

OFFICIAL STATEMENT
Dated February 20, 2013

NEW ISSUE - BOOK-ENTRY-ONLY

ENHANCED/UNENHANCED RATINGS: Fitch - "AAA"/"AA"
Moody's - "Aaa"/"Aa2"
PSF Guaranteed

(See "PERMANENT SCHOOL FUND GUARANTEE PROGRAM" and
"OTHER PERTINENT INFORMATION - Municipal Bond Ratings" herein)

In the opinion of Fulbright & Jaworski L.L.P., as Co-Bond Counsel (defined below), assuming continuing compliance by the District (defined below) after the date of initial delivery of the Bonds (defined below) with certain covenants contained in the Order (defined below) and subject to the matters set forth under "TAX MATTERS" herein, interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as described herein, corporations. See "TAX MATTERS" herein.

\$17,700,000

JUDSON INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Bexar County, Texas)
UNLIMITED TAX REFUNDING BONDS, SERIES 2013

Dated Date: February 1, 2013

Due: February 1, as shown on page -ii- herein

The Judson Independent School District Unlimited Tax Refunding Bonds, Series 2013 (the "Bonds"), as shown on page -ii- of this Official Statement, are direct obligations of the Judson Independent School District (the "District") and are payable from an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District. The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), and an order authorizing the issuance of the Bonds (the "Order") adopted by the Board of Trustees (the "Board") of the District on January 17, 2013. See "THE BONDS - Authority for Issuance" herein. As permitted by the provisions of Chapter 1207, the Board, in the Order, delegated the authority to certain District officials to execute an approval certificate (the "Approval Certificate") establishing the final sales terms for the Bonds. The Approval Certificate was executed by a designated Financial Official (as defined in the Order) on February 20, 2013.

The District has received conditional approval from the Texas Education Agency for the payment of principal of and interest on the Bonds to be guaranteed under the Permanent School Fund Guarantee Program, which guarantee will automatically become effective when the Attorney General of Texas approves the Bonds. See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" herein.

Interest on the Bonds will accrue from the Dated Date as shown above, will be payable until stated maturity or prior redemption on February 1 and August 1 of each year, commencing August 1, 2013, and will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds will be issued as fully registered obligations in principal denominations of \$5,000, or integral multiples thereof within a stated maturity. The Bonds will be issued 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, principal and interest on the Bonds will be payable by the Paying Agent/Registrar, initially Regions Bank, Houston, Texas, 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 "BOOK-ENTRY-ONLY SYSTEM" herein.

Proceeds from the sale of the Bonds will be used to (i) refund a portion of the District's currently outstanding obligations, as identified in Schedule 1 attached hereto (the "Refunded Obligations"), for debt service savings and (ii) pay for professional services related to the costs of issuance of the Bonds. See "PLAN OF FINANCING - Purpose" herein.

**For Maturity Schedule, Principal Amounts, Interest Rates, Initial Yields,
CUSIP Numbers, and Redemption Provisions for the Bonds, see page -ii- herein**

The Bonds are offered for delivery when, as and if issued and received by the initial purchasers thereof (the "Underwriters") and are subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Fulbright & Jaworski L.L.P., San Antonio, Texas and LM Tatum, PLLC, San Antonio, Texas, Co-Bond Counsel. See "LEGAL MATTERS" herein for a discussion of Co-Bond Counsel's opinions. Certain legal matters will be passed upon for the Underwriters by their Co-Counsel Bracewell & Giuliani LLP, Houston, Texas and Darrick W. Eugene & Associates, PC, Austin, Texas. It is expected that the Bonds will be available for delivery through the services of DTC, New York, New York, on or about March 27, 2013.

RBC CAPITAL MARKETS
SOUTHWEST SECURITIES, INC.

FROST BANK

**STATED MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
INITIAL YIELDS, CUSIP NUMBERS, AND REDEMPTION PROVISIONS**

\$17,700,000

**JUDSON INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Bexar County, Texas)
UNLIMITED TAX REFUNDING BONDS, SERIES 2013**

CUSIP No. Prefix 481305⁽¹⁾

Stated Maturity February 1	Principal Amount (\$)	Interest Rate (%)	Initial Yield (%)	CUSIP No. Suffix ⁽¹⁾
2014	610,000	2.000	0.280	AA8
2015	675,000	2.000	0.430	AB6
**	**	**	**	**
**	**	**	**	**
**	**	**	**	**
**	**	**	**	**
2020	500,000	3.000	1.500	AC4
2021	390,000	3.000	1.740	AD2
2022	990,000	4.000	1.920	AE0
2023	880,000	4.000	2.100 ⁽²⁾	AF7
2024	720,000	4.000	2.330 ⁽²⁾	AG5
2025	630,000	4.000	2.420 ⁽²⁾	AH3
2026	690,000	4.000	2.560 ⁽²⁾	AJ9
2027	755,000	4.000	2.640 ⁽²⁾	AK6
2028	890,000	4.000	2.710 ⁽²⁾	AL4
2029 ⁽³⁾	1,000,000	4.000	2.770 ⁽²⁾	AM2
2029 ⁽³⁾	3,915,000	3.000	3.100	AP5
2030	5,055,000	4.000	2.830 ⁽²⁾	AN0

