

This Official Notice of Sale does not alone constitute an invitation for bids but is merely notice of sale of the Bonds (defined and described herein). The invitation for bids on the Bonds is being made by means of this Official Notice of Sale, the Official Bid Form, and the Official Statement.

**OFFICIAL NOTICE OF SALE
AND
BIDDING INSTRUCTIONS**

\$44,900,000*

**INGLESIDE INDEPENDENT SCHOOL DISTRICT
(A Political Subdivision of the State of Texas Located in San Patricio County, Texas)
UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2025**

Bids Due Tuesday, July 8, 2025, at 10:00 AM, Central Time

THE SALE

BONDS OFFERED FOR SALE AT COMPETITIVE BID: The Board of Trustees (the “Board”) of the Ingleside Independent School District (the “District” or the “Issuer”) is offering for sale at competitive bid its \$44,900,000* Unlimited Tax School Building Bonds, Series 2025 (the “Bonds”). Bidders may only submit bids for the Bonds electronically as described below.

BIDS BY INTERNET: Interested bidders may, at their option and risk, submit their bid by electronic media, as described below, by 10:00 AM, Central Time, on Tuesday, July 8, 2025 (the “Sale Date”). Any bid received after the scheduled time for their receipt will not be accepted. Bidders submitting a bid by internet **shall not** be required to submit signed Official Bid Forms prior to the award. Any prospective bidder that intends to submit an electronic bid must submit its electronic bid via the facilities of the i-Deal, LLC Parity System (“PARITY”) and should, as a courtesy, register with PARITY by 10:00 AM Central Time, on Tuesday, July 8, 2025, indicating their intent to submit a bid by internet.

The official time for the receipt of bids shall be the time maintained by PARITY. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale, the Official Bid Form, and the Official Statement. To the extent that any instructions or directions set forth in PARITY conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about the PARITY System, potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Official Notice of Sale and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Issuer. The Issuer shall not be responsible for any malfunction or mistake made by, or as a result of the use of PARITY, the use of such facilities being the sole risk of the prospective bidder.

NO BIDS BY FACSIMILE: BIDS BY FACSIMILE WILL NOT BE ACCEPTED.

NO BIDS BY TELEPHONE: BIDS BY TELEPHONE WILL NOT BE ACCEPTED.

PLACE AND TIME OF BID OPENING: The bids for the Bonds will be opened at the Financial Advisor’s offices at 10:00 AM Central Time, on Tuesday, July 8, 2025.

AWARD OF THE BONDS: The Board adopted the order (“Bond Order”) authorizing the Bonds on May 12, 2025, which authorized certain District officials to execute a pricing certificate establishing the terms of sale of the Bonds and finalizing certain characteristics thereof related to final pricing of the Bonds. The Bonds will be awarded to the bidder whose bid produces the lowest true interest cost rate on the Bonds (see “CONDITIONS OF THE SALE – Basis of Award”). The District reserves the right to reject any and all bids and to waive any regularities except time of submission. It is expected that the Bonds will be awarded to the winning bidder at approximately 4:00 PM (Central Time) on the Sale Date.

THE BONDS

DESCRIPTION: The Bonds will be dated August 6, 2025 (the “Dated Date”). Interest on the Bonds will accrue from the Date of Initial Delivery (expected to occur on August 6, 2025) and will be due on August 15, 2025, and each February 15 and August 15 thereafter until maturity or prior redemption. The Bonds will be initially issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository (the “Securities Depository”). Book-Entry interests in the Bonds will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of the Bonds (“Beneficial Owners”) will not receive physical delivery of certificates representing their interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, the principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to the Securities Depository, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Bonds. See “THE BONDS – Book-Entry-Only System” in the Official Statement.

**Preliminary, subject to change. See “THE BONDS – Post Bid Modification of Principal Amounts” herein.*

MATURITY SCHEDULE: The Bonds will be stated to mature on each of the following dates in the following amounts:

| Maturity (8/15) | Principal Amount* | Maturity (8/15) | Principal Amount* |
|--------------------|----------------------|--------------------|----------------------|
| 2025 | \$ 195,000 | 2036 | \$ 1,920,000 |
| 2026 | 430,000 | 2037 | 2,585,000 |
| 2027 | 440,000 | 2038 | 3,110,000 |
| 2028 | 430,000 | 2039 | 3,265,000 |
| 2029 | 440,000 | 2040 | 3,425,000 |
| 2030 | 1,020,000 | 2041 | 3,600,000 |
| 2031 | 1,060,000 | 2042 | 4,225,000 |
| 2032 | 1,110,000 | 2043 | 4,435,000 |
| 2033 | 1,160,000 | 2044 | 4,660,000 |
| 2034 | 1,220,000 | 2045 | 4,890,000 |
| 2035 | 1,280,000 | | |

POST BID MODIFICATION OF PRINCIPAL AMOUNTS: After selecting the winning bid, the aggregate principal amount of the Bonds and the principal amortization schedule may be adjusted as determined by the District and its Financial Advisor in \$5,000 increments to reflect the actual interest rates. Such adjustments will not change the aggregate principal amount of the Bonds by more than 15% of the amount set forth herein. The dollar amount bid for the Bonds by the winning bidder will be adjusted proportionately to reflect any increase or decrease in the aggregate principal amount of the Bonds finally determined to be issued. The District will use its best efforts to communicate to the winning bidder any such adjustment within three (3) hours after the opening of bids. The Purchaser's compensation will be based upon the final par amount after any adjustment thereto, subsequent to the receipt and tabulation of the winning bid, within the aforementioned parameters.

In the event of any adjustment of the maturity schedule for the Bonds as described above, no rebidding or recalculation of the proposals submitted will be required or permitted. The bid price for such an adjustment will reflect changes in the dollar amount of par amount of the Bonds from the selling compensation that would have been received based on the purchase price in the winning bid and the initial reoffering terms. Any such adjustment of the aggregate principal amount of the Bonds and/or the maturity schedule for the Bonds made by the District or its Financial Advisor shall be subsequent to the award of the Bonds to the winning bidder as determined pursuant to "CONDITIONS OF THE SALE – Basis of Award" herein and shall not affect such determination. The winning bidder may not withdraw its bid as a result of any changes made within the aforementioned limits.

SERIAL BONDS AND/OR TERM BONDS: Bidders may provide that all of the Bonds be issued as serial maturities or may provide that any of the maturities 2026 through 2045 be combined into term bonds (the "Term Bonds").

MANDATORY SINKING FUND REDEMPTION: If the successful bidder designates principal amounts of the Bonds to be combined into one or more Term Bonds, each such Term Bond will be subject to mandatory sinking fund redemption commencing on August 15 of the first year which has been combined to form such Term Bond and continuing on August 15 in each year thereafter until the stated maturity date of that Term Bond. The amount redeemed in any year will be equal on the principal amount for such year set forth in the table above under the caption "THE BONDS – Maturity Schedule" (subject to adjustment, as provided in "THE BONDS – Post Bid Modification of Principal Amounts"). Term Bonds to be redeemed in any year by mandatory sinking fund redemption will be redeemed at par and will be selected by lot from among the Term Bonds then subject to redemption. The District, at its option, may credit against any mandatory sinking fund redemption requirement Term Bonds of the maturity then subject to redemption which have been purchased and canceled by the District and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

REDEMPTION PROVISIONS: The District reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2035, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. Additionally, the Bonds may be subject to mandatory redemption in the event the Purchaser elects to aggregate two or more consecutive stated maturities of the Bonds as "Term Bonds." See "THE BONDS – Redemption" herein.

AUTHORITY FOR ISSUANCE AND SECURITY FOR PAYMENT: The Bonds are being issued by the District pursuant to the Constitution and the general laws of the State of Texas, including Section 45.001 and Section 45.003(b)(1), Texas Education Code, as amended ("Chapter 45"), Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), an election held on May 3, 2025 (the "Election") and the Bond Order. As permitted by Chapter 1371, the Board, in the Bond Order, authorized certain designated officers of the District to execute a pricing certificate (the "Pricing Certificate") establishing the terms of sale of the Bonds and finalizing certain characteristics thereof related to final pricing of the Bonds (the Bond Order and the Pricing Certificate are collectively referred to herein as the "Order").

*Preliminary, subject to change. See "THE BONDS – Post Bid Modification of Principal Amounts" herein.

PAYING AGENT/REGISTRAR: The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Bond Order, the District covenants to provide a Paying Agent/Registrar at all times while the Bonds are outstanding, and any Paying Agent/Registrar selected by the District shall be a commercial bank or trust company organized under the laws of the United States and any state and duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds. The Paying Agent/Registrar will maintain the Security Register containing the names and addresses of the registered owners of the Bonds.

In the Order, the District retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, such Paying Agent/Registrar, promptly upon the appointment of a successor, is required to deliver the Security Register to the successor Paying Agent/Registrar.

In the event there is a change in the Paying Agent/Registrar, the District has agreed to notify each registered owner of the Bonds by United States mail, first-class postage prepaid, at the address in the Security Register, stating the effective date of the change and the mailing address of the successor Paying Agent/Registrar.

BOOK-ENTRY-ONLY SYSTEM: The District intends to utilize the Book-Entry-Only System of DTC with respect to the issuance of the Bonds. See “THE BONDS – Book-Entry-Only System” in the Official Statement.

CONDITIONS OF THE SALE

TYPES OF BIDS AND INTEREST RATES: The Bonds will be sold in one block, on an “All or None” basis, and at a price of not less than 101% of their par value and not more than 110% of their par value. **All bids are subject to adjustment as described under the caption “THE BONDS – Post Bid Modification of Principal Amounts.”** Bidders are invited to name the rate(s) of interest to be borne by the Bonds, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1% and the net effective interest rate for the Bonds (calculated in the manner required by Chapter 1204, as amended, Texas Government Code) must not exceed 15%. For Bonds having stated maturities on and after August 15, 2035, no reoffering yield producing a dollar price less than 97.5% for any individual maturities will be accepted. **The highest rate bid may not exceed the lowest rate bid by more than 250 basis points (or 2.50% in rate). The maximum coupon rate shall not exceed 5.00%. No limitation is imposed upon bidders as to the number of rates or changes which may be used.** All Bonds of one stated maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

BASIS OF AWARD: The sale of the Bonds will be awarded to the bidder making a bid that conforms to the specifications herein and which produces the **lowest True Interest Cost (defined herein) rate on the Bonds to the District.** The “True Interest Cost” rate is that rate which, when used to compute the total present value as of the Date of Initial Delivery of all debt service payments on the Bonds on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Bonds plus the premium bid. In the event of a bidder’s error in interest cost rate calculations, the interest rates, and premium set forth in the Official Bid Form will be considered as the intended bid. In order to provide the District with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended (the “Code”) relating to the exclusion of interest on the Bonds from the gross income of their owners, the Purchaser will be required to complete, execute, and deliver to the District (on or before the Date of Initial Delivery of the Bonds) a certification as to their “issue price” (the “Issue Price Certificate”) in the form and to the effect attached hereto or accompanying this Official Notice of Sale. See “ESTABLISHING THE ISSUE PRICE FOR THE BONDS” herein.

Upon the opening of the bids as described above, the District shall award the Bonds by executing the Official Bid Form. The award will be given to the entity submitting the best bid for the Bonds as “Bidder” (defined above as the “Purchaser”). Bidders that work with syndicates of dealers may disclose to the District members of its syndicate, but for all purposes of contracting for the sale of the Bonds, the entity signing the Official Bid Form shall be solely responsible for the payment of the purchase price of the Bonds, and any information provided with respect to syndicate members shall be provided solely for informational purposes. The District is not a party to any such syndicate member agreement and any information provided related thereto would be for informational purposes only. The District reserves the right to reject any and all bids and to waive any irregularities except the time of submission.

ESTABLISHING THE ISSUE PRICE FOR THE BONDS

The Issuer intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of municipal bonds), which require, among other things, that the Issuer receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Requirement”).

In the event that the bidding process does not satisfy the Competitive Sale Requirement, as communicated by the Financial Advisor to the winning bidder, Bids **will not be subject to cancellation** and the winning bidder (i) agrees to promptly report to the Issuer the first prices at which at least 10% of each maturity of the Bonds (the “First Price Maturity”) have been sold to the Public on the Sale Date (the “10% Test”) (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test) and (ii) agrees to hold-the-offering-price of each maturity of the Bonds that does not satisfy the 10% Test (“Hold-the-Price Maturity”), as described below.

In order to provide the Issuer with information that enables it to comply with the establishment of the issue price of the Bonds under the Code, the winning bidder agrees to complete, execute, and timely deliver to the Issuer or to the Issuer's Financial Advisor, Specialized Public Finance Inc. (the "Issuer's Municipal Advisor") a certification as to the Bonds' "issue price" (the "Issue Price Certificate") substantially in the form and to the effect attached hereto or accompanying this Notice of Sale, within 5 business days prior to the Closing Date if the Competitive Sale Requirement is satisfied or within 5 business days of the date on which the 10% Test is satisfied with respect to all of the First Price Maturities. In the event the winning bidder will not reoffer any maturity of the Bonds for sale to the Public (as defined herein) by the Closing Date, the Issue Price Certificate may be modified in a manner approved by the Issuer. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Official Statement).

For purposes of this section of this Notice of Sale:

- (i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than a Purchaser or a Related Party to the Purchaser,
- (ii) "Purchaser" means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead Purchaser to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public),
- (iii) "Related Party" means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "Sale Date" means the date that the Bonds are awarded by the Issuer to the winning bidder.

All actions to be taken by the Issuer under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Issuer by the Issuer's Financial Advisor, and any notice or report to be provided to the Issuer may be provided to the Issuer's Financial Advisor.

The Issuer will consider any bid submitted pursuant to this Notice of Sale to be a firm offer for the purchase of the Bonds, as specified in the bid and, if so stated, in the Official Bid Form.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Purchaser, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it until either all such Bonds have been sold or it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity, (B) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a Related Party to an Purchaser, and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder will assume that based on such agreement each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public; and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Purchaser that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each underwriter or dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it until either all such Bonds have been sold or it is notified by the winning bidder or such Purchaser that either the 10% Test has been satisfied as to the Bonds of that maturity. The sales of any Bonds to any person, that is a Related Party to a Purchaser shall not constitute sales to the Public for purposes of this Notice of Sale.

By submitting a bid, the winning bidder agrees, on behalf of each Purchaser participating in the purchase of the Bonds, that each Purchaser will neither offer nor sell any Hold-the-Price Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of (1) the close of the fifth (5th) business day after the Sale Date; or (2) the date on which the Purchasers have sold at least 10% of that Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public. The winning bidder shall promptly advise the Issuer when the Purchasers have sold 10% of a Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

GOOD FAITH DEPOSIT: A bank cashier's check, payable to the order of "Ingleside Independent School District," in the amount of \$898,000 which is 2% of the proposed par value of the Bonds (the "Good Faith Deposit"), is required to accompany any bid. The Good Faith Deposit of the Purchaser will be retained uncashed by the District pending the Purchaser's compliance with the terms of its bid and this Official Notice of Sale. In the event the Purchaser should fail or refuse to take up and pay for the Bonds in accordance with its bid, then said check shall be cashed and accepted by the District as full and complete liquidated damages except with respect to any failure relating to the Covered Verifications (defined herein). The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately; however, if submitted separately, it shall be made available to the District prior to the opening of the bids, and shall be accompanied by instructions from the bank on which it is drawn which authorizes its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. **The Good Faith Deposit of the Purchaser will be returned to the Purchaser on the Date of Initial Delivery.** No interest will be allowed on the Good Faith Deposit. Checks accompanying bids other than the winning bid will be returned promptly after the bids are opened, and an award of the Bonds has been made by the District.

ADDITIONAL CONDITIONS OF AWARD

OBLIGATION OF THE DISTRICT TO RECEIVE DISCLOSURE OF INTERESTED PARTY FORM: Pursuant to Texas Government Code Section 2252.908, as amended (the "Interested Party Disclosure Act"), unless the bidder represents and verifies on the Official Bid Form that bidder is a publicly traded business entity, or a wholly owned subsidiary of a publicly traded business entity, the District may not award the Bonds to the winning bidder unless the bidder has submitted a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the District prior to such award, as prescribed by the Texas Ethics Commission ("TEC"). In the event that the bidder's bid for the Bonds is the best bid received, the District, acting through its financial advisor, will promptly notify the bidder. That notification will serve as the conditional verbal acceptance of the bid and will obligate a non-exempt bidder to promptly file a completed Disclosure Form in order to complete the award.

Reference should be made to the Disclosure Form, the rules of the TEC with respect to the Disclosure Form (the "Disclosure Rules") and the Interested Party Disclosure Act. Instructional information regarding such matters are set forth at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm. For purposes of completing the Disclosure Form the Purchaser will need the following information: (a) item 2 – name of governmental entity: Ingleside Independent School District, and (b) item 3 - the identification number assigned to this contract by the District: "2025 SBB" and a description of the services to be provided under the contract: "Purchase of Bonds." The Interested Party Disclosure Act and the Disclosure Rules require a non-exempt business entity contracting with the District to complete the form at the TEC Internet "portal" that may be accessed at the URL set forth above, and then print, sign, notarize and deliver the Disclosure Form electronically to the District (scott.kilgore@inglesideisd.org) and the District's Bond Counsel (cbinford@mphlegal.com). Following the award of the Bonds, the District will acknowledge receipt of any completed Disclosure Form through the TEC website, as required by the law.

In accordance with the Interested Party Disclosure Act, the information reported by a non-exempt bidder **MUST BE ACKNOWLEDGED BY AND SUBMITTED**. No exceptions may be made to that requirement. The Interested Party Disclosure Act provides that such acknowledgment is made "under oath and under penalty of perjury." Consequently, a bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form. Time will be of the essence in submitting the form to the District, and, unless a bidder is exempt from the requirement, no award will be made by the District of the Bonds until a completed Disclosure Form is received. (A pdf copy of the executed and Disclosure Form must be emailed to the District at scott.kilgore@inglesideisd.org and to the District's Bond Counsel at cbinford@mphlegal.com prior to the time the District approves the winning bid.) The District reserves the right to reject any bid that is not accompanied by a completed Disclosure Form, as required and described herein. Neither the District nor its consultants have the ability to verify the information included in a Disclosure Form, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the District that its bid is the conditional winning bid.

VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS: The District will not award the Bonds to a bidder unless the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the "Covered Verifications"), are included in the bid. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of the agreement to purchase the Bonds shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of the Official Bid Form or this Official Notice of Sale, notwithstanding anything in the Official Bid Form or this Official Notice of Sale to the contrary.

- (i) **No Boycott of Israel (Texas Government Code Chapter 2271):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of the agreement to purchase the Bonds. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Texas Government Code, as amended.

- (ii) **Not a Sanctioned Company (Texas Government Code Chapter 2252):** A bidder must represent that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- (iii) **No Discrimination Against Firearm Entities or Firearm Trade Associations (Texas Government Code Chapter 2274):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of the agreement to purchase the Bonds. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Texas Government Code, as amended.
- (iv) **No Boycott of Energy Companies (Texas Government Code Chapter 2276):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of the agreement to purchase the Bonds. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Texas Government Code, as amended.

FURTHER STATE LAW COMPLIANCE AND STANDING LETTER REQUIREMENT: Each prospective bidder must have a standing letter on file with the Texas Attorney General’s Office in the form included in the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023, and any supplements thereto (collectively, the “All Bond Counsel Letter”). In submitting a bid, a bidder represents to the District that it has filed a standing letter in the form included as Exhibit A to the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the District may not be entitled to rely on the standing letter on file with the Texas Attorney General’s Office. The Bidder agrees that it will not rescind its standing letter at any time before the delivery of the Bonds unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The District will not accept a bid from a bidder that does not have such standing letter on file as of the deadline for bids for the Bonds. If requested by the District, the bidder agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications (defined below), as of the Sale Date or such other date requested by the District including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

In connection with submission of its bid, the bidder shall provide the District a courtesy copy of its standing letter on file with the Texas Attorney General, unless otherwise publicly available on the Municipal Advisory Council of Texas’ website.

THE DISTRICT RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REJECT THE BID OF ANY BIDDER.

BY SUBMITTING A BID, EACH BIDDER AGREES, SHOULD IT BE THE WINNING BIDDER, TO COOPERATE WITH THE DISTRICT AND TAKE ANY ACTION NECESSARY TO FURTHER VERIFY AND CONFIRM COMPLIANCE WITH STATE LAW.

To the extent the bidder and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the District reserves the right to cash and accept the Good Faith Deposit (see “ESTABLISHING THE ISSUE PRICE FOR THE BONDS – Good Faith Deposit”).

THE LIABILITY OF THE BIDDER FOR BREACH OF ANY OF THE VERIFICATIONS MADE IN CONNECTION WITH, THE COVERED VERIFICATIONS SHALL SURVIVE UNTIL BARRED BY THE STATUTE OF LIMITATIONS, AND SHALL NOT BE LIQUIDATED OR OTHERWISE LIMITED BY ANY PROVISION OF THIS OFFICIAL NOTICE OF SALE OR THE OFFICIAL BID FORM. ADDITIONALLY, THE DISTRICT RESERVES AND RETAINS ALL RIGHTS AND REMEDIES AT LAW AND IN EQUITY FOR PURSUIT AND RECOVERY OF DAMAGES, IF ANY, RELATING TO THE COVERED VERIFICATIONS.

OFFICIAL STATEMENT

To assist the winning bidder (the “Purchaser” or “Initial Purchaser”) in complying with Rule 15c2-12, as amended (the “Rule”), of the United Securities and Exchange Commission (“SEC”), the Issuer and the Initial Purchaser contract and agree, by the submission and acceptance of the winning bid, as follows:

COMPLIANCE WITH RULE 15C2-12 OF THE SECURITIES AND EXCHANGE COMMISSION: The Issuer has approved and authorized distribution of the accompanying Official Statement for dissemination to potential purchasers of the Bonds but does not presently intend to prepare any other document or version thereof for such purpose, except as described below. Accordingly, the Issuer deems the accompanying Official Statement to be final as of its date, within the meaning of the Rule, except for information relating to the offering prices, interest rates, final debt service schedule, selling compensation, identity of the Purchaser and other similar information, terms and provisions to be specified in the competitive bidding process. The Initial Purchaser shall be responsible for promptly informing the Issuer of the initial offering yields of the Bonds.

Thereafter, the Issuer will complete and authorize distribution of the final Official Statement, being a modification of the Official Statement, identifying the Initial Purchaser and containing such omitted information. The Issuer does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Initial Purchaser on or after the sale date, the Issuer intends the same to be final as of such date, within the meaning of the Rule. Notwithstanding the foregoing, the Issuer makes no representation concerning the absence of material misstatements or omissions from the Official Statement, except only as and to the extent under “CERTIFICATION OF THE OFFICIAL STATEMENT” as described below.

FINAL OFFICIAL STATEMENT: The Issuer will furnish to the Purchaser, within seven (7) business days after the sale date, an aggregate maximum of one hundred (100) copies of the Official Statement, together with information regarding interest rates, and other terms relating to the reoffering of the Bonds. In addition, the District agrees to provide, or cause to be provided, to the Purchaser, the Official Statement and the Official Statement and any amendments or supplements thereto in a “designated electronic format” (or printed format with respect to the final Official Statement) as may be required for the Purchaser to comply with the Rule or the rules of the Municipal Securities Rulemaking Board (“MSRB”). The District consents to the distribution of such documents in a “designated electronic format.” Upon receipt, the Purchaser shall promptly file the Official Statement with the MSRB in accordance with MSRB Rule G-32. The Purchaser may arrange at its own expense to have the Official Statement reproduced and printed if it requires more copies and may also arrange, at its own expense and responsibility, for completion and perfection of the cover page and page 2 of the Official Statement so as to reflect interest rates and other terms and information related to the reoffering of the Bonds. The Purchaser will be responsible for providing information concerning the Issuer and the Bonds to subsequent purchasers of the Bonds, and the Issuer will undertake no responsibility for providing such information other than to make the Official Statement available to the Purchaser as provided herein. The Issuer’s obligation to supplement the Official Statement to correct key representations determined to be omitted or materially misleading, after the date of the Official Statement, shall terminate 25 days after the sale date.

CHANGES TO OFFICIAL STATEMENT: If, subsequent to the date of the Official Statement, the Issuer learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser of any adverse event which causes the Official Statement to be incomplete or materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, as described below under “DELIVERY AND ACCOMPANYING DOCUMENTS – Conditions to Delivery,” the Issuer will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement, in a “designated electronic format” satisfactory to the Initial Purchaser.

CERTIFICATION OF THE OFFICIAL STATEMENT: At the time of payment for and delivery of the hereinafter defined Initial Bond (“Initial Delivery”), the Initial Purchaser will be furnished a certificate, executed by proper officials of the Issuer, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the Issuer contained in its Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of said Bonds and the acceptance of the best bid therefor, and on the date of the Initial Delivery, were and are true and correct in all material respects; (b) insofar as the Issuer and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the Issuer, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the Issuer believes to be reliable and the Issuer has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the Issuer, since August 31, 2024 the date of the last financial statements of the Issuer appearing in the Official Statement. The Official Statement and this Official Notice of Sale will be approved as to form and content and the use thereof in the offering of the Bonds will be authorized, ratified and approved by the Board in the Order, and the Initial Purchaser will be furnished, upon request, at the time of payment for and the delivery of the Bonds, a certified copy of such approval, duly executed by the proper officials of the Issuer.

CONTINUING DISCLOSURE AGREEMENT: The District has agreed in the Order to provide certain periodic information and notices of certain events in accordance with the Rule, as described in the Official Statement under “CONTINUING DISCLOSURE OF INFORMATION.” The Purchaser’s obligation to accept and pay for the Bonds is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Order containing the agreement described under such a heading.

COMPLIANCE WITH PRIOR UNDERTAKINGS: During the past five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

DELIVERY AND ACCOMPANYING DOCUMENTS

INITIAL DELIVERY OF INITIAL BOND: Initial Delivery will be accomplished by the issuance of one or more fully registered Bonds in the aggregate principal amount of the Bonds payable to the Purchaser (the “Initial Bond”), signed by the duly appointed officers of the Board, by their manual, electronic, or facsimile signatures, approved by the Texas Attorney General, and registered and manually or electronically signed by the Texas Comptroller of Public Accounts. Initial Delivery will be at the designated office of the Paying Agent/Registrar. Upon delivery of the Initial Bond, they shall be immediately canceled and one definitive Bond for each maturity of the Bonds payable to Cede & Co. will be delivered to DTC in connection with DTC’s Book-Entry-Only System. Payment for the Bonds must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District.

The Purchaser will be given six business days’ notice of the time fixed for delivery of the Bonds. It is anticipated that the delivery of the Initial Bond can be made on or about Wednesday, August 6, 2025, but if for any reason the District is unable to make delivery by August 6, 2025, then the District shall immediately contact the Purchaser and offer to allow the Purchaser to extend its obligation to take up and pay for the Bonds an additional thirty days. If the Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the District and the Purchaser shall be relieved of any further obligation (except as it relates to violation of the Covered Verifications, as further described herein). In no event shall the District be liable for any damages by reason of its failure to deliver the Bonds, provided that such failure is due to circumstances beyond the District’s reasonable control.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of the Official Bid Form and this Official Notice of Sale. The Financial Advisor will obtain CUSIP identification numbers from the CUSIP Service Bureau prior to the date of sale. CUSIP identification numbers will be made available to the Purchaser at the time the Bonds are awarded as soon thereafter as practicable. All expenses in relation to the assignment, printing or typing of CUSIP numbers on the Bonds shall be paid by the District.

CONDITIONS TO DELIVERY: The obligation to take up and pay for the Bonds is subject to the following conditions: the issuance of an approving opinion of the Attorney General of the State of Texas, the Initial Purchaser’s receipt of the legal opinion of Bond Counsel and the certificate regarding the Official Statement, and the non-occurrence of the events described below under the caption “NO MATERIAL ADVERSE CHANGE” herein. In addition, if the Issuer fails to comply with its obligations described under “OFFICIAL STATEMENT” above, the Initial Purchaser may terminate its contract to purchase the Bonds by delivering written notice to the Issuer within five (5) days thereafter.

NO MATERIAL ADVERSE CHANGE: The obligations of the Initial Purchaser to take up and pay for the Bonds, and of the Issuer to deliver the Initial Bond, are subject to the condition that, up to the time of delivery of and receipt of payment for the Initial Bond, there shall have been no material adverse change in the affairs of the Issuer subsequent to the date of sale from that set forth in the Official Statement, as it may have been finalized, supplemented or amended through the Date of Initial Delivery.

LEGAL OPINIONS: The District will furnish the Purchaser a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of the State of Texas as to the Bonds, to the effect that the Bonds are valid and legally binding obligations of the District, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, regarding the legality and validity of the Bonds issued in compliance with the provisions of the Order (see “OTHER INFORMATION – Legal Matters” in the Official Statement and “APPENDIX C – Forms of Bond Counsel’s Opinions” attached to the Official Statement).

CHANGE IN TAX-EXEMPT STATUS: At any time before the Bonds are tendered for initial delivery to the Initial Purchaser, the Initial Purchaser may withdraw its bid if the interest on obligations such as the Bonds shall be declared to be includable in the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes, either by Treasury regulations, by ruling or administrative guidance of the Internal Revenue Service, by a decision of any federal court, or by the terms of any federal income tax legislation enacted subsequent to the date of this Official Notice of Sale.

GENERAL CONSIDERATIONS

RATING: S&P Global Ratings, a division of S&P Global Inc. (“S&P”) has rated the Bonds “AAA” based on the payment being guaranteed by the Permanent School Fund of the State of Texas. The unenhanced, underlying rating on the Bonds, together with the District’s outstanding unlimited tax-supported indebtedness, is affirmed as “AA-” by S&P. There is no assurance that such ratings will continue for any given period of time on its unlimited tax indebtedness or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of said rating company, circumstances so warrant. Any such downward revision or withdrawal of such rating, or either of them, may have an adverse effect on the market price of the Bonds. A securities rating is not a recommendation to buy, sell, or hold securities.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE: No registration statement relating to the Bonds has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon exemptions provided in such Act. The Bonds have not been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of the Official Statement. Any

representation to the contrary is a criminal offense. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon exemptions contained therein, nor have the Bonds been registered or qualified under the securities acts of any other jurisdiction. The Issuer assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

It is the obligation of the Purchaser to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The Issuer agrees to cooperate, at the Purchaser's written request and expense and within reasonable limits, in registering or qualifying the Bonds, or in obtaining an exemption from registration or qualification in any state where such action is necessary, but the District will in no instance execute a general consent to service of process in any state in which the Bonds are offered for sale.

ADDITIONAL COPIES: Subject to the limitations described herein, additional copies of this Official Notice of Sale, the Official Bid Form, and the Official Statement may be obtained from Specialized Public Finance Inc., 17721 Rogers Ranch Parkway, Suite 140, San Antonio, Texas 78258. In the Order, the Board approved the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and the Board authorized its further use in the reoffering of the Bonds by the Purchaser.

INGLESIDE INDEPENDENT SCHOOL DISTRICT

/s/ Mr. Scott Kilgore
Superintendent

Dated: June 30, 2025

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OFFICIAL BID FORM

Superintendent
Ingleside Independent School District
2664 San Angelo Street
Ingleside, Texas 78362

Reference is made to your Official Notice of Sale and Official Statement, dated June 30, 2025, of the \$44,900,000* INGLESIDE INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2025 (the “Bonds”), both of which constitute a part hereof.

For your legally issued Bonds, as described in said Official Notice of Sale and Official Statement, we will pay you a price of par value plus a cash premium of \$_____ (no bid producing a cash premium that results in a dollar price of less than 101% nor greater than 110% will be considered) for Bonds maturing on the dates and bearing interest as follows:

| Maturity (8/15) | Principal Amount | Interest Rate | Maturity (8/15) | Principal Amount | Interest Rate |
|--------------------|---------------------|------------------|--------------------|---------------------|------------------|
| 2025 | \$ 195,000 | % | 2036 | \$ 1,920,000 | % |
| 2026 | 430,000 | % | 2037 | 2,585,000 | % |
| 2027 | 440,000 | % | 2038 | 3,110,000 | % |
| 2028 | 430,000 | % | 2039 | 3,265,000 | % |
| 2029 | 440,000 | % | 2040 | 3,425,000 | % |
| 2030 | 1,020,000 | % | 2041 | 3,600,000 | % |
| 2031 | 1,060,000 | % | 2042 | 4,225,000 | % |
| 2032 | 1,110,000 | % | 2043 | 4,435,000 | % |
| 2033 | 1,160,000 | % | 2044 | 4,660,000 | % |
| 2034 | 1,220,000 | % | 2045 | 4,890,000 | % |
| 2035 | 1,280,000 | % | | | |

(Interest to Accrue from the Date of Initial Delivery)

Our calculation (which is not a part of this bid) of the True Interest Cost in accordance with the above bid is: _____%

Of the principal maturities of the Bonds set forth in the table above, we have created term bonds (the “Term Bonds”) as indicated in the following table (which may include multiple Term Bonds, one Term Bond or no Term Bond if none is indicated). For those years which have been combined into a Term Bond, the principal amount shown in the table above* will be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the Term Bond maturity date will mature in such year. The Term Bonds created are as follows:

| Term Bond Maturity Date August 15 | Year of First Mandatory Redemption | Principal Amount of Term Bond | Interest Rate |
|--------------------------------------|---------------------------------------|----------------------------------|---------------|
| | | | |
| | | | |
| | | | |
| | | | |

By accepting this bid, we understand the District will provide the copies of the Official Statement and of any amendments or supplements thereto in accordance with the Official Notice of Sale. The Initial Bond shall be registered in the name of _____.

*Preliminary, subject to change. See “THE BONDS – Post Bid Modification of Principal Amounts” in the Official Notice of Sale and Bidding Instructions.

We will advise DTC of registration instructions at least five business days prior to the date set for Initial Delivery. It is the obligation of the Purchaser of the Bonds to complete the DTC Eligibility Questionnaire.

A cashier's Check of the (bank), _____ Bank, _____ (location), in the amount of \$898,000 which represents our Good Faith Deposit is attached hereto or has been made available to you prior to the opening of the bid, in accordance with the terms set forth in the Official Notice of Sale and the Official Statement. The Good Faith Deposit of the Purchaser will be returned to the Purchaser on the Date of Initial Delivery upon completion of the closing.

We agree to accept delivery of the Initial Bond through DTC and make payment for the Initial Bond in immediately available funds at BOKF, NA, Dallas, Texas, no later than 10:00 AM, Central Time, on August 6, 2025 or thereafter on the date the Initial Bond is tendered for delivery, pursuant to the terms set forth in the Official Notice of Sale.

The undersigned agrees to complete, execute, and deliver to the Issuer, by the Date of Initial Delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to Bond Counsel for the Issuer.

The undersigned ☐ is/ ☐ is not (check appropriate box) a publicly traded business entity, or a wholly owned subsidiary of a publicly traded business entity. If the undersigned is not a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity, the undersigned understands that upon notification of conditional verbal acceptance, the undersigned will complete an electronic form of the Certificate of Interested Parties Form 1295 (the "Form 1295") through the Texas Ethics Commission's (the "TEC") electronic portal and the resulting certified Form 1295 that is generated by the TEC's electronic portal will be printed, signed and sent by email to the District's financial advisor at victor@spfmuni.com and Bond Counsel at cbinford@mphlegal.com. The undersigned understands that unless it is a publicly traded business entity, or a wholly owned subsidiary of a publicly traded business entity, the failure to provide the certified Form 1295 will prohibit the District from providing final written award of the enclosed bid.

As used in the following verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this agreement shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of the bid or Official Notice of Sale, notwithstanding anything in the bid or Official Notice of Sale to the contrary.

- (i) No Boycott of Israel Verification (Texas Government Code Chapter 2271). The undersigned hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel through the term of the agreement to purchase the Bonds. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Texas Government Code, as amended.
- (ii) Not a Sanctioned Company (Texas Government Code Chapter 2252). The undersigned represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- (iii) No Boycott of Energy Companies (Texas Government Code Chapter 2276). The undersigned hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies through the term of the agreement to purchase the Bonds. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Texas Government Code, as amended.
- (iv) No Discrimination Against Firearm Entities or Firearm Trade Associations (Texas Government Code Chapter 2274). The undersigned hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association through the term of the agreement to purchase the Bonds. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Texas Government Code, as amended.

By submitting this bid, the bidder understands and agrees that if bidder should fail or refuse to take up and pay for the Bonds in accordance with this bid, or it is determined that after the acceptance of this bid by the District that the bidder was found not to satisfy the requirements described in the Official Notice of Sale and Bidding Instructions under and as a result the Texas Attorney General will not deliver its approving opinion of the Bonds, then the check submitted herewith as the bidder's Good Faith Deposit shall be cashed and accepted by the District. IF THE DISTRICT CASHES THE BIDDER'S GOOD

FAITH DEPOSIT AS DESCRIBED ABOVE, SUCH ACTION DOES NOT CONSTITUTE COMPLETE OR LIQUIDATED DAMAGES RELATED TO THE BIDDER'S BREACH OF ANY OF THE COVERED VERIFICATIONS. By submitting this bid, the bidder understands and agrees that the liability of the bidder for breach of any of the verifications made in connection with Covered Verifications (as described in this Official Notice of Sale) shall survive until barred by the statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Official Notice of Sale. Additionally, the bidder acknowledges and agrees that the District reserves and retains all rights and remedies at law and in equity for pursuit and recovery of damages, if any, relating to the Covered Verifications.

FURTHER STATE LAW COMPLIANCE AND STANDING LETTER REQUIREMENT: By submitting this bid, the bidder understands and agrees that it must have a standing letter on file with the Texas Attorney General's Office in the form included as Exhibit A to the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (the "All Bond Counsel Letter"). In submitting this bid, the bidder represents to the District that it has filed a standing letter in the form included in the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the District may not be entitled to rely on the standing letter on file with the Texas Attorney General's Office. The bidder hereby further agrees that it will not rescind its standing letter at any time before the delivery of the Bonds unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The bidder agrees to provide such further representations, certifications, or assurances in connection with the Covered Verifications, as of the Delivery Date or such other date requested by the District including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

In connection with submission of its bid, the bidder submits to the District a courtesy copy of its standing letter on file with the Texas Attorney General, unless otherwise publicly available on the Municipal Advisory Council of Texas' website.

The bidder acknowledges that the District, in its sole discretion, has reserved the right to reject the bid of any bidder.

The bidder understands and agrees that to the extent the bidder and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the District reserves the right to cash and accept the Good Faith Deposit (see "CONDITIONS OF THE SALE – Good Faith Deposit" in the Official Notice of Sale).

NOTWITHSTANDING ANYTHING CONTAINED HEREIN, THE REPRESENTATIONS AND COVENANTS CONTAINED IN THIS OFFICIAL BID FORM SHALL SURVIVE TERMINATION OF THE AGREEMENT OF THE BIDDER TO PURCHASE THE BONDS UNTIL THE STATUTE OF LIMITATIONS HAS RUN.

We understand the sale of the Bonds has not been registered under the United States Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; the Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdiction. We hereby represent the sale of the Bonds in jurisdictions other than Texas will be made only pursuant to exemptions from registration or qualification and that where necessary, we will register or qualify the Bonds in accordance with the securities laws and regulations of the jurisdiction in which the Bonds are offered or sold.

We further understand that the District assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement or other information concerning the District and the Bonds to anyone other than to us.

We agree to provide in writing the initial reoffering prices and other terms, if any, to the District or its financial advisor by the close of the next business day after the award.

Respectfully submitted.

BY:

Authorized Representative

Signature

Title

Firm

Telephone Number

Email Address

ACCEPTANCE CLAUSE

THE FOREGOING BID IS IN ALL THINGS HEREBY ACCEPTED this July 8, 2025, by authority conveyed in the Order of the Board of Trustees of the INGLESIDE INDEPENDENT SCHOOL DISTRICT adopted on May 12, 2025.

Authorized Official
Ingleside Independent School District

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ISSUE PRICE CERTIFICATE

(Sales where at least 3 bids are received from underwriters)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Unlimited Tax School Building Bonds, Series 2025 issued by the Ingleside Independent School District ("Issuer") in the principal amount of \$44,900,000* ("Bonds"), hereby certifies and represents, based on its records and information, as follows:

(a) On the first day on which there was a binding contract in writing for the purchase of the Bonds by the Purchaser, the Purchaser's reasonably expected initial offering prices of each maturity of the Bonds with the same credit and payment terms (the "Expected Offering Prices") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter are as set forth in the pricing wire or equivalent communication for the Bonds, as attached to this Certificate as SCHEDULE A. The Expected Offering Prices are the prices for the Bonds used by the Purchaser in formulating its bid to purchase the Bonds.

(b) The Purchaser had an equal opportunity to bid to purchase the Bonds and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).

(c) The bid submitted by the Purchaser constituted a firm bid to purchase the Bonds.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this _____, 2025.

_____, as Purchaser

By: _____

Name: _____

**Preliminary, subject to change. See "THE BONDS – Post Bid Modification of Principal Amounts" in the Official Notice of Sale and Bidding Instructions.*

SCHEDULE A
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

ISSUE PRICE CERTIFICATE

(Sales where less than 3 bids are received from underwriters)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Unlimited Tax School Building Bonds, Series 2025 issued by the Ingleside Independent School District ("Issuer") in the principal amount of \$44,900,000* ("Bonds"), hereby certifies and represents, based on its records and information, as follows:

(a) Other than the Bonds maturing in _____ ("Hold-the-Price Maturities"), if any, the first prices at which at least ten percent ("Substantial Amount") of the principal amount of each maturity of the Bonds having the same credit and payment terms ("Maturity") was sold on the Sale Date to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter ("Public") are their respective initial offering prices (the "Initial Offering Prices"), as listed in the pricing wire or equivalent communication for the Bonds that is attached to this Certificate as SCHEDULE A.

(b) On or before the first day on which there is a binding contract in writing for the sale of the Bonds ("Sale Date"), the Purchaser offered to the Public each Hold-the-Price Maturity at their respective Initial Offering Prices, as set forth in SCHEDULE A hereto.

(c) As set forth in the Notice of Sale, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for such Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells a Substantial Amount of a Maturity of the Bonds to the Public at no higher price than the Initial Offering Price for such Maturity.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this _____, 2025.

_____, as Purchaser

By: _____

Name: _____

**Preliminary, subject to change. See "THE BONDS – Post Bid Modification of Principal Amounts" in the Official Notice of Sale and Bidding Instructions.*

SCHEDULE A
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

This Official Notice of Sale does not alone constitute an invitation for bids but is merely notice of sale of the Refunding Bonds (defined and described herein). The invitation for bids on the Refunding Bonds is being made by means of this Official Notice of Sale, the Official Bid Form, and the Official Statement.

**OFFICIAL NOTICE OF SALE
AND
BIDDING INSTRUCTIONS**

\$4,385,000*

**INGLESIDE INDEPENDENT SCHOOL DISTRICT
(A Political Subdivision of the State of Texas Located in San Patricio County, Texas)
UNLIMITED TAX REFUNDING BONDS, SERIES 2025 (NON-PSF)**

Bids Due Tuesday, July 8, 2025, at 10:30 AM, Central Time

THE SALE

REFUNDING BONDS OFFERED FOR SALE AT COMPETITIVE BID: The Board of Trustees (the “Board”) of the Ingleside Independent School District (the “District” or the “Issuer”) is offering for sale at competitive bid its \$4,385,000* Unlimited Tax Refunding Bonds, Series 2025 (Non-PSF) (the “Refunding Bonds”). Bidders may only submit bids for the Refunding Bonds electronically as described below.

BIDS BY INTERNET: Interested bidders may, at their option and risk, submit their bid by electronic media, as described below, by 10:30 AM, Central Time, on Tuesday, July 8, 2025 (the “Sale Date”). Any bid received after the scheduled time for their receipt will not be accepted. Bidders submitting a bid by internet **shall not** be required to submit signed Official Bid Forms prior to the award. Any prospective bidder that intends to submit an electronic bid must submit its electronic bid via the facilities of the i-Deal, LLC Parity System (“PARITY”) and should, as a courtesy, register with PARITY by 10:30 AM Central Time, on Tuesday, July 8, 2025, indicating their intent to submit a bid by internet.

The official time for the receipt of bids shall be the time maintained by PARITY. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale, the Official Bid Form, and the Official Statement. To the extent that any instructions or directions set forth in PARITY conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about the PARITY System, potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Refunding Bonds on the terms provided in this Official Notice of Sale and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Issuer. The Issuer shall not be responsible for any malfunction or mistake made by, or as a result of the use of PARITY, the use of such facilities being the sole risk of the prospective bidder.

NO BIDS BY FACSIMILE: BIDS BY FACSIMILE WILL NOT BE ACCEPTED.

NO BIDS BY TELEPHONE: BIDS BY TELEPHONE WILL NOT BE ACCEPTED.

PLACE AND TIME OF BID OPENING: The bids for the Refunding Bonds will be opened at the Financial Advisor’s offices at 10:30 AM Central Time, on Tuesday, July 8, 2025.

AWARD OF THE REFUNDING BONDS: The Board adopted the order (“Bond Order”) authorizing the Refunding Bonds on May 12, 2025, which authorized certain District officials to execute a pricing certificate establishing the terms of sale of the Refunding Bonds and finalizing certain characteristics thereof related to final pricing of the Refunding Bonds. The Refunding Bonds will be awarded to the bidder whose bid produces the lowest true interest cost rate on the Refunding Bonds (see “CONDITIONS OF THE SALE – Basis of Award”). The District reserves the right to reject any and all bids and to waive any regularities except time of submission. It is expected that the Refunding Bonds will be awarded to the winning bidder at approximately 4:00 PM (Central Time) on the Sale Date.

