrom, be sufficient to make such payment. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, they shall no longer be entitled to the benefits of this Order, except for the purposes of any such payment from such money or Governmental Obligations.

Notwithstanding any other provision of this Order to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in subsection (a) or (b) of this Section shall not be irrevocable, provided that: (A) in the proceedings providing for such payment arrangements, the District expressly reserves the right to call the Defeased Bonds for redemption; (B) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (C) directs that notice of the reservation be included in any redemption notices that it authorizes.

Section 17. Order a Contract; Amendments. This Order shall constitute a contract with the Owners, from time to time, of the Bonds, binding on the District and its successors and assigns, and shall not be amended or repealed by the District as long as any Bond remains outstanding except as permitted in this Section. The District may, without the consent of or notice to any Owners, amend, change, or modify this Order as may be required (a) by the provisions hereof; (b) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission herein; or (c) in connection with any other change which is not to the prejudice of the Owners. The District may, with the written consent of the Owners of the majority in aggregate principal amount of Bonds then outstanding affected thereby, amend, change, modify, or rescind any provisions of this Order; provided that without the consent of all of the Owners affected, no such amendment, change, modification, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Bonds or reduce the principal amount thereof or the rate of

interest thereon; (ii) give any preference to any Bond over any other Bond; (iii) extend any waiver of default to subsequent defaults; or (iv) reduce the aggregate principal amount of Bonds required for consent to any such amendment, change, modification, or rescission. When the District desires to make any amendment or addition to or rescission of this Order requiring consent of the Owners, the District shall cause notice of the amendment, addition, or rescission described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the District may adopt such amendment, addition, or rescission in substantially such form, except as herein provided. No Owner may thereafter object to the adoption of such amendment, addition, or rescission, or to any of the provisions thereof, and such amendment, addition, or rescission shall be fully effective for all purposes.

Section 18. Sale and Delivery of Bonds. (a) Sale. The sale of the Bonds to the Initial Purchaser pursuant to the Bond Purchase Agreement is hereby confirmed and delivery of the Bonds to the Initial Purchaser shall be made as soon as practicable after the adoption of this Order, upon payment therefor, in accordance with the Bond Purchase Agreement. The Chairperson of the Board is hereby authorized to sign and deliver the Bond Purchase Agreement.

(b) Approval of Official Statement. The District hereby acknowledges the Board's receipt of and approves the form and content of the Official Statement relating to the Bonds and any addenda, supplement, or amendment thereto, and approves the distribution of such Official Statement in the reoffering of the Bonds by the Initial Purchaser in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof. The form and content of and the distribution and use of the Preliminary Official Statement dated June 17, 2008, prior to the date hereof is hereby ratified and confirmed. The Board finds and determines that the Preliminary Official Statement is "deemed final" as that term is defined in the Rule.

(c) Legal Opinion. The Initial Purchaser's obligation to accept delivery of the Bonds is subject to its being furnished an opinion of Winstead PC, Bond Counsel, such opinion to be dated and delivered as of the date of delivery and payment for the Bonds.

(d) Registration and Delivery. Upon the registration of the Initial Bond, the Comptroller of Public Accounts of the State is authorized and instruct to deliver the Initial Bond pursuant to the instruction of the Chairperson of the Board for delivery to the Initial Purchaser.

Section 19. Use of Proceeds. The proceeds from the sale of the Bonds shall be as follows: (i) accrued interest on the Bonds shall be deposited to the credit of the Interest and Sinking Fund and will be used to pay interest on the first interest payment date; and (ii) [\$\_\_\_\_\_] in net reoffering premium will be applied to the Underwriter's Discount. The remainder of the proceeds shall be deposited to the Construction Fund after deducting remaining costs of issuance.

Section 20. Continuing Disclosure Undertaking. (a) Annual Reports. The District shall provide annually to each NRMSIR and any SID, within six months after the end of each fiscal year ending in or after 2008, financial information and operating data with respect to the District of the general type included in the final Official Statement authorized by Section 18(b) of this Order, being the information described in Exhibit "C" hereto. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit "C" and (ii) audited, if the District commissions an audit of such statements and the audit is completed within the period during which they must be provided. The District may provide updated information in full text or may incorporate by reference certain other publicly available documents as permitted by the Rule. If the audit of such financial statements is not complete within such period, the District shall provide audited financial statements for the applicable fiscal year to each NRMSIR and any SID when and if the audit report on such statements becomes available.

If the District or UTB changes its fiscal year, it will notify each NRMSIR any SID, and the Insurer, of the change (and of 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) that theretofore has been provided to each NRMSIR and any SID or filed with the SEC.

The District shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with this Section by the time required by this Section.

(b) Material Event Notices. The District shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws: (i) principal and interest payment delinquencies; (ii) non-payment related defaults; (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 or events affecting the tax-exempt status of the Bonds; (vii) modifications to rights of holders of the Bonds; (viii) Bond calls; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds; and (xi) ratings changes.

(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 Section 14 above that causes the Bonds no longer to be Outstanding and any call of Bonds made in connection therewith.

(d) Central Post Office. The District intends to make all filings required by this Section through the "central post office" operated by the Municipal Advisory Council of Texas for so long as the SEC's approval of the central post office has not been withdrawn thereby. The central post office is presently accessed at [www.DisclosureUSA.com](http://www.DisclosureUSA.com).

The provisions of this Section are for the sole benefit of the Owners and 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 OWNER 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 LIMITED 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 provisions 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, supplemented, or repealed by the District from time to time to adapt to changed circumstances that arise from a time change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if the provisions of this Section, as so supplemented or amended, would have permitted a purchaser to purchase or sell Bonds in the present offering in compliance with the Rule and (a) either the Owners of a majority in aggregate principal amount of the Outstanding Bonds consent to such amendment, supplement, or repeal, or any person unaffiliated with the District determines that such amendment, supplement, or repeal will not materially impair the interests of the beneficial owners of the Bonds, (b) upon repeal of the applicable provisions of the Rule, or any judgment by a court of final jurisdiction that such provisions are invalid, or (c) in any other circumstance or manner permitted by the Rule.

Section 21. Attorney General Examination Fee. The District recognizes that under Section 1202.004, Texas Government Code, as amended by Senate Bill 495, Acts of the 79<sup>th</sup> Legislature Regular Session, 2005, the Attorney General of Texas requires a nonrefundable examination fee be paid at the time of submission of the transcript of proceedings authorizing the Bonds and that, based upon the principal amount of the Bonds, such fee is \$5,000. The appropriate District official is hereby directed to make such payment or reimburse Bond Counsel for having made such payment on behalf of the District and such amount is hereby appropriated for such purpose. The District is also authorized to reimburse the fund used or bond counsel for such payment with proceeds of the Bonds.

Section 22. Further Procedures. The Chairperson and the Secretary of the Board, the President of the College, and the Vice-President for Partnership Affairs, and all other officers, employees, attorneys, and agents of the District, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the seal and on behalf of the District, all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Order, the Bonds, the Bond Purchase Agreement, and the Official Statement. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. Prior to the initial delivery of the Bonds, the Chairperson and the Secretary of the Board and Bond Counsel to the District are hereby authorized and directed to approve any technical changes or corrections to this Order or to any of the instruments authorized by this Order necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Order, (ii) obtain a rating from any of the national bond rating agencies, or (iii) obtain the approval of the Bonds by the Texas Attorney General's office.

Section 23. Miscellaneous Provisions. (a) Titles Not Restrictive. The titles assigned to the various sections of this Order are for convenience only and shall not be considered restrictive of the subject matter of any section or of any part of this Order.

(b) Inconsistent Provisions. All orders and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Order are hereby repealed and declared to be inapplicable, and the provisions of this Order shall be and remain controlling as to the matters prescribed herein.

(c) Severability. If any word, phrase, clause, paragraph, sentence, part, portion, or provision of this Order or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Order shall nevertheless be valid and the Board hereby declares that this Order would have been enacted without such invalid word, phrase, clause, paragraph, sentence, part, portion, or provisions.

(d) Governing Law. This Order shall be construed and enforced in accordance with the laws of the State of Texas.

(e) Open Meeting. The Board officially finds and determines that the meeting at which this Order is adopted was open to the public; and that public notice of the time, place, and purpose of such meeting was given, all as required by Chapter 551, Texas Government Code, as amended.

(f) Parties Interested Herein. Nothing in this Order expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the District, the Paying Agent/Registrar, and the Owners, any right, remedy, or claim under or by reason of this Order or any covenant, condition, or stipulation hereof, and all covenants, stipulations, promises, and agreements in this Order contained by and on behalf of the District shall be for the sole and exclusive benefit of the District, the Insurer, the Paying Agent/Registrar, and the Owners.

(g) Incorporation of Recitals. The recitals to the Order are hereby incorporated by reference herein as if copied in full.

PASSED AND APPROVED this \_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Chairperson, Board of Trustees

ATTEST:

\_\_\_\_\_  
Secretary, Board of Trustees

(DISTRICT SEAL)

EXHIBIT A

**PURCHASE CONTRACT**

*The Purchase Contract can be found in executed form at Tab 9.*

EXHIBIT B

**PAYING AGENT/REGISTRAR AGREEMENT**

*The Paying Agent/Registrar Agreement can be found in executed form at Tab 10.*

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RESOLUTION AUTHORIZING THE ISSUANCE OF "TEXAS SOUTHMOST COLLEGE DISTRICT MAINTENANCE TAX NOTES, SERIES 2008"; ENTERING INTO A PURCHASE CONTRACT AND A PAYING AGENT/REGISTRAR AGREEMENT; APPROVING AN OFFICIAL STATEMENT; AND AUTHORIZING AND APPROVING OTHER MATTERS RELATED THERETO

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RESOLUTION AUTHORIZING THE ISSUANCE OF "TEXAS SOUTHMOST COLLEGE DISTRICT MAINTENANCE TAX NOTES, SERIES 2008"; ENTERING INTO A PURCHASE CONTRACT AND A PAYING AGENT/REGISTRAR AGREEMENT; APPROVING AN OFFICIAL STATEMENT; AND AUTHORIZING AND APPROVING OTHER MATTERS RELATED THERETO

WHEREAS, the Texas Southmost College District (formerly Southmost Union Junior College District) (the "District") has been organized, created, and established pursuant to the laws of the State of Texas (the "State") as a junior college district and political subdivision of the State, and operates pursuant to Chapter 130, Texas Education Code, as amended in partnership with the University of Texas at Brownsville ("UTB") pursuant to Chapter 51, Texas Education Code, as amended;

WHEREAS, Sections 45.108 and 130.084, Texas Education Code, as amended (collectively, the "Act"), authorize the Board of Trustees of the District (the "Board") to borrow money for the purpose of paying any lawful maintenance expenditure of the District, other than the payment of principal and interest on bonds, and to evidence such loans with negotiable notes payable from and secured by a lien on a pledge of any available funds by a junior college district, including proceeds of a maintenance tax, maturing not more than 20 years from their date;

WHEREAS, pursuant to the provisions of the Texas Education Code, as amended, and an election held in the District on January 11, 1952, the District has been authorized to levy annual ad valorem taxes for maintenance in an amount not to exceed \$0.35 per \$100 assessed valuation on all taxable property in the District;

WHEREAS, a budget has been adopted by the Issuer for the school year ending August 31, 2008, and the Board hereby finds and determines that, in accordance with the Act, the "Texas Southmost College District Maintenance Tax Notes, Series 2008" (the "Notes") should be issued and sold at this time and such principal amount of Notes will not at any time exceed 75% of the previous year's income of the District; and

WHEREAS, the Board hereby finds and declares that the negotiable notes herein authorized are necessary to be issued to finance certain lawful expenditures of the District pursuant to the Act defined herein;

THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES, TEXAS SOUTHMOST COLLEGE, FOR AND ON BEHALF OF THE TEXAS SOUTHMOST COLLEGE DISTRICT, THAT:

Section 1. Definitions. In addition to other words and terms defined in this Resolution (except those defined and used in Section 3), and unless a different meaning or intent clearly appears in the context, the following words and terms shall have the following meanings, respectively:

"Act" means Sections 45.108 and 130.084, Texas Education Code, as amended.

"Board" means the duly constituted Board of Trustees of the District, or any successor thereto.

"Business Day" means any day which is not a Saturday, a Sunday, or a legal holiday or a day on which banking institutions in the District or the City of Brownsville, Texas are authorized by law or executive order to close.

"Certified Public Accountant" means a person holding a currently valid license issued by the State of Texas to engage in the practice of public accountancy.

"Code" means the Internal Revenue Code of 1986, as amended.

"College" means Texas Southmost College as owned and operated by the District, or any successor thereto.

"District" or "Issuer" the Texas Southmost College District, formerly named the Southmost Union Junior College District, or any successor thereto.

“DTC” means the Depository Trust Company or any successor thereto.

“Fiscal Year” means the District’s fiscal year, which currently is September 1 to August 31, but which may be changed from time to time by the Legislature.

“Governmental Obligations” means the (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States of America; (ii) noncallable obligations of the following agencies or instrumentalities of the United States, which obligations are unconditionally guaranteed or insured by the full faith and credit of the United States and, on the date the Board adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent: U.S. Export-Import Bank, Farmers Home Administration, Federal Financing Bank, General Services Administration, U.S. Maritime Administration, and U.S. Department of Housing and Urban Development; or (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board adopts or approves the proceedings and authorizing the issuance of refunding bonds, are rated as to investment quality by S&P and Moody’s not less than “AAA” and “Aaa”, respectively (if there is no Moody’s rating, then the pre-funded obligations must have been pre-funded with cash, direct United States or United States-guaranteed obligations, or “AAA” rated pre-funded municipal obligations).

“Initial Note” means the Note registered by the Comptroller of Public Accounts of the State of Texas as described in Section 10 hereof.

“Initial Purchaser” means Banc of America Securities LLC, Wachovia Bank, National Association, and Estrada Hinojosa & Company, Inc.

“Interest Payment Date” means February 15, 2009, and each August 15 and February 15 thereafter while any of the Notes are Outstanding.

“Legislature” means the Legislature of the State of Texas.

“MSRB” means the Municipal Securities Rulemaking Board.

“NRMSIR” means each person or entity whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

“Note or Notes” means any note or notes or all of the notes, as the case may be, of that series styled “Texas Southmost College District Maintenance Tax Notes, Series 2008” authorized by this Resolution.

“Outstanding” means, as of any particular date, any Notes theretofore and thereupon delivered except: (a) any such notes cancelled by or on behalf of the District at or before said date, (b) any such note defeased or no longer considered Outstanding pursuant to the provisions of the resolution authorizing its issuance, or otherwise defeased as permitted by applicable law, and (c) any such note in lieu of or in substitution for which another note shall have been delivered pursuant to the resolution authorizing the issuance of such note. Provided, however, that in determining whether the Owners of the requisite principal amount of Notes which are Outstanding have given any request, demand, authorization, direction, notice, consent, or waiver as called for by this Resolution, Notes owned by the District shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Paying Agent/Registrar shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, or waiver, only Notes which the Paying Agent/Registrar knows to be so owned shall be disregarded.

“Owners” means any person or persons who shall be the registered owner of any Notes.



“Paying Agent/Registrar” means Wells Fargo Bank, Austin, Texas, and such other bank or trust company as may hereafter be appointed in substitution therefor or in addition thereto to perform the duties of the Paying Agent/Registrar in accordance with this Resolution.