THE REFUNDING BONDS

DESCRIPTION: The Refunding Bonds will be dated August 6, 2025 (the “Dated Date”). Interest on the Refunding Bonds will accrue from the Date of Initial Delivery (expected to occur on August 6, 2025) and will be due on February 15, 2026, and each August 15 and February 15 thereafter until maturity. The Refunding Bonds will be initially issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository (the “Securities Depository”). Book-Entry interests in the Refunding Bonds will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of the Refunding Bonds (“Beneficial Owners”) will not receive physical delivery of certificates representing their interest in the Refunding

**Preliminary, subject to change. See “THE REFUNDING BONDS – Post Bid Modification of Principal Amounts” herein.*

Bonds purchased. So long as DTC or its nominee is the registered owner of the Refunding Bonds, the principal of and interest on the Refunding Bonds will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to the Securities Depository, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Refunding Bonds. See “THE REFUNDING BONDS – Book-Entry-Only System” in the Official Statement.

MATURITY SCHEDULE: The Refunding Bonds will be stated to mature on each of the following dates in the following amounts:

| Maturity (8/15) | Principal Amount* |
|--------------------|----------------------|
| 2026 | \$ 345,000 |
| 2027 | 365,000 |
| 2028 | 385,000 |
| 2029 | 405,000 |
| 2030 | 425,000 |
| 2031 | 445,000 |
| 2032 | 470,000 |
| 2033 | 490,000 |
| 2034 | 515,000 |
| 2035 | 540,000 |

POST BID MODIFICATION OF PRINCIPAL AMOUNTS: After selecting the winning bid, the aggregate principal amount of the Refunding Bonds and the principal amortization schedule may be adjusted as determined by the District and its Financial Advisor in \$5,000 increments to reflect the actual interest rates. Such adjustments will not change the aggregate principal amount of the Refunding Bonds by more than 15% of the amount set forth herein. The dollar amount bid for the Refunding Bonds by the winning bidder will be adjusted proportionately to reflect any increase or decrease in the aggregate principal amount of the Refunding Bonds finally determined to be issued. The District will use its best efforts to communicate to the winning bidder any such adjustment within three (3) hours after the opening of bids. The Refunding Bond Purchaser’s compensation will be based upon the final par amount after any adjustment thereto, subsequent to the receipt and tabulation of the winning bid, within the aforementioned parameters.

In the event of any adjustment of the maturity schedule for the Refunding Bonds as described above, no rebidding or recalculation of the proposals submitted will be required or permitted. The bid price for such an adjustment will reflect changes in the dollar amount of par amount of the Refunding Bonds from the selling compensation that would have been received based on the purchase price in the winning bid and the initial reoffering terms. Any such adjustment of the aggregate principal amount of the Refunding Bonds and/or the maturity schedule for the Refunding Bonds made by the District or its Financial Advisor shall be subsequent to the award of the Refunding Bonds to the winning bidder as determined pursuant to “CONDITIONS OF THE SALE – Basis of Award” herein and shall not affect such determination. The winning bidder may not withdraw its bid as a result of any changes made within the aforementioned limits.

SERIAL BONDS AND/OR TERM BONDS: Bidders may provide that all of the Refunding Bonds be issued as serial maturities or may provide that any of the maturities 2026 through 2035 be combined into refunding term bonds (the “Refunding Term Bonds”).

MANDATORY SINKING FUND REDEMPTION: If the successful bidder designates principal amounts of the Refunding Bonds to be combined into one or more Refunding Term Bonds, each such Refunding Term Bond will be subject to mandatory sinking fund redemption commencing on August 15 of the first year which has been combined to form such Refunding Term Bond and continuing on August 15 in each year thereafter until the stated maturity date of that Refunding Term Bond. The amount redeemed in any year will be equal on the principal amount for such year set forth in the table above under the caption “THE REFUNDING BONDS – Maturity Schedule” (subject to adjustment, as provided in “THE REFUNDING BONDS – Post Bid Modification of Principal Amounts”). Refunding Term Bonds to be redeemed in any year by mandatory sinking fund redemption will be redeemed at par and will be selected by lot from among the Refunding Term Bonds then subject to redemption. The District, at its option, may credit against any mandatory sinking fund redemption requirement Refunding Term Bonds of the maturity then subject to redemption which have been purchased and canceled by the District and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

REDEMPTION PROVISIONS: The Refunding Bonds are not subject to optional redemption prior to their stated maturities.

AUTHORITY FOR ISSUANCE AND SECURITY FOR PAYMENT: The Refunding Bonds are being issued by the District pursuant to the Constitution and the general laws of the State of Texas, including Chapter 1207, as amended, Texas Government Code (“Chapter 1207”), Chapter 1371, Texas Government Code, as amended (“Chapter 1371”), an election held on May 3, 2025 (the “Election”) and the Bond Order. As permitted by Chapter 1371, the Board, in the Bond Order, authorized certain designated officers of

*Preliminary, subject to change. See “THE REFUNDING BONDS – Post Bid Modification of Principal Amounts” herein.

the District to execute a pricing certificate (the "Pricing Certificate") establishing the terms of sale of the Refunding Bonds and finalizing certain characteristics thereof related to final pricing of the Refunding Bonds (the Bond Order and the Pricing Certificate are collectively referred to herein as the "Order").

PAYING AGENT/REGISTRAR: The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Bond Order, the District covenants to provide a Paying Agent/Registrar at all times while the Refunding Bonds are outstanding, and any Paying Agent/Registrar selected by the District shall be a commercial bank or trust company organized under the laws of the United States and any state and duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Refunding Bonds. The Paying Agent/Registrar will maintain the Security Register containing the names and addresses of the registered owners of the Refunding Bonds.

In the Order, the District retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, such Paying Agent/Registrar, promptly upon the appointment of a successor, is required to deliver the Security Register to the successor Paying Agent/Registrar.

In the event there is a change in the Paying Agent/Registrar, the District has agreed to notify each registered owner of the Refunding Bonds by United States mail, first-class postage prepaid, at the address in the Security Register, stating the effective date of the change and the mailing address of the successor Paying Agent/Registrar.

BOOK-ENTRY-ONLY SYSTEM: The District intends to utilize the Book-Entry-Only System of DTC with respect to the issuance of the Refunding Bonds. See "THE REFUNDING BONDS – Book-Entry-Only System" in the Official Statement.

CONDITIONS OF THE SALE

TYPES OF BIDS AND INTEREST RATES: The Refunding Bonds will be sold in one block, on an "All or None" basis, and at a price of not less than 103% of their par value and not more than 112% of their par value. **All bids are subject to adjustment as described under the caption "THE REFUNDING BONDS – Post Bid Modification of Principal Amounts."** Bidders are invited to name the rate(s) of interest to be borne by the Refunding Bonds, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1% and the net effective interest rate for the Refunding Bonds (calculated in the manner required by Chapter 1204, as amended, Texas Government Code) must not exceed 15%. **The highest rate bid may not exceed the lowest rate bid by more than 250 basis points (or 2.50% in rate). The maximum coupon rate shall not exceed 5.00%. No limitation is imposed upon bidders as to the number of rates or changes which may be used.** All Refunding Bonds of one stated maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

BASIS OF AWARD: The sale of the Refunding Bonds will be awarded to the bidder making a bid that conforms to the specifications herein and which produces the **lowest True Interest Cost (defined herein) rate on the Refunding Bonds to the District.** The "True Interest Cost" rate is that rate which, when used to compute the total present value as of the Date of Initial Delivery of all debt service payments on the Refunding Bonds on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Refunding Bonds plus the premium bid. In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium set forth in the Official Bid Form will be considered as the intended bid. In order to provide the District with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended (the "Code") relating to the exclusion of interest on the Refunding Bonds from the gross income of their owners, the Refunding Bond Purchaser will be required to complete, execute, and deliver to the District (on or before the Date of Initial Delivery of the Refunding Bonds) a certification as to their "issue price" (the "Issue Price Certificate") in the form and to the effect attached hereto or accompanying this Official Notice of Sale. See "ESTABLISHING THE ISSUE PRICE FOR THE REFUNDING BONDS" herein.

Upon the opening of the bids as described above, the District shall award the Refunding Bonds by executing the Official Bid Form. The award will be given to the entity submitting the best bid for the Refunding Bonds as "Bidder" (defined above as the "Refunding Bond Purchaser"). Bidders that work with syndicates of dealers may disclose to the District members of its syndicate, but for all purposes of contracting for the sale of the Refunding Bonds, the entity signing the Official Bid Form shall be solely responsible for the payment of the purchase price of the Refunding Bonds, and any information provided with respect to syndicate members shall be provided solely for informational purposes. The District is not a party to any such syndicate member agreement and any information provided related thereto would be for informational purposes only. The District reserves the right to reject any and all bids and to waive any irregularities except the time of submission.

ESTABLISHING THE ISSUE PRICE FOR THE REFUNDING BONDS

The Issuer intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of municipal bonds), which require, among other things, that the Issuer receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Requirement”).

In the event that the bidding process does not satisfy the Competitive Sale Requirement, as communicated by the Financial Advisor to the winning bidder, Bids **will not be subject to cancellation** and the winning bidder (i) agrees to promptly report to the Issuer the first prices at which at least 10% of each maturity of the Refunding Bonds (the “First Price Maturity”) have been sold to the Public on the Sale Date (the “10% Test”) (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test) and (ii) agrees to hold-the-offering-price of each maturity of the Refunding Bonds that does not satisfy the 10% Test (“Hold-the-Price Maturity”), as described below.

In order to provide the Issuer with information that enables it to comply with the establishment of the issue price of the Refunding Bonds under the Code, the winning bidder agrees to complete, execute, and timely deliver to the Issuer or to the Issuer’s Financial Advisor, Specialized Public Finance Inc. (the “Issuer’s Municipal Advisor”) a certification as to the Refunding Bonds’ “issue price” (the “Issue Price Certificate”) substantially in the form and to the effect attached hereto or accompanying this Notice of Sale, within 5 business days prior to the Closing Date if the Competitive Sale Requirement is satisfied or within 5 business days of the date on which the 10% Test is satisfied with respect to all of the First Price Maturities. In the event the winning bidder will not reoffer any maturity of the Refunding Bonds for sale to the Public (as defined herein) by the Closing Date, the Issue Price Certificate may be modified in a manner approved by the Issuer. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Official Statement).

For purposes of this section of this Notice of Sale:

- (i) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than a Refunding Bond Purchaser or a Related Party to the Refunding Bond Purchaser,
- (ii) “Refunding Bond Purchaser” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead Purchaser to form an underwriting syndicate) to participate in the initial sale of the Refunding Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Refunding Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Refunding Bonds to the Public),
- (iii) “Related Party” means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “Sale Date” means the date that the Refunding Bonds are awarded by the Issuer to the winning bidder.

All actions to be taken by the Issuer under this Notice of Sale to establish the issue price of the Refunding Bonds may be taken on behalf of the Issuer by the Issuer’s Financial Advisor, and any notice or report to be provided to the Issuer may be provided to the Issuer’s Financial Advisor.

The Issuer will consider any bid submitted pursuant to this Notice of Sale to be a firm offer for the purchase of the Refunding Bonds, as specified in the bid and, if so stated, in the Official Bid Form.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Refunding Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Refunding Bond Purchaser, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to report the prices at which it sells to the Public the unsold Refunding Bonds of each maturity allocated to it until either all such Refunding Bonds have been sold or it is notified by the winning bidder that either the 10% Test has been satisfied as to the Refunding Bonds of that maturity, (B) to promptly notify the winning bidder of any sales of Refunding Bonds that, to its knowledge, are made to a purchaser who is a Related Party to an Refunding Bond Purchaser, and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder will assume that based on such agreement each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public; and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Refunding Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each

Refunding Bond Purchaser that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Refunding Bonds to the Public to require each underwriter or dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold Refunding Bonds of each maturity allocated to it until either all such Refunding Bonds have been sold or it is notified by the winning bidder or such Refunding Bond Purchaser that either the 10% Test has been satisfied as to the Refunding Bonds of that maturity. The sales of any Refunding Bonds to any person, that is a Related Party to a Refunding Bond Purchaser shall not constitute sales to the Public for purposes of this Notice of Sale.

By submitting a bid, the winning bidder agrees, on behalf of each Refunding Bond Purchaser participating in the purchase of the Refunding Bonds, that each Refunding Bond Purchaser will neither offer nor sell any Hold-the-Price Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of (1) the close of the fifth (5th) business day after the Sale Date; or (2) the date on which the Refunding Bond Purchasers have sold at least 10% of that Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public. The winning bidder shall promptly advise the Issuer when the Refunding Bond Purchasers have sold 10% of a Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

GOOD FAITH DEPOSIT: A bank cashier's check, payable to the order of "Ingleside Independent School District," in the amount of \$87,700 which is 2% of the proposed par value of the Refunding Bonds (the "Good Faith Deposit"), is required to accompany any bid. The Good Faith Deposit of the Refunding Bond Purchaser will be retained uncashed by the District pending the Refunding Bond Purchaser's compliance with the terms of its bid and this Official Notice of Sale. In the event the Refunding Bond Purchaser should fail or refuse to take up and pay for the Refunding Bonds in accordance with its bid, then said check shall be cashed and accepted by the District as full and complete liquidated damages except with respect to any failure relating to the Covered Verifications (defined herein). The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately; however, if submitted separately, it shall be made available to the District prior to the opening of the bids, and shall be accompanied by instructions from the bank on which it is drawn which authorizes its use as a Good Faith Deposit by the Refunding Bond Purchaser who shall be named in such instructions. **The Good Faith Deposit of the Refunding Bond Purchaser will be returned to the Refunding Bond Purchaser on the Date of Initial Delivery.** No interest will be allowed on the Good Faith Deposit. Checks accompanying bids other than the winning bid will be returned promptly after the bids are opened, and an award of the Refunding Bonds has been made by the District.

ADDITIONAL CONDITIONS OF AWARD

OBLIGATION OF THE DISTRICT TO RECEIVE DISCLOSURE OF INTERESTED PARTY FORM: Pursuant to Texas Government Code Section 2252.908, as amended (the "Interested Party Disclosure Act"), unless the bidder represents and verifies on the Official Bid Form that bidder is a publicly traded business entity, or a wholly owned subsidiary of a publicly traded business entity, the District may not award the Refunding Bonds to the winning bidder unless the bidder has submitted a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the District prior to such award, as prescribed by the Texas Ethics Commission ("TEC"). In the event that the bidder's bid for the Refunding Bonds is the best bid received, the District, acting through its financial advisor, will promptly notify the bidder. That notification will serve as the conditional verbal acceptance of the bid and will obligate a non-exempt bidder to promptly file a completed Disclosure Form in order to complete the award.

Reference should be made to the Disclosure Form, the rules of the TEC with respect to the Disclosure Form (the "Disclosure Rules") and the Interested Party Disclosure Act. Instructional information regarding such matters are set forth at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm. For purposes of completing the Disclosure Form the Refunding Bond Purchaser will need the following information: (a) item 2 – name of governmental entity: Ingleside Independent School District, and (b) item 3 - the identification number assigned to this contract by the District: "2025 SBB" and a description of the services to be provided under the contract: "Purchase of Refunding Bonds." The Interested Party Disclosure Act and the Disclosure Rules require a non-exempt business entity contracting with the District to complete the form at the TEC Internet "portal" that may be accessed at the URL set forth above, and then print, sign, notarize and deliver the Disclosure Form electronically to the District (scott.kilgore@inglesideisd.org) and the District's Bond Counsel (cbinford@mphlegal.com). Following the award of the Refunding Bonds, the District will acknowledge receipt of any completed Disclosure Form through the TEC website, as required by the law.

In accordance with the Interested Party Disclosure Act, the information reported by a non-exempt bidder MUST BE ACKNOWLEDGED BY AND SUBMITTED. No exceptions may be made to that requirement. The Interested Party Disclosure Act provides that such acknowledgment is made "under oath and under penalty of perjury." Consequently, a bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form. Time will be of the essence in submitting the form to the District, and, unless a bidder is exempt from the requirement, no award will be made by the District of the Refunding Bonds until a completed Disclosure Form is received. (A pdf copy of the executed and Disclosure Form must be emailed to the District at scott.kilgore@inglesideisd.org and to the District's Bond Counsel at cbinford@mphlegal.com prior to the time the District approves the winning bid.) The District reserves the right to reject any bid that is not accompanied by a completed Disclosure Form, as required and described herein. Neither the District nor its consultants have the ability to verify the information included in a Disclosure Form, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Refunding

Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the District that its bid is the conditional winning bid.

VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS: The District will not award the Refunding Bonds to a bidder unless the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the “Covered Verifications”), are included in the bid. As used in such verifications, “affiliate” means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of the agreement to purchase the Refunding Bonds shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of the Official Bid Form or this Official Notice of Sale, notwithstanding anything in the Official Bid Form or this Official Notice of Sale to the contrary.

- (v) **No Boycott of Israel (Texas Government Code Chapter 2271):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of the agreement to purchase the Refunding Bonds. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Texas Government Code, as amended.
- (vi) **Not a Sanctioned Company (Texas Government Code Chapter 2252):** A bidder must represent that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- (vii) **No Discrimination Against Firearm Entities or Firearm Trade Associations (Texas Government Code Chapter 2274):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of the agreement to purchase the Refunding Bonds. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Texas Government Code, as amended.
- (viii) **No Boycott of Energy Companies (Texas Government Code Chapter 2276):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of the agreement to purchase the Refunding Bonds. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Texas Government Code, as amended.

FURTHER STATE LAW COMPLIANCE AND STANDING LETTER REQUIREMENT: Each prospective bidder must have a standing letter on file with the Texas Attorney General’s Office in the form included in the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023, and any supplements thereto (collectively, the “All Bond Counsel Letter”). In submitting a bid, a bidder represents to the District that it has filed a standing letter in the form included as Exhibit A to the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the District may not be entitled to rely on the standing letter on file with the Texas Attorney General’s Office. The Bidder agrees that it will not rescind its standing letter at any time before the delivery of the Refunding Bonds unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The District will not accept a bid from a bidder that does not have such standing letter on file as of the deadline for bids for the Refunding Bonds. If requested by the District, the bidder agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications (defined below), as of the Sale Date or such other date requested by the District including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

In connection with submission of its bid, the bidder shall provide the District a courtesy copy of its standing letter on file with the Texas Attorney General, unless otherwise publicly available on the Municipal Advisory Council of Texas’ website.

THE DISTRICT RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REJECT THE BID OF ANY BIDDER.

BY SUBMITTING A BID, EACH BIDDER AGREES, SHOULD IT BE THE WINNING BIDDER, TO COOPERATE WITH THE DISTRICT AND TAKE ANY ACTION NECESSARY TO FURTHER VERIFY AND CONFIRM COMPLIANCE WITH STATE LAW.

To the extent the bidder and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the District reserves the right to cash and accept the Good Faith Deposit (see “ESTABLISHING THE ISSUE PRICE FOR THE REFUNDING BONDS – Good Faith Deposit”).

THE LIABILITY OF THE BIDDER FOR BREACH OF ANY OF THE VERIFICATIONS MADE IN CONNECTION WITH, THE COVERED VERIFICATIONS SHALL SURVIVE UNTIL BARRED BY THE STATUTE OF LIMITATIONS, AND SHALL NOT BE LIQUIDATED OR OTHERWISE LIMITED BY ANY PROVISION OF THIS OFFICIAL NOTICE OF SALE OR THE OFFICIAL BID FORM. ADDITIONALLY, THE DISTRICT RESERVES AND RETAINS ALL RIGHTS AND REMEDIES AT LAW AND IN EQUITY FOR PURSUIT AND RECOVERY OF DAMAGES, IF ANY, RELATING TO THE COVERED VERIFICATIONS.

OFFICIAL STATEMENT

To assist the winning bidder (the “Refunding Bond Purchaser” or “Initial Purchaser”) in complying with Rule 15c2-12, as amended (the “Rule”), of the United Securities and Exchange Commission (“SEC”), the Issuer and the Initial Purchaser contract and agree, by the submission and acceptance of the winning bid, as follows:

COMPLIANCE WITH RULE 15C2-12 OF THE SECURITIES AND EXCHANGE COMMISSION: The Issuer has approved and authorized distribution of the accompanying Official Statement for dissemination to potential purchasers of the Refunding Bonds but does not presently intend to prepare any other document or version thereof for such purpose, except as described below. Accordingly, the Issuer deems the accompanying Official Statement to be final as of its date, within the meaning of the Rule, except for information relating to the offering prices, interest rates, final debt service schedule, selling compensation, identity of the Refunding Bond Purchaser and other similar information, terms and provisions to be specified in the competitive bidding process. The Initial Purchaser shall be responsible for promptly informing the Issuer of the initial offering yields of the Refunding Bonds.

Thereafter, the Issuer will complete and authorize distribution of the final Official Statement, being a modification of the Official Statement, identifying the Initial Purchaser and containing such omitted information. The Issuer does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Initial Purchaser on or after the sale date, the Issuer intends the same to be final as of such date, within the meaning of the Rule. Notwithstanding the foregoing, the Issuer makes no representation concerning the absence of material misstatements or omissions from the Official Statement, except only as and to the extent under “CERTIFICATION OF THE OFFICIAL STATEMENT” as described below.

FINAL OFFICIAL STATEMENT: The Issuer will furnish to the Refunding Bond Purchaser, within seven (7) business days after the sale date, an aggregate maximum of one hundred (100) copies of the Official Statement, together with information regarding interest rates, and other terms relating to the reoffering of the Refunding Bonds. In addition, the District agrees to provide, or cause to be provided, to the Refunding Bond Purchaser, the Official Statement and the Official Statement and any amendments or supplements thereto in a “designated electronic format” (or printed format with respect to the final Official Statement) as may be required for the Refunding Bond Purchaser to comply with the Rule or the rules of the Municipal Securities Rulemaking Board (“MSRB”). The District consents to the distribution of such documents in a “designated electronic format.” Upon receipt, the Refunding Bond Purchaser shall promptly file the Official Statement with the MSRB in accordance with MSRB Rule G-32. The Refunding Bond Purchaser may arrange at its own expense to have the Official Statement reproduced and printed if it requires more copies and may also arrange, at its own expense and responsibility, for completion and perfection of the cover page and page 2 of the Official Statement so as to reflect interest rates and other terms and information related to the reoffering of the Refunding Bonds. The Refunding Bond Purchaser will be responsible for providing information concerning the Issuer and the Refunding Bonds to subsequent purchasers of the Refunding Bonds, and the Issuer will undertake no responsibility for providing such information other than to make the Official Statement available to the Refunding Bond Purchaser as provided herein. The Issuer’s obligation to supplement the Official Statement to correct key representations determined to be omitted or materially misleading, after the date of the Official Statement, shall terminate 25 days after the sale date.

CHANGES TO OFFICIAL STATEMENT: If, subsequent to the date of the Official Statement, the Issuer learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser of any adverse event which causes the Official Statement to be incomplete or materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Refunding Bonds, as described below under “DELIVERY AND ACCOMPANYING DOCUMENTS – Conditions to Delivery,” the Issuer will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement, in a “designated electronic format” satisfactory to the Initial Purchaser.

CERTIFICATION OF THE OFFICIAL STATEMENT: At the time of payment for and delivery of the hereinafter defined Initial Bond (“Initial Delivery”), the Initial Purchaser will be furnished a certificate, executed by proper officials of the Issuer, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the Issuer contained in its Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of said Refunding Bonds and the acceptance of the best bid therefor, and on the date of the Initial Delivery, were and are true and correct in all material respects; (b) insofar as the Issuer and its affairs, including its financial affairs, are concerned, such Official

Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the Issuer, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the Issuer believes to be reliable and the Issuer has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the Issuer, since August 31, 2024 the date of the last financial statements of the Issuer appearing in the Official Statement. The Official Statement and this Official Notice of Sale will be approved as to form and content and the use thereof in the offering of the Refunding Bonds will be authorized, ratified and approved by the Board in the Order, and the Initial Purchaser will be furnished, upon request, at the time of payment for and the delivery of the Refunding Bonds, a certified copy of such approval, duly executed by the proper officials of the Issuer.

CONTINUING DISCLOSURE AGREEMENT: The District has agreed in the Order to provide certain periodic information and notices of certain events in accordance with the Rule, as described in the Official Statement under “CONTINUING DISCLOSURE OF INFORMATION.” The Refunding Bond Purchaser’s obligation to accept and pay for the Refunding Bonds is conditioned upon delivery to the Refunding Bond Purchaser or its agent of a certified copy of the Order containing the agreement described under such a heading.

COMPLIANCE WITH PRIOR UNDERTAKINGS: During the past five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

DELIVERY AND ACCOMPANYING DOCUMENTS

INITIAL DELIVERY OF INITIAL BOND: Initial Delivery will be accomplished by the issuance of one or more fully registered Refunding Bonds in the aggregate principal amount of the Refunding Bonds payable to the Refunding Bond Purchaser (the “Initial Bond”), signed by the duly appointed officers of the Board, by their manual, electronic, or facsimile signatures, approved by the Texas Attorney General, and registered and manually or electronically signed by the Texas Comptroller of Public Accounts. Initial Delivery will be at the designated office of the Paying Agent/Registrar. Upon delivery of the Initial Bond, they shall be immediately canceled and one definitive Refunding Bond for each maturity of the Refunding Bonds payable to Cede & Co. will be delivered to DTC in connection with DTC’s Book-Entry-Only System. Payment for the Refunding Bonds must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District.

The Refunding Bond Purchaser will be given six business days’ notice of the time fixed for delivery of the Refunding Bonds. It is anticipated that the delivery of the Initial Bond can be made on or about Wednesday, August 6, 2025, but if for any reason the District is unable to make delivery by August 6, 2025, then the District shall immediately contact the Refunding Bond Purchaser and offer to allow the Refunding Bond Purchaser to extend its obligation to take up and pay for the Refunding Bonds an additional thirty days. If the Refunding Bond Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the District and the Refunding Bond Purchaser shall be relieved of any further obligation (except as it relates to violation of the Covered Verifications, as further described herein). In no event shall the District be liable for any damages by reason of its failure to deliver the Refunding Bonds, provided that such failure is due to circumstances beyond the District’s reasonable control.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the Refunding Bonds, but neither the failure to print such number on any Refunding Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Refunding Bonds in accordance with the terms of the Official Bid Form and this Official Notice of Sale. The Financial Advisor will obtain CUSIP identification numbers from the CUSIP Service Bureau prior to the date of sale. CUSIP identification numbers will be made available to the Refunding Bond Purchaser at the time the Refunding Bonds are awarded as soon thereafter as practicable. All expenses in relation to the assignment, printing or typing of CUSIP numbers on the Refunding Bonds shall be paid by the District.

CONDITIONS TO DELIVERY: The obligation to take up and pay for the Refunding Bonds is subject to the following conditions: the issuance of an approving opinion of the Attorney General of the State of Texas, the Initial Purchaser’s receipt of the legal opinion of Bond Counsel and the certificate regarding the Official Statement, and the non-occurrence of the events described below under the caption “NO MATERIAL ADVERSE CHANGE” herein. In addition, if the Issuer fails to comply with its obligations described under “OFFICIAL STATEMENT” above, the Initial Purchaser may terminate its contract to purchase the Refunding Bonds by delivering written notice to the Issuer within five (5) days thereafter.

NO MATERIAL ADVERSE CHANGE: The obligations of the Initial Purchaser to take up and pay for the Refunding Bonds, and of the Issuer to deliver the Initial Bond, are subject to the condition that, up to the time of delivery of and receipt of payment for the Initial Bond, there shall have been no material adverse change in the affairs of the Issuer subsequent to the date of sale from that set forth in the Official Statement, as it may have been finalized, supplemented or amended through the Date of Initial Delivery.

LEGAL OPINIONS: The District will furnish the Refunding Bond Purchaser a complete transcript of proceedings incident to the authorization and issuance of the Refunding Bonds, including the unqualified approving legal opinion of the Attorney General of the State of Texas as to the Refunding Bonds, to the effect that the Refunding Bonds are valid and legally binding obligations of the District, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, regarding the legality and

validity of the Refunding Bonds issued in compliance with the provisions of the Order (see “OTHER INFORMATION – Legal Matters” in the Official Statement and “APPENDIX C – Forms of Bond Counsel’s Opinions” attached to the Official Statement).

CHANGE IN TAX-EXEMPT STATUS: At any time before the Refunding Bonds are tendered for initial delivery to the Initial Purchaser, the Initial Purchaser may withdraw its bid if the interest on obligations such as the Refunding Bonds shall be declared to be includable in the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes, either by Treasury regulations, by ruling or administrative guidance of the Internal Revenue Service, by a decision of any federal court, or by the terms of any federal income tax legislation enacted subsequent to the date of this Official Notice of Sale.

GENERAL CONSIDERATIONS

RATING: The Refunding Bonds have been rated “AA-” by S&P Global Ratings, a division of S&P Global Inc. (“S&P”) without regard to credit enhancement. There is no assurance that such ratings will continue for any given period of time on its unlimited tax indebtedness or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of said rating company, circumstances so warrant. Any such downward revision or withdrawal of such rating, or either of them, may have an adverse effect on the market price of the Refunding Bonds. A securities rating is not a recommendation to buy, sell, or hold securities.

REGISTRATION AND QUALIFICATION OF REFUNDING BONDS FOR SALE: No registration statement relating to the Refunding Bonds has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon exemptions provided in such Act. The Refunding Bonds have not been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of the Official Statement. Any representation to the contrary is a criminal offense. The Refunding Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon exemptions contained therein, nor have the Refunding Bonds been registered or qualified under the securities acts of any other jurisdiction. The Issuer assumes no responsibility for registration or qualification of the Refunding Bonds under the securities laws of any jurisdiction in which the Refunding Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Refunding Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

It is the obligation of the Refunding Bond Purchaser to register or qualify the sale of the Refunding Bonds under the securities laws of any jurisdiction which so requires. The Issuer agrees to cooperate, at the Refunding Bond Purchaser’s written request and expense and within reasonable limits, in registering or qualifying the Refunding Bonds, or in obtaining an exemption from registration or qualification in any state where such action is necessary, but the District will in no instance execute a general consent to service of process in any state in which the Refunding Bonds are offered for sale.

ADDITIONAL COPIES: Subject to the limitations described herein, additional copies of this Official Notice of Sale, the Official Bid Form, and the Official Statement may be obtained from Specialized Public Finance Inc., 17721 Rogers Ranch Parkway, Suite 140, San Antonio, Texas 78258. In the Order, the Board approved the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and the Board authorized its further use in the reoffering of the Refunding Bonds by the Refunding Bond Purchaser.

INGLESIDE INDEPENDENT SCHOOL DISTRICT

/s/ Mr. Scott Kilgore
Superintendent

Dated: June 30, 2025

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OFFICIAL BID FORM

Superintendent
Ingleside Independent School District
2664 San Angelo Street
Ingleside, Texas 78362

Reference is made to your Official Notice of Sale and Official Statement, dated June 30, 2025, of the \$4,385,000* INGLESIDE INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX REFUNDING BONDS, SERIES 2025 (NON-PSF) (the “Refunding Bonds”), both of which constitute a part hereof.

For your legally issued Refunding Bonds, as described in said Official Notice of Sale and Official Statement, we will pay you a price of par value plus a cash premium of \$_____ **(no bid producing a cash premium that results in a dollar price of less than 103% nor greater than 112% will be considered)** for Refunding Bonds maturing on the dates and bearing interest as follows:

| Maturity (8/15) | Principal Amount | Interest Rate |
|--------------------|---------------------|------------------|
| 2026 | \$ 345,000 | % |
| 2027 | 365,000 | % |
| 2028 | 385,000 | % |
| 2029 | 405,000 | % |
| 2030 | 425,000 | % |
| 2031 | 445,000 | % |
| 2032 | 470,000 | % |
| 2033 | 490,000 | % |
| 2034 | 515,000 | % |
| 2035 | 540,000 | % |

(Interest to Accrue from the Date of Initial Delivery)

Our calculation (which is not a part of this bid) of the True Interest Cost in accordance with the above bid is: _____%

Of the principal maturities of the Refunding Bonds set forth in the table above, we have created refunding term bonds (the “Refunding Term Bonds”) as indicated in the following table (which may include multiple Refunding Term Bonds, one Refunding Term Bond or no Refunding Term Bond if none is indicated). For those years which have been combined into a Refunding Term Bond, the principal amount shown in the table above* will be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the Refunding Term Bond maturity date will mature in such year. The Refunding Term Bonds created are as follows:

| Refunding Term Bond Maturity Date August 15 | Year of First Mandatory Redemption | Principal Amount of Refunding Term Bond | Interest Rate |
|---|--|--|---------------|
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |

By accepting this bid, we understand the District will provide the copies of the Official Statement and of any amendments or supplements thereto in accordance with the Official Notice of Sale. The Initial Bond shall be registered in the name of _____.

**Preliminary, subject to change. See “THE REFUNDING BONDS – Post Bid Modification of Principal Amounts” in the Official Notice of Sale and Bidding Instructions.*

We will advise DTC of registration instructions at least five business days prior to the date set for Initial Delivery. It is the obligation of the Refunding Bond Purchaser of the Refunding Bonds to complete the DTC Eligibility Questionnaire.

A cashier's Check of the (bank), _____ Bank, _____ (location), in the amount of \$87,700 which represents our Good Faith Deposit is attached hereto or has been made available to you prior to the opening of the bid, in accordance with the terms set forth in the Official Notice of Sale and the Official Statement. The Good Faith Deposit of the Refunding Bond Purchaser will be returned to the Refunding Bond Purchaser on the Date of Initial Delivery upon completion of the closing.

We agree to accept delivery of the Initial Bond through DTC and make payment for the Initial Bond in immediately available funds at BOKF, NA, Dallas, Texas, no later than 10:30 AM, Central Time, on August 6, 2025 or thereafter on the date the Initial Bond is tendered for delivery, pursuant to the terms set forth in the Official Notice of Sale.

The undersigned agrees to complete, execute, and deliver to the Issuer, by the Date of Initial Delivery of the Refunding Bonds, a certificate relating to the "issue price" of the Refunding Bonds in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to Bond Counsel for the Issuer.

The undersigned ☐ is/ ☐ is not (check appropriate box) a publicly traded business entity, or a wholly owned subsidiary of a publicly traded business entity. If the undersigned is not a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity, the undersigned understands that upon notification of conditional verbal acceptance, the undersigned will complete an electronic form of the Certificate of Interested Parties Form 1295 (the "Form 1295") through the Texas Ethics Commission's (the "TEC") electronic portal and the resulting certified Form 1295 that is generated by the TEC's electronic portal will be printed, signed and sent by email to the District's financial advisor at victor@spfmuni.com and Bond Counsel at cbinford@mphlegal.com. The undersigned understands that unless it is a publicly traded business entity, or a wholly owned subsidiary of a publicly traded business entity, the failure to provide the certified Form 1295 will prohibit the District from providing final written award of the enclosed bid.

As used in the following verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this agreement shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of the bid or Official Notice of Sale, notwithstanding anything in the bid or Official Notice of Sale to the contrary.

- (v) No Boycott of Israel Verification (Texas Government Code Chapter 2271). The undersigned hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel through the term of the agreement to purchase the Refunding Bonds. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Texas Government Code, as amended.
- (vi) Not a Sanctioned Company (Texas Government Code Chapter 2252). The undersigned represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- (vii) No Boycott of Energy Companies (Texas Government Code Chapter 2276). The undersigned hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies through the term of the agreement to purchase the Refunding Bonds. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Texas Government Code, as amended.
- (viii) No Discrimination Against Firearm Entities or Firearm Trade Associations (Texas Government Code Chapter 2274). The undersigned hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association through the term of the agreement to purchase the Refunding Bonds. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Texas Government Code, as amended.

By submitting this bid, the bidder understands and agrees that if bidder should fail or refuse to take up and pay for the Refunding Bonds in accordance with this bid, or it is determined that after the acceptance of this bid by the District that the bidder was found not to satisfy the requirements described in the Official Notice of Sale and Bidding Instructions under and as a result the Texas Attorney General will not deliver its approving opinion of the Refunding Bonds, then the check submitted herewith as the bidder's Good Faith Deposit shall be cashed and accepted by the District. IF THE DISTRICT CASHES THE BIDDER'S GOOD FAITH DEPOSIT AS DESCRIBED ABOVE, SUCH ACTION DOES NOT CONSTITUTE COMPLETE OR LIQUIDATED DAMAGES RELATED TO THE BIDDER'S BREACH OF ANY OF THE COVERED VERIFICATIONS.

By submitting this bid, the bidder understands and agrees that the liability of the bidder for breach of any of the verifications made in connection with Covered Verifications (as described in this Official Notice of Sale) shall survive until barred by the statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Official Notice of Sale. Additionally, the bidder acknowledges and agrees that the District reserves and retains all rights and remedies at law and in equity for pursuit and recovery of damages, if any, relating to the Covered Verifications.

FURTHER STATE LAW COMPLIANCE AND STANDING LETTER REQUIREMENT: By submitting this bid, the bidder understands and agrees that it must have a standing letter on file with the Texas Attorney General's Office in the form included as Exhibit A to the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (the "All Bond Counsel Letter"). In submitting this bid, the bidder represents to the District that it has filed a standing letter in the form included in the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the District may not be entitled to rely on the standing letter on file with the Texas Attorney General's Office. The bidder hereby further agrees that it will not rescind its standing letter at any time before the delivery of the Refunding Bonds unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The bidder agrees to provide such further representations, certifications, or assurances in connection with the Covered Verifications, as of the Delivery Date or such other date requested by the District including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

In connection with submission of its bid, the bidder submits to the District a courtesy copy of its standing letter on file with the Texas Attorney General, unless otherwise publicly available on the Municipal Advisory Council of Texas' website.

The bidder acknowledges that the District, in its sole discretion, has reserved the right to reject the bid of any bidder.

The bidder understands and agrees that to the extent the bidder and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the District reserves the right to cash and accept the Good Faith Deposit (see "CONDITIONS OF THE SALE – Good Faith Deposit" in the Official Notice of Sale).

NOTWITHSTANDING ANYTHING CONTAINED HEREIN, THE REPRESENTATIONS AND COVENANTS CONTAINED IN THIS OFFICIAL BID FORM SHALL SURVIVE TERMINATION OF THE AGREEMENT OF THE BIDDER TO PURCHASE THE REFUNDING BONDS UNTIL THE STATUTE OF LIMITATIONS HAS RUN.

We understand the sale of the Refunding Bonds has not been registered under the United States Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; the Refunding Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Refunding Bonds been registered or qualified under the securities acts of any other jurisdiction. We hereby represent the sale of the Refunding Bonds in jurisdictions other than Texas will be made only pursuant to exemptions from registration or qualification and that where necessary, we will register or qualify the Refunding Bonds in accordance with the securities laws and regulations of the jurisdiction in which the Refunding Bonds are offered or sold.

We further understand that the District assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement or other information concerning the District and the Refunding Bonds to anyone other than to us.

We agree to provide in writing the initial reoffering prices and other terms, if any, to the District or its financial advisor by the close of the next business day after the award.

Respectfully submitted.

BY:

Authorized Representative

Signature

Title

Firm

Telephone Number

Email Address

ACCEPTANCE CLAUSE

THE FOREGOING BID IS IN ALL THINGS HEREBY ACCEPTED this July 8, 2025, by authority conveyed in the Order of the Board of Trustees of the INGLESIDE INDEPENDENT SCHOOL DISTRICT adopted on May 12, 2025.

Authorized Official
Ingleside Independent School District

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ISSUE PRICE CERTIFICATE

(Sales where at least 3 bids are received from underwriters)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Refunding Bond Purchaser"), with respect to the purchase at competitive sale of the Unlimited Tax Refunding Bonds, Series 2025 (Non-PSF) issued by the Ingleside Independent School District ("Issuer") in the principal amount of \$4,385,000* ("Refunding Bonds"), hereby certifies and represents, based on its records and information, as follows:

(a) On the first day on which there was a binding contract in writing for the purchase of the Refunding Bonds by the Refunding Bond Purchaser, the Refunding Bond Purchaser's reasonably expected initial offering prices of each maturity of the Refunding Bonds with the same credit and payment terms (the "Expected Offering Prices") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter are as set forth in the pricing wire or equivalent communication for the Refunding Bonds, as attached to this Certificate as SCHEDULE A. The Expected Offering Prices are the prices for the Refunding Bonds used by the Refunding Bond Purchaser in formulating its bid to purchase the Refunding Bonds.

(b) The Refunding Bond Purchaser had an equal opportunity to bid to purchase the Refunding Bonds and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).

(c) The bid submitted by the Refunding Bond Purchaser constituted a firm bid to purchase the Refunding Bonds.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Refunding Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Refunding Bonds to the Public) to participate in the initial sale of the Refunding Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Refunding Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Refunding Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Refunding Bonds. Notwithstanding anything set forth herein, the Refunding Bond Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this _____, 2025.

_____, as Refunding Bond
Purchaser

By: _____

Name: _____

**Preliminary, subject to change. See "THE REFUNDING BONDS – Post Bid Modification of Principal Amounts" in the Official Notice of Sale and Bidding Instructions.*

SCHEDULE A
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

ISSUE PRICE CERTIFICATE

(Sales where less than 3 bids are received from underwriters)

The undersigned, as the underwriter or the manager of the syndicate of underwriters (“Refunding Bond Purchaser”), with respect to the purchase at competitive sale of the Unlimited Tax Refunding Bonds, Series 2025 (Non-PSF) issued by the Ingleside Independent School District (“Issuer”) in the principal amount of \$4,385,000* (“Refunding Bonds”), hereby certifies and represents, based on its records and information, as follows:

(a) Other than the Refunding Bonds maturing in _____ (“Hold-the-Price Maturities”), if any, the first prices at which at least ten percent (“Substantial Amount”) of the principal amount of each maturity of the Refunding Bonds having the same credit and payment terms (“Maturity”) was sold on the Sale Date to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (“Public”) are their respective initial offering prices (the “Initial Offering Prices”), as listed in the pricing wire or equivalent communication for the Refunding Bonds that is attached to this Certificate as SCHEDULE A.

(b) On or before the first day on which there is a binding contract in writing for the sale of the Refunding Bonds (“Sale Date”), the Refunding Bond Purchaser offered to the Public each Hold-the-Price Maturity at their respective Initial Offering Prices, as set forth in SCHEDULE A hereto.

(c) As set forth in the Notice of Sale, the Refunding Bond Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for such Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Refunding Bond Purchaser sells a Substantial Amount of a Maturity of the Refunding Bonds to the Public at no higher price than the Initial Offering Price for such Maturity.

For purposes of this Issue Price Certificate, the term “Underwriter” means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Refunding Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Refunding Bonds to the Public) to participate in the initial sale of the Refunding Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Refunding Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Refunding Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Refunding Bonds. Notwithstanding anything set forth herein, the Refunding Bond Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this _____, 2025.

_____, as Refunding Bond
Purchaser

By: _____

Name: _____

**Preliminary, subject to change. See “THE REFUNDING BONDS – Post Bid Modification of Principal Amounts” in the Official Notice of Sale and Bidding Instructions.*

SCHEDULE A
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT

Dated June 30, 2025

NEW ISSUE – Book-Entry-Only

Ratings (Enhanced/Unenhanced):

Bonds: S&P: “AAA”/ “AA-”

Refunding Bonds: S&P: None/“AA-”

(See “OTHER INFORMATION – Rating” and

“APPENDIX D – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM” (Bonds Only) herein)

In the opinions of Bond Counsel, interest on the Obligations will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on certain corporations.



INGLESIDE INDEPENDENT SCHOOL DISTRICT
(A Political Subdivision of the State of Texas Located in San Patricio County, Texas)

\$44,900,000*
UNLIMITED TAX SCHOOL
BUILDING BONDS, SERIES 2025

\$4,385,000*
UNLIMITED TAX REFUNDING
BONDS, SERIES 2025 (NON-PSF)

Dated: August 6, 2025

Due: August 15, as shown on pages 2 and 3 hereof

Interest Accrues from the Date of Initial Delivery (defined below)

PAYMENT TERMS . . . Interest on the \$44,900,000* Ingleside Independent School District Unlimited Tax School Building Bonds, Series 2025 (the “Bonds”) and \$4,385,000* Ingleside Independent School District Unlimited Tax Refunding Bonds, Series 2025 (Non-PSF) (the “Refunding Bonds” and together with the Bonds, the “Obligations”) will accrue from the Date of Initial Delivery. The Bonds will be initially payable on August 15, 2025, and each February 15 and August 15 thereafter until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Refunding Bonds will be initially payable on February 15, 2026, and each August 15 and February 15 thereafter until maturity and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Obligations will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company (“DTC”) pursuant to the book-entry-only system described herein. Beneficial ownership of the Obligations may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Obligations will be made to the Beneficial Owners thereof.** Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distributions of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Obligations. The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see “THE OBLIGATIONS – Paying Agent/Registrar”).

The District has received conditional approval from the Texas Education Agency for the Bonds to be guaranteed under the State of Texas Permanent School Fund Guarantee Program (hereinafter defined), which guarantee will automatically become effective when the Attorney General of Texas approves the Bonds (see “THE OBLIGATIONS – Permanent School Fund Guarantee” and “APPENDIX D – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM”). **The payment of debt service on the Refunding Bonds is not guaranteed by the Texas Permanent School Fund Guarantee Program.**

AUTHORITY FOR ISSUANCE . . . The Bonds are being issued by the Ingleside Independent School District (the “Issuer” or the “District”) pursuant to the Constitution and the general laws of the State of Texas, including Section 45.001 and Section 45.003(b)(1), Texas Education Code, as amended (“Chapter 45”), Chapter 1371, Texas Government Code, as amended (“Chapter 1371”), an election held on May 3, 2025 (the “Election”) and an order authorizing the issuance of the Bonds (the “New Money Bond Order”) adopted by the Board of Trustees (the “Board”) of the District on May 12, 2025. The Refunding Bonds are being issued by the District pursuant to the Constitution and general laws of the State of Texas, including particularly, Chapter 1207, as amended, Texas Government Code (“Chapter 1207”), Chapter 1371, and an order authorizing the issuance of the Refunding Bonds (the “Refunding Bond Order” and together with the New Money Bond Order, the “Bond Order”) adopted by the Board on May 12, 2025. As permitted by Chapter 1371, the Board, in the Bond Order, authorized certain designated officers of the District to execute respective pricing certificates (together, the “Pricing Certificate”) establishing the respective terms of sale of the Obligations and finalizing certain characteristics thereof related to final pricing of the Obligations (the Bond Order and the Pricing Certificate are collectively referred to herein as the “Order”).