“Paying Agent/Registrar Agreement” means the agreement, dated as of June 25, 2008, between the Paying Agent/Registrar and the District relating to the registration, authentication, and transfer of the Notes, attached hereto as Exhibit “C.”

“Permitted Investments” means any investment to the extent permitted under the laws of the State and the District’s investment policy, unless limited under documents authorizing the Notes.

“Purchase Contract” means the agreement dated the date of adoption of the Resolution between the District and the Initial Purchaser attached hereto as Exhibit “A.”

“Record Date” means the last calendar day of the month next preceding the applicable Interest Payment Date.

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

“Resolution” means- this “Resolution Authorizing the Issuance of Texas Southmost College District Maintenance Tax Notes, Series 2008; Entering into a Purchase Contract and a Paying Agent/Registrar Agreement; Approving an Official Statement; and Authorizing and Approving Other Matters Related Thereto” adopted by the Board on June 25, 2008, as revised and completed as herein permitted.

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

“SEC” means the United States Securities and Exchange Commission.

“SID” any person designated by the State or an authorized department, officer, or agency thereof as a state information depository within the meaning of the Rule from time to time, and which has received a no-action letter from the SEC, presently being the Municipal Advisory Council of Texas.

“State” means the State of Texas.

“UTB” means the University of Texas at Brownsville.

Section 2. Authorization of the Notes. There is hereby ordered to be issued, under and by virtue of the laws of the State, including particularly the Act, a series of negotiable notes of the District to be known as “TEXAS SOUTHMOST COLLEGE DISTRICT MAINTENANCE TAX NOTES, SERIES 2008” (the “Notes”), issued in the principal amount of \$5,000,000 and payable from available funds of the District provided in the Act, including an ad valorem tax levied, within the limitations of and pursuant to the District’s maintenance taxing authority, on all taxable property in the District as provided in this Resolution, for the purposes described in the “Form of Notes” contained in Section 4 hereof.

Section 3. Date, Denominations, Numbers, and Maturities of the Notes. The Notes shall be dated June 15, 2008. Interest shall commence to accrue on the Notes on such date. The Notes shall be in the respective denominations and principal amounts hereinafter stated, being numbered I-1 for the Note initially delivered and consecutively from R-1 upward for the definitive Notes, payable to the Initial Purchaser (herein defined), or to the registered assignee or assignees of the Notes or any portion or portions thereof (in each case, the “Registered Owner”).

The Notes shall mature on February 15 in each of the years and in the amounts and bear interest as set forth in the following schedule:

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL MATURING</u>	<u>INTEREST RATE</u>	<u>YEAR OF MATURITY</u>	<u>PRINCIPAL MATURING</u>	<u>INTEREST RATE</u>
2009	\$125,000		2019	250,000	
2010	100,000		2020	265,000	
2011	175,000		2021	275,000	
2012	180,000		2022	290,000	
2013	190,000		2023	305,000	
2014	200,000		2024	315,000	
2015	210,000		2025	335,000	
2016	220,000		2026	350,000	
2017	230,000		2027	365,000	
2018	240,000		2028	380,000	

Section 4. General Characteristics and Form of the Notes. The Notes shall be issued, shall be payable, may be redeemable prior to their scheduled maturities, shall have the characteristics, and shall be signed and executed (and the Notes shall be sealed) all as provided, and in the manner indicated in the form set forth below. The Form of the Notes, the Form of the Registration Certificate of the Comptroller of Public Accounts of the State to be printed and manually endorsed on the Initial Note, the Form of the Authentication Certificate, [the Form of Statement of Insurance,] and the Form of Assignment, which shall be, respectively, substantially as follows, with necessary and appropriate variations, omissions, and insertions as permitted or required by this Resolution, and the definitions contained with each such form shall apply solely to such form:

FORM OF NOTE  
Form of Definitive Notes

United States of America  
State of Texas

TEXAS SOUTHMOST COLLEGE DISTRICT  
MAINTENANCE TAX NOTE, SERIES 2008

NUMBER	DENOMINATION
R- _____	\$ _____
REGISTERED	REGISTERED

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP NO.</u>
%			

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \$

TEXAS SOUTHMOST COLLEGE DISTRICT (formerly, Southmost Union Junior College District) (the "District"), a political subdivision of the State of Texas, promises to pay to the Registered Owner, specified above, or registered assignees (the "Registered Owner") on the Maturity Date, specified above, upon presentation and surrender of this Note at the designated payment office of Wells Fargo Bank, Austin, Texas, or its successor (the

“Paying Agent/Registrar”), the Principal Amount, specified above, in lawful money of the United States of America, and to pay interest thereon at the Interest Rate, specified above, calculated on the basis of a 360-day year of 12 30-day months, from the later of the Issue Date, specified above, or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this Note is payable by check dated February 15, 2009, and each August 15 and February 15 thereafter, mailed to the Registered Owner of record as shown on the books of registration kept by the Paying Agent/Registrar (the “Register”), as of the date which is the last calendar day of the month next preceding the interest payment date or in such other manner as may be acceptable to the registered owner and the Paying Agent/Registrar.

THIS NOTE is one of a series of Notes dated as of June 15, 2008 (the “Notes”) of like designation and tenor, except as to number, interest rate, denomination, and maturity issued pursuant to the Resolution adopted by the Board of Trustees of the District (the “Board”) on June 25, 2008 (the “Resolution”), in the original aggregate principal amount of \$5,000,000 for the purpose of paying costs incurred in connection with the maintenance and renovation of existing facilities within the District and paying costs associated with issuance of the Notes.

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

TEXAS SOUTHMOST COLLEGE DISTRICT

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX  
Secretary, Board of Trustees

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX  
Chairperson, Board of Trustees

(DISTRICT SEAL)

THE DISTRICT RESERVES THE RIGHT to redeem the Notes maturing on or after [February 15, \_\_\_\_], prior to their scheduled maturities, in whole or in part, in integral multiples of \$5,000, on [February 15, \_\_\_\_], or on any date thereafter, at a redemption price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption.

IF LESS THAN ALL THE NOTES of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Notes are in “Book-Entry-Only” form) will determine by lot the Notes or portions thereof within such maturity to be redeemed. The principal amount of the Notes required to be redeemed on any 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 Notes of the maturity scheduled for redemption on such redemption date or dates, which at least 45 days prior to the respective mandatory sinking fund redemption date, (1) have been acquired by the District and delivered to the Paying Agent/Registrar for cancellation; (2) have been acquired and cancelled by the Paying Agent/Registrar at the direction of the District, with funds from the Interest and Sinking Fund at a price not exceeding the principal amount of such Notes plus accrued interest to the date of acquisition thereof; or (3) shall have been redeemed pursuant to the optional redemption provisions of the Notes and not previously credited to a scheduled mandatory sinking fund redemption.

PRIOR TO THE DATE FIXED FOR ANY REDEMPTION of Notes or portions thereof prior to maturity, a written notice of such redemption shall be given by the Issuer to the Paying Agent/Registrar, and the Paying Agent/Registrar shall send a copy of such notice at least 30 days prior to the date fixed for redemption by United States mail, first class, postage prepaid, addressed to the Registered Owner of each Note to be redeemed in whole or in part at the address shown on the books of registration kept by the Paying Agent/Registrar and to major securities depositories, national Note rating agencies, and Note information services; provided, however, that the failure to send, mail, or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the

validity or effectiveness of the proceedings for the redemption of any Note. Any notice so mailed will be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. When Notes 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.

IF ANY NOTE shall not be paid upon the surrender thereof at the redemption or on a maturity date, such Notes shall continue to bear interest until paid and, to the extent permitted by law, interest on any overdue payments of principal or interest on such Note shall be paid at the rate of interest borne by such Note.

IF THE DATE for the payment of the principal or interest on this Note shall be a Saturday, a Sunday, a legal holiday, or a day on which banking institutions in the District or the city where the principal corporate trust offices of the Paying Agent/Registrar are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date of payment.

THE NOTES are issued pursuant to the Resolution and payable from available funds of the District as authorized and provided in the Act, including an ad valorem tax levied, within and pursuant to the District's maintenance taxing authority, on all taxable property of the District. By acceptance of this Note, the Registered Owner consents to all of the provisions of the Resolution, a certified copy of which is on file in the office of the Board.

THIS NOTE IS TRANSFERABLE OR EXCHANGEABLE only upon presentation and surrender at the designated payment office of the Paying Agent/Registrar. If a Note is being transferred, it shall be 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 Resolution. If a Note is being exchanged, it shall be in the principal amount of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Resolution. The registered owner of this Note shall be deemed and treated by the District and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Note to the extent of such payment, and the District and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

IN THE EVENT any Paying Agent/Registrar for the Notes is changed by the District, resigns, or otherwise ceases to act as such, the District has covenanted in the Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owner.

IT IS HEREBY CERTIFIED, COVENANTED, AND REPRESENTED that all acts, conditions, and things necessary to be done precedent to the issuance of the Notes in order to render the same legal, valid, and binding obligations of the District have happened and have been accomplished and performed in regular and due time, form, and manner, as required by law; that provision has been made for the payment of the principal of and interest on the Notes; and that issuance of the Notes does not exceed any constitutional or statutory limitation.

BY BECOMING the Registered Owner of this Note, the Registered Owner thereby acknowledges all of the terms and provisions of the Resolution, agrees to be bound by such terms and provisions, and agrees that the terms and provisions of this Note and the Resolution constitute a contract between each Registered Owner and the District.

\* \* \*

FORM OF INITIAL NOTE

The Initial Note shall be in the form set forth above for the Definitive Note, except the following shall replace the heading and the first two paragraphs.

NO. I-1 \$5,000,000

United States of America  
State of Texas

TEXAS SOUTHMOST COLLEGE DISTRICT  
MAINTENANCE TAX NOTES, SERIES 2008

Issue Date: JUNE 15, 2009

Registered Owner: BANC OF AMERICA SECURITIES LLC

Principal Amount: FIVE MILLION DOLLARS (\$5,000,000)

TEXAS SOUTHMOST COLLEGE DISTRICT (the "District"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner, specified above, or the registered assigns thereof (the "Registered Owner"), the Principal Amount, specified above, with principal installments payable on February 15 in each of the years, and bearing interest at per annum rates in accordance with the following schedule:

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL MATURING</u>	<u>INTEREST RATE</u>
-----------------------------	-------------------------------	--------------------------

(Insert schedule from Section 3)

INTEREST on the unpaid Principal Amount hereof from the Issue Date, specified above, or from the most recent interest payment date to which interest has been paid or duly provided for until the Principal Amount has become due and payment thereof has been made or duly provided for shall be paid computed on the basis of a 360-day year of 12 30-day months; such interest being payable on February 15 and August 15 of each year, commencing February 15, 2009.

THE PRINCIPAL OF AND INTEREST ON this Note are payable in lawful money of the United States of America, without exchange or collection charges. The final payment of principal of this Note shall be paid to the Registered Owner hereof upon presentation and surrender of this Note at final maturity, at the designated payment office of Wells Fargo Bank, Austin, Texas, which is the "Paying Agent/Registrar" for this Note. The payment of principal installments and interest on this Note shall be made by the Paying Agent/Registrar to the Registered Owner hereof as shown by the Registration Books kept by the Paying Agent/Registrar at the close of business on the last calendar day of the month preceding a scheduled payment (the "Record Date") by check drawn by the Paying Agent/Registrar on, and payable solely from, funds of the District required to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, postage prepaid, on each such payment date, to the Registered Owner hereof at its address as it appears on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment thereof have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due payment (the "Special Payment Date," which shall be 15 calendar days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States

mail, first class, postage prepaid, to the address of the Registered Owner appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice. The District covenants with the registered owner that no later than each principal installment payment date and interest payment date for this Note it will make available to the Paying Agent/Registrar the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on this Note, when due, in the manner set forth in the Resolution defined below.

THIS NOTE is one of a series of Notes dated as of June 15, 2008 (the "Notes") of like designation and tenor, except as to number, interest rate, denomination, and maturity issued pursuant to the Resolution adopted by the Board of Trustees of the District (the "Board") on June 25, 2008 (the "Resolution"), in the original aggregate principal amount of \$5,000,000 for the purpose of paying costs incurred in connection with the maintenance and renovation of existing facilities within the District and paying costs associated with issuance of the Notes.

\* \* \*

FORM OF STATEMENT OF INSURANCE

STATEMENT OF INSURANCE

[TO COME]

\* \* \*

FORM OF REGISTRATION CERTIFICATE OF THE COMPTROLLER  
OF PUBLIC ACCOUNTS (TO BE PRINTED ON OR ATTACHED TO THE INITIAL BOND)

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. \_\_\_\_\_

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

Witness my signature and seal this \_\_\_\_\_.

(COMPTROLLER'S SEAL)

\_\_\_\_\_  
Comptroller of Public Accounts of the State of Texas

\* \* \*

FORM OF AUTHENTICATION CERTIFICATE

AUTHENTICATION CERTIFICATE

It is hereby certified that this Note has been issued under the provisions of the Resolution described on the face of this Note; and that this Note has been issued in conversion of and exchange for or replacement of a Note, Notes, or a portion of a Note or Notes of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Wells Fargo Bank, Austin, Texas, as Paying Agent/Registrar

Dated \_\_\_\_\_

By \_\_\_\_\_  
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

\_\_\_\_\_/\_\_\_\_\_  
(Please insert Social Security or Taxpayer Identification No. of Transferee) (Please print name and address, including zip code, of Transferee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

\_\_\_\_\_ attorney to register the transfer of the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

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

NOTICE: The signature above must correspond with the name of the registered owner as it appears upon the front of this Note in every particular, without alteration or enlargement or any change whatsoever.

The following abbreviations, when used in the Assignment above or on the face of the within Note, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with right of survivorship and not as tenants in common
- UNIF GIFT MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_  
(Cust) (Minor)  
under Uniform Gifts to Minors Act \_\_\_\_\_  
(State)

Additional abbreviations may also be used though not in the list above.

[END OF FORMS]

In case any officer of the District whose manual or facsimile signature shall appear on any Note shall cease to be such officer before the delivery of any such Notes, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery. Any Note which bears the facsimile signature of such person who at the actual time of the delivery of such Note shall be an officer authorized to sign such Note, but who at the date of such Note was not such an officer, shall be validly and sufficiently signed for such purpose as if such person had been such officer as the date of such Note. The District authorizes the printing of a true and correct copy of an opinion of Winstead PC, attorneys at law, relating to the validity and enforceability of the Notes under Texas law and the status of interest on the Notes under federal income tax laws on the reverse side of each of the Notes over a certificate of identification executed by the facsimile signature of the Secretary, Board of Trustees, and also authorizes the imprinting of CUSIP (the American Bankers

Association's Committee on Uniform Securities Identification Procedures) numbers on the Notes; provided, however, that the failure of such opinion, certificate, or CUSIP numbers to appear on any Note, or any errors therein or in any part of the Note the form of which is not included in this Resolution, shall in no way effect the validity or enforceability of the Notes or relieve the Initial Purchaser of their obligation to accept delivery of and pay for the Notes.

Section 5. Pledge and Source of Payment. Pursuant to the provisions of the Act, available funds of the District are hereby pledged to the payment of the principal of and interest on the Notes. Each year the Notes are Outstanding, the District covenants that the annual budget of the District shall include as a separate line item an amount equal to the principal of and interest on the Notes due and payable in such budget year and to the extent other available funds of the District are not budgeted and set aside for such purposes to pay the principal of and interest on the Notes, the District shall levy a tax each year within the District's maintenance taxing authority as authorized by the Act sufficient to pay the principal of and interest on the Notes. Such annual tax rate levied and assessed by the District for the payment of the Notes shall be identified and stated separately in the annual tax levy of the District from other taxes levied for maintenance purposes and debt service.