PURPOSE . . . Proceeds from the sale of each series of the Obligations will be used as more specifically defined herein. See “PLAN OF FINANCING – Purpose.”

CUSIP PREFIX: 457056

**SEE FOLLOWING PAGES FOR STATED MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
INITIAL YIELDS, REDEMPTION PROVISIONS, AND CUSIP NUMBERS**

LEGALITY . . . The Obligations are offered for delivery when, as and if issued and received by the respective initial purchaser (together, the “Purchaser”) and subject to the approving opinions of the Attorney General of Texas and the opinions of McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel (see “APPENDIX C – Forms of Bond Counsel’s Opinions”).

DELIVERY . . . It is expected that the Obligations will be available for delivery through DTC on August 6, 2025 (the “Date of Initial Delivery”).

BOND BIDS DUE TUESDAY, JULY 8, 2025 AT 10:00 AM, CST
REFUNDING BOND BIDS DUE TUESDAY, JULY 8, 2025 AT 10:30 AM, CST

* Preliminary, subject to change.

\$44,900,000*
INGLESIDE INDEPENDENT SCHOOL DISTRICT
(A Political Subdivision of the State of Texas Located in San Patricio County, Texas)
UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2025

CUSIP PREFIX⁽¹⁾: 457056

MATURITY SCHEDULE*

| Maturity (August 15) | Principal Amount | Interest Rate | Initial Yield | CUSIP Suffix ⁽¹⁾ |
|-------------------------|---------------------|------------------|------------------|--------------------------------|
| 2025 | \$ 195,000 | | | |
| 2026 | 430,000 | | | |
| 2027 | 440,000 | | | |
| 2028 | 430,000 | | | |
| 2029 | 440,000 | | | |
| 2030 | 1,020,000 | | | |
| 2031 | 1,060,000 | | | |
| 2032 | 1,110,000 | | | |
| 2033 | 1,160,000 | | | |
| 2034 | 1,220,000 | | | |
| 2035 | 1,280,000 | | | |
| 2036 | 1,920,000 | | | |
| 2037 | 2,585,000 | | | |
| 2038 | 3,110,000 | | | |
| 2039 | 3,265,000 | | | |
| 2040 | 3,425,000 | | | |
| 2041 | 3,600,000 | | | |
| 2042 | 4,225,000 | | | |
| 2043 | 4,435,000 | | | |
| 2044 | 4,660,000 | | | |
| 2045 | 4,890,000 | | | |

(Interest accrues from the Date of Initial Delivery)

*Preliminary, subject to change.

- (1) CUSIP numbers are included solely for the convenience of the owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by FactSet Research Systems, Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the District, the Financial Advisor, or the New Money Purchaser (defined herein) take any responsibility for the accuracy of CUSIP numbers.

REDEMPTION PROVISIONS . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2035, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE OBLIGATIONS – Redemption”). The Bonds will be subject to mandatory sinking fund redemption in the event the New Money Purchaser elects to aggregate two or more consecutive maturities as “Term Bonds.”

SEPARATE ISSUES . . . The Bonds are being offered by the District concurrently with the \$4,385,000* Ingleside Independent School District Unlimited Tax Refunding Bonds, Series 2025 (Non-PSF) (the “Refunding Bonds” and together with the Bonds, the “Obligations”) under the same Official Statement. As such, each series of Obligations are separate and distinct securities offerings being issued and sold independently from the other and should be reviewed and analyzed independently, including, without limitation, the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, the rights of the District to redeem the Bonds, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

\$4,385,000*
INGLESIDE INDEPENDENT SCHOOL DISTRICT
(A Political Subdivision of the State of Texas Located in San Patricio County, Texas)
UNLIMITED TAX REFUNDING BONDS, SERIES 2025 (NON-PSF)

CUSIP PREFIX⁽¹⁾: 457056

MATURITY SCHEDULE*

| Maturity (August 15) | Principal Amount | Interest Rate | Initial Yield | CUSIP Suffix ⁽¹⁾ |
|-------------------------|---------------------|------------------|------------------|--------------------------------|
| 2026 | \$ 345,000 | | | |
| 2027 | 365,000 | | | |
| 2028 | 385,000 | | | |
| 2029 | 405,000 | | | |
| 2030 | 425,000 | | | |
| 2031 | 445,000 | | | |
| 2032 | 470,000 | | | |
| 2033 | 490,000 | | | |
| 2034 | 515,000 | | | |
| 2035 | 540,000 | | | |

(Interest accrues from the Date of Initial Delivery)

*Preliminary, subject to change.

- (1) CUSIP numbers are included solely for the convenience of the owners of the Refunding Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by FactSet Research Systems, Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the District, the Financial Advisor, or the Refunding Bond Purchaser (defined herein) take any responsibility for the accuracy of CUSIP numbers.

REDEMPTION PROVISIONS . . . The Refunding Bonds are not subject to optional redemption prior to their stated maturities (see “THE OBLIGATIONS – Redemption”). The Refunding Bonds will be subject to mandatory sinking fund redemption in the event the Refunding Bond Purchaser elects to aggregate two or more consecutive maturities as “Refunding Term Bonds.”

SEPARATE ISSUES . . . The Refunding Bonds are being offered by the District concurrently with the \$44,900,000* Ingleside Independent School District Unlimited Tax School Building Bonds, Series 2025 (the “Bonds” and together with the Refunding Bonds, the “Obligations”) under the same Official Statement. As such, each series of Obligations are separate and distinct securities offerings being issued and sold independently from the other and should be reviewed and analyzed independently, including, without limitation, the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, the rights of the District to redeem the Bonds, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

DISTRICT OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

| Name | Years Served | Term Expires (May) | Occupation |
|--|--------------|--------------------|---------------------------------|
| Mr. Bobby Dendy President | 18 | 2028 | Business Owner |
| Mr. Raylee Rodriguez Vice President | 4 | 2027 | Oil Field Administrator |
| Ms. Julie Mauch Secretary | 4 | 2027 | Office Manager |
| Ms. Cindy Wilson Trustee | 14 | 2026 | Retired |
| Mr. Joseph Jones Trustee | 21 | 2028 | Self-Employed Contractor |
| Ms. Elaine Rodgers Trustee | 1 | 2027 | Tumbling-Cheer Coach/Nurse |
| Ms. Teresa Flores Trustee | 26 | 2026 | Financial Advisor/Merrill Lynch |

SELECTED ADMINISTRATIVE STAFF

| Name | Position | Years of Service with the District | Years of Service in Present Position |
|--------------------|---|------------------------------------|--------------------------------------|
| Mr. Scott Kilgore | Superintendent | 8 | 1.5 |
| Ms. Louise Day | Assistant Superintendent of Business/Finance Officer | 2.5 | 1.5 |
| Ms. Norma Gonzales | Finance Manager | 30 | 30 |

CONSULTANTS AND ADVISORS

Auditors Gowland, Morales & Smith, PLLC
Corpus Christi, Texas

Bond Counsel McCall, Parkhurst & Horton L.L.P.
San Antonio, Texas

Financial Advisor Specialized Public Finance Inc.
San Antonio, Texas

For additional information regarding the District, please contact:

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Superintendent
Ingleside Independent School District
2664 San Angelo Street
Ingleside, Texas 78362
Phone: (361) 776-7631
Fax: (361) 776-0267
scott.kilgore@inglesideisd.org

or

Mr. Victor Quiroga, Jr.
Managing Director
Specialized Public Finance Inc.
711 North Carancahua Street, Suite 518
Corpus Christi, Texas 78401
Phone: (361) 278-1310
Fax: (210) 239-0126
victor@spfmuni.com

USE OF INFORMATION IN THE PRELIMINARY OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the “Rule”), this document constitutes an “official statement” of the District with respect to the Obligations that has been “deemed final” by the District as of its date except for the omission of the information permitted by the Rule.

No dealer, broker, salesman or other person has been authorized by the District, the Financial Advisor, or the respective Purchaser to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District, the respective Purchaser, or the Financial Advisor. This Official Statement does not constitute an offer to sell Obligations in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Certain information set forth herein has been obtained from the District and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Financial Advisor or the respective Purchaser. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof.

See “CONTINUING DISCLOSURE OF INFORMATION” for a description of the District’s undertaking to provide certain information on a continuing basis.

THE OBLIGATIONS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE OBLIGATIONS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE OBLIGATIONS HAVE BEEN REGISTERED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NONE OF THE DISTRICT, ITS FINANCIAL ADVISOR, OR THE RESPECTIVE PURCHASER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY (“DTC”) OR ITS BOOK-ENTRY-ONLY SYSTEM, OR THE AFFAIRS OF THE TEXAS EDUCATION AGENCY (“TEA”) DESCRIBED UNDER “APPENDIX D – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM” (RELATED TO THE BONDS), AS SUCH INFORMATION WAS PROVIDED BY DTC AND TEA, RESPECTIVELY.

IN CONNECTION WITH THE OFFERING OF THE OBLIGATIONS, THE RESPECTIVE PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE OBLIGATIONS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The agreements of the District and others related to the Obligations are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Obligations is to be construed as constituting an agreement with the purchasers of the Obligations. INVESTORS SHOULD READ THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE SCHEDULE AND ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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PRELIMINARY OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Obligations to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

| | |
|-------------------------------------|---|
| THE DISTRICT | <p>The Ingleside Independent School District (the “District”) is a political subdivision located in San Patricio County and includes the City of Ingleside, Texas. The District encompasses approximately 27.31 square miles in area (see “INTRODUCTION – Description of the District”).</p> <p>The District is a political subdivision of the State of Texas (the “State”) located in San Patricio County, Texas. The District is governed by a seven-member Board of Trustees (the “Board”) the members of which serve staggered three-year terms with elections being held in May of each year. Policy-making and supervisory functions are the responsibility of, and are vested in, the Board. The Board delegates administrative responsibilities to the Superintendent who is the chief administrative officer of the District. Support services are supplied by consultants and advisors (see “APPENDIX B – General Information Regarding the District”).</p> |
| THE OBLIGATIONS | <p>The Bonds are being issued as \$44,900,000* Unlimited Tax School Building Bonds, Series 2025 (the “Bonds”) and will be dated August 6, 2025 (the “Dated Date”). The Bonds will be issued as serial Bonds maturing August 15, 2026, through August 15, 2045, unless the New Money Purchaser aggregates two or more consecutive maturities of Bonds as “Term Bonds.”</p> <p>The Refunding Bonds are being issued as \$4,385,000* Unlimited Tax Refunding Bonds, Series 2025 (Non-PSF) (the “Refunding Bonds”) and will be dated August 6, 2025 (the “Dated Date”). The Refunding Bonds will be issued as serial Refunding Bonds maturing August 15, 2026, through August 15, 2035, unless the Refunding Bond Purchaser aggregates two or more consecutive maturities of Refunding Bonds as “Refunding Term Bonds” (see “THE OBLIGATIONS – Description of the Obligations”).</p> <p>The Bonds and the Refunding Bonds collectively shall be referred to hereinafter as the “Obligations.”</p> |
| PAYMENT OF INTEREST | <p>Interest on the Obligations will accrue from the Date of Initial Delivery and the Bonds will be initially payable on August 15, 2025, and each February 15 and August 15 thereafter until maturity or prior redemption, and the Refunding Bonds will be initially payable on February 15, 2026, and each August 15 and February 15 thereafter until maturity (see “THE OBLIGATIONS – Description of the Obligations”).</p> |
| AUTHORITY FOR ISSUANCE | <p>The Bonds are being issued by the District pursuant to the Constitution and the general laws of the State of Texas, including Section 45.001 and Section 45.003(b)(1), Texas Education Code, as amended (“Chapter 45”), Chapter 1371, Texas Government Code, as amended (“Chapter 1371”), an election held on May 3, 2025 (the “Election”) and an order authorizing the issuance of the Bonds (the “New Money Bond Order”) adopted by the Board on May 12, 2025. The Refunding Bonds are being issued by the District pursuant to the Constitution and general laws of the State of Texas, including particularly, Chapter 1207, as amended, Texas Government Code (“Chapter 1207”), Chapter 1371, and an order authorizing the issuance of the Refunding Bonds (the “Refunding Bond Order” and together with the New Money Bond Order, the “Bond Order”) adopted by the Board on May 12, 2025. As permitted by Chapter 1371, the Board, in the Bond Order, authorized certain designated officers of the District to execute respective pricing certificates (together, the “Pricing Certificate”) establishing the respective terms of sale of the Obligations and finalizing certain characteristics thereof related to final pricing of the Obligations (the Bond Order and the Pricing Certificate are collectively referred to herein as the “Order”).</p> |
| PAYING AGENT/REGISTRAR | <p>The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas.</p> |
| SECURITY FOR THE BONDS | <p>The Obligations constitute direct obligations of the District, payable from an annual ad valorem tax levied, without legal limit as to rate or amount, against all taxable property within the District (see “THE OBLIGATIONS – Security and Source of Payment”).</p> |

* Preliminary, subject to change.

PERMANENT SCHOOL FUND

| | |
|-------------------------------------|--|
| GUARANTEE | The District has received conditional approval from the Texas Education Agency (the “TEA”) for the Bonds to be guaranteed under the State of Texas Permanent School Fund Guarantee Program, which guarantee will automatically become effective when the Attorney General of Texas approves the Bonds (see “APPENDIX D – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM” herein). The payment of debt service on the Refunding Bonds is not guaranteed by the Texas Permanent School Fund Guarantee Program. |
| REDEMPTION PROVISIONS | <p>The District reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2035, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. Additionally, the Obligations may be subject to mandatory redemption in the event the respective Purchaser elects to aggregate two or more consecutive maturities as “Term Bonds” or “Refunding Term Bonds” (see “THE OBLIGATIONS – Redemption”).</p> <p>The Refunding Bonds are not subject to optional redemption prior to their stated maturity.</p> |
| TAX EXEMPTION | In the opinions of McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel, interest on the Obligations will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on certain corporation (see “TAX MATTERS” and “APPENDIX C – Forms of Bond Counsel’s Opinions”). |
| USE OF PROCEEDS | Proceeds from the sale of the Obligations will be used as more specifically defined herein. See “PLAN OF FINANCING – Purpose.” |
| RATINGS | <p>The Bonds have been rated “AAA” by S&P Global Ratings, a division of S&P Global Inc. (“S&P”) based on the payment being guaranteed by the Permanent School Fund of the State of Texas.</p> <p>The Refunding Bonds along with the unenhanced, underlying rating on the Bonds, together with the District’s outstanding unlimited tax-supported indebtedness, is affirmed as “AA-” by S&P. The Refunding Bonds are not guaranteed by the Texas Permanent School Fund Guarantee Program (see “OTHER INFORMATION – Rating”).</p> |
| BOOK-ENTRY-ONLY SYSTEM | The definitive Obligations will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company (“DTC”) pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Obligations may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Obligations will be made to the beneficial owners thereof. Principal of and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations (see “THE OBLIGATIONS – Book-Entry-Only System”). |
| PAYMENT RECORD | The District has never defaulted in payment of its tax supported debt. |
| LEGALITY | Delivery of the Obligations is subject to the approval by the Attorney General of the State of Texas and the rendering of respective opinions as to legality and tax exemption by McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel. |
| DELIVERY DATE | When issued, anticipated on or about August 6, 2025. |

[The remainder of this page intentionally left blank.]

**PRELIMINARY OFFICIAL STATEMENT
RELATING TO**

INGLESIDE INDEPENDENT SCHOOL DISTRICT
(A Political Subdivision of the State of Texas Located in San Patricio County, Texas)

\$44,900,000*
**UNLIMITED TAX SCHOOL
BUILDING BONDS, SERIES 2025**

\$4,385,000*
**UNLIMITED TAX REFUNDING
BONDS, SERIES 2025 (NON-PSF)**

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by the Ingleside Independent School District (the “District” or “Issuer”) of its \$44,900,000* Unlimited Tax School Building Bonds, Series 2025 (the “Bonds”) and \$4,385,000* Unlimited Tax Refunding Bonds, Series 2025 (Non-PSF) (the “Refunding Bonds” and together with the Bonds, the “Obligations”). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the hereinafter defined Order, except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Obligations and certain information regarding the Ingleside Independent School District (the “District” or “Issuer”) and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained upon request from the District’s Financial Advisor, Specialized Public Finance Inc., San Antonio, Texas by electronic mail or upon payment of reasonable copying, handling, and delivery charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. Copies of the Official Statement will be deposited with the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access (“EMMA”) system. See “CONTINUING DISCLOSURE OF INFORMATION” for a description of the District’s undertaking to provide certain information on a continuing basis.

DESCRIPTION OF THE DISTRICT . . . The District is a political subdivision of the State located in San Patricio County, Texas. The District is governed by a seven-member Board, the members of which serve staggered three-year terms with elections being held in November of each year. Policy-making and supervisory functions are the responsibility of, and are vested in, the Board. The Board delegates administrative responsibilities to the Superintendent who is the chief administrative officer of the District. Support services are supplied by consultants and advisors. The District covers approximately 199 square miles in San Patricio County. See “APPENDIX A – General Information Regarding the District.”

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Bonds will be used for (i) designing, constructing, renovating, improving, upgrading, updating, modernizing, acquiring, and equipping school facilities, (ii) the purchase of new school buses, (iii) security devices for school buses and elementary classrooms, (iv) middle school and high school physical education facilities, (v) district-wide safety and security upgrades, and (vi) to pay the costs of issuing the Bonds.

Proceeds from the sale of the Refunding Bonds will be used to refund certain outstanding maintenance tax debt of the District as shown in SCHEDULE I hereto (the “Refunded Obligations”), and to pay the costs of issuing the Refunding Bonds.

REFUNDED BONDS . . . The Refunded Obligations, and interest due thereon, are to be paid on their scheduled redemption date from cash and investments to be deposited with BOKF, NA, Dallas, Texas (the “Escrow Agent”), pursuant to an Escrow Agreement dated as of May 12, 2025 (the “Escrow Agreement”) between the District and the Escrow Agent.

The Refunding Bond Order provides that the District will deposit certain proceeds of the sale of the Refunding Bonds, along with other lawfully available funds of the District (if any), with the Escrow Agent in the amount necessary and sufficient to accomplish the discharge and final payment of the Refunded Obligations. Such funds shall be held by the Escrow Agent in an escrow fund (the “Escrow Fund”) irrevocably pledged to the payment of principal of and interest on the Refunded Obligations. Amounts on deposit in the Escrow Fund will be held uninvested in cash and/or used to purchase a portfolio of securities authorized by Section 1207.062, as amended, Texas Government Code, which authorization includes certain direct, noncallable obligations of the United States of America (including obligations unconditionally guaranteed by the United States of America) that are, rated as to investment quality by a nationally recognized rating firm of not less than “AAA” or its equivalent (the “Escrowed Securities”).

*Preliminary, subject to change.

Prior to, or simultaneously with, the issuance of the Refunding Bonds, the District will give irrevocable instructions to provide notice to the owners of the Refunded Obligations that the Refunded Obligations will be paid on the redemption date on which date money will be made available to redeem the Refunded Obligations from money and investments held under the Escrow Agreement.

By the deposit of the Escrowed Securities and cash, if any, with the Escrow Agent pursuant to the Escrow Agreement, the District will have effected the defeasance of all of the Refunded Obligations pursuant to the terms of the District resolution authorizing their issuance. It is the opinion of Bond Counsel that as a result of such defeasance the Refunded Obligations will be outstanding only for the purpose of receiving payments from the Escrow Fund held for such purpose by the Escrow Agent and such Refunded Obligations will not be deemed as being outstanding obligations of the District payable from maintenance taxes nor for the purpose of applying any limitation on the issuance of debt. Therefore, the District will have no further responsibility with respect to amounts available in the Escrow Fund for the payment of the Refunded Obligations from time to time, including any insufficiency therein caused by the failure to receive payment when due on the Escrowed Securities.

THE OBLIGATIONS

DESCRIPTION OF THE OBLIGATIONS . . . The Obligations are dated August 6, 2025 and mature on August 15 in each of the years and in the amounts shown on pages 2 and 3 hereof. Interest on the Obligations will accrue from the Date of Initial Delivery and the Bonds will be initially payable on August 15, 2025, and each February and August thereafter until maturity or prior redemption, and the Refunding Bonds will be payable on February 15, 2026, and each August 15 and February 15 thereafter until maturity. The Obligations will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Obligations will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company (“DTC”) pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Obligations will be made to the Beneficial Owners thereof.** Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Obligations. See “THE OBLIGATIONS – Book-Entry-Only System.”

AUTHORITY FOR ISSUANCE . . . The Bonds are being issued by the District pursuant to the Constitution and the general laws of the State of Texas, including Section 45.001 and Section 45.003(b)(1), Texas Education Code, as amended (“Chapter 45”), Chapter 1371, Texas Government Code, as amended (“Chapter 1371”), an election held on May 3, 2025 (the “Election”) and an order authorizing the issuance of the Bonds (the “New Money Bond Order”) adopted by the Board on May 12, 2025. The Refunding Bonds are being issued by the District pursuant to the Constitution and general laws of the State of Texas, including particularly, Chapter 1207, as amended, Texas Government Code (“Chapter 1207”), Chapter 1371, and an order authorizing the issuance of the Refunding Bonds (the “Refunding Bond Order” and together with the New Money Bond Order, the “Bond Order”) adopted by the Board on May 12, 2025. As permitted by Chapter 1371, the Board, in the Bond Order, authorized certain designated officers of the District to execute respective pricing certificates (together, the “Pricing Certificate”) establishing the respective terms of sale of the Obligations and finalizing certain characteristics thereof related to final pricing of the Obligations (the Bond Order and the Pricing Certificate are collectively referred to herein as the “Order”).

SECURITY AND SOURCE OF PAYMENT . . . The Obligations are payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, sufficient to provide for the payment of principal of and interest on the Obligations. Additionally, the District has applied to the Texas Education Agency for conditional approval of the Bonds to be guaranteed by the corpus of the Permanent School Fund of Texas which guarantee will automatically become effective when the Attorney General of the State of Texas approves the issuance of the Bonds.

PERMANENT SCHOOL FUND GUARANTEE . . . In connection with the sale of the Bonds, the District has received conditional approval from the Commissioner of Education for guarantee of the Bonds under the Permanent School Fund Guarantee Program (Chapter 45, Subchapter C of the Texas Education Code). Subject to satisfying certain conditions discussed under “APPENDIX D – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM” the payment of the Bonds will be absolutely and unconditionally guaranteed by the corpus of the Permanent School Fund of the State of Texas. In the event of default by the District in the scheduled payments of the Bonds, registered owners will receive all payments due from the corpus of the Permanent School Fund.

The payment of debt service on the Refunding Bonds is not guaranteed by the Texas Permanent School Fund Guarantee Program.

TAX RATE LIMITATION . . . There is not a tax rate limitation on unlimited tax debt; however, the District must demonstrate to the Attorney General of Texas at the time of issuance that it has the ability to pay all debt service on its outstanding unlimited tax debt with a debt service tax not to exceed \$0.50 per \$100 assessed valuation. After the Obligations are issued, the District is required to establish a tax rate, without limitation, sufficient to pay debt service on all of its outstanding unlimited tax debt (see “TAX RATE LIMITATIONS” herein).

REDEMPTION . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2035, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. Additionally, the Obligations may be subject to mandatory sinking fund redemption in the event the respective Purchaser elects to aggregate two or more consecutive maturities as term bonds (such aggregated Obligations, the “Term Obligations”). Such Term Obligations will additionally be subject to mandatory sinking fund redemption.

If less than all of the Bonds are to be redeemed, the District may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (defined below) (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal amount thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

The Refunding Bonds are not subject to optional redemption prior to their stated maturities.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the District shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

DTC REDEMPTION PROVISIONS . . . The Paying Agent/Registrar and the District, so long as a book-entry-only system is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Order or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC Participant, or of any Direct Participant (defined below) or Indirect Participant (defined below) to notify the beneficial owner, shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the District will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Bonds held for the account of DTC Participants in accordance with its rules or other agreements with DTC Participants and then Direct Participants and Indirect Participants may implement a redemption of such Bonds and such redemption will not be conducted by the District or the Paying Agent/Registrar. Neither the District nor the Paying Agent/Registrar will have any responsibility to DTC Participants, Indirect Participants or the persons for whom DTC Participants act as nominees with respect to the payments on the Bonds or the providing of notice to Direct Participants, Indirect Participants, or beneficial owners of the selection of portions of the Bonds for redemption. See “THE OBLIGATIONS – Book-Entry-Only System” herein.

AMENDMENTS . . . In the Order, the District has reserved the right to amend the Order without the consent of any holder for the purpose of amending or supplementing the Order to (i) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of the Order that do not materially adversely affect the interests of the holders, (iv) qualify the Order under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect or (v) make such other provisions in regard to matters or questions arising under the Order that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the District, do not materially adversely affect the interests of the holders.

The Order further provides that the majority of owners of the Obligations shall have the right from time to time to approve any amendment not described above to the Order if it is deemed necessary or desirable by the District; provided, however, that without the consent of 100% of the holders in principal amount of the then outstanding Obligations so affected, no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Obligations; (ii) reducing the rate of interest borne by any of the outstanding Obligations; (iii) reducing the amount of the principal payable on any outstanding Obligations; (iv) modifying the terms of payment of principal or interest on outstanding Obligations or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Obligations necessary for consent to such amendment. Reference is made to the Order for further provisions relating to the amendment thereof.

DEFEASANCE OF OUTSTANDING OBLIGATIONS . . . The Bond Order provides for the defeasance of the Obligations when payment of the principal amount of the Obligations plus interest accrued on the Obligations to their due date (whether such due date be by reason of stated maturity, redemption (as it relates to the Bonds), or otherwise) is provided by irrevocably depositing with a paying agent, or other authorized escrow agent, in trust (1) money in an amount sufficient to make such payment and/or (2) Defeasance Securities, that will mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Obligations, and thereafter the District will have no further responsibility with respect to amounts available to such paying agent (or other financial

institution permitted by applicable law) for the payment of such defeased Obligations, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The District has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance. The Bond Order provides that “Defeasance Securities” means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Obligations. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District authorizes the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the District adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, and (d) any additional securities and obligations hereafter authorized by Texas law as eligible for use to accomplish the discharge of obligations such as the Obligations. Each Authorized Official authorized to limit the foregoing securities in connection with the sale of the respective series of Obligations. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Obligations. Because the Bond Order does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other Defeasance Security will be maintained at any particular rating category.

Upon such deposit as described above, such Obligations shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Obligations have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Obligations are extinguished; provided, however, the District has the option, to be exercised at the time of the defeasance of the Obligations, to call for redemption at an earlier date those Bonds which have been defeased to their maturity date, if the District (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption, (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Defeasance will automatically cancel the Permanent School Fund Guarantee with respect to those defeased Bonds.

BOOK-ENTRY-ONLY SYSTEM . . . This section describes how ownership of the Obligations is to be transferred and how the principal of, premium, if any, interest and redemption payments (as it relates to the Bonds) on the Obligations are to be paid to and credited by The Depository Trust Company (“DTC”), New York, New York, while the Obligations are registered in its nominee’s name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Purchaser believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.

The District, the Financial Advisor, and the Purchaser cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Obligations, redemption (as it relates to the Bonds) or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Obligations), redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered Obligations registered in the name of Cede & Co. (DTC’s partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully registered Obligation certificate will be issued for each stated maturity of the Obligations, each in the aggregate principal amount, of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding

company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Obligation ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions (as it relates to the Bonds), tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Obligations within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Obligations held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Obligation certificates are required to be printed and delivered in accordance with the Order.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Obligation certificates will be printed and delivered in accordance with the Order.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but none of the District, the Financial Advisor, or the Purchaser take any responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement . . . In reading this Official Statement it should be understood that while the Obligations are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Obligations, but (i) all rights of ownership must

be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

Effect of Termination of Book-Entry-Only System . . . In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the District, printed bond certificates will be issued to the holders and the Obligations will be subject to transfer, exchange and registration provisions as set forth in the Order and summarized under “THE OBLIGATIONS – Transfer, Exchange and Registration” below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Order, the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Obligations are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Obligations. Upon any change in the Paying Agent/Registrar for the Obligations, the District agrees to promptly cause a written notice thereof to be sent to each registered owner of the Obligations by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Obligations will be printed and delivered to the Beneficial Owners thereof, and thereafter may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. An Obligation may be assigned by the execution of an assignment form on the Obligation or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Obligation or Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Obligation being transferred or exchanged, at the corporate trust office of the Paying Agent/Registrar (as defined in the Order), or sent by United States mail, first class, postage prepaid, to the new registered owner or its designee. To the extent possible, new Obligations issued in an exchange or transfer of Obligations will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Obligations to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Obligations registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount, as the Obligations surrendered for exchange or transfer. See “THE OBLIGATIONS – Book-Entry-Only System” herein for a description to be utilized initially in regard to ownership and transferability of the Obligations.

LIMITATION ON TRANSFER OF OBLIGATIONS . . . The Paying Agent/Registrar shall not be required to make any transfer or exchange with respect to Obligations during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or with respect to any Obligation or any portion thereof called for redemption prior to maturity, within 30 days prior to its redemption date, provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of an Obligation.

REPLACEMENT BONDS . . . If any Obligation is mutilated, destroyed, stolen or lost, a new Obligation in the same principal amount, maturity and interest rate as the Obligation so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Obligation, such new Obligation will be delivered only upon surrender and cancellation of such mutilated Obligation. In the case of any Obligation issued in lieu of and in substitution for an Obligation which has been destroyed, stolen or lost, such new Obligation will be delivered only (a) upon filing with the Paying Agent/Registrar of satisfactory evidence to the effect that such Obligation has been destroyed, stolen or lost and proof of the ownership thereof, and (b) upon furnishing the District and the Paying Agent/Registrar with indemnity satisfactory to them. The person requesting the authentication and delivery of a new Obligation must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

RECORD DATE FOR INTEREST PAYMENT . . . The record date (“Record Date”) for determining the party to whom the interest on an Obligation is payable on any interest payment date means the close of business on the last business day of the preceding month; however, the Record Date for the initial interest payment is the Date of Initial Delivery.

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 interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 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 each holder of an Obligation appearing on the registration 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.

BONDHOLDERS' REMEDIES . . . The Order specifies events of default as the failure of the District to make payment of the principal of or interest on any of the Obligations when the same becomes due and payable or default in the performance or observance of any other covenant, agreement or obligation of the District, which failure materially, adversely affects the rights of the registered owners, including, but not limited to, their prospect or ability to be repaid in accordance with the Order, and the continuation thereof for a period of 60 days after notice of such default is given by any registered owner to the District. Upon an event of default, the registered owners may seek a writ of mandamus to compel District officials to carry out their legally imposed duties with respect to the Obligations, if there is no other available remedy at law to compel performance of the Obligations or the Order covenants and the District's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court but may not be arbitrarily refused. There is no acceleration of maturity of the Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Order does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the District to perform in accordance with the terms of the Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language Chapter 1371, which pertains to the issuance of public securities by issuers such as the District, permits the District to waive sovereign immunity in proceedings authorizing its bonds. Notwithstanding its reliance upon the provisions of Chapter 1371, in connection with the issuance of the Obligations, the District has but has not waived the defense of sovereign immunity with respect thereto. Because it is unclear whether the Texas Legislature has effectively waived the District's sovereign immunity from a suit for money damages outside of Chapter 1371 bondholders may not be able to bring such a suit against the District for breach of the Obligations or Order covenants in the absence of District action. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Obligations. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the United States Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinions of Bond Counsel will note that all opinions relative to the enforceability of the Obligations are qualified with respect to the customary rights of debtors relative to their creditors, and by general principles of equity which permit the exercise of judicial discretion.

TAX RATE LIMITATIONS

M&O TAX RATE LIMITATIONS . . . The District is authorized to levy a maximum maintenance and operation ("M&O") tax rate of \$1.50 per \$100 of assessed valuation, as approved by the voters at an election held on September 15, 1956, pursuant to Section 45, Texas Education Code, as amended.

The maximum M&O tax rate per \$100 of taxable value that may be adopted by a school district is the sum of \$0.17 and the school district's MCR. A school district's MCR is, generally, inversely proportional to the change in taxable property values both within the school district and the State and is subject to recalculation annually. For any year, the highest possible MCR for a school district is \$0.93 (see "TAX RATE LIMITATIONS – Public Hearing and Voter-Approval Tax Rate" and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – Local Funding for School Districts" herein).

Furthermore, a school district cannot annually increase its tax rate in excess of the school district's Voter-Approval Tax Rate without submitting such tax rate to an election and majority of the voters voting at such election approving the adopted rate (see "TAX RATE LIMITATIONS – Public Hearing and Voter-Approval Tax Rate" herein)

I&S TAX RATE LIMITATIONS . . . A school district is also authorized to issue bonds and levy taxes for payment of bonds subject to voter approval of one or more propositions submitted to the voters under Section 45.003(b)(1), Texas Education Code, as amended, which provides a tax unlimited as to rate or amount for the support of school district bonded indebtedness (see "THE OBLIGATIONS – Security & Source of Payment.")

Section 45.0031, Texas Education Code, as amended ("Section 45.0031"), requires a district to demonstrate to the Texas Attorney General that it has the prospective ability to pay its maximum annual debt service on a proposed issue of bonds and all previously issued bonds, other than bonds approved by district voters at an election held on or before April 1, 1991 and issued before September 1, 1992 (or debt issued to refund such bonds, collectively, "exempt bonds"), from a tax levied at a rate of \$0.50 per \$100 of assessed valuation before bonds may be issued. In demonstrating the ability to pay debt service at a rate of \$0.50, a district may take into account EDA and IFA allotments to the district, which effectively reduces the district's local share of debt service and may also take into account Tier One funds allotted to the district. The District is required to deposit any State allotments provided solely for payment of debt service

into the District's interest and sinking fund upon receipt of such amounts. In addition, the District must, prior to levying an interest and sinking fund tax rate that exceeds \$0.50 per \$100 of assessed valuation, credit to the interest and sinking fund other State assistance, including Tier One funds that may be used for either operating purposes or for payment of debt service, in an amount equal to the amount needed to demonstrate compliance with the threshold tax rate test and which is received or to be received in that year. Once the prospective ability to pay such tax has been shown and the bonds are issued, a district may levy an unlimited tax to pay debt service. Taxes levied to pay refunding bonds issued pursuant to Chapter 1207, Texas Government Code, are not subject to the \$0.50 tax rate test; however, taxes levied to pay debt service on such bonds (other than bonds issued to refund exempt bonds) are included in maximum annual debt service for calculation of the \$0.50 threshold tax rate test when applied to subsequent bond issues. The Bonds are issued as school building purposes pursuant to Chapter 45, Texas Education Code as new debt and are subject to the threshold tax rate test. Under current law, a district may demonstrate its ability to comply with the \$0.50 threshold tax rate test by applying the \$0.50 tax rate to an amount equal to 90% of projected future taxable value of property in the district, as certified by a registered professional appraiser, anticipated for the earlier of the tax year five years after the current tax year or the tax year in which the final payment for the bonds is due. However, if a district uses projected future taxable values to meet the \$0.50 threshold tax rate test and subsequently imposes a tax at a rate greater than \$0.50 per \$100 of valuation to pay for bonds subject to the test, then for subsequent bond issues, the Texas Attorney General must find that the district has the projected ability to pay principal and interest on the proposed bonds and all previously issued bonds subject to the \$0.50 threshold tax rate test from a tax rate of \$0.45 per \$100 of valuation. The District has not used State assistance or projected property values to satisfy this threshold test. The Refunding Bonds are issued as refunding bonds under Chapter 1207 and therefore, the Refunding Bond issuance is not subject to the \$0.50 threshold tax test; however, taxes levied to pay new debt service on the Refunding Bonds are included in the calculation of the \$0.50 tax rate test as applied to subsequent issues of "new debt."

PUBLIC HEARING AND VOTER-APPROVAL TAX RATE . . . A school district's total tax rate is the combination of the M&O tax rate and the I&S tax rate. Generally, the highest rate at which a school district may levy taxes for any given year without holding an election to approve the tax rate is the "Voter-Approval Tax Rate," as described below.

A school district is required to adopt its annual tax rate before the later of September 30 or the sixtieth (60th) day after the date the certified appraisal roll is received by the taxing unit, except that a tax rate that exceeds the Voter-Approval Tax Rate must be adopted not later than the seventy-first (71st) day before the next occurring November uniform election date. A school district's failure to adopt a tax rate equal to or less than the Voter-Approval Tax Rate by September 30 or the sixtieth (60th) day after receipt of the certified appraisal roll, will result in the tax rate for such school district for the tax year to be the lower of the "no-new-revenue tax rate" calculated for that tax year or the tax rate adopted by the school district for the preceding tax year. A school district's failure to adopt a tax rate in excess of the Voter-Approval Tax Rate on or prior to the seventy-first (71st) day before the next occurring November uniform election date, will result in the school district adopting a tax rate equal to or less than its Voter-Approval Tax Rate by the later of September 30 or the sixtieth (60th) day after receipt of the certified appraisal roll. "No-new-revenue tax rate" means the rate that will produce the prior year's total tax levy from the current year's total taxable values, adjusted such that lost values are not included in the calculation of the prior year's taxable values and new values are not included in the current year's taxable values.

The Voter-Approval Tax Rate for a school district is the sum of (i) the school district's MCR; (ii) the greater of (a) the school district's Enrichment Tax Rate for the preceding year, less any amount by which the school district is required to reduce its current year Enrichment Tax Rate pursuant to Section 48.202(f), Education Code, as amended, or (b) the rate of \$0.05 per \$100 of taxable value; and (iii) the school district's current I&S tax rate. A school district's M&O tax rate may not exceed the rate equal to the sum of (i) \$0.17 and (ii) the school district's MCR (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" herein, for more information regarding the State Compression Percentage, MCR, and the Enrichment Tax Rate).

The governing body of a school district generally cannot adopt a tax rate exceeding the school district's Voter-Approval Tax Rate without approval by a majority of the voters approving the higher rate at an election to be held on the next uniform election date. Further, subject to certain exceptions for areas declared disaster areas, State law requires the board of trustees of a school district to conduct an efficiency audit before seeking voter approval to adopt a tax rate exceeding the Voter-Approval Tax Rate and sets certain parameters for conducting and disclosing the results of such efficiency audit. An election is not required for a tax increase to address increased expenditures resulting from certain natural disasters in the year following the year in which such disaster occurs; however, the amount by which the increased tax rate exceeds the school district's Voter-Approval Tax Rate for such year may not be considered by the school district in the calculation of its subsequent Voter-Approval Tax Rate.

The calculation of the Voter-Approval Tax Rate does not limit or impact the District's ability to set an I&S tax rate in each year sufficient to pay debt service on all of the District's tax-supported debt obligations, including the Obligations.

Before adopting its annual tax rate, a public meeting must be held for the purpose of adopting a budget for the succeeding year. A notice of public meeting to discuss the school district's budget and proposed tax rate must be published in the time, format and manner prescribed in Section 44.004 of the Texas Education Code. Section 44.004(e) of the Texas Education Code provides that a person who owns taxable property in a school district is entitled to an injunction restraining the collection of taxes by the school district if the school district has not complied with such notice requirements or the language and format requirements of such notice as set forth in Section 44.004(b), (c), (c-1), (c-2), and (d), and, if applicable, subsection (i), and if such failure to comply was not in good faith. Section 44.004(e) further provides the action to enjoin the collection of taxes must be filed before the date the school district delivers substantially all of its tax bills. A school district that elects to adopt a tax rate before the adoption of a budget for the fiscal year that begins in the

current tax year may adopt a tax rate for the current tax year before receipt of the certified appraisal roll, so long as the chief appraiser of the appraisal district in which the school district participates has certified to the assessor for the school district an estimate of the taxable value of property in the school district. If a school district adopts its tax rate prior to the adoption of its budget, both the new-revenue tax rate and the Voter-Approval Tax Rate of the school district shall be calculated based on the school district's certified estimate of taxable value. A school district that adopts a tax rate before adopting its budget must hold a public hearing on the proposed tax rate followed by another public hearing on the proposed budget rather than holding a single hearing on the two items.

A school district must annually calculate and prominently post on its internet website and submit to the county tax assessor-collector for each county in which all or part of the school district is located its Voter-Approval Tax Rate in accordance with forms prescribed by the State Comptroller.

AD VALOREM TAX PROCEDURES

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Reference is made to Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

VALUATION OF TAXABLE PROPERTY . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the District is the responsibility of the San Patricio County Appraisal District (the "Appraisal District"). Except as described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property. Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2024 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than \$5 million dollars (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property (collectively, the "Appraisal Cap"). After the 2024 tax year, through December 31, 2026, unless extended by the State legislature, the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value. For the 2025 tax year, the maximum property value was increased to \$5,160,000.

State law provides that eligible owner of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land. See "APPENDIX A – Table 1 Assessed Valuation" for the reduction in taxable valuation attributable to valuation by Productivity Value.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the District, in establishing their tax rolls and tax rates. See "AD VALOREM TAX PROCEDURES - District and Taxpayer Remedies."

STATE MANDATED HOMESTEAD EXEMPTIONS . . . State law grants, with respect to school district taxes imposed for general elementary and secondary public school purposes, (1) a \$100,000 exemption of the appraised value of all homesteads, (2) a \$10,000 exemption of the appraised value of the residence homesteads of persons sixty-five (65) years of age or older and the disabled, and (3) various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Sessions" herein for a discussion of a potential increase in the general State mandated homestead exemption from \$100,000 to \$140,000 and a potential increase in the State mandated homestead exemption of persons sixty-five (65) years of age or older and the disabled from \$10,000 to \$60,000.

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than \$5,000) and (2) an additional exemption of at least \$3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. Cities, counties and school districts are prohibited from repealing or reducing an optional homestead exemption that was granted in tax year 2022 through December 31, 2027.

STATE-MANDATED FREEZE ON SCHOOL DISTRICT TAXES . . . Except for increases attributable to certain improvements, a school district is prohibited from increasing the total ad valorem tax on the homesteads of persons sixty-five (65) years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. For persons sixty-five (65) years of age or older, but not the disabled, this freeze is also transferable to a different homestead or, under certain circumstances, to the surviving spouse of a qualifying taxpayer. See “APPENDIX A – Table 1 Assessed Valuation” for the reduction in taxable valuation attributable to the freeze on taxes for the elderly and disabled.

PERSONAL PROPERTY . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the “production of income” is taxed based on the property’s market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property. Subject to voter approval at a Statewide election to be held on November 4, 2025, legislation passed by the State legislature and signed by the Governor during the Legislature (as defined herein) would provide a person with an exemption from taxation by a taxing unit of \$125,000 of the appraised value of tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit (or, if the person leases such property, regardless of where the property is located in the taxing unit).

FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS . . . Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication (“Freeport Property”) are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days (“Goods-in-Transit”), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer’s motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property. See “APPENDIX A – Financial Information of the District – Assessed Valuation” for the reduction in taxable valuation, if any, attributable to Goods-in-Transit or Freeport Property exemptions.

OTHER EXEMPT PROPERTY . . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property. Beginning with the 2026 tax year, all intangible personal property is exempt from State taxation.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER . . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the Governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. For tax years beginning prior to January 1, 2022, except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. For tax years beginning on or after January 1, 2022, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code, as amended.

TAX INCREMENT REINVESTMENT ZONES . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones (“TIRZ”) within its boundaries. At the time of the creation of the TIRZ, a “base value” for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the “tax increment.” During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

Until September 1, 1999, school districts were able to reduce the value of taxable property reported to the State to reflect any taxable value lost due to TIRZ participation by the school district. The ability of the school district to deduct the taxable value of the tax increment that it contributed prevented the school district from being negatively affected in terms of state school funding. However, due to a change in law, local M&O tax rate revenue contributed to a TIRZ created on or after May 31, 1999 will count toward a school district’s Tier One entitlement (reducing Tier One State funds for eligible school districts) and will not be considered in calculating any school district’s Tier Two entitlement (see “CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts”).

TAX LIMITATION AGREEMENTS . . . The Texas Economic Development Act (Chapter 313, Texas Tax Code, as amended) allowed school districts to grant limitations on appraised property values to certain corporations and limited liability companies to encourage economic development within the school district. Generally, during the last eight (8) years of the ten-year term of a tax limitation agreement, a school district could only levy and collect M&O taxes on the agreed-to limited appraised property value. For the purpose of calculating its Tier One and Tier Two entitlements, the portion of a school district’s property that is not fully taxable is excluded from the school district’s taxable property values. Therefore, a school district will not be subject to a reduction in Tier One or Tier Two State funds as a result of lost M&O tax revenues due to entering into a tax limitation agreement (see “CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts”). The 87th Texas Legislature did not vote to extend this program, which expired by its terms, effective December 31, 2022.

In the 88th Legislative Session, House Bill 5 (“HB 5” or “The Texas Jobs, Energy, Technology, and Innovation Act”) was adopted to create an economic development program, subject to state oversight, which would attract jobs and investment to Texas through school district property tax abatement agreements with businesses. The effective date of HB 5 was January 1, 2024, and the District is currently monitoring the State’s implementation of this new economic development program.