To provide for the timely payment of the principal of and interest on the Notes, a tax shall be and is hereby levied, within the limitations of the District's maintenance tax authority, on each \$100 valuation of taxable property within the District for the current year and each succeeding year while the Notes are outstanding, taking into account delinquencies, cost of collection, and other available funds of the District which are budgeted and set aside for such purposes. The Board hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay the principal of and interest on the Notes taking into account the aforesaid matters, it having been determined that the existing and available funds for such purpose is adequate to permit a legally sufficient tax in consideration of all other obligations of the District.

Section 6. Special Funds. (a) Funds Created. A special "2008 Maintenance Tax Note Interest and Sinking Fund" (the "Interest and Sinking Fund") is hereby created and established and shall be maintained by the District at an official depository bank of the District and accounted for as hereinafter provided so long as any of the Notes remain Outstanding. The amount of taxes assessed and collected each year for the Interest and Sinking Fund for the payment of the principal of and interest on the Notes, and the amounts deposited to the credit of the Interest and Sinking Fund shall not be directed or utilized for any other purpose. The Interest and Sinking Fund shall be held for the benefit of the Owners, and the income from the investment of which shall be and is hereby pledged to the payment of the Notes. The Interest and Sinking Fund shall be used solely as herein provided so long as any Notes remain Outstanding.

Legally available funds of the District have been appropriated to make the interest payments on the Notes on February 15, 2009.

(b) Construction Fund. A special "2008 Construction Fund" (the "Construction Fund") is hereby created and established and shall be maintained by the District at an official depository bank of the District. The Construction Fund is the fund into which the proceeds of the Notes shall be placed, (including the reoffering premium), except for accrued interest which shall be paid into the Interest and Sinking Fund. The Construction Fund, including any investment earnings thereon, shall be used to pay the costs necessary or appropriate to accomplish the purposes for which the Notes are issued.

(c) Additional Deposits to the Interest and Sinking Fund.

All accrued interest and any net premium received at the time of delivery of the Notes shall be deposited into the Interest and Sinking Fund.

Any surplus proceeds from the sale of the Notes, including investment income thereon, not expended for authorized purposes shall be deposited in the Interest and Sinking Fund, and such amounts so deposited shall reduce the sums otherwise required to be deposited in the Interest and Sinking Fund from ad valorem taxes.



(d) Transfers of Money to the Paying Agent/Registrar. On or before February 14, 2009 and semiannually on or before each August 14 and February 14 thereafter while the Notes are Outstanding, the Board shall transfer the amounts held in the Interest and Sinking Fund for the payment of interest to come due on the Notes to the Paying Agent/Registrar to pay the interest scheduled to come due on the Parity Notes on the next succeeding Interest Payment Date;

(d) Investment and Security of Interest and Sinking Fund.

- (i) The District may place the money in the Interest and Sinking Fund in Permitted Investments; provided, however, that all such deposits and investments shall be made in such manner that the money required to be expended from such fund will be available at the proper time or times. Such investments shall be valued in terms of current market value as required by Chapter 2256, Texas Government Code, as amended. Such investments shall be sold promptly when necessary to prevent any default in connection with the Notes.
- (ii) All money on deposit to the credit of the Interest and Sinking Fund, including money placed in time deposits, shall be secured by the pledge of securities, as provided by law, in a principal amount at all times not less than the amount of deposits credited to such fund, respectively.

Section 7. Covenants of the District. (a) Punctual Payment of Notes. The District will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution and in each and every Note issued and delivered hereunder; will promptly pay or cause to be paid from the available funds the principal of and interest on every Note issued hereunder on the dates and at the places and in the manner prescribed in such Note and in this Resolution; and, prior to the maturity of each installment of interest and prior to the maturity of each such Note, at the times and in the manner prescribed herein, will deposit or cause to be deposited, from the available funds lawfully available for such use, the amount of money specified herein.

(b) Accounts, Records, and Audits. So long as any Notes remain Outstanding, the District covenants and agrees that it will maintain or cause to be maintained a proper and complete system of records and accounts, separate and apart from all other records and accounts, pertaining to the available funds in which full, true, and proper entries will be made of all dealings, transactions, business, and affairs which in any way affect or pertain to the available funds. The District shall after the close of each Fiscal Year direct its independent auditors to audit its books and accounts, prepare financial statements of the District, and have those financial statements audited by the District's independent auditors. Such books, records, accounts, and annual audit reports shall be open to the Owners and their agents and representatives at all reasonable times.

(c) Covenants Regarding Tax Matters. The District covenants to take any action to maintain or refrain from any action which would adversely affect, the treatment of the Notes as obligations described in section 103 of the Code, the interest on which is not includable in "gross income" for federal income tax purposes. In furtherance thereof, the District specifically covenants as follows:

(i) To refrain from taking any action which would result in the Notes being treated as "private activity" notes within the meaning of section 141(b) of the Code;

(ii) To take any action to assure that no more than 10% of the proceeds of the Notes are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10% of the proceeds or the projects financed therewith are so used, that amounts, whether or not received by the District with respect to such private business use, do not under the terms of this Resolution or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10% of the debt service on the Notes, in contravention of section 141(b)(2) of the Code;

(iii) To take any action to assure that in the event that the "private business use" described in paragraph (ii) hereof exceeds 5% of the proceeds of the Notes, then the amount in excess of 5% is used for

a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(iv) To take any action to assure that no amount which is greater than the lesser of \$5,000,000 or 5% of the proceeds of the Notes is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(v) To refrain from taking any action which would result in the Notes being "federally guaranteed" within the meaning of section 149(b) of the Code;

(vi) Except to the extent permitted by section 148 of the Code and the regulations and rulings thereunder, to refrain from using any portion of the proceeds of the Notes, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Notes;

(vii) To otherwise restrict the use of the proceeds of the Notes or amounts treated as proceeds of the Notes, as may be necessary, so that the Notes do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings);

(viii) Except to the extent otherwise provided in section 148(f) of the Code and the regulations and rulings thereunder, to pay to the United States of America at least once during each five year period (beginning on the date of delivery of the Notes) an amount that is at least equal to 90% of the "Excess Earnings," within the meaning of section 148(f) of the Code, and to pay to the United States of America, not later than 60 days after the Notes have been paid in full, 100% of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code;

(ix) To maintain such records as will enable the District to fulfill its responsibilities under this subsection and section 148 of the Code, including, without limitation, all information relating to the Notes, investment of Note proceeds, and use of any Note-financed facility, and to retain such records for at least six years following the final payment of principal and interest on the Notes; and

(x) To comply with the information reporting requirements of section 149(e) of the Code.

The covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Notes, the District will not be required to comply with any covenant contained herein to the extent that such modification or expansion, in the opinion of nationally-recognized bank counsel, will not adversely affect the exclusion from gross income of interest on the Notes under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Notes, the District agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bank counsel, to preserve the exclusion from gross income of interest on the Notes under section 103 of the Code.

Proper officers of the District charged with the responsibility of issuing the Notes are hereby authorized and directed to execute any documents, certificates, or reports required by the Code and to make such elections, on behalf of the District, which may be permitted by the Code as are consistent with the purpose for the issuance of the Notes.

Notwithstanding any other provision in this Resolution, to the extent necessary to preserve the exclusion from gross income of interest on the Notes under section 103 of the Code the covenants contained in this subsection shall survive the later of the defeasance or discharge of the Notes.