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

For a discussion of how the various exemptions described above are applied by the District, see “AD VALOREM TAX PROCEDURES – District Application of Tax Code” herein.

DISTRICT AND TAXPAYER REMEDIES. . . Under certain circumstances, taxpayers and taxing units, including the District, may appeal to the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the District may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year “minimum eligibility amount,” as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$61,349,201 for the 2025 tax year and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases (see “TAX RATE LIMITATIONS – Public Hearing and Voter-Approval Tax Rate”). The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

LEVY AND COLLECTION OF TAXES . . . The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the District may provide, on a local option basis, split payment, partial payment, and discounts for early payment of taxes under certain circumstances. The Property Tax Code permits taxpayers owning homes

or certain businesses located in a disaster area and damaged as a direct result of the declared disaster to pay taxes imposed in the year following the disaster in four equal installments without penalty or interest, commencing on February 1 and ending on August 1. See “AD VALOREM TAX PROCEDURES – Temporary Exemption for Qualified Property Damaged by a Disaster” for further information related to a discussion of the applicability of this section of the Property Tax Code.

DISTRICT’S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the District are a personal obligation of the owner of the property. The District has no lien for unpaid taxes on personal property but does have a lien for unpaid taxes upon real property, which lien is discharged upon payment. On January 1 of each year, such tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The District’s tax lien is on a parity with the tax liens of other such taxing units. A tax lien on real property taxes takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights, or by bankruptcy proceedings which restrict the collection of taxpayer debts.

Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

DISTRICT APPLICATION OF TAX CODE⁽¹⁾ . . . The District does grant a State mandated \$100,000 general residence homestead exemption.

The District does grant a State mandated \$10,000 residence homestead exemption for taxpayers who are at least 65 years of age or disabled. A taxpayer who qualifies for both the age 65 or older exemption and the disabled exemption must choose only one of the options to claim.

The District does grant a State mandated residence homestead exemption for disabled veterans ranging from \$5,000 to \$12,000.

The District does not grant the additional local option exemption of up to 20% of the market value of residence homesteads.

The District does not tax personal property not used in the production of income, such as personal automobiles.

The San Patricio County Tax Assessor/Collector (the “Tax Collector”) collects taxes for the District.

The Tax Collector does not allow split payments.

The Tax Collector does not give discounts for the early payment of taxes.

The District does not participate in a tax increment-financing zone.

The District does not grant tax abatements; the District does grant section 313 agreements.

The District does not have a goods-in-transit policy in place.

The District does grant a freeport property exemption.

Ad valorem taxes are not levied by the District against the exempt value of residence homesteads for the payment of debt.

See “CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Sessions” herein for a discussion of a potential increase in the general State mandated homestead exemption from \$100,000 to \$140,000 and a potential increase in the State mandated homestead exemption of persons sixty-five (65) years of age or older and the disabled from \$10,000 to \$60,000.

The District's Maintenance and Operations Taxable value has been decreased by respective Chapter 313, Texas Tax Code Value Limitation Agreements (collectively, the "Value Limitation Agreements") entered into with Ingleside Ethylene LLC and Occidental Chemical Corporation (collectively, "Occidental") and the Chemours Company FC, LLC ("Chemours", and together with Occidental, the "Chapter 313 Participants"). This limitation applies only to the Maintenance and Operations taxable property value. The taxable value for Interest and Sinking purposes is not subject to the limitation. Commencing with the 2017 tax year, the taxable value for Maintenance and Operations tax purposes for the Occidental has been decreased to \$30,000,000 through the 2024 tax year after which there is no limitation on tax value for this purpose. The company is required to maintain a viable presence in the District until December 2027. Commencing with the 2019 tax year, the taxable value for Maintenance and Operations tax purposes for Chemours has been decreased to \$30,000,000 through the 2029 tax year after which there is no limitation on tax value for this purpose. The Chapter 313 Participants will compensate the District to offset any loss to Maintenance and Operations revenue over the term of each Value Limitation Agreement. The payments made by Chapter 313 Participants pursuant to each Value Limitation Agreement contribute to the District's general fund above and beyond what is generated through the school finance system.

On February 10, 2020, Air Liquide Large Industries US LP ("AirLiquide") submitted an application to the District for limitation on appraised value. The documentation submitted to the Texas Comptroller indicated a proposal to be approved by the District would limit AirLiquide's taxable value for Maintenance and Operations tax purposes to \$30,000,000 starting with the 2022 tax year and continuing through 2036 tax year.

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

Subject to satisfying certain conditions, the payment of the Bonds will be guaranteed by the corpus of the Permanent School Fund of the State of Texas. In the event of default, registered owners will receive all payments due on the Bonds from the Permanent School Fund, and the Charter District Bond Guarantee Reserve would be the first source to pay debt service if a charter school was unable to make such payment. See "APPENDIX D – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" for pertinent information regarding the Permanent School Fund Guarantee Program. The disclosure regarding the Permanent School Fund Guarantee Program in APPENDIX D is incorporated herein and made a part hereof for all purposes.

STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS

LITIGATION RELATING TO THE TEXAS PUBLIC SCHOOL FINANCE SYSTEM . . . On seven occasions in the last thirty years, the Texas Supreme Court (the "Court") has issued decisions assessing the constitutionality of the Texas public school finance system (the "Finance System"). The litigation has primarily focused on whether the Finance System, as amended by the Texas Legislature (the "Legislature") from time to time (i) met the requirements of article VII, section 1 of the Texas Constitution, which requires the Legislature to "establish and make suitable provision for the support and maintenance of an efficient system of public free schools," or (ii) imposed a statewide ad valorem tax in violation of article VIII, section 1-e of the Texas Constitution because the statutory limit on property taxes levied by school districts for maintenance and operation purposes had allegedly denied school districts meaningful discretion in setting their tax rates. In response to the Court's previous decisions, the Legislature enacted multiple laws that made substantive changes in the way the Finance System is funded in efforts to address the prior decisions declaring the Finance System unconstitutional.

On May 13, 2016, the Court issued its opinion in the most recent school finance litigation, *Morath v. The Texas Taxpayer & Student Fairness Coal.*, 490 S.W.3d 826 (Tex. 2016) ("*Morath*"). The plaintiffs and intervenors in the case had alleged that the Finance System, as modified by the Legislature in part in response to prior decisions of the Court, violated article VII, section 1 and article VIII, section 1-e of the Texas Constitution. In its opinion, the Court held that "[d]espite the imperfections of the current school funding regime, it meets minimum constitutional requirements." The Court also noted that:

Lawmakers decide if laws pass, and judges decide if those laws pass muster. But our lenient standard of review in this policy-laden area counsels' modesty. The judicial role is not to second-guess whether our system is optimal, but whether it is constitutional. Our Byzantine school funding "system" is undeniably imperfect, with immense room for improvement. But it satisfies minimum constitutional requirements.

POSSIBLE EFFECTS OF CHANGES IN LAW ON DISTRICT OBLIGATIONS . . . The Court's decision in *Morath* upheld the constitutionality of the Finance System but noted that the Finance System was "undeniably imperfect." While not compelled by the *Morath* decision to reform the Finance System, the Legislature could enact future changes to the Finance System. Any such changes could benefit or be a detriment to the District. If the Legislature enacts future changes to, or fails adequately to fund the Finance System, or if changes in circumstances otherwise provide grounds for a challenge, the Finance System could be challenged again in the future. In its 1995 opinion in *Edgewood Independent School District v. Meno*, 917 S.W.2d 717 (Tex. 1995), the Court stated that any future determination of unconstitutionality "would not, however, affect the district's authority to levy the taxes necessary to retire previously issued bonds, but would instead require the Legislature to cure the system's unconstitutionality in a way that is consistent with the Contract Clauses of the U.S. and Texas Constitutions" (collectively, the "Contract Clauses"), which prohibit the enactment of laws that impair prior obligations of contracts.

Although, as a matter of law, the Obligations, upon issuance and delivery, will be entitled to the protections afforded previously existing contractual obligations under the Contract Clauses, the District can make no representations or predictions concerning the effect of future legislation, or any litigation that may be associated with such legislation, on the District's financial condition, revenues or operations. While the enactment of future legislation to address school funding in Texas could adversely affect the financial condition, revenues or operations of the District, the District does not anticipate that the security for payment of the Obligations, specifically, the District's obligation to levy an unlimited debt service tax of the Obligations and any Permanent School Fund Guarantee of the Bonds would be adversely affected by any such legislation. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM."

CURRENT PUBLIC SCHOOL FINANCE SYSTEM

OVERVIEW . . . The following language constitutes only a summary of the Finance System as it is currently structured. The information contained under the captions "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" and "TAX RATE LIMITATIONS" is subject to change, and only reflects the District's understanding based on information available to the District as of the date of this Official Statement. For a more complete description of school finance and fiscal management in the State, reference is made to Chapters 43 through 49 of the Texas Education Code, as amended. Additionally, prospective investors are encouraged to review the Property Tax Code (as defined herein) for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the defined tax rates.

Local funding for school districts is derived from collections of ad valorem taxes levied on property located within each school district's boundaries. School districts are authorized to levy two types of property taxes: (i) a maintenance and operations ("M&O") tax to pay current expenses and (ii) an interest and sinking fund ("I&S") tax to pay debt service on bonds. School districts are prohibited from levying an M&O tax rate for the purpose of creating a surplus in M&O tax revenues to pay the district's debt service. School districts are required to demonstrate their ability to pay debt service on outstanding bonded indebtedness through the levy of an I&S tax at a rate not to exceed \$0.50 per \$100 of taxable value at the time bonds are issued. Once bonds are issued, however, school districts generally may levy an I&S tax sufficient to pay debt service on such bonds unlimited as to rate or amount. See "TAX RATE LIMITATIONS – I&S Tax Rate Limitations" herein. Because property values vary widely among school districts, the amount of local funding generated by school districts with the same I&S tax rate and M&O tax rate is subject to wide variation; however, the public school finance funding formulas are designed to generally equalize local funding generated by a school district's M&O tax rate.

2025 LEGISLATIVE SESSION . . . The regular session of the 89th Texas Legislature commenced on January 14, 2025 and concluded on June 2, 2025. The Texas Legislature (the "Legislature") meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The first special session is scheduled to begin on July 21, 2025, with the agenda to include 6 bills vetoed by the Governor (including the ban on THC products).

During the 89th Regular Session, the Legislature considered a general appropriations act and legislation affecting the Finance System and ad valorem taxation procedures and exemptions, and investments, among other legislation affecting school districts and the administrative agencies that oversee school districts. Contingent on voter approval at a Statewide election to be held on November 4, 2025, legislation passed by both houses of the Legislature would increase: (1) the State mandated general homestead exemption from \$100,000 to \$140,000, and (2) the additional exemption on the residence homesteads of those at least sixty-five (65) years of age or disabled from \$10,000 to \$60,000. Additionally, subject to the Governor's signing of the relevant legislation, both houses of the Legislature passed legislation that would authorize roughly \$8.5 billion in funding for public schools and would provide districts with a \$55 per-student increase to their base funding, as well as provide districts with additional funding for teacher and staff salaries, educator preparation, special education, safety requirements and early childhood learning. Finally, legislation passed by the Legislature and signed into law by the Governor will create an education savings account program (commonly referred to as vouchers) for students that attend private schools or home school. Such program could impact attendance in the District by incentivizing students to homeschool or attend private schools, which could negatively affect the District's attendance based funding.

The District is still in the process of reviewing legislation passed during the 89th Regular Session. At this time, the District cannot make any representations as to the full impact of such legislation. Further, the District can make no representations or predictions regarding the scope of legislation that may be considered in any special session or the potential impact of such legislation at this time, but it intends to monitor applicable legislation related thereto.

2023 LEGISLATIVE SESSIONS . . . The regular session of the 88th Texas Legislature began on January 10, 2023, and adjourned on May 29, 2023. The Legislature meets in regular session in odd numbered years for 140 days. During the 88th Regular Session, the Legislature considered a general appropriations act and legislation affecting the Finance System and ad valorem taxation procedures and exemptions, and investments, among other legislation affecting school districts and the administrative agencies that oversee school districts. Legislation enacted by the Legislature fully-funded the Foundation School Program for the 2023-2024 State fiscal biennium and increased the state guaranteed yield on the first \$0.08 cents of tax effort beyond a school district's Maximum Compressed Tax Rate (as defined herein) to \$126.21 per penny of tax effort per student in WADA (as defined herein) in 2024 (from \$98.56 in 2023) and \$129.52 per penny of tax effort per student in WADA in 2025. See "– State Funding for School Districts – Tier Two." The Legislature also provided for an increase in funding for the school safety allotment to \$10.00 (from \$9.72 in the prior year) per ADA (as defined herein)

and \$15,000 per campus. The Legislature set aside approximately \$4,000,000,000 in additional funding for public education contingent on certain legislation passing in future special sessions. However, the Legislature did not take action on such funding during any previous special sessions of the 88th Texas Legislature.

When the Legislature is not in session, the Governor may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Governor has called, and the Legislature has concluded four special sessions during the 88th Texas Legislature, (such special sessions, together with the 88th Regular Session, the "2023 Legislative Sessions"). During the second called special session, legislation was passed, and at an election held in the State on November 7, 2023, voters approved a State constitutional amendment that (i) reduced the Maximum Compressed Tax Rate for school districts by approximately \$0.107 for the 2023-2024 school year; (ii) increased the amount of the mandatory school district general residential homestead exemption from ad valorem taxation from \$40,000 to \$100,000 and to hold districts harmless from certain M&O and I&S tax revenue losses associated with the increase in the mandatory homestead exemption; (iii) adjusted the amount of the limitation on school district ad valorem taxes imposed on the residence homesteads of the elderly or disabled to reflect increases in exemption amounts; (iv) prohibited school districts, cities and counties from repealing or reducing an optional homestead exemption that was granted in tax year 2022 (the prohibition expires on December 31, 2027); (v) established a three- year pilot program limiting growth in the taxable assessed value of non-residence homestead property valued at \$4,385,000 or less to 20 percent (school districts are not held harmless for any negative revenue impacts associated with such limits); (vi) excepted certain appropriations to pay for ad valorem tax relief from the constitutional limitation on the rate of growth of appropriations; and (vii) expanded the size of the governing body of an appraisal district in a county with a population of more than 75,000 by adding elected directors and authorizing the Legislature to provide for a four-year term of office for a member of the board of directors of certain appraisal districts. This legislation reduces the amount of property taxes paid by homeowners and businesses and increases the State's share of the cost of funding public education.

As described above, the Governor called a fourth special session. The proclamation for the fourth called special session included the consideration of (i) "legislation relating to primary and secondary education, including the establishment of an education savings account program, the certification, compensation, and health coverage of certain public school employees, the public school finance system, special education in public schools, measures to support the education of public school students that include certain educational grant programs, reading instruction, and early childhood education, the provision of virtual education, and public school accountability;" and (ii) "legislation related to school safety measures and related state funding mechanisms." The session adjourned on December 5, 2023, without any action on these items.

LOCAL FUNDING FOR SCHOOL DISTRICTS . . . A school district's M&O tax rate is composed of two distinct parts: the "Tier One Tax Rate," which is the local M&O tax rate required for a school district to receive any part of the basic level of State funding (referred to herein as "Tier One") under the Foundation School Program, as further described below, and the "Enrichment Tax Rate," which is any local M&O tax effort in excess of its Tier One Tax Rate. Formulas for the State Compression Percentage and Maximum Compressed Tax Rate (each as described below) are designed to compress M&O tax rates in response to year-over-year increases in property values across the State and within a school district, respectively. The discussion in this subcaption "Local Funding for School Districts" is generally intended to describe funding provisions applicable to all school districts; however, there are distinctions in the funding formulas for school districts that generate local M&O tax revenues in excess of the school districts' funding entitlements. Such distinctions are discussed under the subcaption "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – Local Revenue Level in Excess of Entitlement" herein.

STATE COMPRESSION PERCENTAGE . . . The "State Compression Percentage" or "SCP" is the lesser of three alternative calculations: (i) 93% or a lower percentage set by appropriation for a school year; (ii) a percentage determined by formula if the estimated total taxable property value of the State (as submitted annually to the Legislature by the State Comptroller) has increased by at least 2.5% over the prior year; and (iii) the prior year SCP. For any year, the maximum SCP is 93%. For the State fiscal year ending in 2025, the SCP is set at 68.55%.

MAXIMUM COMPRESSED TAX RATE . . . The "Maximum Compressed Tax Rate" or the "MCR" is the tax rate per \$100 of valuation of taxable property at which a school district must levy its Tier One Tax Rate (described below) to receive the full amount of the Tier One funding to which the school district is entitled. The MCR is equal to the lesser of two alternative calculations: (1) the "State Compression Percentage" (as discussed above) multiplied by 100; or (2) a percentage determined by formula if the school district experienced a year-over-year increase in property value of at least 2.5% (if the increase in property value is less than 2.5%, then MCR is equal to the prior year MCR). However, each year the TEA shall evaluate the MCR for each school district in the State, and for any given year, if a school district's MCR is calculated to be less than 90% of any other school district's MCR for the current year, then the school district's MCR is instead equal to the school district's prior year MCR, until TEA determines that the difference between the school district's MCR and any other school district's MCR is not more than 10%. These compression formulas are intended to more closely equalize local generation of Tier One funding among districts with disparate tax bases and generally reduce the Tier One Tax Rates of school districts as property values increase. The MCR for the 2024-2025 school year was established as \$0.6885 as the maximum rate and \$0.6169 as the floor.

TIER ONE TAX RATE . . . A school district's Tier One Tax Rate is defined as a school district's M&O tax rate levied that does not exceed the school district's MCR.

ENRICHMENT TAX RATE . . . The Enrichment Tax Rate is the number of cents a school district levies for M&O in excess of the Tier One Tax Rate, up to an additional \$0.17. The Enrichment Tax Rate is divided into two components: (i) “Golden Pennies,” which are the first \$0.08 of tax effort in excess of a school district’s Tier One Tax Rate; and (ii) “Copper Pennies,” which are the next \$0.09 in excess of a school district’s Tier One Tax Rate plus Golden Pennies.

School districts may levy an Enrichment Tax Rate at a level of their choice, subject to the limitations described under “TAX RATE LIMITATIONS – Public Hearing and Voter-Approval Tax Rate.” However, to levy any of the Enrichment Tax Rate in a given year, a school district must levy a Tier One Tax Rate equal to the school district’s MCR for such year. Additionally, a school district’s levy of Copper Pennies is subject to compression if the guaranteed yield (i.e., the guaranteed level of local tax revenue and State aid generated for each cent of tax effort) of Copper Pennies is increased from one year to the next. See “CURRENT PUBLIC SCHOOL FINANCE SYSTEM– State Funding for School Districts – Tier Two” herein.

STATE FUNDING FOR SCHOOL DISTRICTS . . . State funding for school districts is provided through the two-tiered Foundation School Program, which guarantees certain levels of funding for school districts in the State. School districts are entitled to a legislatively appropriated guaranteed yield on their Tier One Tax Rate and Enrichment Tax Rate. When a school district’s Tier One Tax Rate and Enrichment Tax Rate generate tax revenues at a level below the respective entitlement, the State will provide “Tier One” funding or “Tier Two” funding, respectively, to fund the difference between the school district’s entitlements and the calculated M&O revenues generated by the school district’s respective M&O tax rates.

The first level of funding, Tier One, is the basic level of funding guaranteed to all school districts based on a school district’s Tier One Tax Rate. Tier One funding may then be “enriched” with Tier Two funding. Tier Two provides a guaranteed entitlement for each cent of a school district’s Enrichment Tax Rate, allowing a school district to increase or decrease its Enrichment Tax Rate to supplement Tier One funding at a level of the school district’s own choice. While Tier One funding may be used for the payment of debt service (except for school districts subject to the recapture provisions of Chapter 49 of the Texas Education Code, as amended, as discussed herein), and in some instances is required to be used for that purpose (see “TAX RATE LIMITATIONS – I&S Tax Rate Limitations” herein), Tier Two funding may not be used for the payment of debt service or capital outlay.

The Finance System also provides an Existing Debt Allotment (“EDA”) to subsidize debt service on eligible outstanding school district bonds, an Instructional Facilities Allotment (“IFA”) to subsidize debt service on newly issued bonds, and a New Instructional Facilities Allotment (“NIFA”) to subsidize operational expenses associated with the opening of a new instructional facility. IFA primarily addresses the debt service needs of property-poor school districts. For the 2024-2025 State fiscal biennium, the Legislature appropriated funds in the amount of \$1,072,511,740 for the EDA, IFA, and NIFA.

Tier One and Tier Two allotments represent the State’s share of the cost of M&O expenses of school districts, with local M&O taxes representing the school district’s local share. EDA and IFA allotments supplement a school district’s local I&S taxes levied for debt service on eligible bonds issued to construct, acquire and improve facilities, provided that a school district qualifies for such funding and that the Legislature makes sufficient appropriations to fund the allotments for a State fiscal biennium. Tier One and Tier Two allotments and existing EDA and IFA allotments are generally required to be funded each year by the Legislature.

TIER ONE . . . Tier One funding is the basic level of programmatic funding guaranteed to a school district, consisting of a State-appropriated baseline level of funding (the “Basic Allotment”) for each student in “Average Daily Attendance” (being generally calculated as the sum of student attendance for each State-mandated day of instruction divided by the number of State-mandated days of instruction, defined herein as “ADA”). The Basic Allotment is revised downward if a school district’s Tier One Tax Rate is less than the State-determined threshold. The Basic Allotment is supplemented by additional State funds, allotted based upon the unique school district characteristics, the demographics of students in ADA, and the educational programs the students are being served in, to make up most of a school district’s Tier One entitlement under the Foundation School Program.

The Basic Allotment for a school district with a Tier One Tax Rate equal to the school district’s MCR, is \$6,160 (or a greater amount as may be provided by appropriation) for each student in ADA and is revised downward for a school district with a Tier One Tax Rate lower than the school district’s MCR. The Basic Allotment is then supplemented for all school districts by various weights to account for differences among school districts and their student populations. Such additional allotments include, but are not limited to, increased funds for students in ADA who: (i) attend a qualified special education program, (ii) are diagnosed with dyslexia or a related disorder, (iii) are economically disadvantaged, or (iv) have limited English language proficiency. Additional allotments to mitigate differences among school districts include, but are not limited to: (i) a transportation allotment for mileage associated with transporting students who reside two miles or more from their home campus, (ii) a fast growth allotment, (iii) a college, career and military readiness allotment to further the State’s goal of increasing the number of students who attain a post-secondary education or workforce credential, and (iv) a teacher compensation incentive allotment to increase teacher retention in disadvantaged or rural school districts. A school district’s total Tier One funding, divided by \$6,160, is a school district’s measure of students in “Weighted Average Daily Attendance” (“WADA”), which serves to calculate Tier Two funding.

The fast growth allotment weights are 0.48 for districts in the top 40% of school districts for growth, 0.33 for districts in the middle 30% of school districts for growth and 0.18 for districts in the bottom 30% of school districts for growth. The fast growth allotment is limited to \$315 million for the 2023-2024 school year and \$320 million for the 2024-2025 school year.

TIER TWO . . . Tier Two supplements Tier One funding and provides two levels of enrichment with different guaranteed yields (i.e., Golden Pennies and Copper Pennies) depending on the school district's Enrichment Tax Rate. Golden Pennies generate a guaranteed yield equal to the greater of (i) the local revenue per student in WADA per cent of tax effort available to a school district at the ninety-sixth (96th) percentile of wealth per student in WADA, or (ii) the Basic Allotment (or a greater amount as may be provided by appropriation) multiplied by 0.016. For the 2024-2025 State fiscal biennium, school districts are guaranteed a yield of \$126.21 per student in WADA in 2024 and \$129.52 per student in WADA in 2025 for each Golden Penny levied. Copper Pennies generate a guaranteed yield per student in WADA equal to the school district's Basic Allotment (or a greater amount as may be provided by appropriation) multiplied by 0.008. For the 2024-2025 State fiscal biennium, school districts are guaranteed a yield of \$49.28 per student in WADA for each Copper Penny levied. For any school year in which the guaranteed yield of Copper Pennies per student in WADA exceeds the guaranteed yield of Copper Pennies per student in WADA for the preceding school year, a school district is required to reduce its Copper Pennies levied so as to generate no more revenue per student in WADA than was available to the school district for the preceding year.

EXISTING DEBT ALLOTMENT, INSTRUCTION FACILITIES ALLOTMENT, AND NEW INSTRUCTIONAL FACILITIES ALLOTMENT . . . The Foundation School Program also includes facilities funding components consisting of the IFA and the EDA, subject to legislative appropriation each State fiscal biennium. To the extent funded for a biennium, these programs assist school districts in funding facilities by, generally, equalizing a school district's I&S tax effort. The IFA guarantees each awarded school district a specified amount per student (the "IFA Yield") in State and local funds for each cent of I&S tax levied to pay the principal of and interest on eligible bonds issued to construct, acquire, renovate or improve instructional facilities. The IFA Yield has been \$35 since the program first began in 1997. New awards of IFA are only available if appropriated funds are allocated for such purpose by the Legislature. To receive an IFA award, in years where new IFA awards are available, a school district must apply to the Education Commissioner in accordance with rules adopted by the TEA before issuing the bonds to be paid with IFA State assistance. The total amount of debt service assistance over a biennium for which a school district may be awarded is limited to the lesser of (1) the actual debt service payments made by the school district in the biennium in which the bonds are issued; or (2) the greater of (a) \$100,000 or (b) \$250 multiplied by the number of students in ADA. The IFA is also available for lease-purchase agreements and refunding bonds meeting certain prescribed conditions. Once a school district receives an IFA award for bonds, it is entitled to continue receiving State assistance for such bonds without reapplying to the Education Commissioner. The guaranteed level of State and local funds per student per cent of local tax effort applicable to the bonds may not be reduced below the level provided for the year in which the bonds were issued. For the 2024-2025 State fiscal biennium, the Legislature did not appropriate any funds for new IFA awards; however, awards previously granted in years the Legislature did appropriate funds for new IFA awards will continue to be funded.

State financial assistance is provided for certain existing eligible debt issued by school districts through the EDA program. The EDA guaranteed yield (the "EDA Yield") is the lesser of (i) \$40 per student in ADA or a greater amount for any year provided by appropriation; or (ii) the amount that would result in a total additional EDA of \$60 million more than the EDA to which school districts would have been entitled to if the EDA Yield were \$35. The portion of a school district's local debt service rate that qualifies for EDA assistance is limited to the first \$0.29 of its I&S tax rate (or a greater amount for any year provided by appropriation by the Legislature). In general, a school district's bonds are eligible for EDA assistance if (i) the school district made payments on the bonds during the final fiscal year of the preceding State fiscal biennium, or (ii) the school district levied taxes to pay the principal of and interest on the bonds for that fiscal year. Each biennium, access to EDA funding is determined by the debt service taxes collected in the final year of the preceding biennium. A school district may not receive EDA funding for the principal and interest on a series of otherwise eligible bonds for which the school district receives IFA funding.

Since future-year IFA awards were not funded by the Legislature for the 2024-2025 State fiscal biennium and debt service assistance on school district bonds that are not yet eligible for EDA is not available, debt service payments during the 2024-2025 State fiscal biennium on new bonds issued by school districts in the 2024-2025 State fiscal biennium to construct, acquire and improve facilities must be funded solely from local I&S taxes, except to the extent that the bonds of a school district are eligible for hold-harmless funding from the State for local tax revenue lost as a result of an increase in the mandatory homestead exemption from \$40,000 to \$100,000. See "— 2023 Legislative Sessions." Hold- harmless applies only to bonds authorized by voters prior to September 1, 2023.

A school district may also qualify for a NIFA allotment, which provides assistance to school districts for operational expenses associated with opening new instructional facilities. During the 2023 Legislative Sessions, the Legislature appropriated funds in the amount of \$100,000,000 for each fiscal year of the 2024-2025 State fiscal biennium for NIFA allotments. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Sessions" herein for a discussion of a potential increase in the general State mandated homestead exemption from \$100,000 to \$140,000 and a potential increase in the State mandated homestead exemption of persons sixty-five (65) years of age or older and the disabled from \$10,000 to \$60,000.

TAX RATE AND FUNDING EQUITY . . . The Education Commissioner may proportionally reduce the amount of funding a school district receives under the Foundation School Program and the ADA calculation if the school district operates on a calendar that provides less than the State-mandated minimum instruction time in a school year. The Education Commissioner may also adjust a school district's ADA as it relates to State funding where disaster, flood, extreme weather or other calamity has a significant effect on a school district's attendance.

Furthermore, “property-wealthy” school districts that received additional State funds under the Finance System prior to the enactment of certain legislation passed during the 86th Texas Legislature are entitled to an equalized wealth transition grant on an annual basis, which will be phased out in the 2023-2024 school year, in an amount equal to the amount of additional revenue such school district would have received under former Texas Education Code Sections 41.002(e) through (g), as those sections existed on January 1, 2019. Additionally, school districts and open-enrollment charter schools may be entitled to receive an allotment in the form of a formula transition grant, but they will not be entitled to an allotment beginning with the 2024-2025 school year. This grant is meant to ensure a smooth transition into the funding formulas enacted by the 86th Texas Legislature. Furthermore, if the total amount of allotments to which school districts and open enrollment charter schools are entitled for a school year exceeds \$400 million, the Education Commissioner shall proportionately reduce each districts or school’s allotment. The reduction in the amount to which a district or school is entitled may not result in an amount that is less than zero. For the 2023-2024 school year, school districts will be held harmless and entitled to additional state aid to the extent that state and local revenue used to service eligible debt is less than the state and local revenue that would have been available to the district under state law providing for state aid to districts to account for increases in the general residence homestead exemption and the elderly or disabled tax ceiling as such state law existed on September 1, 2022, if any increase in a residence homestead exemption under the Texas Constitution, and any additional limitation on tax increases under the elderly or disabled tax ceiling had not occurred. See “AD VALOREM TAX PROCEDURES – Local Option Homestead Exemptions” and “ – State Mandated Freeze on School District Taxes.”

LOCAL REVENUE LEVEL IN EXCESS OF ENTITLEMENT . . . A school district that has sufficient property wealth per student in ADA to generate local revenues on the school district’s Tier One Tax Rate and Copper Pennies in excess of the school district’s respective funding entitlements (a “Chapter 49 school district”), is subject to the local revenue reduction provisions contained in Chapter 49 of Texas Education Code, as amended (“Chapter 49”). Additionally, in years in which the amount of State funds appropriated specifically excludes the amount necessary to provide the guaranteed yield for Golden Pennies, local revenues generated on a school district’s Golden Pennies in excess of the school district’s respective funding entitlement are subject to the local revenue reduction provisions of Chapter 49. To reduce local revenue in excess of entitlement, Chapter 49 school districts are generally subject to a process known as “recapture,” which requires a Chapter 49 school district to exercise certain options to remit local M&O tax revenues collected in excess of the Chapter 49 school district’s funding entitlements to the State (for redistribution to other school districts) or otherwise expending the respective M&O tax revenues for the benefit of students in school districts that are not Chapter 49 school districts, as described in the subcaption “– Options for Local Revenue Levels in Excess of Entitlement,” below. Chapter 49 school districts receive their allocable share of funds distributed from the constitutionally prescribed Available School Fund but are generally not eligible to receive State aid under the Foundation School Program, although they may continue to receive State funds for certain competitive grants and certain programs that remain outside the Foundation School Program.

OPTIONS FOR LOCAL REVENUE LEVELS IN EXCESS OF ENTITLEMENT . . . Under Chapter 49, a school district has six (6) options to reduce local revenues to a level that does not exceed the school district’s respective entitlements: (1) a school district may consolidate by agreement with one or more school districts to form a consolidated school district; all property and debt of the consolidating school districts vest in the consolidated school district; (2) a school district may detach property from its territory for annexation by a property-poor school district; (3) a school district may purchase attendance credits from the State; (4) a school district may contract to educate nonresident students from a property-poor school district by sending money directly to one or more property-poor school districts; (5) a school district may execute an agreement to provide students of one or more other school districts with career and technology education through a program designated as an area program for career and technology education; or (6) a school district may consolidate by agreement with one or more school districts to form a consolidated taxing school district solely to levy and distribute either M&O taxes or both M&O taxes and I&S taxes. A Chapter 49 school district may also exercise any combination of these remedies. Options (3), (4) and (6) require prior approval by the Chapter 49 school district’s voters.

Furthermore, a school district may not adopt a tax rate until its effective local revenue level is at or below the level that would produce its guaranteed entitlement under the Foundation School Program. If a school district fails to exercise a permitted option, the Education Commissioner must reduce the school district’s local revenue level to the level that would produce the school district’s guaranteed entitlement, by detaching certain types of property from the school district and annexing the property to a property-poor school district or, if necessary, consolidate the school district with a property-poor school district. Provisions governing detachment and annexation of taxable property by the Education Commissioner do not provide for assumption of any of the transferring school district’s existing debt.

CURRENT PUBLIC SCHOOL FINANCE SYSTEM AS APPLIED TO THE DISTRICT

For the 2024-25 school year, the District was designated as an "excess local revenue" Chapter 49 school district by TEA. Accordingly, the District is required to exercise one of the permitted wealth equalization options. As a district with wealth per student in excess of the equalized wealth value, the District has entered into a wealth equalization agreement with the Commissioner for the purchase of attendance credits for the 2024-25 school year, for the purpose of implementing permitted wealth equalization options.

A district’s “excess local revenues” must be tested for each future school year and, if it exceeds the maximum permitted level, the District must reduce its wealth per student by the exercise of one of the permitted wealth equalization options. Accordingly, if the District’s wealth per student should exceed the maximum permitted value in future school years, it will be required to exercise one or more of the permitted wealth equalization options. If the District were to consolidate (or consolidate its tax base for all purposes) with

a property-poor district, the outstanding debt of each district could become payable from the consolidated district's combined property tax base, and the District's ration of taxable property to debt could become diluted. If the District were to detach property voluntarily, a portion of its outstanding debt (including the Obligations) could be assumed by the district to which the property is annexed, in which case timely payment of the Obligations could become dependent in part on the financial performance of an annexing district.

For a detailed discussion of State funding for school district see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts."

INVESTMENTS

INVESTMENTS . . . The District invests its funds in investments authorized by State law in accordance with investment policies approved by the Board of the District. Both State law and the District's investment policies are subject to change.

LEGAL INVESTMENTS . . . Under State law, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors, or otherwise meeting the requirements of the Texas Public Funds Investment Act; (8) certificates of deposit and share certificates that (i) are issued by or through an institution that has its main office or a branch in Texas and (a) are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors, (b) are secured as to principal by obligations described in clauses (1) through (7) above, or (c) secured in any other manner and amount provided by law for District deposits, or (ii) certificates of deposit where (a) the funds are invested by the District through a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the District as required by law, or a depository institution that has its main office or a branch office in the State of Texas that is selected by the District; (b) the broker or the depository institution selected by the District arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the District, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the District appoints the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the United States Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 as custodian for the District with respect to the certificates of deposit issued for the account of the District; (9) fully collateralized repurchase agreements that (i) have a defined termination date, (ii) are fully secured by a combination of cash and obligations described in clause (1), (iii) require the securities being purchased by the District or cash held 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 (iv) are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (10) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time, and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (7) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (7) above and clauses (12) through (15) below, (ii) securities held as collateral under a loan are pledged to the District, held in the District's name and deposited at the time the investment is made with the District or a third party designated by the District, (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas, and (iv) the agreement to lend securities has a term of one year or less; (11) certain bankers' acceptances if the bankers' acceptance (i) has a stated maturity of 270 days or fewer from the date of issuance, (ii) will be, in accordance with its terms, liquidated in full at maturity, (iii) is eligible for collateral for borrowing from a Federal Reserve Bank, and (iv) is accepted by a State or Federal bank, if the short-term obligations of the accepting bank or its holding company (if the accepting bank is the largest subsidiary) are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with (i) a stated maturity of 270 days or less from the date of issuance, and (ii) a rating of at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (13) no-load money market mutual funds that are (i) registered with and regulated by the United States Securities and Exchange Commission, (ii) provide the District with a prospectus and other information required by the Securities and Exchange Act of 1934; and (iii) comply with Federal Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are (i) registered with the United States Securities and Exchange Commission, (ii) have an average weighted maturity of less than two years, and (iii) either (a) have a duration of one year or more and are invested exclusively in obligations described in this paragraph, or (b) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; (15) investment pools if the District has authorized investment in the particular pool and the pool invests solely in investments permitted by the Texas Public Funds Investment Act, and is continuously rated no lower than "AAA" or "AAA-m" or at an equivalent rating by at least one nationally recognized rating service; (16) guaranteed investment contracts

that (i) have a defined termination date, (ii) are secured by obligations which meet the requirements of the Texas Public Funds Investment Act in an amount at least equal to the amount of bond proceeds invested under such contract, and (iii) are pledged to the District and deposited with the District or with a third party selected and approved by the District; and (17) aggregate repurchase agreement transactions entered into by an investing entity in conformity with the provisions of subsections (a-1), (f), and (g) of Section 2256.011 of the Public Funds Investment Act.

The District may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance, or resolution. The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES . . . Under State law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for District funds, maximum allowable stated maturity of any individual investment owned by the District, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Public Funds Investment Act. As an integral part of its investment policy, the District is required to adopt a separate written investment strategy for each of the funds under its control. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, District investments must 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 probable income to be derived." At least quarterly the investment officers of the District shall submit an investment report detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest during the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) State law. No person may invest District funds without express written authority from the Board.

ADDITIONAL PROVISIONS . . . Under State law, the District is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the District to disclose the relationship and file a statement with the TEC and the Board; (4) require the qualified representative of firms offering to engage in an investment transaction with the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the District and the business organization that are not authorized by the District's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio, requires an interpretation of subjective investment standards, or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement in a form acceptable to the District and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the District's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the District.

As a school district that qualifies as an "issuer" under Chapter 1371, the District is also authorized to purchase, sell, and invest its funds in corporate bonds. State law defines "corporate bonds" as senior secured debt obligations issued by a domestic business entity and rated not lower than "AA-" or the equivalent by a nationally recognized investment rating firm. The term does not include a bond that is convertible into stocks or shares in the entity issuing the bond (or an affiliate or subsidiary thereof) or any unsecured debt. Corporate bonds must finally mature not later than 3 years from their date of purchase by the school district. A school district may not (1) invest

more than 15% of its monthly average fund balance (excluding bond proceeds, reserves, and other funds held for the payment of debt service) in corporate bonds; or (2) invest more than 25% of the funds invested in corporate bonds in any one domestic business entity (including subsidiaries and affiliates thereof). Corporate bonds held by a school district must be sold if they are at any time downgraded below “AA-” (or the equivalent thereof) or, with respect to a corporate bond rated “AA-” (or the equivalent thereof), such corporate bond is placed on negative credit watch. Corporate bonds are not an eligible investment for a public funds investment pool. To invest in corporate bonds, an eligible school district must first (i) amend its investment policy to authorize corporate bonds as an eligible investment, (ii) adopt procedures for monitoring rating changes in corporate bonds and liquidating an investment in corporate bonds, and (iii) identify funds eligible to be invested in corporate bonds. As of the date of this Official Statement, the District has not taken the steps necessary to allow for investing in corporate bonds or made investments in that type of instrument.

CURRENT INVESTMENTS*

TABLE 1

As of April 30, 2025, the District’s investable funds were invested in the following:

| <u>Type of Investment</u> | <u>Amount</u> |
|-----------------------------|------------------|
| LoneStar Investment Pool | \$ 40,907,270 |
| TexPool Investment Pool | 596,699 |
| Texas Range Investment Pool | <u>6,380,167</u> |
| Total | \$ 47,884,136 |

*Unaudited.

EMPLOYEES’ RETIREMENT PLAN AND OTHER POST-EMPLOYMENT BENEFITS

The District’s employees participate in a retirement plan (the “Plan”) with the State of Texas. The Plan is administered by the Teacher Retirement System of Texas (“TRS”). State contributions are made to cover costs of the Plan up to certain statutory limits. The District is obligated for a portion of TRS costs relating to employee salaries that exceed the statutory limit. Aside from the District’s contribution to TRS, the District has no pension fund expenditures or liabilities. For the fiscal year ended August 31, 2024, the District made a contribution to TRS on a portion of their employee’s salaries that exceeded the statutory minimum. For a discussion of the Plan, see “Note – L” in the audited financial statements of the District that are attached hereto as APPENDIX E (the “Financial Statements”).

In addition to its participation in TRS, the District contributes to the Texas Public School Retired Employees Group Insurance Program (the “TRS-Care Retired Plan”), a cost-sharing multiple-employer defined benefit post-employment health care plan. The TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the TRS. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. For more detailed information concerning the District’s funding policy and contributions in connection with the TRS-Care Retired Plan, see “Note K” in the Financial Statements.

During the year ended August 31, 2024, employees of the District were covered by a fully-insured health insurance plan (the “Health Care Plan”). The District contributed \$335 per month per employee to the Health Care Plan. Employees, at their option, authorize payroll withholdings to pay premiums for dependents. See “Note O” of the Financial Statements.

Formal collective bargaining agreements relating directly to wages and other conditions of employment are prohibited by State law, as are strikes by teachers. There are various local, state and national organized employee groups who engage in efforts to better terms and conditions of employment of school employees. Some districts have adopted a policy to consult with employer groups with respect to certain terms and conditions of employment. Some examples of these groups are the Texas State Teachers Association, the Texas Classroom Teachers Association, the Association of Texas Professional Educators and the National Education Association.

TAX MATTERS

OPINIONS . . . On the Date of Initial Delivery of the Obligations, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel, will render its opinions that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”), (i) interest on the Obligations for federal income tax purposes will be excludable from the “gross income” of the holders thereof and (ii) the Obligations will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations. See “APPENDIX C – Forms of Bond Counsel’s Opinions.”

In rendering its opinions, Bond Counsel will rely upon (a) the District’s federal tax certificate, (b) covenants of the District with respect to arbitrage, the application of proceeds to be received from the issuance and sale of the Obligations and certain other matters, and (c) the certificate with respect to arbitrage by the Commissioner of Education regarding the allocation and investment of certain investments in the Permanent School Fund related to the Bonds.

Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Obligations to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Obligations in order for interest on the Obligations to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Obligations to be included in gross income retroactively to the date of issuance of the Obligations. The opinions of Bond Counsel is conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Obligations.

Bond Counsel's opinions represent legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinions are not a guarantee of a result. Existing Law is subject to change by Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Obligations.

A ruling was not sought from the Internal Revenue Service (the "IRS") by the District with respect to the Obligations or the property financed or refinanced with proceeds of the Obligations. Bond Counsel's opinions represent legal judgment based upon its review of Existing Law and the representations of the District that it deems relevant to render such opinions and is not a guarantee of a result.

No assurances can be given as to whether the IRS will commence an audit of the Obligations, or as to whether the IRS would agree with the opinions of Bond Counsel. If an IRS audit is commenced, under current procedures the IRS is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT . . . The initial public offering price to be paid for one or more maturities of the Obligations may be less than the principal amount thereof or one or more periods for the payment of interest on the Obligations may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such an event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Obligations less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Obligations and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES . . . The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Obligations. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, and excess passive interest incurred, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE OBLIGATIONS.

Interest on the Obligations may be includable in certain corporations' "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Obligations, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Obligations, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

STATE, LOCAL AND FOREIGN TAXES . . . Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Obligations under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

INFORMATION REPORTING AND BACKUP WITHHOLDING . . . Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Obligations will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

FUTURE AND PROPOSED LEGISLATION . . . Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Obligations under Federal or state law and could affect the market price or marketability of the Obligations. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Obligations should consult their own tax advisors regarding the foregoing matters.

CONTINUING DISCLOSURE OF INFORMATION

In the Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Obligations. The District is required to observe the agreement while it remains obligated to advance funds to pay the Obligations. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be available to securities brokers and others who subscribe to receive the information from the MSRB.

ANNUAL REPORTS . . . The District will file certain updated financial information and operating data with the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement as Table 1, in APPENDIX A (Tables 1 – 8) and in APPENDIX E. The District will update and provide this information within twelve months after the end of each Fiscal Year ending in or after 2025.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Electronic Municipal Market Access ("EMMA") Internet Website or filed with the United States Securities and Exchange Commission (the "SEC"); as permitted by the Rule. The updated information will include audited financial statements, if the District commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the District will provide unaudited financial information by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX D or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation.

The District's current fiscal year end is August 31. Accordingly, it must provide updated information by August 31 in each year following the end of its fiscal year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

EVENT NOTICES . . . The District will also provide to the MSRB notices of certain events on a timely basis no later than 10 business days after the event. The District will provide notice of any of the following events with respect to the Obligations: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District; (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a debt obligation of the District or a derivative instrument entered into by the District in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or a guarantee by the District of any such debt obligation or derivative instrument, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such debt obligation, derivative instrument, or guarantee of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such debt obligation, derivative instrument, or guarantee of the District, any of which reflect financial difficulties. Neither the Obligations nor the Order makes any provision for a debt service reserve fund, optional redemption prior to stated maturity (as it relates to the Refunding Bonds), credit enhancement (except with respect to the Permanent School Guarantee Fund for the Bonds) or a trustee. In the Order, the District adopted policies and procedures to ensure timely compliance with continuing disclosure undertakings.

For these purposes, (a) any event described in clause (12) of the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District, and (b) the District intends the words used in the immediately preceding clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

NOTICE OF FAILURE TO TIMELY FILE . . . The District also will notify the MSRB through EMMA, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with the provisions described above.

AVAILABILITY OF INFORMATION . . . The District has agreed to provide the foregoing information only to the MSRB. The information will be available to holders of the Obligations free of charge through the MSRB's EMMA system.