Section 8. Designation As Qualified Tax-Exempt Obligations. The District hereby designates the Notes as “qualified tax-exempt obligations” as defined in Section 265(b)(3) of the Code. In furtherance of such designation, the District represents, covenants and warrants the following: (a) that during the calendar year in which the Notes are issued, the District (including any subordinate entities) has not designated nor will designate obligations, which when aggregated with the Notes, will result in more than \$10,000,000 of “qualified tax-exempt obligations” being issued and (b) that the District reasonably anticipates that the amount of tax-exempt obligations issued, during the calendar year in which the Notes are issued, by the District (and any subordinate entities) will not exceed \$10,000,000.

Section 9. Perfection of Security. Chapter 1208, Texas Government Code, applies to the issuance of the Notes and the pledge of the proceeds thereto, and such pledge is, therefore, valid, effective, and perfected. Should Texas law be amended at any time while the Notes are outstanding and unpaid, the result of such amendment being that the pledge proceeds is to be subject to the filing requirements of Chapter 9, Texas Business and Commerce Code, in order to preserve to the owners a security interest in such pledge, the District agrees to take such measures as it determines are reasonable and necessary to enable a filing of a security interest in said pledge to occur.

Section 10. Paying Agent/Registrar. The Paying Agent/Registrar is hereby appointed as paying agent for the Notes. The principal of the Notes and the accrued interest on the Notes 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, as described in the Form of Notes in Section 4 hereof.

The District, the Paying Agent/Registrar, and any other person shall treat the Owner as the absolute owner of such Notes for the purpose of making and receiving payment of the principal thereof and for the further purpose of receiving payment of the interest thereon and for all other purposes, whether or not such Note is overdue, and neither the District nor the Paying Agent/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 Note in accordance with this Resolution shall be valid and effectual and shall discharge the liability of the District and the Paying Agent/Registrar upon such Note to the extent of the sums paid.

So long as any Notes remain outstanding, the Paying Agent/Registrar shall keep the Register at one of its corporate trust offices in Texas in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Notes in accordance with the terms of this Resolution.

The District may at any time and from time to time appoint another Paying Agent/Registrar in substitution for the previous Paying Agent/Registrar provided that any such Paying Agent/Registrar shall be a national or state banking institution, shall be an association or a corporation organized and doing business under the laws of the United States of America or any state, authorized under such laws to exercise trust powers, shall be subject to supervision or examination by federal or state authority, and shall be authorized by law to serve as a paying agent/registrar. In such event, the District shall give notice by United States mail, first-class, postage prepaid to each Owner. Any bank or trust company with or into which any Paying Agent/Registrar may be merged or consolidated, or to which the assets and business of Paying Agent/Registrar may be sold or otherwise transferred, shall be deemed the successor of such Paying Agent/Registrar for the purposes of this Resolution.

No resignation or removal of the Trustee, Paying Agent, or Note Registrar shall become effective until a successor has been appointed and has accepted the duties of Trustee, Paying Agent, or Note Registrar, as applicable.

The Chairperson and the Secretary of the Board are hereby authorized to enter into, execute, and deliver the Paying Agent/Registrar Agreement with the initial Paying Agent/Registrar in substantially the form presented to the Board on this date and attached hereto as Exhibit “C.”

Section 11. Initial Note; Book-Entry Only System; Exchange or Transfer of Notes. Initially, one Note (the “Initial Note”) numbered I-1 representing the entire principal amount of Notes shall be registered in the name

requested by the Initial Purchaser, or the designee thereof, and shall be executed and submitted to the Attorney General of Texas for approval, and thereupon certified by the Comptroller of Public Accounts of the State or a duly authorized agent thereof, by manual signature. Promptly thereafter, the District shall deliver the Initial Note to the Paying Agent/Registrar for exchange for a definitive Note.

It is intended that the definitive Notes be registered so as to participate in a securities depository system (the "DTC System") with DTC or any successor entity thereto, as set forth herein. The definitive Notes shall be issued in the form of a separate single definitive Note for each maturity. Upon issuance, the ownership of each such Note shall be registered in the name of Cede & Co., as the nominee of DTC, and all of the Outstanding Notes shall be registered in the name of Cede & Co., as the nominee of DTC. The Board and the Paying Agent/Registrar are authorized to execute, deliver, and take the actions set forth in such letters to or agreements with DTC as shall be necessary to effectuate the DTC System, including a "Blanket Issuer Letter of Representation" (the "Representation Letter").

With respect to the Notes registered in the name of Cede & Co., as nominee of DTC, the Board and the Paying Agent/Registrar shall have no responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds the Notes from time to time as securities depository (a "Depository Participant") or to any person on behalf of whom such a Depository Participant holds an interest in the Notes (an "Indirect Participant"). Without limiting the immediately preceding sentence, the Board and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any Depository Participant with respect to any ownership interest in the Notes; or (ii) the delivery to any Depository Participant or any Indirect Participant or any other Person, other than an Owner of a Note, of any amount with respect to principal of or interest on the Notes. While in the DTC System, no person other than Cede & Co., or any successor thereto, as nominee for DTC, shall receive a Note evidencing the obligation of the Board to make payments of principal and interest pursuant to this Resolution. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Resolution with respect to interest checks or drafts being mailed to the Owner, the word "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

In the event that (a) the Board determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (b) the Representation Letter shall be terminated for any reason, or (c) DTC or the Board determines that it is in the best interest of the beneficial owners of the Notes that they be able to obtain certificated Notes, the Board shall notify the Paying Agent/Registrar, DTC, and Depository Participants of the availability within a reasonable period of time through DTC of certificated Notes, and the Notes shall no longer be restricted to being registered in the name of Cede & Co., as nominee of DTC. At that time, the Board may determine that the Notes shall be registered in the name of and deposited with a successor depository operating a securities depository system, as may be acceptable to the Board, or such depository's agent or designee, and if the Board and the Paying Agent/Registrar do not select such alternate securities depository system then the Notes may be registered in whatever names the Owners of the Notes transferring or exchanging the Notes shall designate, in accordance with the provisions hereof.

In the event that certificated Notes are issued, each Note shall be transferable within 72 hours after request, but only upon the presentation and surrender thereof at the principal corporate trust office of the Paying Agent/Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Owner or his authorized representative in the form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Note for transfer, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor, to the extent possible and under reasonable circumstances within three business days after such presentation, a new Note or Notes, registered in the name of the transferee or transferees, in authorized denominations, of the same maturity, in the appropriate principal amount, and bearing interest at the same rate as the Note or Notes so presented. Notwithstanding the preceding, the Paying Agent/Registrar is not required to transfer or exchange any Note called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer is not applicable to an exchange by the Owner of the uncalled balance of a Note.

All Notes shall be exchangeable upon presentation and surrender thereof at the appropriate corporate trust office of the Paying Agent/Registrar for a Note or Notes of the same maturity and interest rate and in any authorized denomination, in an aggregate principal amount or maturing amounts, as appropriate, equal to the unpaid principal amount or maturing amount of the Note or Notes presented for exchange. The Paying Agent/Registrar shall be and is hereby authorized to authenticate and deliver exchange Notes in accordance with this Resolution and each Note so delivered shall be entitled to the benefits and security of this Resolution to the same extent as the Note or Notes in lieu of which such Note is delivered.

The District or the Paying Agent/Registrar may require the Owner of any Note 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 Note. Any fee or charge of the Paying Agent/Registrar for such transfer or exchange shall be paid by the District.

Notwithstanding any other provision of this Resolution to the contrary, so long as any Note is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of redemption, premium, if any, and interest on such Note and all notices with respect to such Note shall be made and given, respectively, in the manner provided in the Representation Letter.