LIMITATIONS AND AMENDMENTS . . . The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Obligations at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Obligations may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement 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 (i) the

agreement, as amended, would have permitted an underwriter to purchase or sell Obligations in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the registered owners of a majority in aggregate principal amount of the outstanding Obligations consent to the amendment or (b) any qualified person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Obligations. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Obligations in the primary offering of the Obligations. If the District so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the past five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OTHER INFORMATION

RATING . . . The Bonds have been rated "AAA" by S&P Global Ratings, a division of S&P Global Inc. ("S&P") based on the payment being guaranteed by the Permanent School Fund of the State of Texas. The Refunding Bonds along with the unenhanced, underlying rating on the Bonds, together with the District's outstanding unlimited tax-supported indebtedness, is affirmed as "AA-" by S&P. **The Refunding Bonds are not guaranteed by the Texas Permanent School Fund Guarantee Program.** The rating reflects only the respective views of such organizations at the time the ratings are given, and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either of both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Obligations. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

Periodically, rating agencies will evaluate and, on occasion as a result of these evaluations revise, their rating methodologies and criteria for municipal issuers such as the District. A revision in a rating agency's rating methodology could result in a positive or negative change in a rating assigned by that agency, even if the rated entity has experienced no material change in financial condition or operation. Any of the rating agencies at any time while the Obligations remain outstanding could undertake such an evaluation process.

LITIGATION . . . In the opinion of District officials, the District is not a party to any litigation or other proceeding pending or to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the District, would have a material adverse effect on the financial condition of the District.

At the time of the initial delivery of the Obligations, the District will provide the respective Purchaser with respective certificates to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Obligations or that affects the payment and security of the Obligations or in any other manner questioning the issuance, sale or delivery of the Obligations.

REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE . . . The sale of the Obligations has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Obligations have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Obligations been qualified under the securities acts of any jurisdiction. The District assumes no responsibility for qualification of the Obligations under the securities laws of any jurisdiction in which the Obligations may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Obligations shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

It is the obligation of the respective Purchaser to register or qualify the sale of the Obligations under the securities laws of any jurisdiction which so requires. The District agrees to cooperate, at the respective Purchaser's written request and sole expense, in registering or qualifying the Obligations or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the District shall not be required to qualify as a foreign corporation or to execute a general or special consent to service of process in any jurisdiction.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provides that the Obligations are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Obligations by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, requires that the Obligations be

assigned a rating of at least “A” or its equivalent as to investment quality by a national rating agency. See “OTHER INFORMATION – Rating” herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Obligations are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the District has been made of the laws in other states to determine whether the Obligations are legal investments for various institutions in those states.

LEGAL MATTERS . . . The delivery of the Obligations are subject to the approval of the Attorney General of Texas to the effect that the Obligations are valid and legally binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, without legal limitation as to rate or amount, upon all taxable property in the District and the approving legal opinions of McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel, in substantially the forms attached hereto as APPENDIX C. Though it represents the Financial Advisor from time to time in matters unrelated to the issuance of the Obligations, in connection with the issuance of the Obligations, Bond Counsel was engaged by, and only represents, the District. Except as noted below, Bond Counsel was not requested to participate, and did not take part, in the preparation of this Official Statement and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein, except in its capacity as Bond Counsel, such firm has reviewed the information appearing under captions “THE OBLIGATIONS” (except for “Book-Entry-Only System,” “Payment Record,” and “Bondholders’ Remedies” as to which no opinion is expressed) and “CONTINUING DISCLOSURE OF INFORMATION” (except for the information under the subheading “Compliance with Prior Undertakings” as to which no opinion is expressed) and Bond Counsel is of the opinion that the statements and information contained therein fairly and accurately reflect the provisions of the Bond Order; further, Bond Counsel has reviewed the statements and information contained in the Official Statement under the captions and sub-captions,” “TAX MATTERS,” “OTHER INFORMATION – Registration and Qualification of Obligations for Sale,” “OTHER INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas” and “OTHER INFORMATION – Legal Matters” and Bond Counsel is of the opinion that the information relating to the Obligations and legal matters contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Obligations, such information conforms to the Order. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent upon the sale and delivery of the each series of Obligations. The legal opinions of Bond Counsel will accompany the Obligations deposited with DTC or will be printed on the definitive Obligations in the event of the discontinuance of the Book-Entry-Only System. McCall, Parkhurst & Horton L.L.P. also advises the TEA in connection with its disclosure obligations under federal securities laws, but such firm has not passed upon any TEA disclosures contained in the Official Statement.

The various legal opinions to be delivered concurrently with the delivery of the Obligations express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as Financial Advisor to the District in connection with the issuance of the Obligations. The Financial Advisor’s fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. Specialized Public Finance Inc., in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the District has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

INITIAL PURCHASER . . . After requesting competitive bids for the Bonds, the District accepted the bid from _____ (the “New Money Purchaser”) to purchase the Bonds at the interest rates shown on page 2 of the Official Statement at a price of \$ _____. The New Money Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the District to the New Money Purchaser. The District has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the New Money Purchaser.

After requesting competitive bids for the Refunding Bonds, the District accepted the bid from _____ (the “Refunding Bond Purchaser”) to purchase the Refunding Bonds at the interest rates shown on page 3 of the Official Statement at a price of \$ _____. The Refunding Bond Purchaser can give no assurance that any trading market will be developed for the Refunding Bonds after their sale by the District to the Refunding Bond Purchaser. The District has no control over the price at which the Refunding Bonds are subsequently sold and the initial yield at which the Refunding Bonds will be priced and reoffered will be established by and will be the responsibility of the Refunding Bond Purchaser.

CERTIFICATION OF THE OFFICIAL STATEMENT . . . At the time of payment for and delivery of the Obligations, the respective Purchaser will be furnished respective certificates, executed by the Pricing Officer acting in his or her official capacity, to the effect that to the best of his or her knowledge and belief: (a) the description and statements of or pertaining to the District contained in the Official Statement, and any addenda, supplement or amendment thereto, on the date of the Official Statement, on the date of the sale of the Obligations and the acceptance of the respective best bids therefor, and on the date of the initial delivery of the Obligations, were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs are concerned, the Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of circumstances under which they were made, not misleading; (c) to the best of his or her knowledge, insofar as the description and statements, including financial data, of or pertaining to entities other than the District, and their activities contained in the Official Statement are concerned, such statements and data have been obtained from sources which the District believes to be reliable and that the District has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the District since August 31, 2024, the date of the last audited financial statements of the District.

FORWARD-LOOKING STATEMENTS DISCLAIMER . . . The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical, are forward-looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. The District's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the District. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

INFORMATION FROM EXTERNAL SOURCES . . . References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this preliminary official statement for purposes of, and as that term is defined in, the Rule.

MISCELLANEOUS . . . The financial data and other information contained herein have been obtained from the District's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

In the Bond Order, the Board authorized (i) the District representative in the Pricing Certificate to approve, for and on behalf of the District, the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and (ii) its further use in the public offering and sale of the Obligations by the New Money Purchaser and the Refunding Purchaser.

Pricing Officer
Ingleside Independent School District

SCHEDULE I

TABLE OF REFUNDED OBLIGATIONS*

Maintenance Tax Notes, Series 2024

| Principal Amount | Interest Rate | Maturity Date |
|---------------------|------------------|------------------|
| \$ 450,000 | 3.620% | 8/15/2025 |
| 435,000 | 3.620% | 8/15/2026 |
| 455,000 | 3.620% | 8/15/2027 |
| 470,000 | 3.620% | 8/15/2028 |
| 485,000 | 3.620% | 8/15/2029 |
| 505,000 | 3.620% | 8/15/2030 |
| 520,000 | 3.620% | 8/15/2031 |
| 540,000 | 3.620% | 8/15/2032 |
| 560,000 | 3.620% | 8/15/2033 |
| 580,000 | 3.620% | 8/15/2034 |
| \$ 5,000,000 | | |

Redemption Date: 8/15/2025

Redemption Price: 100%

*Preliminary, subject to change.

APPENDIX A

FINANCIAL INFORMATION OF THE ISSUER

FINANCIAL INFORMATION OF THE ISSUER**ASSESSED VALUATION****TABLE 1**

| | |
|---|-------------------------|
| 2024 Total Appraised Value | \$ 6,020,527,046 |
| Less: | |
| Homestead Exemption Loss | \$ 210,683,823 |
| Over-65/Homestead Exemption Loss | 7,218,104 |
| Disabled Persons | 670,000 |
| Disabled Veteran Exemption | 1,723,824 |
| Disabled Veteran Homestead Exemption | 16,104,338 |
| Pollution Control (TNRCC) Exemption Loss | 443,392,440 |
| Freeport Exemption | 63,063,270 |
| Solar | 3,290,024 |
| Value Lost to Texas Economic Development | 1,626,705,330 |
| Miscellaneous | 8,571,607 |
| Productivity Loss | 29,089,825 |
| Homestead Cap | 73,325,371 |
| M&O Net Taxable Assessed Valuation⁽¹⁾ | \$ 3,536,689,090 |
| Value Lost to Texas Economic Development | 1,626,705,330 |
| I&S Net Taxable Assessed Valuation | \$ 5,163,394,420 |

Note: The above figures were taken from the San Patricio County Appraisal District which is compiled during the initial phase of the tax year and are subject to change.

(1) The District's M&O taxable value is decreased by the Value Limitation Agreements. The tax roll levy reflects the District's taxable value which is decreased by the Value Limitation Agreements. This limitation applies only to the Maintenance and Operations taxable property value.

GENERAL OBLIGATION BONDED DEBT

(As of June 1, 2025)

General Obligation Debt Outstanding:

| | |
|--|---------------------------|
| Unlimited Tax Debt ⁽¹⁾ : | |
| Unlimited Tax School Building Bonds, Series 2016 | \$ 5,720,000 |
| Unlimited Tax School Building Bonds, Series 2017 | 22,675,000 |
| Unlimited Tax Refunding Bonds, Series 2020 | 2,715,000 |
| Unlimited Tax School Building Bonds, Series 2021 | 23,080,000 |
| The Bonds | 44,900,000 ⁽²⁾ |
| The Refunding Bonds | 4,385,000 ⁽²⁾ |
| Total Unlimited Tax Debt ⁽¹⁾ | \$ 103,475,000 |

Limited Tax Debt:

| | |
|------------------------------------|---------------------|
| Maintenance Tax Notes, Series 2024 | \$ - ⁽³⁾ |
| Total Limited Tax Debt | \$ - |

General Obligation Interest and Sinking Fund Balance as of June 1, 2025 \$ 1,701,363

Ratio of Total General Obligation Debt to 2024 Net Taxable Assessed Valuation⁽¹⁾ 2.00%

| | |
|---|--------------------|
| Area of District: | 199 Square Miles |
| Estimated Population: | 9,393 in Year 2025 |
| Per Capita 2024 Net Taxable Assessed Valuation: | \$ 181 |
| Per Capita General Obligation Debt: | \$ 11,016 |

⁽¹⁾ See "AD VALOREM TAX PROCEDURES" in the body of this Official Statement for a description of the Issuer's taxation procedures.

⁽²⁾ Preliminary, subject to change.

⁽³⁾ Excludes the Refunded Obligations. Preliminary, subject to change.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

| Fiscal Year Ending 8/31 | Current Total Debt Service ⁽¹⁾ | The Bonds ⁽²⁾ | | | The Refunding Bonds ⁽²⁾ | | | Combined Debt Service |
|-------------------------------|---|--------------------------|--------------|---------------|------------------------------------|--------------|--------------|-----------------------------|
| | | Principal | Interest | Total | Principal | Interest | Total | |
| 2025 | \$ 5,341,263 | \$ 195,000 | \$ 56,125 | \$ 251,125 | \$ - | \$ - | \$ - | \$ 5,592,388 |
| 2026 | 5,334,913 | 430,000 | 2,235,250 | 2,665,250 | 345,000 | 224,731 | 569,731 | 8,569,894 |
| 2027 | 5,330,863 | 440,000 | 2,213,750 | 2,653,750 | 365,000 | 202,000 | 567,000 | 8,551,613 |
| 2028 | 5,340,013 | 430,000 | 2,191,750 | 2,621,750 | 385,000 | 183,750 | 568,750 | 8,530,513 |
| 2029 | 5,336,413 | 440,000 | 2,170,250 | 2,610,250 | 405,000 | 164,500 | 569,500 | 8,516,163 |
| 2030 | 4,751,113 | 1,020,000 | 2,148,250 | 3,168,250 | 425,000 | 144,250 | 569,250 | 8,488,613 |
| 2031 | 4,749,763 | 1,060,000 | 2,097,250 | 3,157,250 | 445,000 | 123,000 | 568,000 | 8,475,013 |
| 2032 | 4,748,413 | 1,110,000 | 2,044,250 | 3,154,250 | 470,000 | 100,750 | 570,750 | 8,473,413 |
| 2033 | 4,750,013 | 1,160,000 | 1,988,750 | 3,148,750 | 490,000 | 77,250 | 567,250 | 8,466,013 |
| 2034 | 4,748,013 | 1,220,000 | 1,930,750 | 3,150,750 | 515,000 | 52,750 | 567,750 | 8,466,513 |
| 2035 | 4,754,263 | 1,280,000 | 1,869,750 | 3,149,750 | 540,000 | 27,000 | 567,000 | 8,471,013 |
| 2036 | 4,748,163 | 1,920,000 | 1,805,750 | 3,725,750 | - | - | - | 8,473,913 |
| 2037 | 4,144,813 | 2,585,000 | 1,709,750 | 4,294,750 | - | - | - | 8,439,563 |
| 2038 | 1,728,513 | 3,110,000 | 1,580,500 | 4,690,500 | - | - | - | 6,419,013 |
| 2039 | 1,726,613 | 3,265,000 | 1,425,000 | 4,690,000 | - | - | - | 6,416,613 |
| 2040 | 1,729,113 | 3,425,000 | 1,261,750 | 4,686,750 | - | - | - | 6,415,863 |
| 2041 | 1,725,913 | 3,600,000 | 1,090,500 | 4,690,500 | - | - | - | 6,416,413 |
| 2042 | - | 4,225,000 | 910,500 | 5,135,500 | - | - | - | 5,135,500 |
| 2043 | - | 4,435,000 | 699,250 | 5,134,250 | - | - | - | 5,134,250 |
| 2044 | - | 4,660,000 | 477,500 | 5,137,500 | - | - | - | 5,137,500 |
| 2045 | - | 4,890,000 | 244,500 | 5,134,500 | - | - | - | 5,134,500 |
| | \$ 70,988,163 | \$44,900,000 | \$32,151,125 | \$ 77,051,125 | \$ 4,385,000 | \$ 1,299,981 | \$ 5,684,981 | \$153,724,269 |

⁽¹⁾ Excludes the Refunded Obligations. Preliminary, subject to change.

⁽²⁾ Interest on the Obligations has been calculated at an assumed rate for purposes of illustration. Preliminary, subject to change.

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TAX ADEQUACY

| | | |
|--|-----|------------------|
| I&S Net Taxable Assessed Valuation ⁽¹⁾ | | \$ 5,163,394,420 |
| Estimated Maximum Annual Debt Service Requirements for Fiscal Year Ending: 8/31/2036 | \$ | 8,569,894 |
| Less: Existing Debt Allotment | | - |
| Less: Instructional Facilities Allotment | | - |
| Net Debt Service Requirement | \$ | 8,569,894 |
| Indicated Interest and Sinking Fund Tax Rate | \$ | 0.1694 |
| Indicated Interest and Sinking Fund Tax Levy at the following Collections: | 98% | \$ 8,571,854 |

Note: See "Tax Data" herein.

INTEREST AND SINKING FUND MANAGEMENT INDEX

| | | |
|--|----|------------|
| Audited General Obligation Interest and Sinking Fund Balance as of August 31, 2024 | \$ | 1,701,363 |
| 2024 Interest and Sinking Fund Tax Levy at 98% Collections Produce | | 6,502,263 |
| Plus: Existing Debt Allotment | | - |
| Plus: Instructional Facilities Allotment | | 6,502,263 |
| Plus: Additional State Aid for Homestead Exemption | | 143,997 |
| Total Available for Debt Service | \$ | 14,849,886 |
| Less: General Obligation Debt Service Requirements, Fiscal Year Ending August 31, 2025 | | 5,341,263 |
| Estimated Balance at Fiscal Year Ended August 31, 2025 | \$ | 9,508,623 |

DEBT OBLIGATIONS -

CAPITAL LEASE AND NOTES PAYABLE

TABLE 2

None

TAXABLE ASSESSED VALUATION FOR TAX YEARS 2020 – 2024

TABLE 3

| Tax Year | Net Taxable Assessed Valuation | Change From Preceding Year | |
|-------------|-----------------------------------|-----------------------------|---------|
| | | Amount (\$) | Percent |
| 2020 | \$ 3,612,658,522 | \$ 152,964,080 | 4.42% |
| 2021 | 4,060,240,046 ⁽¹⁾ | 447,581,524 | 12.39% |
| 2022 | 4,655,888,529 ⁽¹⁾ | 595,648,483 | 14.67% |
| 2023 | 5,247,184,320 ⁽¹⁾ | 591,295,791 | 12.70% |
| 2024 | 5,163,394,420 ⁽¹⁾ | (83,789,900) ⁽²⁾ | -1.60% |

Note: The above figures were taken from the San Patricio County Appraisal District.

(1) See "Chapter 313, Texas Tax Code Value Limitation Agreement" and "Tax Value Concentration" in Table 4.

(2) Change in taxable valuation primarily due to fluctuation and volatility in the oil and gas industry.

PRINCIPAL TAXPAYERS⁽¹⁾
TABLE 4

| Name | Type of Property | 2024 Net | % of Total |
|---|-------------------------|-------------------------------|----------------------------|
| | | Taxable Assessed Valuation | 2024 Assessed Valuation |
| Enbridge Ingleside Oil Terminal | Crude Export Terminal | \$ 601,858,127 | 11.66% |
| South Texas Gateway Terminal | Export Storage Terminal | 324,872,650 | 6.29% |
| Chemours Company FC LLC ⁽¹⁾ | Chemical | 232,451,673 | 4.50% |
| Oxymer | Minerals | 226,150,680 | 4.38% |
| Ingleside Cogeneration LP | Oil & Gas | 223,301,010 | 4.32% |
| Occidental Chemical Corp | Oil & Gas | 181,711,500 | 3.52% |
| Enbridge Ingleside Facilities | Oil & Gas | 141,170,460 | 2.73% |
| Kiewit Offshore Services LTD | Oil Drilling | 130,232,510 | 2.52% |
| EOG Resources Marketing LLC | Oil & Gas | 130,178,410 | 2.52% |
| Flint Hills Res Ingleside LLC | Oil & Gas | 111,490,490 | 2.16% |
| Total (44.61% of 2024 Net Taxable Assessed Valuation) | | \$ 2,303,417,510 | 44.61% |

Note: The above information was taken from the San Patricio County Appraisal District.

(1) See "Chapter 313, Texas Tax Code Value Limitation Agreement" and "Tax Value Concentration" below.

Chapter 313, Texas Tax Code Value Limitation Agreements:

The District's Maintenance and Operations Taxable value has been decreased by respective Chapter 313, Texas Tax Code Value Limitation Agreements (collectively, the "Value Limitation Agreements") entered into Ingleside Ethylene LLC and Occidental Chemical Corporation (collectively, "Occidental") and the Chemours Company FC, LLC ("Chemours," and together with Occidental, the "Chapter 313 Participants"). This limitation applies only to the Maintenance and Operations taxable property value. The taxable value for Interest and Sinking purposes is not subject to the limitation. The company is required to maintain a viable presence in the District until December 2027. Commencing with the 2017 tax year, the taxable value for Maintenance and Operations tax purposes for the Occidental has been decreased to \$30,000,000 through the 2024 tax year after which there is no limitation on tax value for this purpose. Commencing with the 2019 tax year, the taxable value for Maintenance and Operations tax purposes for Chemours has been decreased to \$30,000,000 through the 2029 tax year after which there is no limitation on tax value for this purpose. The Chapter 313 Participants will compensate the District to offset any loss to Maintenance and Operations revenue over the term of each Value Limitation Agreement. The payments made by Chapter 313 Participants pursuant to each Value Limitation Agreement contribute to the District's general fund above and beyond what is generated through the school finance

Tax Value Concentration:

As shown in Table 4 above, the top ten taxpayers in the District currently account for approximately forty-five percent (44.61%), and the top taxpayer alone accounts for approximately eleven percent (11.66%), of the District's tax base. In addition, a large portion of the District's assessed valuation is comprised of industries related to oil and gas, which are subject to fluctuation in terms of market valuation and availability. Certain current events have recently affected the demand for oil and gas and resulted in extreme volatility in the prices therefor. Accordingly, the District makes no representation regarding the continued valuation of any of the property listed in the above table or the generation of future tax revenues therefrom. Adverse developments in economic conditions, especially the oil, gas and natural resources market, could impact these taxpayers and the tax values in the District, resulting in less local tax revenues. If any major taxpayer were to default in the payment of taxes, the ability of the District to make timely payment of debt service on the Obligations will be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process which can only occur annually, or, perhaps, to sell tax anticipation notes until such amounts could be collected, if ever.

CLASSIFICATION OF ASSESSED VALUATION

TABLE 5

| | 2024 | % of Total | 2023 | % of Total | 2022 | % of Total |
|---|-------------------------|----------------|-------------------------|----------------|-------------------------|----------------|
| Real, Residential, Single-Family | \$ 791,233,392 | 13.14% | \$ 708,633,051 | 11.65% | \$ 643,469,762 | 12.13% |
| Real, Residential, Multi-Family | 83,952,787 | 1.39% | 17,097,999 | 0.28% | 60,493,315 | 1.14% |
| Real, Vacant Lots/Tracts&Colonia Lots | 91,499,744 | 1.52% | 73,088,965 | 1.20% | 79,966,616 | 1.51% |
| Real, Acreage (Land Only) | 29,563,979 | 0.49% | 27,326,824 | 0.45% | 29,882,951 | 0.56% |
| Real, Farm and Ranch Improvements | 307,287 | 0.01% | 308,223 | 0.01% | 7,402,133 | 0.14% |
| Rural Land (Non Qualified)/Residential Improvements | 17,068,774 | 0.28% | 15,375,291 | 0.25% | 379,091 | 0.01% |
| Real, Commercial | 85,762,398 | 1.42% | 55,732,379 | 0.92% | 72,451,969 | 1.37% |
| Real, Industrial | 4,411,625,916 | 73.28% | 4,424,775,523 | 72.75% | 3,956,091,131 | 74.55% |
| Real, Minerals Oil and Gas | - | 0.00% | - | 0.00% | - | 0.00% |
| Real & Tangible, Personal Utilities | 88,716,992 | 1.47% | 90,305,652 | 1.48% | 80,161,882 | 1.51% |
| Tangible Personal, Commercial | 18,685,958 | 0.31% | 16,562,547 | 0.27% | 15,958,025 | 0.30% |
| Tangible Personal, Industrial | 397,999,590 | 6.61% | 649,403,930 | 10.68% | 358,769,360 | 6.76% |
| Tangible Personal, Mobile Homes | 1,529,595 | 0.03% | 1,568,240 | 0.03% | 1,113,715 | 0.02% |
| Residential Inventory | 2,043,618 | 0.03% | 1,423,159 | 0.02% | - | 0.00% |
| Special Inventory Tax | 537,016 | 0.01% | 388,789 | 0.01% | 464,464 | 0.01% |
| Total Appraised Value | \$ 6,020,527,046 | 100.00% | \$ 6,081,990,572 | 100.00% | \$ 5,306,604,414 | 100.00% |
| Less: | | | | | | |
| Homestead Exemption Loss | \$ 210,683,823 | | \$ 193,628,067 | | \$ 79,938,282 | |
| Over-65 Exemption Loss | 7,218,104 | | 6,445,723 | | 7,249,408 | |
| Disabled Persons | 670,000 | | 624,107 | | 700,882 | |
| Disabled Veteran Exemption | 1,723,824 | | 1,610,990 | | 1,581,976 | |
| Disabled Veteran Homestead Exemption | 16,104,338 | | 9,986,175 | | 11,820,541 | |
| Pollution Control (TNRCC) Exemption Loss | 443,392,440 | | 445,163,950 | | 397,346,161 | |
| Freeport Exemption | 63,063,270 | | 67,423,150 | | 64,224,022 | |
| Solar | 3,290,024 | | 2,478,171 | | 1,046,956 | |
| Value Lost to Texas Economic Development | 1,626,705,330 | | 1,628,857,060 | | 1,511,456,780 | |
| Miscellaneous | 8,571,607 | | - | | - | |
| Productivity Loss | 29,089,825 | | 26,891,215 | | 29,253,960 | |
| Homestead Cap | 73,325,371 | | 80,554,704 | | 57,553,697 | |
| M&O Net Taxable Assessed Valuation⁽¹⁾ | \$ 3,536,689,090 | | \$ 3,618,327,260 | | \$ 3,144,431,749 | |
| Value Lost to Texas Economic Development | 1,626,705,330 | | 1,628,857,060 | | 1,511,456,780 | |
| I&S Net Taxable Assessed Valuation | \$ 5,163,394,420 | | \$ 5,247,184,320 | | \$ 4,655,888,529 | |

Note: The above figures were taken from the San Patricio County Appraisal District which is compiled during the initial phase of the tax year and are subject to change.
(1) The District's M&O Taxable value is decreased by the Value Limitation Agreements. The tax roll levy reflects the District's taxable value which is decreased by the Value Limitation Agreements. This limitation applies only to the Maintenance and Operations taxable property value.

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TAX DATA**TABLE 6**

Taxes are due October 1 and become delinquent after January 31. Split payments are allowed. Discounts are not allowed. Penalties and Interest: (a) a delinquent tax incurs a penalty of six percent of the amount of the tax for the first calendar month it is delinquent plus one percent for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. However, a tax delinquent on July 1 incurs a total penalty of twelve percent of the amount of the delinquent tax without regard to the number of months the tax has been delinquent; (b) a delinquent tax accrues interest at a rate of one percent for each month or portion of a month the tax remains unpaid; and an additional penalty up to a maximum of up to 20% of taxes, penalty and interest may be imposed to defray costs of collection for taxes delinquent after July 1. All percentage of collections set forth below exclude penalties and interest.

| Tax Year | Net Taxable Assessed Valuation | Tax Rate | Tax Levy | Collections | | Year Ended |
|---------------------|---|---------------------|---------------------|--------------------------|-----------------------|-----------------------|
| | | | | Current | Total | |
| 2020 | \$ 3,612,658,522 | \$ 1.0640 | \$ 24,830,093 | 99.36% | 97.22% ⁽¹⁾ | 8/31/2021 |
| 2021 | 4,060,240,046 | 1.0640 | 26,739,354 | 99.29% | 100.41% | 8/31/2022 |
| 2022 | 4,655,888,529 | 0.9781 | 33,420,880 | 99.09% | 99.82% | 8/31/2023 |
| 2023 | 5,247,184,320 | 0.8027 | 29,726,099 | 99.23% | 99.39% | 8/31/2024 |
| 2024 | 5,163,394,420 | 0.7977 | 41,188,397 | In Process of Collection | | 8/31/2025 |

Note: The above figures were taken from the Issuer's 2024 Annual Financial Report, San Patricio County Tax Assessor-Collector's office, and the San Patricio County Appraisal District.

(1) Prior collection amounts were used to complete bond payment. The money was reclassified from fund balance to cover the amount.

TAX RATE DISTRIBUTION**TABLE 7**

| Tax Year | 2024 | 2023 | 2022 | 2021 | 2020 |
|-----------------|-------------|-------------|-------------|-------------|-------------|
| General Fund | \$ 0.6692 | \$0.6692 | \$0.8546 | \$0.9628 | \$0.9628 |
| I & S Fund | 0.1285 | 0.1335 | 0.1235 | 0.1012 | 0.1012 |
| Total Tax Rate | \$ 0.7977 | \$0.8027 | \$0.9781 | \$1.0640 | \$1.0640 |

Note: The above information was taken from the Issuer's 2024 Annual Financial Report and the San Patricio County Appraisal District.

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**GENERAL FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES
AND ANALYSIS OF CHANGES IN FUND BALANCES**

TABLE 8

| | Fiscal Year Ended August 31, | | | | |
|--|------------------------------|----------------|----------------|----------------|----------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| Revenues: | | | | | |
| Local and Intermediate Sources | \$ 27,884,559 | \$ 33,709,055 | \$ 26,165,778 | \$ 23,664,420 | \$ 24,495,060 |
| State Program Revenues | 2,951,103 | 3,165,263 | 3,176,462 | 4,753,842 | 2,653,748 |
| Federal Program Revenues | 351,119 | 624,565 | 288,188 | 249,824 | 333,495 |
| Total Revenues | \$ 31,186,781 | \$ 37,498,883 | \$ 29,630,428 | \$ 28,668,086 | \$ 27,482,303 |
| Expenditures: | | | | | |
| Instruction | \$ 12,259,625 | \$ 11,655,303 | \$ 10,867,538 | \$ 11,408,671 | \$ 10,487,192 |
| Instructional Resources and Media Services | 133,797 | 127,633 | 216,180 | 223,469 | 196,596 |
| Curriculum and Staff Development | 237,737 | 311,832 | 298,091 | 328,498 | 325,141 |
| Instructional Leadership | 157,700 | 163,132 | 146,854 | 160,226 | 167,723 |
| School Leadership | 1,275,064 | 1,474,327 | 1,271,059 | 1,338,292 | 1,237,557 |
| Guidance, Counseling and Evaluation Services | 520,139 | 648,301 | 644,209 | 775,618 | 733,672 |
| Social Work Services | 2,155 | 1,433 | - | - | - |
| Health Services | 282,162 | 284,841 | 321,626 | 338,672 | 310,529 |
| Student (Pupil) Transportation | 783,243 | 433,778 | 649,003 | 334,932 | 238,926 |
| Food Services | 371 | 291 | - | - | - |
| Curricular/Extracurricular Activities | 982,052 | 844,783 | 776,317 | 792,158 | 703,425 |
| General Administration | 1,106,457 | 962,878 | 861,005 | 857,804 | 753,198 |
| Facilities Maintenance and Operations | 5,418,757 | 4,115,902 | 3,446,623 | 3,024,699 | 3,078,879 |
| Security and Monitoring Services | 234,438 | 244,904 | 134,997 | 103,309 | 133,369 |
| Data Processing Services | 796,755 | 600,284 | 701,903 | 729,298 | 769,432 |
| Community Services | 1,267 | - | - | - | - |
| Capital Outlay | 274,382 | - | 1,933 | 1,146,292 | 7,553,017 |
| Contracted Instructional Services Between Schools | 6,101,765 | 9,653,480 | 5,862,238 | 4,718,918 | 1,857,151 |
| Payments to Fiscal Agent/Member District-SSA | 370,553 | - | 409,058 | 401,538 | 464,617 |
| Other Intergovernmental Charges | - | 381,613 | 356,614 | 356,838 | 389,781 |
| Total Expenditures | \$ 30,938,419 | \$ 31,904,715 | \$ 26,965,248 | \$ 27,039,232 | \$ 29,400,205 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ 248,362 | \$ 5,594,168 | \$ 2,665,180 | \$ 1,628,854 | \$ (1,917,902) |
| Other Financing Sources & Uses: | | | | | |
| Sale of Real or personal Property | \$ - | \$ - | \$ - | \$ - | \$ - |
| Transfers In | - | - | - | - | - |
| Transfers Out | - | (7,400,000) | (2,071,000) | (630,000) | (270,000) |
| Other Uses/Special Item | - | - | (258,962) | (539,411) | (241,268) |
| Total Other Financing Sources and (Uses): | \$ - | \$ (7,400,000) | \$ (2,329,962) | \$ (1,169,411) | \$ (511,268) |
| Net Change in Fund Balances | \$ 248,362 | \$ (1,805,832) | \$ 335,218 | \$ 459,443 | \$ (2,429,170) |
| Fund Balance - September 1 (Beginning) | 23,924,877 | 25,730,709 | 25,395,491 | 24,936,048 | 27,365,218 |
| Fund Balance - August 31 (Ending) ⁽¹⁾⁽²⁾ | \$ 24,173,239 | \$ 23,924,877 | \$ 25,730,709 | \$ 25,395,491 | \$ 24,936,048 |

Note: The above information was taken from the Issuer's Annual Reports dated August 31, 2020-2024.

(1) For the 2024-25 Fiscal Year, the District adopted a deficit budget of \$1,167,000.

(2) The District's anticipated, unaudited General

OVERLAPPING DEBT DATA AND INFORMATION*(As of April 30, 2025)*

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the District and the estimated percentages and amounts of such indebtedness attributable to property within the District. Expenditures of the various taxing bodies overlapping the territory of the Issuer are paid out of ad valorem taxes levied by these taxing bodies on properties overlapping the Issuer. These political taxing bodies are independent of the Issuer and may incur borrowings to finance their expenditures.

The following statements of direct and estimated overlapping ad valorem bonds were developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the Issuer, the Issuer has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete.

Furthermore, certain of the entities below may have authorized or issued additional bonds since the date stated below, and such entities may have programs requiring the authorization and/or issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

| Taxing Body | Gross Debt | % Overlapping | Amount Overlapping |
|---|-------------------|----------------------|----------------------------|
| Corpus Christi, City of | \$ 498,825,000 | 0.08% | \$ 399,060 |
| Del Mar College District | 245,430,000 | 0.06% | 147,258 |
| Ingleside on the Bay | - | 100.00% | - |
| Ingleside, City of | 41,775,000 | 98.60% | 41,190,150 |
| San Patricio County | 100,098,127 | 19.32% | 19,338,958 |
| Total Gross Overlapping Debt | | | \$ 61,075,426 |
| Ingleside Independent School District | \$ 103,475,000 | 100.00% | 103,475,000 ⁽¹⁾ |
| Total Direct and Overlapping Debt | | | \$ 164,550,426 |
| Ratio of Direct and Overlapping Debt to the 2024 Assessed Valuation | | | 4.65% |
| Per Capita Direct and Overlapping Debt | | | \$ 17,518 |

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

(1) Includes the Obligations and excludes the Refunded Obligations. Preliminary, subject to change.

**AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF DIRECT AND
OVERLAPPING GOVERNMENTAL SUBDIVISIONS**

| Purpose | Date of Authorization | Amount Authorized | Amount Previously Issued | Amount Issued* | Amount Unissued |
|-------------------------|----------------------------------|------------------------------|---|---------------------------|----------------------------|
| School Building & Buses | 5/3/2025 | \$ 44,900,000 | \$ - | \$ 44,900,000 | \$ - |
| Refunding MTN | 5/3/2025 | 5,000,000 | - | 5,000,000 | - |
| | | \$ 49,900,000 | \$ - | \$ 49,900,000 | \$ - |

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

*Includes the Obligations and certain [net] premium allocations. Preliminary, subject to change.

APPENDIX B

GENERAL INFORMATION REGARDING THE DISTRICT

**GENERAL INFORMATION REGARDING THE DISTRICT,
AND SAN PATRICIO, TEXAS**

The District:

The Ingleside Independent School District (the “District”) is a manufacturing, agricultural, oil producing, and industrial located in San Patricio County, Texas (“San Patricio County”). The District includes the City of Ingleside, Texas (the “City”) 17 miles northeast of Corpus Christi on State Highway 361.

Historical Enrollment for the District:

| School Year | Enrollment |
|-------------|------------|
| 2020-21 | 1,973 |
| 2021-22 | 2,000 |
| 2022-23 | 2,023 |
| 2023-24 | 2,010 |
| 2024-25 | 2,071 |

Number of School Facilities:

| Type of School | Grades | 2020-2021 enrollment |
|---------------------------------|--------|----------------------|
| Ingleside Primary | Prek-2 | 511 |
| Gilbert J. Mircovich Elementary | 3-5 | 478 |
| Leon Taylor Middle School | 6-7-8 | 458 |
| Ingleside High School | 9-12 | 624 |

Educational status of the teachers is as follows:

| Educational Status of the Teachers | Count |
|---|-------|
| Doctorates’ degree | 1 |
| Masters’ degree | 38 |
| Bachelor’s degree | 141 |
| Average years of classroom experience per teacher | 15 |

Personnel distribution is as follows:

| Personnel Distribution | Count |
|--|------------|
| District Level Administrators | 9 |
| Building Level Administrators | 10 |
| Instructional Staff | 141 |
| Professional Support Staff (Counselors, Librarians, Nurses, Social Workers, etc.) | 18 |
| General Personnel (Secretaries, Aides, Clerks, Bus Drivers, Food Service, Maintenance, etc.) | <u>159</u> |
| TOTAL | 337 |

Teacher salaries are competitive with surrounding districts. Teacher salaries range from \$53,000 for beginning teachers to a maximum of \$75,380.

SAN PATRICIO COUNTY, TEXAS

San Patricio County, Texas.

San Patricio County, Texas (the “San Patricio County”) was created in 1836 and reorganized in 1847. The Aransas River runs along the northern boundary, and Lake Corpus Christi, the Nueces River, and Corpus Christi Bay make up the west and south boundaries. The County was the third largest producer of sorghum and tenth largest producing county of cotton in the state for 2016. The County’s 2024 estimated population is 71,325.

County seat: Sinton, Texas.

Economic Base: Mineral: Oil, gravel, gas and caliche. Industry: Tourism, petrochemicals, oil, manufacturing and agribusiness. Agricultural: Grain sorghum, fisheries, cotton, corn and beef cattle.

Oil & Gas 2020: The oil production for this county accounts for 0.02% of the total state production. The county ranks 122 out of all the counties in Texas for oil production. The gas production for this county accounts for 0.05% of the total state production. The county ranks 92 out of all the counties in Texas for gas production.

| Oil Production: | <u>Year</u> | <u>Description</u> | <u>Volume</u> | <u>%Change from Previous Year)</u> |
|-----------------|-------------|--------------------|---------------|------------------------------------|
| (Texas Railroad | 2019 | Oil | 329,124 BBL | -13.56 |
| Commission) | 2020 | Oil | 228,419 BBL | -30.60 |

| Casinghead: | <u>Year</u> | <u>Description</u> | <u>Volume</u> | <u>%Change from Previous Year)</u> |
|-----------------|-------------|--------------------|---------------|------------------------------------|
| (Texas Railroad | 2019 | Casinghead | 670,203 MCF | -7.17 |
| Commission) | 2020 | Casinghead | 472,267 MCF | -29.09 |

| Gas Well Production: | <u>Year</u> | <u>Description</u> | <u>Volume</u> | <u>%Change from Previous Year)</u> |
|----------------------|-------------|--------------------|---------------|------------------------------------|
| (Texas Railroad | 2019 | GW Gas | 4,500,464 MCF | -3.72 |
| Commission) | 2020 | GW Gas | 2,850,090 MCF | -36.67 |

| Condensate: | <u>Year</u> | <u>Description</u> | <u>Volume</u> | <u>%Change from Previous Year)</u> |
|-----------------|-------------|--------------------|---------------|------------------------------------|
| (Texas Railroad | 2019 | Condensate | 206,499 BBL | 20.00 |
| Commission) | 2020 | Condensate | 89,049 BBL | -56.88 |

| Retail Sales & Effective Buying Income: | <u>Year</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|-------------|-------------|-------------|-------------|
| Retail Sales | | \$700.8M | \$748.7M | \$979.3M |
| Effective Buying Income (EBI) | | \$1.7B | \$1.5B | \$1.3B |
| County Median Household Income | | \$52,139 | \$50,154 | \$44,768 |
| State Median Household Income | | \$61,175 | \$57,227 | \$55,352 |
| % of Households with EBI below \$25K | | 19.7% | 21.5% | 11.0% |
| % of Households with EBI above \$25K | | 69.5% | 68.7% | 66.9% |

| Employment Data: | <u>2020</u> | | <u>2019</u> | | <u>2018</u> | |
|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | <u>Employed</u> | <u>Earnings</u> | <u>Employed</u> | <u>Earnings</u> | <u>Employed</u> | <u>Earnings</u> |
| 1st Quarter: | 18,631 | \$224.4M | 18,474 | \$229.7M | 18,927 | \$241.8M |
| 2nd Quarter: | 17,464 | \$209.3M | 18,663 | \$217.9M | 18,851 | \$218.7M |
| 3rd Quarter: | 18,504 | \$240.8M | 18,512 | \$223.5M | 18,441 | \$219.0M |
| 4th Quarter: | 19,242 | \$268.5M | 18,508 | \$232.9M | 18,662 | \$230.5M |

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas and DemographicsUSA County Edition. Any data on population, value added by manufacturing or production of minerals or agricultural products are from US Census or other official sources.

Labor Force Statistics for San Patricio County

| <u>Labor Force Statistics</u> | <u>April 2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------|-------------|-------------|-------------|
| % Unemployment (Texas) | 3.7% | 3.6% | 3.5% | 3.5% | 5.9% |
| % Unemployment (San Patricio County) | 4.4% | 4.7% | 4.2% | 5.7% | 8.9% |
| Civilian Labor Force (San Patricio County) | 32,573 | 31,779 | 31,206 | 30,766 | 30,612 |
| Total Employment (San Patricio County) | 31,127 | 30,290 | 29,895 | 29,018 | 27,884 |
| Unemployment (San Patricio County) | 1,446 | 1,489 | 1,311 | 1,748 | 2,728 |

Source: Texas Labor Market Review.

APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

August 6, 2025

**INGLESIDE INDEPENDENT SCHOOL DISTRICT
UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2025
DATED AS OF AUGUST 6, 2025
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$ _____**

AS BOND COUNSEL FOR THE INGLESIDE INDEPENDENT SCHOOL DISTRICT (the *District*) in connection with the issuance of the bonds described above (the *Bonds*), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds until maturity or prior redemption at the rates and are payable on the dates as stated in the text of the Bonds, all in accordance with the terms and conditions stated in the text of the Bonds.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and general laws of the State of Texas and a transcript of certified proceedings of the District, and other pertinent instruments authorizing and relating to the issuance of the Bonds including (i) the order authorizing the issuance of the Bonds (the *Order*), (ii) one of the executed Bonds (*Bond No. T-1*), and (iii) the District's Federal Tax Certificate of even date herewith.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been authorized, issued and delivered in accordance with law; that the Bonds constitute valid and legally binding general obligations of the District in accordance with their terms except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally; that the District has the legal authority to issue the Bonds and to repay the Bonds; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the District, and have been pledged for such payment, without limit as to rate or amount.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the *Code*). In expressing the aforementioned opinions, we have relied on and assume continuing compliance with, certain representations contained in the Federal Tax Certificate of the District and covenants set forth in the order adopted by the District to authorize the issuance of the Bonds, relating to, among other matters, the use of the project and the investment and expenditure of the proceeds and certain other amounts used to pay or to secure the payment of debt service on the Bonds, and the certificate with respect to arbitrage by the Commissioner of Education regarding

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the allocation and investment of certain investments in the Permanent School Fund, the accuracy of which we have not independently verified. We call your attention to the fact that if such representations are determined to be inaccurate or if the District fails to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the *Service*); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer. We observe that the District has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the District, and, in that capacity, we have been engaged by the District for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and general laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the District, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the District as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the District. Our role in connection with the District's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.



Respectfully,

August 6, 2025

**INGLESIDE INDEPENDENT SCHOOL DISTRICT
UNLIMITED TAX REFUNDING BONDS, SERIES 2025 (NON-PSF)
DATED AS OF AUGUST 6, 2025
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$ _____**

AS BOND COUNSEL FOR THE INGLESIDE INDEPENDENT SCHOOL DISTRICT (the *District*) in connection with the issuance of the bonds described above (the *Bonds*), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds until maturity at the rates and are payable on the dates, all in accordance with the terms and conditions stated in the text of the Bonds.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and general laws of the State of Texas and a transcript of certified proceedings of the District, and other pertinent instruments authorizing and relating to the issuance of the Bonds including (i) the order authorizing the issuance of the Bonds (the *Order*), (ii) the Escrow and Trust Agreement, dated as of May 12, 2025, between the District and BOKF, NA, Dallas, Texas, as Escrow Agent (the *Escrow Agreement*), (iii) a sufficiency certificate from a qualified party (the *Certificate*) concerning the sufficiency of the cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement, (iv) the executed Initial Bond numbered T-1, and (v) the District's Federal Tax Certificate of even date herewith.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been authorized, issued and delivered in accordance with law; that the Bonds constitute valid and legally binding general obligations of the District in accordance with their terms except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally; that the District has the legal authority to issue the Bonds and to repay the Bonds; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the District, and have been pledged for such payment, without limit as to rate or amount.

IT IS FURTHER OUR OPINION that the Escrow Agreement has been duly authorized, executed and delivered by the District and constitutes a binding and enforceable agreement in accordance with its terms and that the "Refunded Obligations" (as defined in the Order) being refunded by the Bonds are outstanding under the resolution authorizing their issuance only for the purpose of receiving the funds provided by, and are secured solely by and payable solely from, the Escrow Agreement and the cash and investments, including the income therefrom, held by the Escrow Agent pursuant to the Escrow Agreement. In rendering this opinion, we have relied upon the Certificate concerning the sufficiency of the cash and investments deposited pursuant to the Escrow Agreement for the purpose of paying the principal of, redemption premium, if any, and interest on the Refunded Obligations.



IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not “specified private activity bonds” and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the *Code*). In expressing the aforementioned opinions, we have relied on the Certificate, and we have further relied on, and assumed compliance by the District with, certain representations and covenants regarding the use and investment of the proceeds of the Bonds. We call your attention to the fact that failure by the District to comply with such representations and covenants may cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation’s adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the *Service*); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer. We observe that the District has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the District, and, in that capacity, we have been engaged by the District for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds and the defeasance of the Refunded Obligations under the Constitution and general laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no



other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the District, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the District as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the District. Our role in connection with the District's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

APPENDIX D

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM (AS APPLIED ONLY TO THE BONDS)

This disclosure statement provides information relating to the program (the “Guarantee Program”) administered by the Texas Education Agency (the “TEA”) with respect to the Texas Permanent School Fund guarantee of tax-supported bonds issued by Texas school districts and the guarantee of revenue bonds issued by or for the benefit of Texas charter districts. The Guarantee Program was authorized by an amendment to the Texas Constitution in 1983 and is governed by Subchapter C of Chapter 45 of the Texas Education Code, as amended (the “Act”). While the Guarantee Program applies to bonds issued by or for both school districts and charter districts, as described below, the Act and the program rules for the two types of districts have some distinctions. For convenience of description and reference, those aspects of the Guarantee Program that are applicable to school district bonds and to charter district bonds are referred to herein as the “School District Bond Guarantee Program” and the “Charter District Bond Guarantee Program,” respectively.

Some of the information contained in this Section may include projections or other forward-looking statements regarding future events or the future financial performance of the Texas Permanent School Fund (the “PSF” or the “Fund”). Actual results may differ materially from those contained in any such projections or forward-looking statements.

The regular session of the 89th Texas Legislature (the “Legislature”) convened on January 14, 2025, and is scheduled to conclude on June 2, 2025. As of the date of this disclosure, the regular session is underway. The Texas Governor may call one or more special sessions at the conclusion of the regular session. During this time, the Legislature may enact laws that materially change current law as it relates to the Guarantee Program, the TEA, the State Board of Education (the “SBOE”), the Permanent School Fund Corporation (the “PSF Corporation”), the Act, and Texas school finance generally. No representation is made regarding any actions the Legislature has taken or may take, but the TEA, SBOE, and PSF Corporation monitor and analyze legislation for any developments applicable thereto.

HISTORY AND PURPOSE . . . The PSF supports the State’s public school system in two major ways: distributions to the constitutionally established Available School Fund (the “ASF”), as described below, and the guarantee of school district and charter district issued bonds through the Guarantee Program. The PSF was created in 1845 and received its first significant funding with a \$2,000,000 appropriation by the Legislature in 1854 expressly for the benefit of the public schools of Texas, with the sole purpose of assisting in the funding of public education for present and future generations. The Constitution of 1876 described that the PSF would be “permanent,” and stipulated that certain lands and all proceeds from the sale of these lands should also constitute the PSF. Additional acts later gave more public domain land and rights to the PSF. In 1953, the U.S. Congress passed the Submerged Lands Act that relinquished to coastal states all rights of the U.S. navigable waters within state boundaries. If the State, by law, had set a larger boundary prior to or at the time of admission to the Union, or if the boundary had been approved by Congress, then the larger boundary applied. After three years of litigation (1957-1960), the U.S. Supreme Court on May 31, 1960, affirmed Texas’ historic three marine leagues (10.35 miles) seaward boundary. Texas proved its submerged lands property rights to three leagues into the Gulf of Mexico by citing historic laws and treaties dating back to 1836. All lands lying within that limit belong to the PSF. The proceeds from the sale and the mineral-related rental of these lands, including bonuses, delay rentals and royalty payments, become the corpus of the Fund. Prior to the approval by the voters of the State of an amendment to the constitutional provision under which the Fund was established and administered, which occurred on September 13, 2003 (the “Total Return Constitutional Amendment”), and which is further described below, only the income produced by the PSF could be used to complement taxes in financing public education, which primarily consisted of income from securities, capital gains from securities transactions, and royalties from the sale of oil and natural gas. The Total Return Constitutional Amendment provides that interest and dividends produced by Fund investments will be additional revenue to the PSF.

On November 8, 1983, the voters of the State approved a constitutional amendment that provides for the guarantee by the PSF of bonds issued by school districts. On approval by the State Commissioner of Education (the “Education Commissioner”), bonds properly issued by a school district are fully guaranteed by the PSF. See “The School District Bond Guarantee Program.”

In 2011, legislation was enacted that established the Charter District Bond Guarantee Program as a new component of the Guarantee Program. That legislation authorized the use of the PSF to guarantee revenue bonds issued by or for the benefit of certain open-enrollment charter schools that are designated as “charter districts” by the Education Commissioner. On approval by the Education Commissioner, bonds properly issued by a charter district participating in the Guarantee Program are fully guaranteed by the PSF. The Charter District Bond Guarantee Program became effective on March 3, 2014. See “The Charter District Bond Guarantee Program.”

State law also permits charter schools to be chartered and operated by school districts and other political subdivisions, but bond financing of facilities for school district-operated charter schools is subject to the School District Bond Guarantee Program, not the Charter District Bond Guarantee Program.

While the School District Bond Guarantee Program and the Charter District Bond Guarantee Program relate to different types of bonds issued for different types of Texas public schools, and have different program regulations and requirements, a bond guaranteed under either part of the Guarantee Program has the same effect with respect to the guarantee obligation of the Fund thereto, and all guaranteed bonds are aggregated for purposes of determining the capacity of the Guarantee Program (see “Capacity Limits for the Guarantee Program”). The Charter District Bond Guarantee Program as enacted by State law has not been reviewed

by any court, nor has the Texas Attorney General (the “Attorney General”) been requested to issue an opinion, with respect to its constitutional validity.

Audited financial information for the PSF is provided annually through the PSF Corporation’s Annual Comprehensive Financial Report (the “Annual Report”), which is filed with the Municipal Securities Rulemaking Board (“MSRB”). The Texas School Land Board’s (the “SLB”) land and real assets investment operations, which are part of the PSF as described below, are also included in the annual financial report of the Texas General Land Office (the “GLO”) that is included in the annual comprehensive report of the State of Texas. The Annual Report includes the Message From the Chief Executive Officer of the PSF Corporation (the “Message”) and the Management’s Discussion and Analysis (“MD&A”). The Annual Report for the year ended August 31, 2024, as filed with the MSRB in accordance with the PSF undertaking and agreement made in accordance with Rule 15c2-12 (“Rule 15c2-12”) of the United States Securities and Exchange Commission (the “SEC”), as described below, is hereby incorporated by reference into this disclosure. Information included herein for the year ended August 31, 2024, is derived from the audited financial statements of the PSF, which are included in the Annual Report as it is filed and posted. Reference is made to the Annual Report for the complete Message and MD&A for the year ended August 31, 2024, and for a description of the financial results of the PSF for the year ended August 31, 2024, the most recent year for which audited financial information regarding the Fund is available. The 2024 Annual Report speaks only as of its date and the PSF Corporation has not obligated itself to update the 2024 Annual Report or any other Annual Report. The PSF Corporation posts (i) each Annual Report, which includes statistical data regarding the Fund as of the close of each fiscal year, (ii) the most recent disclosure for the Guarantee Program, (iii) the PSF Corporation’s Investment Policy Statement (the “IPS”), and (iv) monthly updates with respect to the capacity of the Guarantee Program (collectively, the “Web Site Materials”) on the PSF Corporation’s web site at <https://texaspsf.org> and with the MSRB at www.emma.msrb.org. Such monthly updates regarding the Guarantee Program are also incorporated herein and made a part hereof for all purposes. In addition to the Web Site Materials, the Fund is required to make quarterly filings with the SEC under Section 13(f) of the Securities Exchange Act of 1934. Such filings, which consist of a list of the Fund’s holdings of securities specified in Section 13(f), including exchange-traded (e.g., NYSE) or NASDAQ-quoted stocks, equity options and warrants, shares of closed-end investment companies and certain convertible debt securities, are available from the SEC at www.sec.gov/edgar. A list of the Fund’s equity and fixed income holdings as of August 31 of each year is posted to the PSF Corporation’s web site and filed with the MSRB. Such list excludes holdings in the Fund’s securities lending program. Such list, as filed, is incorporated herein and made a part hereof for all purposes.

MANAGEMENT AND ADMINISTRATION OF THE FUND . . . The Texas Constitution and applicable statutes delegate to the SBOE and the PSF Corporation the authority and responsibility for investment of the PSF’s financial assets. The SBOE consists of 15 members who are elected by territorial districts in the State to four-year terms of office. The PSF Corporation is a special-purpose governmental corporation and instrumentality of the State entitled to sovereign immunity, and is governed by a nine-member board of directors (the “PSFC Board”), which consists of five members of the SBOE, the Land Commissioner, and three appointed members who have substantial background and expertise in investments and asset management, with one member being appointed by the Land Commissioner and the other two appointed by the Governor with confirmation by the Senate.

The PSF’s non-financial real assets, including land, mineral and royalty interests, and individual real estate holdings, are held by the GLO and managed by the SLB. The SLB is required to send PSF mineral and royalty revenues to the PSF Corporation for investment, less amounts specified by appropriation to be retained by the SLB.

The Texas Constitution provides that the Fund shall be managed through the exercise of the judgment and care under the circumstances then prevailing which persons of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital (the “Prudent Person Standard”). In accordance with the Texas Constitution, the SBOE views the PSF as a perpetual endowment, and the Fund is managed as an endowment fund with a long-term investment horizon. For a detailed description of the PSFC Board’s investment objectives, as well as a description of the PSFC Boards’ roles and responsibilities in managing and administering the Fund, see the IPS and Board meeting materials (available on the PSF Corporation’s website).

As described below, the Total Return Constitutional Amendment restricts the annual pay-out from the Fund to both (i) 6% of the average of the market value of the Fund, excluding real property, on the last day of each of the sixteen State fiscal quarters preceding the Regular Session of the Legislature that begins before that State fiscal biennium, and (ii) the total-return on all investment assets of the Fund over a rolling ten-year period.

By law, the Education Commissioner is appointed by the Governor, with Senate confirmation, and assists the SBOE, but the Education Commissioner can neither be hired nor dismissed by the SBOE. The PSF Corporation has also engaged outside counsel to advise it as to its duties with respect to the Fund, including specific actions regarding the investment of the PSF to ensure compliance with fiduciary standards, and to provide transactional advice in connection with the investment of Fund assets in non-traditional investments. TEA’s General Counsel provides legal advice to the SBOE but will not provide legal advice directly to the PSF Corporation.

The Total Return Constitutional Amendment shifted administrative costs of the Fund from the ASF to the PSF, providing that expenses of managing the PSF are to be paid “by appropriation” from the PSF. In January 2005, the Attorney General issued a legal opinion, Op. Tex. Att’y Gen. No. GA-0293 (2005), stating that the Total Return Constitutional Amendment does not require

the SBOE to pay from such appropriated PSF funds the indirect management costs deducted from the assets of a mutual fund or other investment company in which PSF funds have been invested.

The Act requires that the Education Commissioner prepare, and the SBOE approve, an annual status report on the Guarantee Program (which is included in the Annual Report). The State Auditor or a certified public accountant audits the financial statements of the PSF, which are separate from other financial statements of the State. Additionally, not less than once each year, the PSFC Board must submit an audit report to the Legislative Budget Board (“LBB”) regarding the operations of the PSF Corporation. The PSF Corporation may contract with a certified public accountant or the State Auditor to conduct an independent audit of the operations of the PSF Corporation, but such authorization does not affect the State Auditor’s authority to conduct an audit of the PSF Corporation in accordance with State laws.

For each biennium, beginning with the 2024-2025 State biennium, the PSF Corporation is required to submit a legislative appropriations request (“LAR”) to the LBB and the Office of the Governor that details a request for appropriation of funds to enable the PSF Corporation to carry out its responsibilities for the investment management of the Fund. The requested funding, budget structure, and riders are sufficient to fully support all operations of the PSF Corporation in state fiscal years 2026 and 2027. As described therein, the LAR is designed to provide the PSF Corporation with the ability to operate as a stand-alone state entity in the State budget while retaining the flexibility to fulfill its fiduciary duty and provide oversight and transparency to the Legislature and Governor.

THE TOTAL RETURN CONSTITUTIONAL AMENDMENT . . . The Total Return Constitutional Amendment requires that PSF distributions to the ASF be determined using a “total-return-based” approach that provides that the total amount distributed from the Fund to the ASF: (1) in each year of a State fiscal biennium must be an amount that is not more than 6% of the average of the market value of the Fund, excluding real property (the “Distribution Rate”), on the last day of each of the sixteen State fiscal quarters preceding the Regular Session of the Legislature that begins before that State fiscal biennium, in accordance with the rate adopted by: (a) a vote of two-thirds of the total membership of the SBOE, taken before the Regular Session of the Legislature convenes or (b) the Legislature by general law or appropriation, if the SBOE does not adopt a rate as provided by clause (a); and (2) over the ten-year period consisting of the current State fiscal year and the nine preceding State fiscal years may not exceed the total return on all investment assets of the Fund over the same ten-year period (the “Ten Year Total Return”). In April 2009, the Attorney General issued a legal opinion, Op. Tex. Att’y Gen. No. GA-0707 (2009) (“GA-0707”), with regard to certain matters pertaining to the Distribution Rate and the determination of the Ten Year Total Return. In GA-0707 the Attorney General opined, among other advice, that (i) the Ten Year Total Return should be calculated on an annual basis, (ii) a contingency plan adopted by the SBOE, to permit monthly transfers equal in aggregate to the annual Distribution Rate to be halted and subsequently made up if such transfers temporarily exceed the Ten Year Total Return, is not prohibited by State law, provided that such contingency plan applies only within a fiscal year time basis, not on a biennium basis, and (iii) the amount distributed from the Fund in a fiscal year may not exceed 6% of the average of the market value of the Fund or the Ten Year Total Return. In accordance with GA-0707, in the event that the Ten Year Total Return is exceeded during a fiscal year, transfers to the ASF will be halted. However, if the Ten Year Total Return subsequently increases during that biennium, transfers may be resumed, if the SBOE has provided for that contingency, and made in full during the remaining period of the biennium, subject to the limit of 6% in any one fiscal year. Any shortfall in the transfer that results from such events from one biennium may not be paid over to the ASF in a subsequent biennium as the SBOE would make a separate payout determination for that subsequent biennium.

In determining the Distribution Rate, the SBOE has adopted the goal of maximizing the amount distributed from the Fund in a manner designed to preserve “intergenerational equity.” The definition of intergenerational equity that the SBOE has generally followed is the maintenance of purchasing power to ensure that endowment spending keeps pace with inflation, with the ultimate goal being to ensure that current and future generations are given equal levels of purchasing power in real terms. In making this determination, the SBOE takes into account various considerations, and relies upon PSF Corporation and TEA staff and external investment consultants, which undertake analysis for long-term projection periods that includes certain assumptions. Among the assumptions used in the analysis are a projected rate of growth of student enrollment State-wide, the projected contributions and expenses of the Fund, projected returns in the capital markets and a projected inflation rate.

The Texas Constitution also provides authority to the GLO or another entity (described in statute as the SLB or the PSF Corporation) that has responsibility for the management of revenues derived from land or other properties of the PSF to determine whether to transfer an amount each year to the ASF from the revenue derived during the current year from such land or properties. The Texas Constitution limits the maximum transfer to the ASF to \$600 million in each year from the revenue derived during that year from the PSF from the GLO, the SBOE or another entity to the extent such entity has the responsibility for the management of revenues derived from such land or other properties. Any amount transferred to the ASF pursuant to this constitutional provision is excluded from the 6% Distribution Rate limitation applicable to SBOE transfers.

The following table shows amounts distributed to the ASF from the portions of the Fund administered by the SBOE (the “PSF(SBOE)”), the PSF Corporation (the “PSF(CORP)”), and the SLB (the “PSF(SLB)”).

ANNUAL DISTRIBUTIONS TO THE AVAILABLE SCHOOL FUND⁽¹⁾

| Fiscal Year Ending | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023⁽²⁾ | 2024 |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------------|-------------|---------------------------|-------------|
| PSF(CORP) Distribution | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$2,076 | \$2,156 |
| PSF(SBOE) Distribution | 839 | 1,056 | 1,056 | 1,236 | 1,236 | 1,102 | 1,102 | 1,731 | - | - |
| PSF(SLB) Distribution | - | - | - | - | 300 | 600 | 600 ⁽³⁾ | 415 | 115 | - |
| Per Student Distribution | 173 | 215 | 212 | 247 | 306 | 347 | 341 | 332 | 440 | 430 |

(1) In millions of dollars. Source: Annual Report for year ended August 31, 2024.

(2) Reflects the first fiscal year in which distributions were made by the PSF Corporation.

(3) In September 2020, the SBOE approved a special, one-time transfer of \$300 million from the portion of the PSF managed by the SBOE to the portion of the PSF managed by the SLB, which amount is to be transferred to the ASF by the SLB in fiscal year 2021. In approving the special transfer, the SBOE determined that the transfer was in the best interest of the PSF due to the historic nature of the public health and economic circumstances resulting from the COVID-19 pandemic and its impact on the school children of Texas.

In November 2024, the SBOE approved a \$3.6 billion distribution to the ASF for State fiscal biennium 2026-2027. In making its determination of the 2026-2027 Distribution Rate, the SBOE took into account the planned distribution to the ASF by the PSF Corporation of \$1.2 billion for the biennium.

Efforts to achieve the intergenerational equity objective, as described above, result in changes in the Distribution Rate for each biennial period. The following table sets forth the Distribution Rates announced by the SBOE in the fall of each even-numbered year to be applicable for the following biennium.

| <u>State Fiscal Biennium</u> | <u>2010-11</u> | <u>2012-13</u> | <u>2014-15</u> | <u>2016-17</u> | <u>2018-19</u> | <u>2020-21</u> | <u>2022-23</u> | <u>2024-25</u> | <u>2026-27</u> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <u>SBOE Distribution Rate⁽¹⁾</u> | 2.5% | 4.2% | 3.3% | 3.5% | 3.7% | 2.974% | 4.18% | 3.32% | 3.45% |

(1) Includes only distributions made to the ASF by the SBOE; see the immediately preceding table for amounts of direct SLB distributions to the ASF. In addition, the PSF Corp approved transfers of \$600 million per year directly to the ASF for fiscal biennium 2026-27.

PSF CORPORATION STRATEGIC ASSET ALLOCATIONS . . . The PSFC Board sets the asset allocation policy for the Fund, including determining the available asset classes for investment and approving target percentages and ranges for allocation to each asset class, with the goal of delivering a long-term risk adjusted return through all economic and market environments. The IPS includes a combined asset allocation for all Fund assets (consisting of assets transferred for management to the PSF Corporation from the SBOE and the SLB). The IPS provides that the Fund’s investment objectives are as follows:

- Generate distributions for the benefit of public schools in Texas;
- Maintain the purchasing power of the Fund, after spending and inflation, in order to maintain intergenerational equity with respect to distributions from the Fund;
- Provide a maximum level of return consistent with prudent risk levels, while maintaining sufficient liquidity needed to support Fund obligations; and
- Maintain a “AAA” credit rating, as assigned by a nationally recognized securities rating organization.

The table below sets forth the current strategic asset allocation of the Fund that was adopted September 2024 (which is subject to change from time to time):

| Asset Class | Strategic Asset Allocation | Range | |
|---|----------------------------|-------|-------|
| | | Min | Max |
| Cash | 2.0% | 0.0% | N/A |
| Core Bonds | 10.0% | 5.0% | 15.0% |
| High Yield | 2.0% | 0.0% | 7.0% |
| Bank Loans | 4.0% | 0.0% | 9.0% |
| Treasury Inflation Protected Securities | 2.0% | 0.0% | 7.0% |
| Large Cap Equity | 14.0% | 9.0% | 19.0% |
| Small/Mid-Cap Equity | 6.0% | 1.0% | 11.0% |
| Non-US Developed Equity | 7.0% | 2.0% | 12.0% |
| Absolute Return | 3.0% | 0.0% | 8.0% |
| Real Estate | 12.0% | 7.0% | 17.0% |
| Private Equity | 20.0% | 10.0% | 30.0% |
| Private Credit | 8.0% | 3.0% | 13.0% |
| Natural Resources | 5.0% | 0.0% | 10.0% |
| Infrastructure | 5.0% | 0.0% | 10.0% |

The table below sets forth the comparative investments of the PSF for the fiscal years ending August 31, 2023 and 2024, as set forth in the Annual Report for the 2024 fiscal year. As of January 1, 2023, the assets of the PSF(SBOE) and the PSF(SLB) were generally combined (referred to herein as the PSF(CORP)) for investment management and accounting purposes.

COMPARATIVE INVESTMENT SCHEDULE – PSF(CORP)

| Fair Value (in millions) August 31, 2024 and 2023 | | | | |
|---|--------------------|--------------------|-------------------------------------|-------------------|
| ASSET CLASS | August 31, 2024 | August 31, 2023 | Amount of Increase (Decrease) | Percent Change |
| EQUITY | | | | |
| Domestic Small Cap | \$ 3,651.3 | \$ 2,975.1 | \$ 676.2 | 22.7% |
| Domestic Large Cap | <u>8,084.6</u> | <u>7,896.5</u> | <u>188.1</u> | <u>2.4%</u> |
| Total Domestic Equity | 11,735.9 | 10,871.6 | 864.3 | 8.0% |
| International Equity | <u>4,131.1</u> | <u>7,945.5</u> | <u>(3,814.4)</u> | <u>-48.0%</u> |
| TOTAL EQUITY | 15,867.0 | 18,817.1 | (2,950.1) | -15.7% |
| FIXED INCOME | | | | |
| Domestic Fixed Income | - | 5,563.7 | - | - |
| U.S. Treasuries | - | 937.5 | - | - |
| Core Bonds | 8,151.6 | - | - | - |
| Bank Loans | 2,564.1 | - | - | - |
| High Yield Bonds | 2,699.5 | 1,231.6 | 1,467.9 | 119.2% |
| Emerging Market Debt | - | <u>869.7</u> | - | - |
| TOTAL FIXED INCOME | 13,415.2 | 8,602.5 | 4,812.7 | 55.9% |
| ALTERNATIVE INVESTMENTS | | | | |
| Absolute Return | 3,106.0 | 3,175.8 | (69.8) | -2.2% |
| Real Estate | 6,101.0 | 6,525.2 | (424.2) | -6.5% |
| Private Equity | 8,958.8 | 8,400.7 | 558.1 | 6.6% |
| Emerging Manager Program | - | 134.5 | - | - |
| Real Return | - | 1,663.7 | - | - |
| Private Credit | 2,257.9 | - | - | - |
| Real Assets | <u>4,648.1</u> | <u>4,712.1</u> | <u>(64.0)</u> | <u>-1.4%</u> |
| TOT ALT INVESTMENTS | 25,071.8 | 24,612.0 | 459.8 | 1.9% |
| UNALLOCATED CASH | <u>2,583.2</u> | <u>348.2</u> | <u>2,235</u> | <u>641.9%</u> |
| TOTAL PSF(CORP) INVESTMENTS | \$ 56,937.2 | \$ 52,379.8 | \$ 4,557.4 | 8.7% |

Source: Annual Report for year ended August 31, 2024.

The table below sets forth the investments of the PSF(SLB) for the year ended August 31, 2024.

Investment Schedule – PSF(SLB)⁽¹⁾

Fair Value (in millions) August 31, 2024

| | As of 8-31-24 |
|--|-------------------------------|
| Investment Type Investments in Real Assets | |
| Sovereign Lands | \$ 277.47 |
| Discretionary Internal Investments | 457.01 |
| Other Lands | 153.15 |
| Minerals ⁽²⁾⁽³⁾ | <u>4,540.61⁽⁶⁾</u> |
| Total Investments ⁽⁴⁾ | 5,428.23 |
| Cash in State Treasury ⁽⁵⁾ | 0 |
| Total Investments & Cash in State Treasury | \$5,428.23 |

- (1) Unaudited figures from Table 5 in the FY 2024 Unaudited Annual Financial Report of the Texas General Land Office and Veterans Land Board.
- (2) Historical Cost of investments at August 31, 2024 was: Sovereign Lands \$838,730.24; Discretionary Internal Investments \$318,902,420.97; Other Lands \$37,290,818.76; and Minerals \$13,437,063.73.
- (3) Includes an estimated 1,000,000.00 acres in freshwater rivers.
- (4) Includes an estimated 1,747,600.00 in excess acreage.
- (5) Cash in State Treasury is managed by the Treasury Operations Division of the Comptroller of Public Accounts of the State of Texas.
- (6) Future Net Revenues discounted at 10% and then adjusted for risk factors. A mineral reserve report is prepared annually by external third-party petroleum engineers.

The asset allocation of the Fund's financial assets portfolio is subject to change by the PSF Corporation from time to time based upon a number of factors, including recommendations to the PSF Corporation made by internal investment staff and external consultants. Fund performance may also be affected by factors other than asset allocation, including, without limitation, the general performance of the securities markets and other capital markets in the United States and abroad, which may be affected by different levels of economic activity; decisions of political officeholders; significant adverse weather events; development of hostilities in and among nations; cybersecurity threats and events; changes in international trade policies or practices; application of the Prudent Person Standard, which may eliminate certain investment opportunities for the Fund; management fees paid to external managers and embedded management fees for some fund investments; and PSF operational limitations impacted by Texas law or legislative appropriation. The Guarantee Program could also be impacted by changes in State or federal law or regulations or the implementation of new accounting standards.

THE SCHOOL DISTRICT BOND GUARANTEE PROGRAM . . . The School District Bond Guarantee Program requires an application be made by a school district to the Education Commissioner for a guarantee of its bonds. If the conditions for the School District Bond Guarantee Program are satisfied, the guarantee becomes effective upon approval of the bonds by the Attorney General and remains in effect until the guaranteed bonds are paid or defeased, by a refunding or otherwise.

In the event of default, holders of guaranteed school district bonds will receive all payments as and when may become due from the corpus of the PSF. Following a determination that a school district will be or is unable to pay maturing or matured principal or interest on any guaranteed bond, the Act requires the school district to notify the Education Commissioner not later than the fifth day before the stated maturity date of such bond or interest payment. Immediately following receipt of such notice, the Education Commissioner must cause to be transferred from the appropriate account in the PSF to the Paying Agent/Registrar an amount necessary to pay the maturing or matured principal and interest, as applicable. Upon receipt of funds for payment of such principal or interest, the Paying Agent/Registrar must pay the amount due and forward the canceled bond or evidence of payment of the interest to the State Comptroller of Public Accounts (the "Comptroller"). The Education Commissioner will instruct the Comptroller to withhold the amount paid, plus interest, from the first State money payable to the school district. The amount withheld pursuant to this funding "intercept" feature will be deposited to the credit of the PSF. The Comptroller must hold such canceled bond or evidence of payment of the interest on behalf of the PSF. Following full reimbursement of such payment by the school district to the PSF with interest, the Comptroller will cancel the bond or evidence of payment of the interest and forward it to the school district. The Act permits the Education Commissioner to order a school district to set a tax rate sufficient to reimburse the PSF for any payments made with respect to guaranteed bonds, and also sufficient to pay future payments on guaranteed bonds, and provides certain enforcement mechanisms to the Education Commissioner, including the appointment of a board of managers or annexation of a defaulting school district to another school district.

If a school district fails to pay principal or interest on a bond as it is stated to mature, other amounts not due and payable are not accelerated and do not become due and payable by virtue of the district's default. The School District Bond Guarantee Program does not apply to the payment of principal and interest upon redemption of bonds, except upon mandatory sinking fund redemption, and does not apply to the obligation, if any, of a school district to pay a redemption premium on its guaranteed bonds. The guarantee applies to all matured interest on guaranteed school district bonds, whether the bonds were issued with a fixed or variable interest rate and whether the interest rate changes as a result of an interest reset provision or other bond order provision requiring an interest rate change. The guarantee does not extend to any obligation of a school district under any agreement with a third party relating

to guaranteed bonds that is defined or described in State law as a “bond enhancement agreement” or a “credit agreement,” unless the right to payment of such third party is directly as a result of such third party being a bondholder.

In the event that two or more payments are made from the PSF on behalf of a district, the Education Commissioner shall request the Attorney General to institute legal action to compel the district and its officers, agents and employees to comply with the duties required of them by law in respect to the payment of guaranteed bonds.

Generally, the regulations that govern the School District Bond Guarantee Program (the “SDBGP Rules”) limit guarantees to certain types of notes and bonds, including, with respect to refunding bonds issued by school districts, a requirement that the bonds produce debt service savings. The SDBGP Rules include certain accreditation criteria for districts applying for a guarantee of their bonds, and limit guarantees to districts that have less than the amount of annual debt service per average daily attendance that represents the 90th percentile of annual debt service per average daily attendance for all school districts, but such limitation will not apply to school districts that have enrollment growth of at least 25% over the previous five school years. The SDBGP Rules are codified in the Texas Administrative Code at 19 TAC section 33.6 and are available at <https://tea.texas.gov/finance-and-grants/state-funding/facilities-funding-and-standards/bond-guarantee-program>.

THE CHARTER DISTRICT BOND GUARANTEE PROGRAM . . . The Charter District Bond Guarantee Program became effective March 3, 2014. The SBOE published final regulations in the Texas Register that provide for the administration of the Charter District Bond Guarantee Program (the “CDBGP Rules”). The CDBGP Rules are codified at 19 TAC section 33.7 and are available at <https://tea.texas.gov/finance-and-grants/state-funding/facilities-funding-and-standards/bond-guarantee-program>.

The Charter District Bond Guarantee Program has been authorized through the enactment of amendments to the Act, which provide that a charter holder may make application to the Education Commissioner for designation as a “charter district” and for a guarantee by the PSF under the Act of bonds issued on behalf of a charter district by a non-profit corporation. If the conditions for the Charter District Bond Guarantee Program are satisfied, the guarantee becomes effective upon approval of the bonds by the Attorney General and remains in effect until the guaranteed bonds are paid or defeased, by a refunding or otherwise.

Pursuant to the CDBGP Rules, the Education Commissioner annually determines the ratio of charter district students to total public school students, for the 2025 fiscal year, the ratio is 7.86%. At February 27, 2025, there were 188 active open-enrollment charter schools in the State and there were 1,222 charter school campuses authorized under such charters, though as of such date, 264 of such campuses are not currently serving students for various reasons; therefore, there are 958 charter school campuses actively serving students in Texas. Section 12.101, Texas Education Code, limits the number of charters that the Education Commissioner may grant to a total number of 305 charters. While legislation limits the number of charters that may be granted, it does not limit the number of campuses that may operate under a particular charter. For information regarding the capacity of the Guarantee Program, see “Capacity Limits for the Guarantee Program.” The Act provides that the Education Commissioner may not approve the guarantee of refunding or refinanced bonds under the Charter District Bond Guarantee Program in a total amount that exceeds one-half of the total amount available for the guarantee of charter district bonds under the Charter District Bond Guarantee Program.

In accordance with the Act, the Education Commissioner may not approve charter district bonds for guarantee if such guarantees will result in lower bond ratings for public school district bonds that are guaranteed under the School District Bond Guarantee Program. To be eligible for a guarantee, the Act provides that a charter district’s bonds must be approved by the Attorney General, have an unenhanced investment grade rating from a nationally recognized investment rating firm, and satisfy a limited investigation conducted by the TEA.

The Charter District Bond Guarantee Program does not apply to the payment of principal and interest upon redemption of bonds, except upon mandatory sinking fund redemption, and does not apply to the obligation, if any, of a charter district to pay a redemption premium on its guaranteed bonds. The guarantee applies to all matured interest on guaranteed charter district bonds, whether the bonds were issued with a fixed or variable interest rate and whether the interest rate changes as a result of an interest reset provision or other bond resolution provision requiring an interest rate change. The guarantee does not extend to any obligation of a charter district under any agreement with a third party relating to guaranteed bonds that is defined or described in State law as a “bond enhancement agreement” or a “credit agreement,” unless the right to payment of such third party is directly as a result of such third party being a bondholder.

In the event of default, holders of guaranteed charter district bonds will receive all payments as and when they become due from the corpus of the PSF. Following a determination that a charter district will be or is unable to pay maturing or matured principal or interest on any guaranteed bond, the Act requires a charter district to notify the Education Commissioner not later than the fifth day before the stated maturity date of such bond or interest payment and provides that immediately following receipt of notice that a charter district will be or is unable to pay maturing or matured principal or interest on a guaranteed bond, the Education Commissioner is required to instruct the Comptroller to transfer from the Charter District Reserve Fund to the district’s paying agent an amount necessary to pay the maturing or matured principal or interest, as applicable. If money in the Charter District Reserve Fund is insufficient to pay the amount due on a bond for which a notice of default has been received, the Education Commissioner is required to instruct the Comptroller to transfer from the PSF to the district’s paying agent the amount necessary to pay the balance of the unpaid maturing or matured principal or interest, as applicable. If a total of two or more payments are made under the Charter District Bond Guarantee Program on charter district bonds and the Education Commissioner determines that the charter district is acting in bad faith under the program, the Education Commissioner may request the Attorney General to institute appropriate legal action to compel the charter district and its officers, agents, and employees to comply with the duties

required of them by law in regard to the guaranteed bonds. As is the case with the School District Bond Guarantee Program, the Act provides a funding “intercept” feature that obligates the Education Commissioner to instruct the Comptroller to withhold the amount paid with respect to the Charter District Bond Guarantee Program, plus interest, from the first State money payable to a charter district that fails to make a guaranteed payment on its bonds. The amount withheld will be deposited, first, to the credit of the PSF, and then to restore any amount drawn from the Charter District Reserve Fund as a result of the non-payment.

The CDBG Rules provide that the PSF may be used to guarantee bonds issued for the acquisition, construction, repair, or renovation of an educational facility for an open-enrollment charter holder and equipping real property of an open-enrollment charter school and/or to refinance promissory notes executed by an open-enrollment charter school, each in an amount in excess of \$500,000 the proceeds of which loans were used for a purpose described above (so-called new money bonds) or for refinancing bonds previously issued for the charter school that were approved by the Attorney General (so-called refunding bonds). Refunding bonds may not be guaranteed under the Charter District Bond Guarantee Program if they do not result in a present value savings to the charter holder.

The CDBG Rules provide that an open-enrollment charter holder applying for charter district designation and a guarantee of its bonds under the Charter District Bond Guarantee Program satisfy various provisions of the regulations, including the following: It must (i) have operated at least one open-enrollment charter school with enrolled students in the State for at least three years; (ii) agree that the bonded indebtedness for which the guarantee is sought will be undertaken as an obligation of all entities under common control of the open-enrollment charter holder, and that all such entities will be liable for the obligation if the open-enrollment charter holder defaults on the bonded indebtedness, provided, however, that an entity that does not operate a charter school in Texas is subject to this provision only to the extent it has received state funds from the open-enrollment charter holder; (iii) have had completed for the past three years an audit for each such year that included unqualified or unmodified audit opinions; and (iv) have received an investment grade credit rating within the last year. Upon receipt of an application for guarantee under the Charter District Bond Guarantee Program, the Education Commissioner is required to conduct an investigation into the financial status of the applicant charter district and of the accreditation status of all open-enrollment charter schools operated under the charter, within the scope set forth in the CDBG Rules. Such financial investigation must establish that an applying charter district has a historical debt service coverage ratio, based on annual debt service, of at least 1.1 for the most recently completed fiscal year, and a projected debt service coverage ratio, based on projected revenues and expenses and maximum annual debt service, of at least 1.2. The failure of an open-enrollment charter holder to comply with the Act or the applicable regulations, including by making any material misrepresentations in the charter holder’s application for charter district designation or guarantee under the Charter District Bond Guarantee Program, constitutes a material violation of the open-enrollment charter holder’s charter.

From time to time, TEA has limited new guarantees under the Charter District Bond Guarantee Program to conform to capacity limits specified by the Act. The Charter District Bond Guarantee Program Capacity (the “CDBG Capacity”) is made available from the capacity of the Guarantee Program but is not reserved exclusively for the Charter District Bond Guarantee Program. See “Capacity Limits for the Guarantee Program.” Other factors that could increase the CDBG Capacity include Fund investment performance, future increases in the Guarantee Program multiplier, changes in State law that govern the calculation of the CDBG Capacity, as described below, changes in State or federal law or regulations related to the Guarantee Program limit, growth in the relative percentage of students enrolled in open-enrollment charter schools to the total State scholastic census, legislative and administrative changes in funding for charter districts, changes in level of school district or charter district participation in the Guarantee Program, or a combination of such circumstances.

CAPACITY LIMITS FOR THE GUARANTEE PROGRAM . . . The capacity of the Fund to guarantee bonds under the Guarantee Program is limited to the lesser of that imposed by State law (the “State Capacity Limit”) and that imposed by regulations and a notice issued by the IRS (the “IRS Limit,” with the limit in effect at any given time being the “Capacity Limit”). From 2005 through 2009, the Guarantee Program twice reached capacity under the IRS Limit, and in each instance the Guarantee Program was closed to new bond guarantee applications until relief was obtained from the IRS. The most recent closure of the Guarantee Program commenced in March 2009 and the Guarantee Program reopened in February 2010 after the IRS updated regulations relating to the PSF and similar funds.

Prior to 2007, various legislation was enacted modifying the calculation of the State Capacity limit; however, in 2007, Senate Bill 389 (“SB 389”) was enacted, providing for increases in the capacity of the Guarantee Program, and specifically providing that the SBOE may by rule increase the capacity of the Guarantee Program from two and one-half times the cost value of the PSF to an amount not to exceed five times the cost value of the PSF, provided that the increased limit does not violate federal law and regulations and does not prevent bonds guaranteed by the Guarantee Program from receiving the highest available credit rating, as determined by the SBOE. SB 389 further provided that the SBOE shall at least annually consider whether to change the capacity of the Guarantee Program. Additionally, on May 21, 2010, the SBOE modified the SDBG Rules, and increased the State Capacity Limit to an amount equal to three times the cost value of the PSF. Such modified regulations, including the revised capacity rule, became effective on July 1, 2010. The SDBG Rules provide that the Education Commissioner will estimate the available capacity of the PSF each month and may increase or reduce the State Capacity Limit multiplier to prudently manage fund capacity and maintain the AAA credit rating of the Guarantee Program but also provide that any changes to the multiplier made by the Education Commissioner are to be ratified or rejected by the SBOE at the next meeting following the change. See “Valuation of the PSF and Guaranteed Bonds” below.

Since September 2015, the SBOE has periodically voted to change the capacity multiplier as shown in the following table.

| <u>Changes in SBOE-determined multiplier for State Capacity Limit</u> | |
|---|-------------------|
| <u>Date</u> | <u>Multiplier</u> |
| Prior to May 2010 | 2.50 |
| May 2010 | 3.00 |
| September 2015 | 3.25 |
| February 2017 | 3.50 |
| September 2017 | 3.75 |
| February 2018 (current) | 3.50 |

Since December 16, 2009, the IRS Limit was a static limit set at 500% of the total cost value of the assets held by the PSF as of December 16, 2009; however, on May 10, 2023, the IRS released Notice 2023-39 (the “IRS Notice”), stating that the IRS would issue regulations amending the existing regulations to amend the calculation of the IRS limit to 500% of the total cost value of assets held by the PSF as of the date of sale of new bonds, effective as of May 10, 2023.

The IRS Notice changed the IRS Limit from a static limit to a dynamic limit for the Guarantee Program based upon the cost value of Fund assets, multiplied by five. As of January 31, 2025 the cost value of the Guarantee Program was \$48,560,433,760 (unaudited), thereby producing an IRS Limit of \$242,802,168,800 in principal amount of guaranteed bonds outstanding.

As of January 31, 2025, the estimated State Capacity Limit is \$169,961,518,160, which is lower than the IRS Limit, making the State Capacity Limit the current Capacity Limit for the Fund.

Since July 1991, when the SBOE amended the Guarantee Program Rules to broaden the range of bonds that are eligible for guarantee under the Guarantee Program to encompass most Texas school district bonds, the principal amount of bonds guaranteed under the Guarantee Program has increased sharply. In addition, in recent years a number of factors have caused an increase in the amount of bonds issued by school districts in the State. See the table “Permanent School Fund Guaranteed Bonds” below. Effective March 1, 2023, the Act provides that the SBOE may establish a percentage of the Capacity Limit to be reserved from use in guaranteeing bonds (the “Capacity Reserve”). The SDBGP Rules provide for a maximum Capacity Reserve for the overall Guarantee Program of 5% and provide that the amount of the Capacity Reserve may be increased or decreased by a majority vote of the SBOE based on changes in the cost value, asset allocation, and risk in the portfolio, or may be increased or decreased by the Education Commissioner as necessary to prudently manage fund capacity and preserve the “AAA” credit rating of the Guarantee Program (subject to ratification or rejection by the SBOE at the next meeting for which an item can be posted). The CDBGP Rules provide for an additional reserve of CDBGP Capacity determined by calculating an equal percentage as established by the SBOE for the Capacity Reserve, applied to the CDBGP Capacity. Effective March 1, 2023, the Capacity Reserve is 0.25%. The Capacity Reserve is noted in the monthly updates with respect to the capacity of the Guarantee Program on the PSF Corporation’s web site at <https://texaspsf.org/monthly-disclosures/>, which are also filed with the MSRB.

Based upon historical performance of the Fund, the legal restrictions relating to the amount of bonds that may be guaranteed has generally resulted in a lower ratio of guaranteed bonds to available assets as compared to many other types of credit enhancements that may be available for Texas school district bonds and charter district bonds. However, the ratio of Fund assets to guaranteed bonds and the growth of the Fund in general could be adversely affected by a number of factors, including Fund investment performance, investment objectives of the Fund, an increase in bond issues by school districts in the State or legal restrictions on the Fund, changes in State laws that implement funding decisions for school districts and charter districts, which could adversely affect the credit quality of those districts, the implementation of the Charter District Bond Guarantee Program, or significant changes in distributions to the ASF. The issuance of the IRS Notice and the Final IRS Regulations resulted in a substantial increase in the amount of bonds guaranteed under the Guarantee Program.

No representation is made as to how the capacity will remain available, and the capacity of the Guarantee Program is subject to change due to a number of factors, including changes in bond issuance volume throughout the State and some bonds receiving guarantee approvals may not close. If the amount of guaranteed bonds approaches the State Capacity Limit, the SBOE or Education Commissioner may increase the State Capacity Limit multiplier as discussed above.

2017 LEGISLATIVE CHANGES TO THE CHARTER DISTRICT BOND GUARANTEE PROGRAM . . . The CDBGP Capacity is established by the Act. During the 85th Texas Legislature, which concluded on May 29, 2017, Senate Bill 1480 (“SB 1480”) was enacted. SB 1480 amended the Act to modify how the CDBGP Capacity is established effective as of September 1, 2017, and made other substantive changes to the Charter District Bond Guarantee Program. Prior to the enactment of SB 1480, the CDBGP Capacity was calculated as the Capacity Limit less the amount of outstanding bond guarantees under the Guarantee Program multiplied by the percentage of charter district scholastic population relative to the total public school scholastic population. SB 1480 amended the CDBGP Capacity calculation so that the Capacity Limit is multiplied by the percentage of charter district scholastic population relative to the total public school scholastic population prior to the subtraction of the outstanding bond guarantees, thereby increasing the CDBGP Capacity.

The percentage of the charter district scholastic population to the overall public school scholastic population has grown from 3.53% in September 2012 to 7.86% in February 2025. TEA is unable to predict how the ratio of charter district students to the total State scholastic population will change over time.

In addition to modifying the manner of determining the CDBG Capacity, SB 1480 provided that the Education Commissioner's investigation of a charter district application for guarantee may include an evaluation of whether the charter district bond security documents provide a security interest in real property pledged as collateral for the bond and the repayment obligation under the proposed guarantee. The Education Commissioner may decline to approve the application if the Education Commissioner determines that sufficient security is not provided. The Act and the CDBG Rules also require the Education Commissioner to make an investigation of the accreditation status and financial status for a charter district applying for a bond guarantee.

Since the initial authorization of the Charter District Bond Guarantee Program, the Act has established a bond guarantee reserve fund in the State treasury (the "Charter District Reserve Fund"). Formerly, the Act provided that each charter district that has a bond guaranteed must annually remit to the Education Commissioner, for deposit in the Charter District Reserve Fund, an amount equal to 10% of the savings to the charter district that is a result of the lower interest rate on its bonds due to the guarantee by the PSF. SB 1480 modified the Act insofar as it pertains to the Charter District Reserve Fund. Effective September 1, 2017, the Act provides that a charter district that has a bond guaranteed must remit to the Education Commissioner, for deposit in the Charter District Reserve Fund, an amount equal to 20% of the savings to the charter district that is a result of the lower interest rate on the bond due to the guarantee by the PSF. The amount due shall be paid on receipt by the charter district of the bond proceeds. However, the deposit requirement will not apply if the balance of the Charter District Reserve Fund is at least equal to 3.00% of the total amount of outstanding guaranteed bonds issued by charter districts. At January 31, 2025, the Charter District Reserve Fund contained \$120,355,020, which represented approximately 2.44% of the guaranteed charter district bonds. The Reserve Fund is held and invested as a non-commingled fund under the administration of the PSF Corporation staff.

CHARTER DISTRICT RISK FACTORS . . . Open-enrollment charter schools in the State may not charge tuition and, unlike school districts, charter districts have no taxing power. Funding for charter district operations is largely from amounts appropriated by the Legislature. Additionally, the amount of State payments a charter district receives is based on a variety of factors, including the enrollment at the schools operated by a charter district, and may be affected by the State's economic performance and other budgetary considerations and various political considerations.

Other than credit support for charter district bonds that is provided to qualifying charter districts by the Charter District Bond Guarantee Program, State funding for charter district facilities construction is limited to a program established by the Legislature in 2017, which provides \$60 million per year for eligible charter districts with an acceptable performance rating for a variety of funding purposes, including for lease or purchase payments for instructional facilities. Since State funding for charter facilities is limited, charter schools generally issue revenue bonds to fund facility construction and acquisition, or fund facilities from cash flows of the school. Some charter districts have issued non-guaranteed debt in addition to debt guaranteed under the Charter District Bond Guarantee Program, and such non-guaranteed debt is likely to be secured by a deed of trust covering all or part of the charter district's facilities. In March 2017, the TEA began requiring charter districts to provide the TEA with a lien against charter district property as a condition to receiving a guarantee under the Charter District Bond Guarantee Program. However, charter district bonds issued and guaranteed under the Charter District Bond Guarantee Program prior to the implementation of the new requirement did not have the benefit of a security interest in real property, although other existing debts of such charter districts that are not guaranteed under the Charter District Bond Guarantee Program may be secured by real property that could be foreclosed on in the event of a bond default.

As a general rule, the operation of a charter school involves fewer State requirements and regulations for charter holders as compared to other public schools, but the maintenance of a State-granted charter is dependent upon on-going compliance with State law and regulations, which are monitored by TEA. TEA has a broad range of enforcement and remedial actions that it can take as corrective measures, and such actions may include the loss of the State charter, the appointment of a new board of directors to govern a charter district, the assignment of operations to another charter operator, or, as a last resort, the dissolution of an open-enrollment charter school. Charter holders are governed by a private board of directors, as compared to the elected boards of trustees that govern school districts.

As described above, the Act includes a funding "intercept" function that applies to both the School District Bond Guarantee Program and the Charter District Bond Guarantee Program. However, school districts are viewed as the "educator of last resort" for students residing in the geographical territory of the district, which makes it unlikely that State funding for those school districts would be discontinued, although the TEA can require the dissolution and merger into another school district if necessary to ensure sound education and financial management of a school district. That is not the case with a charter district, however, and open-enrollment charter schools in the State have been dissolved by TEA from time to time. If a charter district that has bonds outstanding that are guaranteed by the Charter District Bond Guarantee Program should be dissolved, debt service on guaranteed bonds of the district would continue to be paid to bondholders in accordance with the Charter District Bond Guarantee Program, but there would be no funding available for reimbursement of the PSF by the Comptroller for such payments. As described under "The Charter District Bond Guarantee Program," the Act established the Charter District Reserve Fund, to serve as a reimbursement resource for the PSF.

RATINGS OF BONDS GUARANTEED UNDER THE GUARANTEE PROGRAM . . . Moody's Investors Service, Inc., S&P Global Ratings, and Fitch Ratings, Inc. rate bonds guaranteed by the PSF "Aaa," "AAA" and "AAA," respectively. Not all districts apply for multiple ratings on their bonds, however. See the applicable rating section within the offering document to which this is attached for information regarding a district's underlying rating and the enhanced rating applied to a given series of bonds.

VALUATION OF THE PSF AND GUARANTEED BONDS

Permanent School Fund Valuations

| Fiscal Year Ending 8/31 | Book Value ⁽¹⁾ | Market Value ⁽¹⁾ |
|----------------------------|---------------------------|-----------------------------|
| 2020 | \$ 36,642,000,738 | \$ 46,764,059,745 |
| 2021 | 38,699,895,545 | 55,582,252,097 |
| 2022 | 42,511,350,050 | 56,754,515,757 |
| 2023 | 43,915,792,841 | 59,020,536,667 |
| 2024 ⁽²⁾ | 46,276,260,013 | 56,937,188,265 |

- (1) SLB managed assets are included in the market value and book value of the Fund. In determining the market value of the PSF from time to time during a fiscal year, the current, unaudited values for PSF investment portfolios and cash held by the SLB are used. With respect to SLB managed assets shown in the table above, market values of land and mineral interests, internally managed real estate, investments in externally managed real estate funds and cash are based upon information reported to the PSF Corporation by the SLB. The SLB reports that information to the PSF Corporation on a quarterly basis. The valuation of such assets at any point in time is dependent upon a variety of factors, including economic conditions in the State and nation in general, and the values of these assets, and, in particular, the valuation of mineral holdings administered by the SLB, can be volatile and subject to material changes from period to period.
- (2) At August 31, 2024, mineral assets, sovereign lands, other lands, and discretionary internal investments, had book values of approximately \$13.4 million, \$0.8 million, \$37.2 million, and \$318.9 million, respectively, and market values of approximately \$4,540.6 million, \$277.4 million, \$153.1 million, and \$457.0 million, respectively.

Permanent School Fund Guaranteed Bonds

| At 8/31 | Principal Amount ⁽¹⁾ |
|---------|---------------------------------|
| 2020 | \$ 90,336,680,245 |
| 2021 | 95,259,161,922 |
| 2022 | 103,239,495,929 |
| 2023 | 115,730,826,682 |
| 2024 | 125,815,981,603 ⁽²⁾ |

- (1) Represents original principal amount; does not reflect any subsequent accretions in value for compound interest bonds (zero coupon securities). The amount shown excludes bonds that have been refunded and released from the Guarantee Program. The TEA does not maintain records of the accreted value of capital appreciation bonds that are guaranteed under the Guarantee Program.
- (2) At August 31, 2024 (the most recent date for which such data is available), the TEA expected that the principal and interest to be paid by school districts and charter districts over the remaining life of the bonds guaranteed by the Guarantee Program was \$196,294,405,488, of which \$70,478,423,885 represents interest to be paid. As shown in the table above, at August 31, 2024, there were \$125,815,981,603 in principal amount of bonds guaranteed under the Guarantee Program. Using the State Capacity Limit of \$169,961,518,160 (the State Capacity Limit is currently the Capacity Limit), net of the Capacity Reserve, as of January 31, 2025, 7.69% of the Guarantee Program's capacity was available to the Charter District Bond Guarantee Program. As of January 31, 2025, the amount of outstanding bond guarantees represented 76.33% of the Capacity Limit (which is currently the State Capacity Limit). January 31, 2025 values are based on unaudited data, which is subject to adjustment.

Permanent School Fund Guaranteed Bonds by Category⁽¹⁾

| School District Bonds | | | Charter District Bonds | | | Totals |
|-----------------------|------------------|---------------------|------------------------|---------------------|------------------|---------------------|
| FYE 8/31 | No. of Issues | Principal Amount | No. of Issues | Principal Amount | No. of Issues | Principal Amount |
| 2020 | 3,296 | \$ 87,800,478,245 | 64 | \$2,536,202,000 | 3,360 | \$ 90,336,680,245 |
| 2021 | 3,346 | 91,951,175,922 | 83 | 3,307,986,000 | 3,429 | 95,259,161,922 |
| 2022 | 3,348 | 99,528,099,929 | 94 | 3,711,396,000 | 3,442 | 103,239,495,929 |
| 2023 | 3,339 | 111,647,914,682 | 102 | 4,082,912,000 | 3,441 | 115,730,826,682 |
| 2024 ⁽²⁾ | 3,330 | 121,046,871,603 | 103 | 4,769,110,000 | 3,433 | 125,815,981,603 |

- (1) Represents original principal amount; does not reflect any subsequent accretions in value for compound interest bonds (zero coupon securities). The amount shown excludes bonds that have been refunded and released from the Guarantee Program.
- (2) At January 31, 2025 (based on unaudited data, which is subject to adjustment), there were \$129,723,799,121 in principal amount of bonds guaranteed under the Guarantee Program, representing 3,437 school district issues, aggregating \$124,794,149,121 in principal amount and 109 charter district issues, aggregating \$4,929,650,000 in principal amount. At January 31, 2025 the projected guarantee capacity available was \$39,780,221,830 (based on unaudited data, which is subject to adjustment).

DISCUSSION AND ANALYSIS PERTAINING TO FISCAL YEAR ENDED AUGUST 31, 2024 . . . The following discussion is derived from the Annual Report for the year ended August 31, 2024, including the Message from the Chief Executive Officer of the Fund, the Management’s Discussion and Analysis, and other schedules contained therein. Reference is made to the Annual Report, as filed with the MSRB, for the complete Message and MD&A. Investment assets managed by the PSF Corporation are referred to throughout this MD&A as the PSF(CORP). The Fund’s non-financial real assets are managed by the SLB and these assets are referred to throughout as the PSF(SLB) assets.

At the end of fiscal year 2024, the PSF(CORP) net position was \$57.3 billion. During the year, the PSF(CORP) continued implementing the long-term strategic asset allocation, diversifying the investment mix to strengthen the Fund. The asset allocation is projected to increase returns over the long run while reducing risk and portfolio return volatility. The PSF(CORP) is invested in global markets and liquid and illiquid assets experience volatility commensurate with the related indices. The PSF(CORP) is broadly diversified and benefits from the cost structure of its investment program. Changes continue to be researched, crafted, and implemented to make the cost structure more effective and efficient. The PSF(CORP) annual rates of return for the one-year, five-year, and ten-year periods ending August 31, 2024, net of fees, were 10.12%, 7.31%, and 6.32%, respectively (total return takes into consideration the change in the market value of the Fund during the year as well as the interest and dividend income generated by the Fund’s investments). See “Comparative Investment Schedule – PSF(CORP)” for the PSF(CORP) holdings as of August 31, 2024.

Effective February 1, 2024, Texas PSF transitioned into a new strategic asset allocation. The new allocation of the PSF Corporation updated the strategic asset allocation among public equities, fixed income, and alternative assets, as discussed herein. Alternative assets now include private credit, absolute return, private equity, real estate, natural resources, and infrastructure. For a description of the accrual basis of accounting and more information about performance, including comparisons to established benchmarks for certain periods, please see the 2024 Annual Report which is included by reference herein.

PSF Returns Fiscal Year Ended 8-31-2024⁽¹⁾

| <u>Portfolio</u> | <u>Return</u> | <u>Benchmark Return⁽²⁾</u> |
|---------------------------------|---------------|---|
| Total PSF (CORP) Portfolio | 10.12 | 9.28 |
| Domestic Large Cap Equities | 27.30 | 27.14 |
| Domestic Small/Mid Cap Equities | 18.35 | 18.37 |
| International Equities | 18.82 | 18.08 |
| Private Credit | 1.41 | 0.93 |
| Core Bonds | 7.08 | 7.30 |
| Absolute Return | 11.50 | 8.87 |
| Real Estate | (6.42) | (7.22) |
| Private Equity | 4.62 | 4.23 |
| High Yield | 12.03 | 12.53 |
| Natural Resources | 12.36 | 6.42 |
| Infrastructure | 4.41 | 3.63 |
| Bank Loans | 3.02 | 3.23 |
| Short Term Investment Portfolio | 2.42 | 2.28 |

(1) Time weighted rates of return adjusted for cash flows for the PSF(CORP) investment assets. Does not include SLB managed real estate or real assets. Returns are net of fees. Source: Annual Report for year ended August 31, 2024.

(2) Benchmarks are as set forth in the Annual Report for year ended August 31, 2024.

The SLB is responsible for the investment of money in the Real Estate Special Fund Account (RESFA) of the PSF (also referred to herein as the PSF(SLB)). Pursuant to applicable law, money in the PSF(SLB) may be invested in land, mineral and royalty interest, and real property holdings. For more information regarding the investments of the PSF(SLB), please see the 2024 Unaudited Annual Financial Report of the Texas General Land Office and Veterans Land Board.

The Fund directly supports the public school system in the State by distributing a predetermined percentage of its asset value to the ASF. In fiscal year 2024, \$2.2 billion was distributed to the ASF, \$600 million of which was distributed by the PSF(CORP) on behalf of the SLB.

OTHER EVENTS AND DISCLOSURES . . . State ethics laws govern the ethics and disclosure requirements for financial advisors and other service providers who advise certain State governmental entities, including the PSF. The SBOE code of ethics provides ethical standards for SBOE members, the Education Commissioner, TEA staff, and persons who provide services to the SBOE relating to the Fund. The PSF Corporation developed its own ethics policy that provides basic ethical principles, guidelines, and standards of conduct relating to the management and investment of the Fund in accordance with the requirements of §43.058 of the Texas Education Code, as amended. The SBOE code of ethics is codified in the Texas Administrative Code at 19 TAC sections 33.4 et seq. and is available on the TEA web site at <https://tea.texas.gov/sites/default/files/ch033a.pdf>. The PSF Corporation’s ethics policy is posted to the PSF Corporation’s website at texaspsf.org.

In addition, the SLB and GLO have established processes and controls over the administration of real estate transactions and are subject to provisions of the Texas Natural Resources Code and internal procedures in administering real estate transactions for

Fund assets it manages.

As of August 31, 2024, certain lawsuits were pending against the State and/or the GLO, which challenge the Fund's title to certain real property and/or past or future mineral income from that property, and other litigation arising in the normal course of the investment activities of the PSF. Reference is made to the Annual Report, when filed, for a description of such lawsuits that are pending, which may represent contingent liabilities of the Fund.

PSF CONTINUING DISCLOSURE UNDERTAKING . . . As of March 1, 2023, the TEA's undertaking pursuant to Rule 15c2-12 (the "TEA Undertaking") pertaining to the PSF and the Guarantee Program, is codified at 19 TAC 33.8, which relates to the Guarantee Program and is available at <https://tea.texas.gov/sites/default/files/ch033a.pdf>.

Through the codification of the TEA Undertaking and its commitment to guarantee bonds, the TEA has made the following agreement for the benefit of the issuers, holders, and beneficial owners of guaranteed bonds. The TEA (or its successor with respect to the management of the Guarantee Program) is required to observe the agreement for so long as it remains an "obligated person," within the meaning of Rule 15c2-12, with respect to guaranteed bonds. Nothing in the TEA Undertaking obligates the TEA to make any filings or disclosures with respect to guaranteed bonds, as the obligations of the TEA under the TEA Undertaking pertain solely to the Guarantee Program. The issuer or an "obligated person" of the guaranteed bonds has assumed the applicable obligation under Rule 15c2-12 to make all disclosures and filings relating directly to guaranteed bonds, and the TEA takes no responsibility with respect to such undertakings. Under the TEA Undertaking, the TEA is obligated to provide annually certain updated financial information and operating data, and timely notice of specified material events, to the MSRB.

The MSRB has established the Electronic Municipal Market Access ("EMMA") system, and the TEA is required to file its continuing disclosure information using the EMMA system. Investors may access continuing disclosure information filed with the MSRB at www.emma.msrb.org, and the continuing disclosure filings of the TEA with respect to the PSF can be found at <https://emma.msrb.org/IssueView/Details/ER355077> or by searching for "Texas Permanent School Fund Bond Guarantee Program" on EMMA.

ANNUAL REPORTS . . . The PSF Corporation, on behalf of the TEA, and the TEA will annually provide certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the Guarantee Program and the PSF of the general type included in this offering document under the heading "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM." The information also includes the Annual Report. The PSF Corporation will update and provide this information within six months after the end of each fiscal year.

The TEA and the PSF Corporation may provide updated information in full text or may incorporate by reference certain other publicly-available documents, as permitted by Rule 15c2-12. The updated information includes audited financial statements of, or relating to, the State or the PSF, when and if such audits are commissioned and available. In the event audits are not available by the filing deadline, unaudited financial statements will be provided by such deadline, and audited financial statements will be provided when available. Financial statements of the State will be prepared in accordance with generally accepted accounting principles as applied to state governments, as such principles may be changed from time to time, or such other accounting principles as the State Auditor is required to employ from time to time pursuant to State law or regulation. The financial statements of the Fund are required to be prepared to conform to U.S. Generally Accepted Accounting Principles as established by the Governmental Accounting Standards Board.

The Fund is composed of two primary segments: the financial assets (PSF(CORP)) managed by PSF Corporation, and the non-financial assets (PSF(SLB)) managed by the SLB. Each of these segments is reported separately and on different bases of accounting.

The PSF Corporation reports as a special-purpose government engaged in business-type activities and reports to the State of Texas as a discretely presented component unit accounted for on an economic resources measurement focus and the accrual basis of accounting. Measurement focus refers to the definition of the resource flows measured. Under the accrual basis of accounting, all revenues reported are recognized in the period they are earned or when the PSF Corporation has a right to receive them. Expenses are recognized in the period they are incurred, and the subsequent amortization of any deferred outflows. Additionally, costs related to capital assets are capitalized and subsequently depreciated over the useful life of the assets. Both current and long-term assets and liabilities are presented in the statement of net position.

The SLB manages the Fund's non-financial assets (PSF(SLB)), is classified as a governmental permanent fund and accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, amounts are recognized as revenues in the period in which they are available to finance expenditures of the current period and are measurable. Amounts are considered measurable if they can be estimated or otherwise determined. Expenditures are recognized in the period in which the related liability is incurred, if measurable.

The State's current fiscal year end is August 31. Accordingly, the TEA and the PSF Corporation must provide updated information by the last day of February in each year, unless the State changes its fiscal year. If the State changes its fiscal year, the TEA and PSF Corporation will notify the MSRB of the change.

EVENT NOTICES . . . The TEA and the PSF Corporation will also provide timely notices of certain events to the MSRB. Such notices will be provided not more than ten business days after the occurrence of the event. The TEA or the PSF Corporation will provide notice of any of the following events with respect to the Guarantee Program: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if such event is material within the meaning of the federal securities laws; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Guarantee Program, or other material events affecting the tax status of the Guarantee Program; (7) modifications to rights of holders of bonds guaranteed by the Guarantee Program, if such event is material within the meaning of the federal securities laws; (8) bond calls, if such event is material within the meaning of the federal securities laws, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of bonds guaranteed by the Guarantee Program, if such event is material within the meaning of the federal securities laws; (11) rating changes of the Guarantee Program; (12) bankruptcy, insolvency, receivership, or similar event of the Guarantee Program (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Guarantee Program in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Guarantee Program, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Guarantee Program); (13) the consummation of a merger, consolidation, or acquisition involving the Guarantee Program or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if such event is material within the meaning of the federal securities laws; (14) the appointment of a successor or additional trustee with respect to the Guarantee Program or the change of name of a trustee, if such event is material within the meaning of the federal securities laws; (15) the incurrence of a financial obligation of the Guarantee Program, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Guarantee Program, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Guarantee Program, any of which reflect financial difficulties. (Neither the Act nor any other law, regulation or instrument pertaining to the Guarantee Program make any provision with respect to the Guarantee Program for bond calls, debt service reserves, credit enhancement, liquidity enhancement, early redemption, or the appointment of a trustee with respect to the Guarantee Program.) In addition, the TEA or the PSF Corporation will provide timely notice of any failure by the TEA or the PSF Corporation to provide information, data, or financial statements in accordance with its agreement described above under “Annual Reports.”

AVAILABILITY OF INFORMATION . . . The TEA and the PSF Corporation have agreed to provide the foregoing information only to the MSRB and to transmit such information electronically to the MSRB in such format and accompanied by such identifying information as prescribed by the MSRB. The information is available from the MSRB to the public without charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The TEA and the PSF Corporation have agreed to update information and to provide notices of material events only as described above. The TEA and the PSF Corporation have not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The TEA and the PSF Corporation make no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell bonds at any future date. The TEA and the PSF Corporation disclaim any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the TEA and the PSF Corporation to comply with its agreement.

The continuing disclosure agreement is made only with respect to the PSF and the Guarantee Program. The issuer of guaranteed bonds or an obligated person with respect to guaranteed bonds may make a continuing disclosure undertaking in accordance with Rule 15c2-12 with respect to its obligations arising under Rule 15c2-12 pertaining to financial information and operating data concerning such entity and events notices relating to such guaranteed bonds. A description of such undertaking, if any, is included elsewhere in this offering document.

This continuing disclosure agreement may be amended by the TEA or the PSF Corporation 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 TEA or the PSF Corporation, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell guaranteed bonds in the primary offering of such bonds in compliance with Rule 15c2-12, taking into account any amendments or interpretations of Rule 15c2-12 since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding bonds guaranteed by the Guarantee Program consent to such amendment or (b) a person that is unaffiliated with the TEA or the PSF Corporation (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the bonds guaranteed by the Guarantee Program. The TEA or the PSF Corporation may also amend or repeal the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provision of Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of Rule 15c2-12 are invalid, but only if and to the extent that the provisions of this sentence would

not prevent an underwriter from lawfully purchasing or selling bonds guaranteed by the Guarantee Program in the primary offering of such bonds.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . Except as stated below, during the last five years, the TEA and the PSF Corporation have not failed to substantially comply with their previous continuing disclosure agreements in accordance with Rule 15c2-12. On April 28, 2022, TEA became aware that it had not timely filed its 2021 Annual Report with EMMA due to an administrative oversight. TEA took corrective action and filed the 2021 Annual Report with EMMA on April 28, 2022, followed by a notice of late filing made with EMMA on April 29, 2022. TEA notes that the 2021 Annual Report was timely filed on the TEA website by the required filing date and that website posting has been incorporated by reference into TEA's Bond Guarantee Program disclosures that are included in school district and charter district offering documents. On March 31, 2025, the TEA and the PSF Corporation became aware that the 2022 operating data was not timely filed with EMMA due to an administrative oversight. TEA and PSF Corporation took corrective action and filed a notice of late filing with EMMA on April 4, 2025. The annual operating data was previously posted to EMMA on March 31, 2023.

SEC EXEMPTIVE RELIEF . . . On February 9, 1996, the TEA received a letter from the Chief Counsel of the SEC that pertains to the availability of the "small issuer exemption" set forth in paragraph (d)(2) of Rule 15c2-12. The letter provides that Texas school districts which offer municipal securities that are guaranteed under the Guarantee Program may undertake to comply with the provisions of paragraph (d)(2) of Rule 15c2-12 if their offerings otherwise qualify for such exemption, notwithstanding the guarantee of the school district securities under the Guarantee Program. Among other requirements established by Rule 15c2-12, a school district offering may qualify for the small issuer exemption if, upon issuance of the proposed series of securities, the school district will have no more than \$10 million of outstanding municipal securities.

APPENDIX E

INGLESIDE INDEPENDENT SCHOOL DISTRICT ANNUAL FINANCIAL REPORT For the Year Ended August 31, 2024

The information contained in this APPENDIX consists of excerpts from the Ingleside Independent School District Annual Financial Report for the Fiscal Year Ended August 31, 2024, and is not intended to be a complete statement of the District's financial condition. Reference is made to the complete Report for further information.



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Independent Auditor's Report

To the Board of Trustees
Ingleside Independent School District
P. O. Drawer HH
Ingleside, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ingleside Independent School District ("the District"), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the Ingleside Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ingleside Independent School District, as of August 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ingleside Independent School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ingleside Independent School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ingleside Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information as identified in the table of contents comprises the information included in the annual report but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2024 on our consideration of Ingleside Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ingleside Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

Gowland, Morales, & Smith, PLLC

Gowland, Morales & Smith, PLLC

Corpus Christi, Texas
December 2, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Ingleside Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2024. Please read it in conjunction with the District's financial statements, which follow this section.

● FINANCIAL HIGHLIGHTS

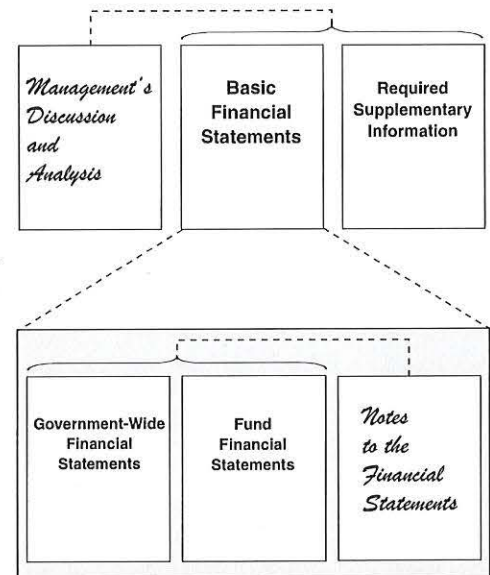
- The District's total combined Net Position was \$52,733,372 at August 31, 2024.
- The increase was attributable to a reduction in the district's liabilities
- During 2023-2024, the District's General Fund expenses were \$966,296 less than the \$31,904,715 reported in 2022-2023. The district's property tax recapture payments to the state decreased by \$3,551,715 due to lower tax collections as a result of state compression of the local tax rate. This was offset by increased property insurance of \$760,000, capital projects of \$928,000, and a general 3% pay increase for employees
- In the Statement of Activities, the District's expenses were \$3,402,546 less than the \$41,894,984 generated in taxes and other revenues for governmental activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as food service.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or custodian* for the benefit of others, to whom the resources in question belong.

Figure A-1F, Required Components of the District's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Summary ↔ Detail

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

- **Government-wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's Net Position and how they have changed. Net Position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's Net Position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.

- **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has three kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- We use *internal service funds* to report activities that provide supplies and services for the District's other programs and activities—such as the District's Self Insurance Fund.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

| Type of Statements | Fund Statements | | | |
|--|--|--|--|--|
| | Government-wide | Governmental Funds | Proprietary Funds | Fiduciary Funds |
| Scope | Entire Agency's government (except fiduciary funds) and the Agency's component units | The activities of the district that are not proprietary or fiduciary | Activities the district operates similar to private businesses: self insurance | Instances in which the district is the trustee or agent for someone else's resources |
| Required financial statements | • Statement of net assets | • Balance sheet | • Statement of net assets | • Statement of fiduciary net assets |
| | • Statement of activities | • Statement of revenues, expenditures & changes in fund balances | • Statement of revenues, expenses and changes in fund net assets | • Statement of changes in fiduciary net assets |
| | | | • Statement of cash flows | |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included | All assets and liabilities, both financial and capital, and short-term and long-term | All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid | All revenues and expenses during year, regardless of when cash is received or paid |

- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary Net Position and a statement of changes in fiduciary Net Position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

- **FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

Net Position. The District's combined Net Position was \$52,733,372 at August 31, 2024 (See Table A-1).

Governmental Activities

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Table A-1
Ingleside Independent School District's Net Position

| | Governmental Activities | | |
|--|----------------------------|----------------------|---------------------|
| | 2024 | 2023 | Change |
| Current assets: | | | |
| Cash and cash equivalents | \$ 28,351,248 | \$ 31,617,085 | \$ (3,265,837) |
| Property Taxes Receivable (Net) | 430,070 | 448,922 | (18,852) |
| Due from other governments | 383,853 | 428,123 | (44,270) |
| Other Receivables | 8,434 | 8,320 | 114 |
| Inventories at cost | 28,125 | 20,280 | 7,845 |
| Unrealized Expenses | 111,609 | 3,806 | 107,803 |
| Total Current Assets | <u>29,313,339</u> | <u>32,526,536</u> | <u>(3,213,197)</u> |
| Noncurrent assets: | | | |
| Land | 969,834 | 969,835 | (1) |
| Buildings and Improvements, Net | 96,533,330 | 68,433,660 | 28,099,670 |
| Construction in Progress | 0 | 30,631,062 | (30,631,062) |
| Furniture and Equipment, Net | 2,795,577 | 1,918,783 | 876,794 |
| Total noncurrent assets | <u>100,298,741</u> | <u>101,953,340</u> | <u>(1,654,599)</u> |
| Total Assets | <u>129,612,080</u> | <u>134,479,876</u> | <u>(4,867,796)</u> |
| Deferred Outflows of Resources | <u>5,317,156</u> | <u>5,328,211</u> | <u>(11,055)</u> |
| Current Liabilities: | | | |
| Accounts Payable | 146,338 | 4,193,981 | (4,047,643) |
| Accrued Liabilities | 1,310,637 | 1,309,857 | 780 |
| Due to Other Governments | 291 | 487,614 | (487,323) |
| Unearned Revenues | 114,159 | 567,598 | (453,439) |
| Current Portion of Long-Term Liabilities | 3,145,000 | 3,005,000 | 140,000 |
| Total Current Liabilities | <u>4,716,425</u> | <u>9,564,050</u> | <u>(4,847,625)</u> |
| Due in More Than One Year | 58,163,776 | 61,838,177 | (3,674,401) |
| Net Pension Liability | 9,348,249 | 7,714,691 | 1,633,558 |
| Net OPEB Liability | 3,715,822 | 4,112,754 | (396,932) |
| Total Liabilities | <u>75,944,272</u> | <u>83,229,672</u> | <u>(7,285,400)</u> |
| Deferred Inflows | <u>6,251,592</u> | <u>7,247,590</u> | <u>(995,998)</u> |
| Net Assets: | | | |
| Invested in capital assets, | | | |
| Net of Related Debt | 46,405,802 | 48,940,217 | (2,534,415) |
| Restricted Assets | 2,722,827 | 1,227,257 | 1,495,570 |
| Unrestricted | 3,604,743 | (836,649) | 4,441,392 |
| Total Net Assets | <u>\$ 52,733,372</u> | <u>\$ 49,330,825</u> | <u>\$ 3,402,547</u> |

Changes in Net Position. The District's total revenues were 41,894,984. A significant portion, 74%, of the District's revenue comes from taxes. 4 percent comes from state aid – formula grants, and 14% from operating grants, while .68 relates to charges for services.

The total cost of all programs and services was 38,492,438; 54% of these costs are for instructional and student services including food service.

- **Governmental Activities**
- Maintenance & Operations (M & O) property tax rates decreased from \$.8546 per \$100 to \$.6692 and Debt Service tax rates increased from \$.1235 to \$.1335 per \$100 valuation. Property values increased by 307 million, or 9%.

Table A-2
Changes in Ingleside Independent School District's Net Position

| | Governmental Activities | | |
|-------------------------------------|----------------------------|----------------------|---------------------|
| | 2024 | 2023 | Change |
| Program Revenues: | | | |
| Charges for Services | \$ 282,836 | \$ 389,115 | \$ (106,279) |
| Operating Grants and Contributions | 5,881,551 | 6,133,203 | (251,652) |
| General Revenues | | | |
| Property Taxes | 31,174,399 | 34,954,737 | (3,780,338) |
| State Aid – Formula | 1,758,487 | 1,550,732 | 207,755 |
| Investment Earnings | 1,917,074 | 1,951,621 | (34,547) |
| Other | 880,637 | 2,825,957 | (1,945,320) |
| Total Revenues | <u>41,894,984</u> | <u>47,805,365</u> | <u>(5,910,381)</u> |
| Expenses: | | | |
| Instruction | 15,383,203 | 15,083,825 | 299,378 |
| Instructional Resources and | | | |
| Media Services | 141,539 | 133,419 | 8,120 |
| Curriculum Dev. And | | | |
| Instructional Staff Dev. | 287,291 | 350,689 | (63,398) |
| Instructional Leadership | 191,843 | 192,118 | (275) |
| School Leadership | 1,355,061 | 1,540,936 | (185,875) |
| Guidance, Counseling and | | | |
| Evaluation Services | 899,270 | 821,444 | 77,826 |
| Social Services | 2,288 | 1,531 | 757 |
| Health Services and Social Services | 301,970 | 302,888 | (918) |
| Student (Pupil) Transportation | 631,126 | 539,229 | 91,897 |
| Food Services | 1,987,030 | 1,791,684 | 195,346 |
| Curricular/Extracurricular | | | |
| Activities | 1,058,098 | 898,795 | 159,303 |
| General Administration | 1,175,872 | 1,015,181 | 160,691 |
| Plant Maintenance & Oper. | 5,526,949 | 4,328,967 | 1,197,982 |
| Security & Monitoring Svcs. | 438,313 | 263,544 | 174,769 |
| Data Processing Services | 791,053 | 644,328 | 146,725 |
| Community Service | 48,003 | 20,528 | 27,475 |
| Debt Service | 1,801,211 | 1,928,211 | (127,000) |
| Capital Outlay | | | 0 |
| Contracted Instructional Services | 6,101,765 | 9,653,480 | (3,551,715) |
| Payments to Fiscal Agent/ | | | |
| Member Dist. - SSA | 370,553 | 381,613 | (11,060) |
| Special Item Outflow | | | 0 |
| Other Intergovernmental Charges | | | 0 |
| Total Expenses | <u>38,492,438</u> | <u>39,892,410</u> | <u>(1,399,972)</u> |
| Change in Net Position | 3,402,546 | 7,912,955 | (4,510,409) |
| Net Position-Beginning | <u>49,330,826</u> | <u>41,417,871</u> | <u>7,912,955</u> |
| Net Position Ending | \$ <u>52,733,372</u> | \$ <u>49,330,826</u> | \$ <u>3,402,546</u> |

Implementation of GASB 75 was effective at the beginning of the 2018 fiscal year. Changes for revenues and expenses prior to the implementation have not been calculated and are not available for comparison. Fiscal year 2018 beginning net position has been restated.

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$38,492,438.
- However, the amount that our taxpayers paid for these activities through property taxes was only 31,174,399.
- Some of the cost was paid by those who directly benefited from the programs \$282,836 or by grants and contributions \$5,881,551.

Table A-3
Net Cost of Selected District Functions

| | Total Cost of Services | | % Change | Net Cost of Services | | % Change |
|--------------------------------|------------------------|---------------|----------|----------------------|---------------|----------|
| | 2024 | 2023 | | 2024 | 2023 | |
| Instruction | \$ 15,383,203 | \$ 15,083,825 | 2% | \$ 12,701,559 | \$ 11,719,187 | 8% |
| General Administration | 1,175,872 | 1,015,181 | 16% | 1,118,726 | 963,133 | 16% |
| Plant Maintenance & Operations | 5,526,949 | 4,328,967 | 28% | 5,263,054 | 4,062,049 | 30% |
| Food Service | 1,987,030 | 1,791,684 | 11% | 163,470 | (8,452) | -2034% |

- **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

Revenues from governmental fund types totaled \$42,526,910, a decrease of 14% over the preceding year.

- **General Fund Budgetary Highlights**

Total revenues were above the final budgeted amount by \$609,461. The variance is attributed to higher investment rates of return than budgeted.

Total expenditures were \$3,625,059 less than the final budgeted amounts. The district transitioned the top leadership team and reorganized the district level curriculum leadership and support team. The costs associated with these changes were lower than anticipated. The cost for intergovernmental charges was lower than budgeted. Additional savings are attributed to unfilled security positions and other staffing variances.

- **CAPITAL ASSETS AND DEBT ADMINISTRATION**

- **Capital Assets**

At the end of 2024, the District had invested \$100,298,741 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

Table A-4
District's Capital Assets

| | Governmental Activities | | Change |
|--------------------------------|-------------------------|----------------|--------|
| | 2024 | 2023 | |
| Land | \$ 969,834 | \$ 969,834 | 0.00% |
| Buildings and improvements | 118,092,408 | 87,760,875 | 34.56% |
| Equipment & Vehicles | 5,291,104 | 4,435,769 | 19.28% |
| Construction in Progress | | 30,631,062 | |
| Totals at historical cost | 124,353,346 | 123,797,540 | |
| Total accumulated depreciation | (24,054,605) | (21,844,200) | 10.12% |
| Net capital assets | \$ 100,298,741 | \$ 101,953,340 | -1.62% |

- **Long Term Debt**

At year-end the District had \$54,190,000 in bonds outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the Notes to the Financial Statements.

Table A-5
District's Long Term Debt

| | Governmental Activities | | |
|-----------------------|----------------------------|---------------|--------|
| | 2024 | 2023 | Change |
| Bonds payable | \$ 54,190,000 | \$ 57,195,000 | -5.3% |
| Premiums | \$ 7,118,775 | \$ 7,648,177 | -6.9% |
| Net Pension Liability | \$ 12,454,224 | \$ 7,714,691 | 61.4% |
| Net OPEB Liability | \$ 1,981,075 | \$ 4,112,754 | -51.8% |

Net Pension Liability

The District implemented GASB Statement No. 68 during the year ended August 31, 2015. A prior period adjustment of \$1,100,918 was required to record the beginning balance of the pension liability for the year ended August 31, 2014. Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements criteria detailed above in the description of Statement No. 67. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts or equivalent arrangements as described above, and to the financial statements of state and local governmental non-employer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TRS plan. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 2014 government-wide financial statements to reflect the reporting of net pension liability and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statement.

Other Post-Employment Benefit Plans (OPEB)

The District implemented GASB Statement No. 75 during the year ended August 31, 2018. A prior period adjustment of \$12,344,234 was required to record the beginning balance of the pension liability for the year ended August 31, 2017. The district participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefits (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

The adoption of Statement No. 75 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TRS plan. The calculation of health insurance is unaffected

by the change. However, the adoption has resulted in reporting in the government-wide financial statements to reflect the net OPEB liability and deferred inflows of resources and deferred outflows of resources for its qualified plan and the recognition of expense in accordance with the provisions of the Statement.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The primary factors considered in the District's budget for the 2024-25 fiscal year were the impact of a slight decrease in local property values, inflation, preserving the quality of instruction and services, and retaining and recruiting the highest caliber staff, and continuing with no change in enrollment. The Board of Trustees adopted a negative budget of \$3.6 million, prior to utilizing fund balance, which provides for a 1.5% raise for employees, a local retention stipend of \$1,000 per employee, additional staffing, increased insurance premiums, and increased utility costs. The budget increased approximately 1.26% from the previous year. The District continues to maintain a healthy fund balance.
- The Board of Trustees adopted a 2024-2025 tax rate of \$0.7977 per \$100 assessed value. The total tax rate includes a maintenance and operations (M&O) tax rate of \$0.6692 and an interest and sinking (I&S) tax rate of \$0.1285. The M&O tax rate is unchanged. House Bill 3 (HB3) of the 86th Texas Legislative Session reduces the M&O tax rate to the lower of the state compressed rate or the local compressed rate when property values grow more than 2.5%. Since the District's property values decreased, the rate is unchanged.
- **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**
This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office.

INGLESIDE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2024

| Data Control Codes | | 1 | Governmental Activities |
|--|--------------------------------------|----|----------------------------|
| ASSETS: | | | |
| 1110 | Cash and Cash Equivalents | \$ | 28,351,248 |
| 1225 | Property Taxes Receivable (Net) | | 430,070 |
| 1240 | Due from Other Governments | | 383,853 |
| 1290 | Other Receivables (Net) | | 8,434 |
| 1300 | Inventories | | 28,125 |
| 1410 | Unrealized Expenses | | 111,609 |
| Capital Assets: | | | |
| 1510 | Land | | 969,834 |
| 1520 | Buildings and Improvements, Net | | 96,533,330 |
| 1530 | Furniture and Equipment, Net | | 2,795,577 |
| 1000 | Total Assets | | <u>129,612,080</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| | Deferred Outflow Related to Pensions | | 3,937,258 |
| | Deferred Outflow Related to OPEB | | 1,379,898 |
| 1700 | Total Deferred Outflows of Resources | | <u>5,317,156</u> |
| LIABILITIES: | | | |
| 2110 | Accounts Payable | | 146,338 |
| 2165 | Accrued Liabilities | | 1,310,637 |
| 2180 | Due to Other Governments | | 291 |
| 2300 | Unearned Revenue | | 114,159 |
| Noncurrent Liabilities: | | | |
| 2501 | Due Within One Year | | 3,145,000 |
| 2502 | Due in More Than One Year | | 58,163,776 |
| 2540 | Net Pension Liability | | 9,348,249 |
| 2545 | Net OPEB Liability | | 3,715,822 |
| 2000 | Total Liabilities | | <u>75,944,272</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| | Deferred Inflow Related to Pensions | | 486,703 |
| | Deferred Inflow Related to OPEB | | 5,764,889 |
| 2600 | Total Deferred Inflows of Resources | | <u>6,251,592</u> |
| NET POSITION: | | | |
| 3200 | Net Investment in Capital Assets | | 46,405,802 |
| Restricted For: | | | |
| 3820 | State and Federal Programs | | 967,041 |
| 3850 | Debt Service | | 1,701,363 |
| 3870 | Campus Activities | | 54,423 |
| 3900 | Unrestricted | | 3,604,743 |
| 3000 | Total Net Position | \$ | <u>52,733,372</u> |

The accompanying notes are an integral part of this statement.

INGLESIDE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2024

| | | 1 | 3 | 4 | Net (Expense) Revenue and Changes in Net Position |
|--------------------------|--|---------------|-------------------------|--|--|
| Data Control Codes | Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities |
| | Governmental Activities: | | | | |
| 11 | Instruction | \$ 15,383,203 | \$ 78,138 | \$ 2,603,506 | \$ (12,701,559) |
| 12 | Instructional Resources and Media Services | 141,539 | 22 | 6,947 | (134,570) |
| 13 | Curriculum and Staff Development | 287,291 | 39 | 42,849 | (244,403) |
| 21 | Instructional Leadership | 191,843 | 26 | 29,882 | (161,935) |
| 23 | School Leadership | 1,355,061 | 210 | 65,609 | (1,289,242) |
| 31 | Guidance, Counseling, and Evaluation Services | 899,270 | 86 | 332,995 | (566,189) |
| 32 | Social Work Services | 2,288 | -- | 154 | (2,134) |
| 33 | Health Services | 301,970 | 46 | 14,511 | (287,413) |
| 34 | Student Transportation | 631,126 | 83 | 25,780 | (605,263) |
| 35 | Food Service | 1,987,030 | 152,161 | 1,671,399 | (163,470) |
| 36 | Cocurricular/Extracurricular Activities | 1,058,098 | 49,836 | 50,480 | (957,782) |
| 41 | General Administration | 1,175,872 | 182 | 56,964 | (1,118,726) |
| 51 | Facilities Maintenance and Operations | 5,526,949 | 843 | 263,052 | (5,263,054) |
| 52 | Security and Monitoring Services | 438,313 | 39 | 194,281 | (243,993) |
| 53 | Data Processing Services | 791,053 | 120 | 37,513 | (753,420) |
| 61 | Community Services | 48,003 | -- | 41,544 | (6,459) |
| 72 | Interest on Long-term Debt | 1,799,611 | -- | 130,244 | (1,669,367) |
| 73 | Bond Issuance Costs and Fees | 1,600 | -- | -- | (1,600) |
| 91 | Contracted Instructional Services between Schools | 6,101,765 | 1,005 | 313,841 | (5,786,919) |
| 99 | Other Intergovernmental Charges | 370,553 | -- | -- | (370,553) |
| TG | Total Governmental Activities | 38,492,438 | 282,836 | 5,881,551 | (32,328,051) |
| TP | Total Primary Government | \$ 38,492,438 | \$ 282,836 | \$ 5,881,551 | (32,328,051) |
| | General Revenues: | | | | |
| MT | Property Taxes, Levied for General Purposes | | | | 24,758,736 |
| DT | Property Taxes, Levied for Debt Service | | | | 6,415,663 |
| IE | Investment Earnings | | | | 1,917,074 |
| SF | State Aid-Formula Grants | | | | 1,758,487 |
| GC | Grants and Contributions Not Restricted to Specific Programs | | | | (565,033) |
| MI | Miscellaneous | | | | 1,445,670 |
| TR | Total General Revenues | | | | 35,730,597 |
| CN | Change in Net Position | | | | 3,402,546 |
| NB | Net Position - Beginning | | | | 49,330,826 |
| NE | Net Position - Ending | | | | \$ 52,733,372 |

The accompanying notes are an integral part of this statement.

INGLESIDE INDEPENDENT SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS**

AUGUST 31, 2024

| Data Control Codes | 10 General Fund | 50 Debt Service Fund | onmf Other Governmental Funds | 98 Total Governmental Funds |
|--|-----------------------|-------------------------------|--|--------------------------------------|
| ASSETS: | | | | |
| 1110 Cash and Cash Equivalents | \$ 25,403,504 | \$ 1,701,363 | \$ 1,087,903 | \$ 28,192,770 |
| 1225 Taxes Receivable, Net | 355,072 | 74,998 | -- | 430,070 |
| 1240 Due from Other Governments | 187,968 | -- | 195,885 | 383,853 |
| 1260 Due from Other Funds | -- | -- | 33,315 | 33,315 |
| 1290 Other Receivables | 8,433 | -- | -- | 8,433 |
| 1300 Inventories | 15,686 | -- | 12,439 | 28,125 |
| 1410 Unrealized Expenditures | 111,609 | -- | -- | 111,609 |
| 1000 Total Assets | 28,082,272 | 1,776,361 | 1,329,542 | 29,188,175 |
| LIABILITIES: | | | | |
| Current Liabilities: | | | | |
| 2110 Accounts Payable | \$ 96,011 | \$ -- | \$ 5,930 | \$ 101,941 |
| 2150 Payroll Deductions and Withholdings | 251 | -- | -- | 251 |
| 2160 Accrued Wages Payable | 1,310,386 | -- | -- | 1,310,386 |
| 2170 Due to Other Funds | 33,314 | -- | -- | 33,314 |
| 2180 Due to Other Governments | 207 | -- | 84 | 291 |
| 2300 Unearned Revenue | 113,792 | -- | 367 | 114,159 |
| 2000 Total Liabilities | 1,553,961 | -- | 6,381 | 1,560,342 |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| Deferred Revenue | 355,072 | 74,998 | -- | 430,070 |
| 2600 Total Deferred Inflows of Resources | 355,072 | 74,998 | -- | 430,070 |
| FUND BALANCES: | | | | |
| Nonspendable Fund Balances: | | | | |
| 3410 Inventories | 15,686 | -- | -- | 15,686 |
| Restricted Fund Balances: | | | | |
| 3450 Federal/State Funds Grant Restrictions | -- | -- | 967,041 | 967,041 |
| 3480 Retirement of Long-Term Debt | -- | 1,701,363 | -- | 1,701,363 |
| 3490 Other Restrictions of Fund Balance | -- | -- | 301,697 | 301,697 |
| Committed Fund Balances: | | | | |
| 3510 Construction | 2,000,000 | -- | -- | 2,000,000 |
| 3520 Claims and Judgments | 25,000 | -- | -- | 25,000 |
| 3540 Self-Insurance | 150,000 | -- | -- | 150,000 |
| 3600 Unassigned | 21,982,553 | -- | -- | 21,982,553 |
| Unassigned, Reported in Nonmajor: | | | | |
| 3610 Special Revenue Funds | -- | -- | 54,423 | 54,423 |
| 3000 Total Fund Balances | 24,173,239 | 1,701,363 | 1,323,161 | 27,197,763 |
| Total Liabilities, Deferred Inflow of Resources and Fund Balances | \$ 28,082,272 | \$ 1,776,361 | \$ 1,329,542 | \$ 29,188,175 |

The accompanying notes are an integral part of this statement.