Section 12. District Officers' Duties. (a) Issuance of Notes. The Chairperson of the Board shall submit the Initial Note, the record of the proceedings authorizing the issuance of the Notes, and any and all necessary resolutions, certificates, and records to the Attorney General of the State for his investigation. After obtaining the approval of the Attorney General, the Chairperson of the Board shall cause the Initial Note to be registered by the Comptroller of Public Accounts of the State. The officers or acting officers of the Board are authorized to execute and deliver on behalf of the Board such certificates and instruments as may be necessary or appropriate prior to the delivery of and payment for the Notes to and by the Initial Purchaser.

(b) Execution of Resolution. The Chairperson and the Secretary of the Board are authorized to execute the certificate to which this Resolution is attached on behalf of the Board and to do any and all things proper and necessary to carry out the intent hereof.

Section 13. Remedies of Owners. In addition to all rights and remedies of any Owner of the Notes provided by the laws of the State, the District and the Board covenant and agree that in the event the District defaults in the payment of the principal of or interest on any of the Notes when due, fails to make the payments required by this Resolution to be made into the Interest and Sinking Fund, or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in this Resolution, the Owner of any of the Notes shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the Board and other officers of the District to observe and perform any covenant, obligation, or condition prescribed in this Resolution. No delay or omission by any Owner to exercise any right or power accruing to such Owner upon default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right or power may be exercised from time to time and as often as may be deemed expedient. The specific remedies mentioned in this Resolution shall be available to any Owner of any of the Notes and shall be cumulative of all other existing remedies.

Section 14. Lost, Stolen, Destroyed, Damaged, or Mutilated Notes; Destruction of Paid Notes. (a) Replacement Notes. In the event any outstanding Note shall become lost, stolen, destroyed, damaged, or mutilated, at the request of the Owner thereof, the District shall cause to be executed, registered by the Paying Agent/Registrar, and delivered a substitute Note of like date and tenor, in exchange and substitution for and upon cancellation of such mutilated or damaged Note, or in lieu of and substitution for such Note, lost, stolen, or destroyed, subject to the provisions of subsections (b), (c), (d), and (e) of this Section.

(b) Application and Indemnity. Application for exchange and substitution of lost, stolen, destroyed, damaged, or mutilated Notes shall be made to the District. In every case the applicant for a substitute Note shall furnish to the District such deposit for fees and costs as may be required by the District to save it and the Paying Agent/Registrar harmless from liability. In every case of loss, theft, or destruction of a Note, the applicant shall also furnish to the District indemnity to the District's satisfaction and shall file with the District evidence to the District's

satisfaction of the loss, theft, or destruction and of the ownership of such Note. In every case of damage or mutilation of a Note, the applicant shall surrender the Note so damaged or mutilated to the Paying Agent/Registrar.

(c) Matured Notes. Notwithstanding the foregoing provisions of this Section, in the event any such Note shall have matured, and no default has occurred which is then continuing in the payment of the principal of or interest on the Notes, the District may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Note) instead of issuing a substitute Note, if any, provided security or indemnity is furnished as above provided in this Section.

(d) Expense of Issuance. Upon the issuance of any substitute Notes, the District may charge the Owner of such Note with fees and costs incurred in connection therewith. Every substitute Note issued pursuant to the provisions of this Section by virtue of the fact that any Note is lost, stolen, destroyed, damaged, or mutilated shall constitute a contractual obligation of the District, whether or not the lost, stolen, destroyed, damaged, or mutilated Notes shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Notes duly issued under this Resolution.

(e) Authority to Issue Substitute Notes. This Resolution shall constitute sufficient authority for the issuance of any such substitute Notes without necessity of further action by the Board or any other body or person, and the issuance of such substitute Notes is hereby authorized, notwithstanding any other provisions of this Resolution.

(f) Destruction of Paid Notes. At any time subsequent to six months after the payment thereof, the Paying Agent/Registrar is authorized to cancel and destroy any Notes duly paid and shall furnish to the District a certificate evidencing such destruction.

Section 15. Redemption. The Notes are subject to redemption as described in the "Form of Notes" in Section 4 hereof.

Section 16. Defeasance. Any Note shall be deemed to be paid and shall no longer be considered to be a "Note" within the meaning of this Resolution when payment of the principal of such Note, plus interest thereon to the due date thereof (whether such date be by reason of maturity or otherwise) either (a) shall have been made or caused to be made in accordance with the terms thereof or (b) shall have been provided for by depositing with an escrow agent (the "Escrow Agent" for purposes of this Section), for such payment, (i) lawful money of the United States of America sufficient to make such payment or (ii) Governmental Obligations certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and to bear interest at such rates as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed, except as hereinafter provided), be sufficient to make such payment or (iii) a combination of money and Governmental Obligations together so certified to be sufficient, provided that all the expenses pertaining to the Notes with respect to which such deposit is made shall have been paid, or the payment thereof provided for, to the satisfaction of the Escrow Agent. Notwithstanding anything herein to the contrary, no such deposit shall have the effect described in this Section if made during the subsistence of a default in the payment of any Note unless made with respect to all of the Notes then outstanding. Any money and Government Obligations deposited for such purpose shall be held by the Escrow Agent in a segregated account in trust or escrow for the Owners with respect to which such deposit is made and, together with any investment income therefrom, shall be disbursed solely to pay the principal of and interest on such Notes when due. No money or Governmental Obligations so deposited shall be invested or reinvested unless in Governmental Obligations and unless such money and Governmental Obligations not invested and such new investments are together certified by an independent public accounting firm of national reputation to be of such amounts, maturities, and interest payment dates and to be of such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earning therefrom, be sufficient to make such payment. At such times as a Note shall be deemed to be paid hereunder, as aforesaid, they shall no longer be entitled to the benefits of this Resolution, except for the purposes of any such payment from such money or Governmental Obligations.

Notwithstanding any other provision of this Resolution to the contrary, it is hereby provided that any determination not to redeem Defeased Notes that is made in conjunction with the payment arrangements specified in subsection (a) or (b) of this Section shall not be irrevocable, provided that: (A) in the proceedings providing for such payment arrangements, the District expressly reserves the right to call the Defeased Notes for redemption; (B) gives notice of the reservation of that right to the owners of the Defeased Notes immediately following the making of the payment arrangements; and (C) directs that notice of the reservation be included in any redemption notices that it authorizes.

Section 17. Resolution a Contract; Amendments. This Resolution shall constitute a contract with the Owners, from time to time, of the Notes, binding on the District and its successors and assigns, and shall not be amended or repealed by the District as long as any Note remains outstanding except as permitted in this Section. The District may, without the consent of or notice to any Owners, amend, change, or modify this Resolution as may be required (a) by the provisions hereof; (b) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission herein; or (c) in connection with any other change which is not to the prejudice of the Owners. The District may, with the written consent of the Owners of the majority in aggregate principal amount of Notes then outstanding affected thereby, amend, change, modify, or rescind any provisions of this Resolution; provided that without the consent of all of the Owners affected, no such amendment, change, modification, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Notes or reduce the principal amount thereof or the rate of interest thereon; (ii) give any preference to any Note over any other Note; (iii) extend any waiver of default to subsequent defaults; or (iv) reduce the aggregate principal amount of Notes required for consent to any such amendment, change, modification, or rescission. When the District desires to make any amendment or addition to or rescission of this Resolution requiring consent of the Owners, the District shall cause notice of the amendment, addition, or rescission described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the District may adopt such amendment, addition, or rescission in substantially such form, except as herein provided. No Owner may thereafter object to the adoption of such amendment, addition, or rescission, or to any of the provisions thereof, and such amendment, addition, or rescission shall be fully effective for all purposes.