INGLESIDE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2024

Total fund balances - governmental funds balance sheet

\$ 27,197,763

Amounts reported for governmental activities in the Statement of Net Position
("SNP") are different because:

| | |
|--|--------------|
| Capital assets used in governmental activities are not reported in the funds. | 100,298,741 |
| Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds. | 430,070 |
| The assets and liabilities of internal service funds are included in governmental activities in the SNP. | 114,081 |
| Payables for bond principal which are not due in the current period are not reported in the funds. | (54,190,000) |
| Recognition of the District's proportionate share of the net pension liability is not reported in the funds. | (9,348,249) |
| Deferred Resource Inflows related to the pension plan are not reported in the funds. | (486,703) |
| Deferred Resource Outflows related to the pension plan are not reported in the funds. | 3,937,258 |
| Bond premiums are amortized in the SNA but not in the funds. | (7,118,776) |
| Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds. | (3,715,822) |
| Deferred Resource Inflows related to the OPEB plan are not reported in the funds. | (5,764,889) |
| Deferred Resource Outflows related to the OPEB plan are not reported in the funds. | 1,379,898 |

Net position of governmental activities - Statement of Net Position

\$ 52,733,372

The accompanying notes are an integral part of this statement.

INGLESIDE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

| Data Control Codes | 10 General Fund | 50 Debt Service Fund | onmf Other Governmental Funds | 98 Total Governmental Funds |
|---|----------------------|-------------------------|----------------------------------|--------------------------------|
| REVENUES: | | | | |
| 5700 <i>Local and Intermediate Sources</i> | \$ 27,884,559 | \$ 6,602,087 | \$ 400,226 | \$ 34,886,872 |
| 5800 <i>State Program Revenues</i> | 2,951,103 | 130,244 | 513,592 | 3,594,939 |
| 5900 <i>Federal Program Revenues</i> | 351,119 | -- | 3,693,980 | 4,045,099 |
| 5020 <i>Total Revenues</i> | <u>31,186,781</u> | <u>6,732,331</u> | <u>4,607,798</u> | <u>42,526,910</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 <i>Instruction</i> | 12,259,625 | -- | 2,026,361 | 14,285,986 |
| 0012 <i>Instructional Resources and Media Services</i> | 133,797 | -- | -- | 133,797 |
| 0013 <i>Curriculum and Staff Development</i> | 237,737 | -- | 30,665 | 268,402 |
| 0021 <i>Instructional Leadership</i> | 157,700 | -- | 21,682 | 179,382 |
| 0023 <i>School Leadership</i> | 1,275,064 | -- | -- | 1,275,064 |
| 0031 <i>Guidance, Counseling, and Evaluation Services</i> | 520,139 | -- | 306,288 | 826,427 |
| 0032 <i>Social Work Services</i> | 2,155 | -- | -- | 2,155 |
| 0033 <i>Health Services</i> | 282,162 | -- | -- | 282,162 |
| 0034 <i>Student Transportation</i> | 783,243 | -- | -- | 783,243 |
| 0035 <i>Food Service</i> | 371 | -- | 1,825,000 | 1,825,371 |
| 0036 <i>Cocurricular/Extracurricular Activities</i> | 982,052 | -- | -- | 982,052 |
| 0041 <i>General Administration</i> | 1,106,457 | -- | -- | 1,106,457 |
| 0051 <i>Facilities Maintenance and Operations</i> | 5,418,757 | -- | -- | 5,418,757 |
| 0052 <i>Security and Monitoring Services</i> | 234,438 | -- | 182,240 | 416,678 |
| 0053 <i>Data Processing Services</i> | 796,755 | -- | -- | 796,755 |
| 0061 <i>Community Services</i> | 1,267 | -- | 41,553 | 42,820 |
| 0071 <i>Principal on Long-term Debt</i> | -- | 3,005,000 | -- | 3,005,000 |
| 0072 <i>Interest on Long-term Debt</i> | -- | 2,329,013 | -- | 2,329,013 |
| 0073 <i>Bond Issuance Costs and Fees</i> | -- | 1,600 | -- | 1,600 |
| 0081 <i>Capital Outlay</i> | 274,382 | -- | -- | 274,382 |
| 0091 <i>Contracted Instructional Services</i> | | | | |
| 0091 <i>Between Public Schools</i> | 6,101,765 | -- | -- | 6,101,765 |
| 0099 <i>Other Intergovernmental Charges</i> | 370,553 | -- | -- | 370,553 |
| 6030 <i>Total Expenditures</i> | <u>30,938,419</u> | <u>5,335,613</u> | <u>4,433,789</u> | <u>40,707,821</u> |
| 1100 <i>Excess (Deficiency) of Revenues Over (Under)</i> | | | | |
| 1100 <i>Expenditures</i> | <u>248,362</u> | <u>1,396,718</u> | <u>174,009</u> | <u>1,819,089</u> |
| Other Financing Sources and (Uses): | | | | |
| 7915 <i>Transfers In</i> | -- | -- | 41,196 | 41,196 |
| 8911 <i>Transfers Out</i> | -- | -- | (41,196) | (41,196) |
| 7080 <i>Total Other Financing Sources and (Uses)</i> | -- | -- | -- | -- |
| 1200 <i>Net Change in Fund Balances</i> | <u>248,362</u> | <u>1,396,718</u> | <u>174,009</u> | <u>1,819,089</u> |
| 0100 <i>Fund Balances - Beginning</i> | 23,924,877 | 304,645 | 1,149,152 | 25,378,674 |
| 3000 <i>Fund Balances - Ending</i> | <u>\$ 24,173,239</u> | <u>\$ 1,701,363</u> | <u>\$ 1,323,161</u> | <u>\$ 27,197,763</u> |

The accompanying notes are an integral part of this statement.

INGLESIDE INDEPENDENT SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2024*

Net change in fund balances - total governmental funds \$ 1,819,089

Amounts reported for governmental activities in the Statement of Activities
("SOA") are different because:

| | |
|--|-------------|
| Capital outlays are not reported as expenses in the SOA. | 901,850 |
| The depreciation of capital assets used in governmental activities is not reported in the funds. | (2,544,579) |
| The gain or loss on the sale of capital assets is not reported in the funds. | (11,870) |
| Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA. | 2,986,146 |
| Bond issuance costs and similar items are amortized in the SOA but not in the funds. | 529,402 |
| The net revenue (expense) of internal service funds is reported with governmental activities. | (25,809) |
| Pension expense relating to GASB 68 is recorded in the SOA but not in the funds. | (1,074,309) |
| OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds. | 822,626 |

Change in net position of governmental activities - Statement of Activities \$ 3,402,546

The accompanying notes are an integral part of this statement.

INGLESIDE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
AUGUST 31, 2024

AUGUST 31, 2024

| | | Nonmajor Internal Service Fund |
|--------------------------|---------------------------|--------------------------------------|
| Data Control Codes | | Insurance Fund |
| ASSETS: | | |
| Current Assets: | | |
| 1110 | Cash and Cash Equivalents | \$ 158,478 |
| | Total Current Assets | 158,478 |
| 1000 | Total Assets | 158,478 |
| LIABILITIES: | | |
| Current Liabilities: | | |
| 2110 | Accounts Payable | \$ 44,397 |
| | Total Current Liabilities | 44,397 |
| 2000 | Total Liabilities | 44,397 |
| NET POSITION: | | |
| 3900 | Unrestricted | 114,081 |
| 3000 | Total Net Position | \$ 114,081 |

The accompanying notes are an integral part of this statement.

INGLESIDE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - INTERNAL SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2024

| Data Control Codes | | Nonmajor Internal Service Fund | Insurance Fund |
|--------------------------|--------------------------------------|--------------------------------------|-------------------|
| | OPERATING REVENUES: | | |
| 5700 | Local and Intermediate Sources | \$ | 51,378 |
| 5020 | Total Revenues | | 51,378 |
| | OPERATING EXPENSES: | | |
| 6200 | Professional and Contracted Services | | 29,078 |
| 6400 | Other Operating Costs | | 48,109 |
| 6030 | Total Expenses | | 77,187 |
| 1300 | Change in Net Position | | (25,809) |
| 0100 | Total Net Position - Beginning | | 139,890 |
| 3300 | Total Net Position - Ending | \$ | 114,081 |

The accompanying notes are an integral part of this statement.

INGLESIDE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

| | Internal Service Funds |
|--|------------------------------|
| Cash Flows from Operating Activities: | |
| <i>Cash Received from Customers</i> | \$ -- |
| <i>Cash Received from Grants</i> | -- |
| <i>Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds</i> | 51,378 |
| <i>Cash Payments to Employees for Services</i> | -- |
| <i>Cash Payments to Other Suppliers for Goods and Services</i> | (76,407) |
| <i>Cash Payments for Grants to Other Organizations</i> | -- |
| <i>Other Operating Cash Receipts (Payments)</i> | -- |
| Net Cash Provided (Used) by Operating Activities | <u>(25,029)</u> |
| Cash Flows from Non-capital Financing Activities: | |
| <i>Transfers From (To) Other Funds</i> | -- |
| Net Cash Provided (Used) by Non-capital Financing Activities | <u>--</u> |
| Cash Flows from Capital and Related Financing Activities: | |
| <i>Contributed Capital</i> | -- |
| Net Cash Provided (Used) for Capital and Related Financing Activities | <u>--</u> |
| Cash Flows from Investing Activities: | |
| <i>Interest and Dividends on Investments</i> | -- |
| Net Cash Provided (Used) for Investing Activities | <u>--</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (25,029) |
| Cash and Cash Equivalents at Beginning of Year | 183,507 |
| Cash and Cash Equivalents at End of Year | <u>\$ 158,478</u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | |
| Operating Income (Loss) | \$ (25,809) |
| Adjustments to Reconcile Operating Income to Net Cash | |
| Provided by Operating Activities | |
| <i>Depreciation</i> | -- |
| <i>Provision for Uncollectible Accounts</i> | -- |
| Change in Assets and Liabilities: | |
| <i>Decrease (Increase) in Receivables</i> | -- |
| <i>Increase (Decrease) in Accounts Payable</i> | 780 |
| <i>Increase (Decrease) in Interfund Payables</i> | -- |
| <i>Increase (Decrease) in Unearned Revenue</i> | -- |
| Total Adjustments | <u>780</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ (25,029)</u> |

The accompanying notes are an integral part of this statement.

INGLESIDE INDEPENDENT SCHOOL DISTRICT**STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****AUGUST 31, 2024**

| Data Control Codes | | Private-purpose Trust Fund | Custodial Fund |
|--------------------------|-------------------------------|----------------------------------|---------------------|
| | | Scholarship Fund | Student Activity |
| ASSETS: | | | |
| 1110 | Cash and Cash Equivalents | \$ 159,895 | \$ 108,765 |
| 1000 | Total Assets | 159,895 | 108,765 |
| LIABILITIES: | | | |
| 2000 | Total Liabilities | -- | -- |
| NET POSITION: | | | |
| 3800 | Held in Trust | \$ 159,895 | \$ -- |
| 3800 | Restricted for Other Purposes | -- | 108,765 |
| 3000 | Total Net Position | \$ 159,895 | \$ 108,765 |

The accompanying notes are an integral part of this statement.

INGLESIDE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

| | Private Purpose Trusts | Custodial Funds |
|--|------------------------------|--------------------|
| ADDITIONS: | | |
| Investment Income | \$ -- | \$ -- |
| Contributions from Foundations, Gifts and Bequests | 27,590 | -- |
| Student Group Fundraising Activities | -- | 276,035 |
| Total Additions | <u>27,590</u> | <u>276,035</u> |
| DEDUCTIONS: | | |
| Benefits | -- | -- |
| Scholarship Payments | 22,050 | -- |
| Other Operating Expenses | -- | 291,306 |
| Total Deductions | <u>22,050</u> | <u>291,306</u> |
| Change in Fiduciary Net Position | 5,540 | (15,271) |
| Net Position-Beginning of the Year | 154,355 | 124,036 |
| Prior Period Adjustment | -- | -- |
| Net Position-End of the Year | <u>\$ 159,895</u> | <u>\$ 108,765</u> |

The accompanying notes are an integral part of this statement.

INGLESIDE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

A. Summary of Significant Accounting Policies

The basic financial statements of Ingleside Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund: This fund accumulates funds to pay off the District's bonded indebtedness.

In addition, the District reports the following fund types:

INGLESIDE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Custodial Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of the fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or custodial capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. **Measurement Focus, Basis of Accounting**

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. **Financial Statement Amounts**

a. **Cash and Cash Equivalents**

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

INGLESIDE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2024

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

| | General Fund | Debt Service Fund | Total |
|-------------------------------------|-----------------|----------------------|------------|
| Property Taxes Receivable | \$ 746,422 | \$ 157,659 | \$ 904,081 |
| Allowance for Uncollectible Amounts | (391,350) | (82,661) | (474,011) |
| Property Taxes Receivable, Net | \$ 355,072 | \$ 74,998 | \$ 430,070 |

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|-------------------------|-----------------------------------|
| Buildings | 40-70 |
| Building Improvements | 40-70 |
| Vehicles | 10-15 |
| Furniture and Equipment | 7-15 |
| Computer Equipment | 7-15 |

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

INGLESIDE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

f. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

i. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

j. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

INGLESIDE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

k. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

l. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

4. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

5. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to / deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

6. Implementation of New Standards

In the current fiscal year, the District did not implement any new standards from the Governmental Accounting Standards Board (GASB).

INGLESIDE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

| <u>Violation</u> | <u>Action Taken</u> |
|------------------|---------------------|
| None reported | Not applicable |

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

| <u>Fund Name</u> | <u>Deficit Amount</u> | <u>Remarks</u> |
|------------------|-----------------------|----------------|
| None reported | Not applicable | Not applicable |

C. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash Deposits:

At August 31, 2024, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,520,706 and the bank balance was \$1,717,292. The District's cash deposits at August 31, 2024 and during the year ended August 31, 2024, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

INGLESIDE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

Investment or Investment Type Included with Cash

| | <u>Maturity</u> | <u>Fair Value</u> | |
|---|-----------------|----------------------|--------|
| TexPool | N/A | \$ 578,811 | AAAm |
| Lone Star | N/A | 20,330,777 | AAAm |
| Texas Range | N/A | 6,189,614 | AAAmmf |
| Total Investments Included with Cash & Cash Equivalents | | <u>\$ 27,099,202</u> | |

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

INGLESIDE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

D. Capital Assets

Capital asset activity for the year ended August 31, 2024, was as follows:

| | Beginning Balances | Increases | Transfers Decreases | Ending Balances |
|--|-----------------------|-----------------------|------------------------|-----------------------|
| <u>Governmental activities:</u> | | | | |
| <i>Capital assets not being depreciated:</i> | | | | |
| Land | \$ 969,834 | \$ -- | \$ -- | \$ 969,834 |
| Construction in progress | 30,631,062 | -- | (30,631,062) | -- |
| Total capital assets not being depreciated | <u>31,600,896</u> | <u>--</u> | <u>(30,631,062)</u> | <u>969,834</u> |
| <i>Capital assets being depreciated:</i> | | | | |
| Buildings and improvements | 87,760,875 | 444,825 | 29,886,708 | 118,092,408 |
| Equipment | 2,044,359 | 192,910 | 666,171 | 2,903,440 |
| Vehicles | 2,391,409 | 294,885 | (298,631) | 2,387,663 |
| Total capital assets being depreciated | <u>92,196,643</u> | <u>932,620</u> | <u>30,254,248</u> | <u>123,383,511</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (19,327,214) | (2,231,863) | -- | (21,559,077) |
| Equipment | (1,089,644) | (172,416) | 47,363 | (1,214,697) |
| Vehicles | (1,427,341) | (140,300) | 286,811 | (1,280,830) |
| Total accumulated depreciation | <u>(21,844,199)</u> | <u>(2,544,579)</u> | <u>334,174</u> | <u>(24,054,604)</u> |
| Total capital assets being depreciated, net | <u>70,352,444</u> | <u>(1,611,959)</u> | <u>30,588,422</u> | <u>99,328,907</u> |
| Governmental activities capital assets, net | <u>\$ 101,953,340</u> | <u>\$ (1,611,959)</u> | <u>\$ (42,640)</u> | <u>\$ 100,298,741</u> |

Depreciation was charged to functions as follows:

| | |
|---|---------------------|
| Instruction | \$ 1,250,026 |
| Instructional Resources and Media Services | 11,501 |
| Curriculum and Staff Development | 23,345 |
| Instructional Leadership | 15,589 |
| School Leadership | 110,111 |
| Guidance, Counseling, & Evaluation Services | 73,074 |
| Social Work Services | 186 |
| Health Services | 24,538 |
| Student Transportation | 140,300 |
| Food Services | 161,464 |
| Extracurricular Activities | 85,980 |
| General Administration | 95,550 |
| Plant Maintenance and Operations | 455,770 |
| Security and Monitoring Services | 24,894 |
| Data Processing Services | 68,348 |
| Community Services | 3,903 |
| | <u>\$ 2,544,579</u> |

INGLESIDE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2024, consisted of the following:

| <u>Due To Fund</u> | <u>Due From Fund</u> | <u>Amount</u> | <u>Purpose</u> |
|--------------------------|----------------------|------------------|------------------|
| Other Governmental Funds | General Fund | 33,315 | Short-term loans |
| | Total | <u>\$ 33,315</u> | |

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2024, consisted of the following:

| <u>Transfers From</u> | <u>Transfers To</u> | <u>Amount</u> | <u>Reason</u> |
|------------------------|---------------------|------------------|---------------|
| Summer Feeding Program | Food Service | \$ 41,196 | Close Fund |
| | Total | <u>\$ 41,196</u> | |

F. Long-Term Obligations

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2024, are as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Amounts Due Within One Year</u> |
|--|------------------------------|------------------|---------------------|---------------------------|--|
| <u>Governmental activities:</u> | | | | | |
| General obligation bonds: | | | | | |
| 2016 Unlimited Tax School Building Bonds 2.0% | 6,095,000 | | 375,000 | 5,720,000 | 385,000 |
| 2017 Unlimited Tax School Building Bonds 2.0% | 23,895,000 | | 1,220,000 | 22,675,000 | 1,280,000 |
| 2020 Unlimited Tax Refunding 1.5% - 3.0% | 3,215,000 | | 500,000 | 2,715,000 | 520,000 |
| 2021 Unlimited Tax School Building Bonds 2125%-5% | 23,990,000 | | 910,000 | 23,080,000 | 960,000 |
| Total Bonds | <u>\$ 57,195,000</u> | <u>\$ --</u> | <u>\$ 3,005,000</u> | 54,190,000 | <u>\$ 3,145,000</u> |
| Premiums | <u>\$ 7,648,177</u> | <u>\$ --</u> | <u>\$ 529,402</u> | 7,118,775 | |
| Less: Current Portion | | | | <u>(3,145,000)</u> | |
| Due in More Than One Year | | | | <u>\$ 58,163,775</u> | |

INGLESIDE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

| | | | | | | |
|-----------------------|----|-----------|----|-----------|----|-----------|
| Net Pension Liability | \$ | 7,714,691 | \$ | 1,633,558 | \$ | 9,348,249 |
| Net OPEB Liability | \$ | 4,112,754 | \$ | | \$ | 369,932 |
| | | | | | \$ | 3,742,822 |

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

| Liability | Activity Type |
|-------------------------|---------------|
| Compensated absences | Governmental |
| Net Pension Liability * | Governmental |

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2024, are as follows:

| Year Ending August 31, | Governmental Activities | | |
|------------------------|-------------------------|---------------|---------------|
| | Bonds | | Total |
| | Principal | Interest | |
| 2025 | \$ 3,145,000 | 2,196,262 | 5,341,262 |
| 2026 | 3,270,000 | 2,064,912 | 5,334,912 |
| 2027 | 3,415,000 | 1,915,863 | 5,330,863 |
| 2028 | 3,580,000 | 1,760,012 | 5,340,012 |
| 2029 | 3,740,000 | 1,596,412 | 5,336,412 |
| 2030-2034 | 18,190,000 | 5,557,312 | 23,747,312 |
| 2035-2039 | 15,500,000 | 1,602,362 | 17,102,362 |
| 2040-2044 | 3,350,000 | 105,025 | 3,455,025 |
| Totals | \$ 54,190,000 | \$ 16,798,160 | \$ 70,988,160 |

3. Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of August 31, 2024, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

| <u>Bond Issue</u> | <u>Amount</u> |
|-------------------|---------------|
| 2011 | \$ 2,970,000 |
| Total | \$ 2,970,000 |

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2024, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

INGLESIDE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

H. Pension Plan

1. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

2. Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_archive_cafr.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity, except for members who are grandfathered where the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously noted in the Plan description in (1) above.

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

4. Contributions

Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the System during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

INGLESIDE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

| | <u>Contribution Rates</u> | |
|---|---------------------------|--------------|
| | <u>2023</u> | <u>2024</u> |
| Member | 8.0% | 8.25% |
| Non-Employer Contributing Entity (State) | 8.0% | 8.25% |
| Employers | 8.0% | 8.25% |
| District's 2024 Employer Contributions | | \$ 647,685 |
| District's 2024 Member Contributions | | \$ 1,341,919 |
| 2023 NECE On-Behalf Contributions (State) | | \$ 751,091 |

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of a member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any or all of an employee's salary is paid by federal, private, local or non-educational and general funds
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees and 100 percent of the state contribution rate for all other employees.

Employers are also required to pay surcharges in the following cases:

- All public schools, charter schools and regional educational service centers must contribute 1.8 percent of the member's salary beginning in fiscal year 2023, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the TRS, the employer shall pay an amount equal to the member contribution and the state contribution as an employment after retirement surcharge.

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the total pension liability to August 31, 2023.

| | |
|---|---|
| Valuation Date | August 31, 2022 rolled forward to August 31, 2023 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Asset Valuation Method | Fair Value |
| Single Discount Rate | 7.00% |
| Long-term expected Investment Rate of Return | 7.00% |
| Municipal Bond Rate as of August 2022 | 4.13% * |
| Last year ending August 31 in Projection Period | 2022 |
| Inflation | 2.30% |
| Salary Increases including inflation | 2.95% to 8.95% |

INGLESIDE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

* The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions, please see the actuarial valuation report dated November 22, 2022.

6. Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 9.50 percent of payroll in fiscal year 2024 increasing to 9.56 percent in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2023 are summarized below:

| Asset Class | Target Allocation ** | Long-Term Expected Geometric Real Rate of Return *** | Expected Contribution to Long-Term Portfolio Returns |
|--|-----------------------------|---|---|
| Global Equity | | | |
| USA | 18.0% | 4.0% | 1.0% |
| Non-U.S. Developed | 13.0% | 4.5% | 0.9% |
| Emerging Markets | 9.0% | 4.8% | 0.7% |
| Private Equity * | 14.0% | 7.0% | 1.5% |
| Stable Value | | | |
| Government Bonds | 16.0% | 2.5% | 0.5% |
| Absolute Return * | 0.0% | 3.6% | 0.0% |
| Stable Value Hedge Funds | 5.0% | 4.1% | 0.2% |
| Real Return | | | |
| Real Estate | 15.0% | 4.9% | 1.1% |
| Energy, Natural Resources and Infrastructure | 6.0% | 4.8% | 0.4% |
| Commodities | 0.0% | 4.4% | 0.0% |
| Risk Parity | 8.0% | 4.5% | 0.4% |
| Asset Allocation Leverage | | | |

INGLESIDE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

| | | | |
|---|----------------------|------|--------------------|
| Cash | 2.0% | 3.7% | 0.0% |
| Asset Allocation Leverage | (6.0%) | 4.4% | (0.1)% |
| Inflation Expectation | | | 2.3% |
| Volatility Drag **** | | | (0.9)% |
| Expected Return | <u>100.0%</u> | | <u>8.0%</u> |
| <p>* Absolute Return includes Credit Sensitive Investments.</p> <p>** Target allocations are based on the FY2023 policy model.</p> <p>*** Capital Market Assumptions come from Aon Hewitt (as of 06/30/2023)</p> <p>**** The volatility drag results from the conversion between arithmetic and geometric mean returns.</p> | | | |

7. Discount Rate Sensitivity Analysis

The following table presents the net pension liability of the plan using a discount rate of 7.00 percent, and what the net position liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

| | 1% Decrease in Discount Rate (6.00%) | Discount Rate (7.00%) | 1% Increase in Discount Rate (8.00%) |
|---|---|-----------------------------|---|
| District's proportionate share of the net pension liability: | \$ 13,976,150 | \$ 9,348,249 | \$ 5,500,147 |

8. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2024, the District reported a liability of \$9,348,249 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

| | |
|--|----------------------|
| District's proportionate share of the collective net pension liability | \$ 9,348,249 |
| State's proportionate share that is associated with District | <u>10,037,030</u> |
| Total | <u>\$ 19,385,279</u> |

The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2022 thru August 31, 2023.

At the measurement date of August 31, 2023 the employer's proportion of the collective net pension liability was 0.0136092606 percent which was an increase (decrease) of 0.00000000 percent from its proportion measured as of August 31, 2022.

9. Changes Since the Prior Actuarial Valuation

There were no changes in assumptions since the prior measurement date.

INGLESIDE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

For the year ended August 31, 2024, the District recognized pension expense of \$1,515,505 and revenue of \$1,515,505 for support provided by the State.

At August 31, 2024, the District reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between Expected and Actual Actuarial Experience | \$ 333,081 | \$ 113,197 |
| Changes in Actuarial Assumptions | 884,161 | 216,374 |
| Difference Between Projected and Actual Investment Earnings | 1,360,397 | -- |
| Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions | 711,934 | 157,132 |
| Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer) | 647,685 | -- |
| Total | <u>\$ 3,937,258</u> | <u>\$ 486,703</u> |

The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended August 31, | Pension Expense Amount |
|-----------------------|------------------------|
| 2025 | \$ 585,162 |
| 2026 | \$ 397,886 |
| 2027 | \$ 1,288,979 |
| 2028 | \$ 463,103 |
| 2029 | \$ 67,740 |
| Thereafter | \$ -- |

I. Defined Other Post-Employment Benefit Plans

1. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

2. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_archive_cafr.aspx; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

INGLESIDE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

3. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public and charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for retirees are reflected in the following table.

| TRS-Care Monthly Premium Rates | | |
|--|----------|--------------|
| | Medicare | Non-Medicare |
| Retiree or Surviving Spouse | \$ 135 | \$ 200 |
| Retiree and Spouse | 529 | 689 |
| Retiree or Surviving Spouse and Children | 468 | 408 |
| Retiree and Family | 1,020 | 999 |

4. Contributions

Contribution rates for the TRS-Care plan are established in State Statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and participating employers are based on active employee compensation. The TRS board does not have the authority to set or amend contribution rates.

Section 1575.202 of the Texas Insurance Code establishes the State's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of Salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2023. The following table shows contributions to the TRS-Care plan by type of contributor.

| Contribution Rates | |
|---|-------|
| | 2024 |
| Active Employee | 0.65% |
| Non-Employer Contributing Entity (State) | 1.25% |
| Employers | 0.75% |
| Federal/Private Funding remitted by Employers | 1.25% |

The contribution amounts for the District's fiscal year 2024 are as follows:

INGLESIDE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

| | |
|---|------------|
| District's 2024 Employer Contributions | \$ 137,826 |
| District's 2024 Member Contributions | \$ 105,727 |
| 2023 NECE On-Behalf Contributions (state) | \$ 175,691 |

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of TRS. The TRS-Care surcharges for fiscal year 2023 totaled \$14,548,344.

A supplemental appropriation was received in 2023 for \$21.3 million provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2021.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

| | |
|----------------------|-------------------|
| Rates of Mortality | General Inflation |
| Rates of Retirement | Wage Inflation |
| Rates of Termination | |
| Rates of Disability | |

The active mortality rates were based on PUB(2010), Amount-Weighted, Below-Median Income, Teacher male and female tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2021.

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

| | |
|--|--|
| Valuation Date | August 31, 2022 rolled forward to August 31, 2023 |
| Actuarial Cost Method | Individual Entry-Age Normal |
| Inflation | 2.30% |
| Single Discount Rate | 4.13% as of August 31, 2023 |
| Aging Factors | Based on plan specific experience |
| Expenses | Third-party administrative expenses related to the delivery of health care benefits are included in the the age-adjusted claims costs. |
| Salary Increases | 2.95% to 8.95%, including inflation |
| Election Rates | Normal Retirement - 65% participation rate prior to age 65 and 40% participation rate after age 65. Pre-65 retirees - 25% are assumed to discontinue coverage at age 65. |
| Ad Hoc Post-Employment Benefit Changes | None |

INGLESIDE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

The initial medical trend rates were 7.75 percent for Medicare retirees and 7.00 percent for non-Medicare retirees. The initial prescription drug trend rate was 7.75 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 12 years.

6. Discount Rate

A single discount rate of 4.13 percent was used to measure the Total OPEB Liability. This was an increase of 0.22 percent in the discount rate since the previous year. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source for the municipal bond rate is the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in the Fidelity "20-Year Municipal GO AA Index", as of August 31, 2023.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (4.13%) in measuring the Net OPEB Liability.

| | 1% Decrease in Discount Rate (3.13%) | Current Single Discount Rate (4.13%) | 1% Increase in Discount Rate (5.13%) |
|--|--|--|--|
| District's proportionate share of the Net OPEB Liability: | \$ 4,376,464 | \$ 3,715,822 | \$ 3,176,722 |

8. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2024, the District reported a liability of \$(70,397) for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the Net OPEB Liability that was associated with the District were as follows:

| | |
|---|---------------------|
| District's proportionate share of the collective net OPEB liability | \$ 3,715,822 |
| State's proportionate share that is associated with the District | \$ 4,483,710 |
| Total | \$ <u>8,199,532</u> |

The Net OPEB liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB Liability was based on the District's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2022 thru August 31, 2023.

At August 31, 2024 the District's proportion of the collective net OPEB liability was 0.0167845809.

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1 percent less than and 1 percent greater than the health trend rates assumed.

INGLESIDE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

| | 1% Decrease in Healthcare Trend Rate | Current Single Healthcare Trend Rate | 1% Increase in Healthcare Trend Rate |
|--|--|--|--|
| District's proportionate share of Net OPEB Liability: | \$ 3,059,793 | \$ 3,715,822 | \$ 4,559,805 |

9. Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability (TOL) since the prior measurement period:

- The discount rate was changed from 3.91 percent as of August 31, 2022 to 4.13 percent as of August 31, 2023. This change decreased the Total OPEB Liability.

Changes of Benefit Terms Since the Prior Measurement Date - There were no changes in benefit terms since the prior measurement date.

The amount of OPEB expense recognized by the District in the reporting period was \$(958,523).

At August 31, 2024, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience | \$ 168,113 | \$ 3,126,160 |
| Changes in actuarial assumptions | 507,183 | 2,275,296 |
| Difference between projected and actual investment earnings | 1,605 | -- |
| Changes in proportion and difference between the District's contributions and the proportionate share of contributions | 565,171 | 363,433 |
| Contributions paid to TRS subsequent to the measurement date | 137,826 | |
| Total | <u>\$ 1,379,898</u> | <u>\$ 5,764,889</u> |

The net amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended August 31: | OPEB Expense Amount |
|-----------------------|---------------------|
| 2025 | \$ (1,002,285) |
| 2026 | \$ (831,856) |
| 2027 | \$ (601,124) |
| 2028 | \$ (685,731) |
| 2029 | \$ (565,363) |
| Thereafter | \$ (836,458) |

For the year ended August 31, 2024, the District recognized OPEB expense of \$(958,523) and revenue of \$(958,523) for support provided by the State.

INGLESIDE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2024, the subsidy payment received by TRS-Care on behalf of the District was \$91,761.

J. Employee Health Care Coverage

During the year ended August 31, 2024, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$175 per pay period per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for Aetna and HealthSmart are available for the year end, and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

K. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

L. Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the balance sheet date through December 2, 2024 ((the date of the Audit Report). The financial statements include all Type I events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles.

M. Chapter 313

On December 30, 2013, May 9, 2016 and June 29, 2020 the District approved property tax abatement agreements with Ingleside Ethylene, LLC and Occidental Chemical Corporation and Chemours and Air Liquide Industries, respectively for a Limitation On Appraised Value of Property for School District Maintenance and Operation Taxes pursuant to the Chapter 313 of the Texas Tax Code, i.e. the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended.

Value limitation agreements are a part of a state program, originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The project(s) under the Chapter 313 agreement must be consistent with the state's goals to "encourage large scale capital investments in this state." Chapter 313 of the Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, each applicant, including Ingleside Ethylene, LLD, Occidental

INGLESIDE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

Chemical Corporation and Chemours have been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement was found to have done so by both the District's Board of Trustees and the Texas Comptroller's Office, which recommended approval of the project. The application, the agreements and state reporting requirement documentation can be viewed at the Texas Comptroller's website: <https://www.comptroller.texas.gov/economy/local/ch313-docs.php>. The agreement and all supporting documentation were assigned Texas Comptroll Application No. 346 and No. 1093.

After approval, the applicant company must maintain a viable presence in the district for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are being met.

In the event that Ingleside Ehtylene, LLC, Occidental Chemical Corporation or Chemours terminates this Agreement without the consent of the District, or in the event that the company or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest.

Project: Ingleside Ethylene, LLC and Occidental Chemical Corporation (Application #346)
 First Year Value Limitation: 2017

| | Project Value | Project's Value Limitation Amount | Amount of Applicant's M&O Taxes Paid | Amount of Applicant's M&O Taxes Reduced | Company Revenue Loss Payment to School District | Company Supplemental Payment to School District | Net Benefit (Loss) to the School District |
|------|---------------|-----------------------------------|--------------------------------------|---|---|---|---|
| 2024 | \$ 1.272B | \$ 30M \$ | 100,380 \$ | 8,412,470 \$ | 499,025 \$ | 163,088 \$ | 662,113 |

Project: Chemours (Application #1093)
 First Year Value Limitation: 2019

| | Project Value | Project's Value Limitation Amount | Amount of Applicant's M&O Taxes Paid | Amount of Applicant's M&O Taxes Reduced | Company Revenue Loss Payment to School District | Company Supplemental Payment to School District | Net Benefit (Loss) to the School District |
|------|---------------|-----------------------------------|--------------------------------------|---|---|---|---|
| 2024 | \$ 384M | \$30M \$ | 200,760 \$ | 2,369,232 \$ | 177,020 \$ | 218,900 \$ | 395,920 |

Project: Air Liquide Industries (Application #1469)
 First Year Value Limitation: 2022

| | Project Value | Project's Value Limitation Amount | Amount of Applicant's M&O Taxes Paid | Amount of Applicant's M&O Taxes Reduced | Company Revenue Loss Payment to School District | Company Supplemental Payment to School District | Net Benefit (Loss) to the School District |
|------|---------------|-----------------------------------|--------------------------------------|---|---|---|---|
| 2024 | \$ 625M | \$30M \$ | 200,760 \$ | 218,990 \$ | 213,684 \$ | 1,592 \$ | 215,276 |

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

INGLESIDE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2024

EXHIBIT G-1

Page 1 of 2

| Data Control Codes | | 1 | 2 | 3 | Variance with Final Budget Positive (Negative) |
|---|---|------------------|---------------|---------------|---|
| | | Budgeted Amounts | | Actual | |
| | | Original | Final | | |
| REVENUES: | | | | | |
| 5700 | Local and Intermediate Sources | \$ 27,065,123 | \$ 27,245,705 | \$ 27,884,569 | \$ 638,854 |
| 5800 | State Program Revenues | 2,806,854 | 2,931,615 | 2,951,103 | 19,488 |
| 5900 | Federal Program Revenues | 400,000 | 400,000 | 351,119 | (48,881) |
| 5020 | Total Revenues | 30,271,977 | 30,577,320 | 31,186,781 | 609,461 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Instruction and Instructional Related Services: | | | | | |
| 0011 | Instruction | 12,845,339 | 12,969,839 | 12,259,625 | 710,214 |
| 0012 | Instructional Resources and Media Services | 242,977 | 242,600 | 133,797 | 108,803 |
| 0013 | Curriculum and Instructional Staff Development | 447,162 | 457,938 | 237,737 | 220,201 |
| | Total Instruction and Instr. Related Services | 13,535,478 | 13,670,377 | 12,631,159 | 1,039,218 |
| Instructional and School Leadership: | | | | | |
| 0021 | Instructional Leadership | 221,910 | 217,544 | 157,700 | 59,844 |
| 0023 | School Leadership | 1,642,611 | 1,655,976 | 1,275,064 | 380,912 |
| | Total Instructional and School Leadership | 1,864,521 | 1,873,520 | 1,432,764 | 440,756 |
| Student Support Services: | | | | | |
| 0031 | Guidance, Counseling and Evaluation Services | 572,474 | 599,387 | 520,139 | 79,248 |
| 0032 | Social Work Services | 13,988 | 14,001 | 2,165 | 11,846 |
| 0033 | Health Services | 356,945 | 360,266 | 282,162 | 78,104 |
| 0034 | Student Transportation | 534,501 | 820,476 | 783,243 | 37,233 |
| 0035 | Food Services | 5,000 | 5,000 | 371 | 4,629 |
| 0036 | Extracurricular Activities | 1,015,788 | 1,126,829 | 982,052 | 144,777 |
| | Total Student Support Services | 2,498,696 | 2,925,959 | 2,570,122 | 355,837 |
| Administrative Support Services: | | | | | |
| 0041 | General Administration | 1,259,044 | 1,269,935 | 1,106,457 | 163,478 |
| | Total Administrative Support Services | 1,259,044 | 1,269,935 | 1,106,457 | 163,478 |
| Support Services: | | | | | |
| 0051 | Facilities Maintenance and Operations | 4,887,296 | 5,613,685 | 5,418,757 | 194,928 |
| 0052 | Security and Monitoring Services | 440,883 | 445,913 | 234,438 | 211,475 |
| 0053 | Data Processing Services | 947,669 | 1,001,089 | 796,755 | 204,334 |
| | Total Support Services | 6,275,848 | 7,060,687 | 6,449,950 | 610,737 |
| Ancillary Services: | | | | | |
| 0061 | Community Services | 20,000 | 20,000 | 1,267 | 18,733 |
| | Total Ancillary Services | 20,000 | 20,000 | 1,267 | 18,733 |
| Capital Outlay: | | | | | |
| 0081 | Facilities Acquisition and Construction | -- | 283,000 | 274,382 | 8,618 |
| | Total Capital Outlay | -- | 283,000 | 274,382 | 8,618 |
| Intergovernmental Charges: | | | | | |
| 0091 | Contracted Instr. Services Between Public Schools | 7,000,000 | 7,000,000 | 6,101,765 | 898,235 |
| 0099 | Other Intergovernmental Charges | 460,000 | 460,000 | 370,553 | 89,447 |
| | Total Intergovernmental Charges | 7,460,000 | 7,460,000 | 6,472,318 | 987,682 |
| 6030 | Total Expenditures | 32,913,587 | 34,563,478 | 30,938,419 | 3,625,059 |

INGLESIDE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2024

EXHIBIT G-1

Page 2 of 2

| | | 1 | 2 | 3 | Variance with Final Budget |
|--------------------------|--|------------------|---------------|---------------|-------------------------------|
| Data Control Codes | | Budgeted Amounts | | | Positive |
| | | Original | Final | Actual | (Negative) |
| 1100 | Excess (Deficiency) of Revenues Over (Under) | | | | |
| 1100 | Expenditures | (2,641,610) | (3,986,158) | 248,362 | 4,234,520 |
| 1200 | Net Change in Fund Balance | (2,641,610) | (3,986,158) | 248,362 | 4,234,520 |
| 0100 | Fund Balance - Beginning | 23,924,877 | 23,924,877 | 23,924,877 | -- |
| 3000 | Fund Balance - Ending | \$ 21,283,267 | \$ 19,938,719 | \$ 24,173,239 | \$ 4,234,520 |

INGLESIDE INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS*

| | Measurement Year * | | | | | | | | | |
|---|---------------------|---------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| District's proportion of the net pension liability (asset) | 0.013609261% | 0.012994820% | 0.011682651% | 0.011296290% | 0.012234207% | 0.012053295% | 0.012281259% | 0.011928543% | 0.011671300% | 0.005682900% |
| District's proportionate share of the net pension liability (asset) | \$9,348,249 | \$7,714,691 | \$2,975,158 | \$6,050,062 | \$6,359,723 | \$6,634,426 | \$3,926,885 | \$4,507,619 | \$4,125,649 | \$1,517,981 |
| State's proportionate share of the net pension liability (asset) associated with the District | 10,037,030 | 11,209,181 | 4,993,307 | 10,690,754 | 9,659,537 | 11,472,875 | 7,315,393 | 8,615,682 | 8,386,666 | 7,371,728 |
| Total | <u>\$19,385,279</u> | <u>\$18,923,872</u> | <u>\$7,968,465</u> | <u>\$16,740,816</u> | <u>\$16,019,260</u> | <u>\$18,107,301</u> | <u>\$11,242,278</u> | <u>\$13,123,301</u> | <u>\$12,512,315</u> | <u>\$8,889,709</u> |
| District's covered-employee payroll | \$15,729,786 | \$16,567,375 | \$15,190,177 | \$14,801,478 | \$13,774,418 | \$14,196,436 | \$14,366,804 | \$13,627,123 | \$12,963,227 | \$12,318,191 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 59.43% | 46.57% | 19.59% | 40.87% | 46.17% | 46.73% | 27.33% | 33.08% | 31.83% | 12.32% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.15% | 75.62% | 88.79% | 75.54% | 75.24% | 73.74% | 82.17% | 78.00% | 78.43% | 83.25% |

* The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

INGLESIDE INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS*

| | Fiscal Year | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Contractually required contribution | \$ 647,685 | \$ 706,452 | \$ 644,797 | \$ 494,379 | \$ 469,172 | \$ 426,787 | \$ 408,206 | \$ 399,694 | \$ 379,000 | \$ 345,591 |
| Contributions in relation to the contractually required contribution | (647,685) | (706,452) | (644,797) | (494,379) | (469,172) | (426,787) | (408,206) | (399,694) | (379,000) | (345,591) |
| Contribution deficiency (excess) | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- |
| District's covered-employee payroll | \$ 16,265,702 | \$ 15,729,786 | \$ 16,567,375 | \$ 15,190,177 | \$ 14,801,478 | \$ 13,774,418 | \$ 14,196,436 | \$ 14,366,804 | \$ 13,627,123 | \$ 12,963,271 |
| Contributions as a percentage of covered-employee payroll | 4.34% | 4.10% | 3.89% | 3.25% | 3.17% | 3.10% | 2.88% | 2.78% | 2.78% | 2.67% |

INGLESIDE INDEPENDENT SCHOOL DISTRICT*SCHEDULE OF THE DISTRICT'S PROPORTIONATE**SHARE OF THE NET OPEB LIABILITY**TEACHER RETIREMENT SYSTEM OF TEXAS**LAST TEN FISCAL YEARS **

| | Measurement Year ** | | | | | | |
|--|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
| District's proportion of the collective net OPEB liability | 0.0167845809% | 0.0171765479% | 0.0161879942% | 0.0164195431% | 0.0162368937% | 0.0165016792% | 0.0163034849% |
| District's proportionate share of the collective net OPEB liability | \$ 3,715,822 | \$ 4,112,754 | \$ 6,244,433 | \$ 6,241,810 | \$ 7,678,627 | \$ 8,239,439 | \$ 7,089,774 |
| State proportionate share of the collective net OPEB liability associated with the District | \$ 4,483,710 | \$ 5,016,913 | \$ 8,366,148 | \$ 8,387,496 | \$ 10,203,176 | \$ 12,061,114 | \$ 11,473,909 |
| Total | <u>\$ 8,199,532</u> | <u>\$ 9,129,667</u> | <u>\$ 14,610,581</u> | <u>\$ 14,629,306</u> | <u>\$ 17,881,803</u> | <u>\$ 20,300,553</u> | <u>\$ 18,563,683</u> |
| District's covered-employee payroll | \$ 15,729,786 | \$ 16,567,375 | \$ 15,190,177 | \$ 14,801,478 | \$ 13,774,418 | \$ 14,198,436 | \$ 14,366,804 |
| District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll | 23.62% | 24.82% | 41.11% | 42.17% | 55.75% | 58.03% | 49.35% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 14.94% | 11.52% | 6.18% | 4.99% | 2.66% | 1.57% | 0.91% |

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

** The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

INGLESIDE INDEPENDENT SCHOOL DISTRICT*SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS**TEACHER RETIREMENT SYSTEM OF TEXAS**LAST TEN FISCAL YEARS **

| | Fiscal Year | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| Statutorily or contractually required District contribution | \$ 137,826 | \$ 153,800 | \$ 148,262 | \$ 122,654 | \$ 206,806 | \$ 192,767 | \$ 196,187 |
| Contributions recognized by OPEB in relation to statutorily or contractually required contribution | (137,826) | (153,800) | (148,262) | (122,654) | (206,806) | (192,767) | (196,187) |
| Contribution deficiency (excess) | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- |
| District's covered-employee payroll | \$ 16,265,702 | \$ 15,729,786 | \$ 16,567,375 | \$ 15,190,177 | \$ 14,801,478 | \$ 13,774,418 | \$ 14,196,438 |
| Contributions as a percentage of covered-employee payroll | 0.85% | 0.98% | 0.89% | 0.81% | 1.40% | 1.40% | 1.38% |

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

INGLESIDE INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED AUGUST 31, 2024

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

Changes of benefit terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

Other Post-Employment Benefit Plan

Changes of benefit terms

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.