Section 18. Sale and Delivery of Notes. (a) Sale. The District hereby approves the Purchase Contract and designates and empowers the Chairperson and the Secretary of the Board to take all action to sell the Notes and execute the Purchase Contract in substantially the form attached hereto as Exhibit "A" with the Initial Purchaser for the purpose of the sale of the Notes

(b) Approval of Official Statement. The District hereby acknowledges the Board's receipt of and approves the form and content of the Official Statement relating to the Notes and any addenda, supplement, or amendment thereto, and approves the distribution of such Official Statement in the reoffering of the Notes by the Initial Purchaser in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof. The form and content of and the distribution and use of the Preliminary Official Statement dated June 17, 2008, prior to the date hereof is hereby ratified and confirmed. The Board finds and determines that the Preliminary Official Statement is "deemed final" as that term is defined in the Rule.

(c) Legal Opinion. The Initial Purchaser's obligation to accept delivery of the Notes is subject to their being furnished an opinion of Winstead PC, attorneys at law, such opinion to be dated and delivered as of the date of delivery and payment for the Notes.

(d) Registration and Delivery. Upon the registration of the Initial Note, the Comptroller of Public Accounts of the State is authorized and instructed to deliver the Initial Note pursuant to the instruction of the Chairperson of the Board for delivery to the Initial Purchaser.

Section 19. Use of Proceeds. The proceeds from the sale of the Notes (net original issue discount and underwriters' discount) shall be deposited as follows: (a) accrued interest on the Notes shall be deposited to the credit of the Interest and Sinking Fund; and (b) [\$ \_\_\_\_\_] shall be used for costs of issuance. The remaining funds shall be used for the purposes of the Notes.

Section 20. Continuing Disclosure Undertaking. (a) Annual Reports. The District shall provide annually to each NRMSIR and any SID, within six months after the end of each fiscal year ending in or after 2008, financial information and operating data with respect to the District, the College, and UTB of the general type included in the final Official Statement authorized by Section 18(b) of this Resolution, being the information described in Exhibit "B" hereto. Any financial statements of the District to be so provided shall be (i) prepared in accordance with the accounting principles described in Exhibit "B" hereto and (ii) 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 the audit of such financial statements is not complete within such period, the District shall provide unaudited statements by the required time and audited financial statements for the applicable fiscal year to each NRMSIR and any SID when the audit report on such statements becomes available.

If the District or UTB changes its fiscal year, the District will notify each NRMSIR and any SID of the change (and of 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) that theretofore has been provided to each NRMSIR, or to any SID or filed with the SEC.

(b) Material Event Notices. The District shall notify, any SID and either each NRMSIR or the MSRB, in a timely manner, of any of the following events with respect to the Notes, if such event is material within the meaning of the federal securities laws: (i) Principal and interest payment delinquencies; (ii) Non-payment related defaults; (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 or events affecting the tax-exempt status of the Notes; (vii) Modifications to rights of holders of the Notes; (viii) Note calls; (ix) Defeasances; (x) Release, substitution, or sale of property securing repayment of the Notes; and (xi) Rating changes.

The District shall notify any SID, and either each NRMSIR or the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with this Section by the time required by this Section.

(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 Notes within the meaning of the Rule, except that the District in any event will give notice of any deposit made in accordance with Section 14 above that causes the Notes no longer to be Outstanding and any call of Notes made in connection therewith.

The provisions of this Section are for the sole benefit of the Owners and beneficial owners of the Notes, 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 Notes at any future date.

UNDER NO CIRCUMSTANCES SHALL THE DISTRICT BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY NOTE 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 LIMITED 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 Resolution for purposes of any other provisions of this Resolution.

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, supplemented, or repealed 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, status, or type of operations of the District, if the provisions of this Section, as so supplemented or amended, would have permitted an underwriter to purchase or sell Notes in the present offering in compliance with the Rule and: (a) either the Owners of a majority in aggregate principal amount of the Outstanding Notes consent to such amendment, supplement, or repeal, or any person unaffiliated with the District determines that such amendment, supplement, or repeal will not materially impair the interests of the beneficial owners of the Notes; (b) upon repeal of the applicable provisions of the Rule, or any judgment by a court of final jurisdiction that such provisions are invalid; or (c) in any other circumstance or manner permitted by the Rule.

Section 21. Further Procedures. The Chairperson and the Secretary of the Board, the President of the College, and the Vice President for Partnership Affairs, and all other officers, employees, attorneys, and agents of the District, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the seal and on behalf of the District, all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Notes, the Purchase Contract, and the Official Statement. In case any officer whose signature shall appear on any Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. Prior to the initial delivery of the Notes, the Chairperson and the Secretary of the Board and Note Counsel to the District are hereby authorized and directed to approve any technical changes or corrections to this Resolution or to any of the instruments authorized by this Resolution necessary in order to (a) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Resolution, (b) obtain a rating from any of the national Note rating agencies, or (c) obtain the approval of the Notes by the Texas Attorney General's office.

Section 22. Attorney General Examination Fee. The District recognizes that under Section 1202.004, Texas Government Code, as amended by Senate Bill 495, Acts of the 79<sup>th</sup> Legislature Regular Session, 2005, the Attorney General of Texas requires a nonrefundable examination fee be paid at the time of submission of the transcript of proceedings authorizing the Notes and that, based upon the principal amount of the Notes, such fee is \$5,000. The appropriate District official is hereby directed to make such payment, or reimburse Bond Counsel for making such on behalf of the District, and such amount is hereby appropriated for such purpose. The District is also authorized to reimburse the fund used for such payment with proceeds of the Notes.

Section 23. Miscellaneous Provisions. (a) Titles Not Restrictive. The titles assigned to the various sections of this Resolution are for convenience only and shall not be considered restrictive of the subject matter of any section or of any part of this Resolution.

(b) Inconsistent Provisions. All orders and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed and declared to be inapplicable, and the provisions of this Resolution shall be and remain controlling as to the matters prescribed herein.

(c) Severability. If any word, phrase, clause, paragraph, sentence, part, portion, or provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution shall nevertheless be valid and the Board hereby declares that this Resolution would have been enacted without such invalid word, phrase, clause, paragraph, sentence, part, portion, or provisions.

(d) Governing Law. This Resolution shall be construed and enforced in accordance with the laws of the State.

(e) Open Meeting. The Board officially finds and determines that the meeting at which this Resolution is adopted was open to the public; and that public notice of the time, place, and purpose of such meeting was given, all as required by Chapter 551, Texas Government Code.

(f) Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the District, the Paying Agent/Registrar, and the Owners, any right, remedy, or claim under or by reason of this Resolution or any covenant, condition, or stipulation hereof, and all covenants, stipulations, promises, and agreements in this Resolution contained by and on behalf of the District shall be for the sole and exclusive benefit of the District, the Paying Agent/Registrar, and the Owners.

(g) Incorporation of Recitals. The recitals to this Resolution are hereby incorporated by reference herein as if copied in full.

PASSED AND APPROVED this \_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Chairperson, Board of Trustees

ATTEST:

\_\_\_\_\_  
Secretary, Board of Trustees

(SEAL)

**EXHIBIT A**

**PURCHASE CONTRACT**

*The Purchase Contract can be found in executed form at Tab 24.*

**EXHIBIT B**

**DESCRIPTION OF ANNUAL FINANCIAL INFORMATION**

The following information is referred to in Section 20 of this Resolution.

**Annual Financial Statements and Operating Data**

The financial information and operating data with respect to the District and UTB to be provided annually in accordance with such Section are as specified and included in the Appendices or under the headings of the Official Statement referred to below:

1. The District's audited financial statements for the most recently concluded fiscal year or to the extent these audited financial statements are not available, the portions of the unaudited financial statements of the District appended to the Official Statement as Appendix B, but for the most recently concluded fiscal year.
2. The information included in the Official Statement under the following captions in the Official Statement, but for the most recently concluded fiscal year: Tables 1 – 13 and Appendix B

**Accounting Principles**

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in paragraph 1 above, as such principles may be changed from time to time to comply with State law or regulation.

**EXHIBIT C**

**PAYING AGENT/REGISTRAR AGREEMENT**

*The Paying Agent/Registrar Agreement can be found in executed form at Tab 25.*