(Interest to accrue from the Dated Date)

The District reserves the right to redeem the Bonds maturing on and after February 1, 2023, in whole or in part, in the principal amount of \$5,000 or any integral multiple thereof, on February 1, 2022 or any date thereafter, at the redemption price of par plus accrued interest to the date of redemption. (See "THE BONDS - Redemption Provisions of the Bonds" herein.)

⁽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 herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC 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 Underwriters, the District, nor the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.

⁽²⁾ Yield calculated based on the assumption that the Bonds denoted and sold at a premium will be redeemed on February 1, 2022, the first optional call date for the Bonds, at a redemption price of par, plus accrued interest to the redemption date.

⁽³⁾ The sale of Bonds maturing in 2029 was bifurcated to enable such maturities of the Bonds to be sold to different purchasers at different interest rates and yields.

JUDSON INDEPENDENT SCHOOL DISTRICT
8012 Shin Oak Drive
Live Oak, Texas 78233

BOARD OF TRUSTEES

<u>Name</u>	<u>Position</u>	<u>Years Served</u>	<u>Term Expires May</u>	<u>Occupation</u>
Arnoldo Salinas	President	4	2013	Retired School Administrator
Beth Williams	Vice President	2	2015	Pediatric Nurse
Jose Macias	Secretary	3	2013	Warranty Manager
June Adair	Trustee	8	2015	Retired Military
Gilbert Flores	Trustee	7	2013	Accountant for City of San Antonio
Richard Lafoille	Trustee	9	2013	Retired
Steve Salyer	Trustee	3	2015	Physician Assistant

ADMINISTRATION - FINANCE CONNECTED

<u>Name</u>	<u>Title</u>	<u>Total Years Experience</u>	<u>Total Years With District</u>
Dr. Willis R. Mackey	Superintendent of Schools	27	6
Jose D. Elizondo, Jr.	Chief Financial Officer	24	24
Janice Gangawer	Tax Assessor-Collector	30	17
Nicole Dean	Director of Accounting	6	2

CONSULTANTS AND ADVISORS

Thompson, Williams, Biediger, Kastor & Young, L.C. San Antonio, Texas	Certified Public Accountants
Fulbright & Jaworski L.L.P. San Antonio, Texas	Co-Bond Counsel
LM Tatum, PLLC San Antonio, Texas	Co-Bond Counsel
SAMCO Capital Markets, Inc. San Antonio, Texas	Financial Advisor

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USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman, or other person has been authorized by the District to give any information or to make any representation with respect to the Bonds, other than as 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 either of the foregoing.

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information set forth herein has been obtained from 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 Underwriters.

The information and expressions of opinion herein 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 information or opinions set forth herein after the date of this Official Statement. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will under any circumstances create any implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement. See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM - PSF Continuing Disclosure Undertaking" and "CONTINUING DISCLOSURE" for a description of the undertakings of the Texas Education Agency (the "TEA") and of the District, respectively, to provide certain information on a continuing basis.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

THE BONDS 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 BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION FOR THE PURCHASE THEREOF.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THIS ISSUE AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

None of the District, the Financial Advisor, nor the Underwriters makes 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 described under the caption "BOOK-ENTRY-ONLY SYSTEM" or the affairs of the TEA described under the caption "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM", as such information has been provided by DTC and the TEA, respectively.

The agreements of the District and others related to the Bonds 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 Bonds, is to be construed as constituting an agreement with the purchasers of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE SCHEDULE AND ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE BONDS.

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The cover page hereof, the appendices and schedule hereto, and any addenda, supplement or amendment hereto are part of this Official Statement.

OFFICIAL STATEMENT SUMMARY INFORMATION

The following information is qualified in its entirety by more detailed information and financial statements appearing elsewhere in this Official Statement:

THE DISTRICT	The Judson Independent School District (the "District"), a political subdivision of the State of Texas, is located in the northeast portion of Bexar County, Texas. The District is approximately 55.87 square miles in area and serves a population of approximately 119,017. Included within the District are the Texas cities of Kirby, Converse, and portions of San Antonio, Universal City, Selma and Live Oak. The District was created under State statute and is governed by a seven-member Board of Trustees (the "Board"). Policy-making and supervisory functions are the responsibility of, and are vested in, the Board. The Board delegates administrative responsibilities to the Superintendent of Schools who is the chief administrative officer of the District. Support services are supplied by consultants and advisors.
THE BONDS	The Bonds mature on February 1 in each of the years 2014 and 2015, and on February 1 in each of the years 2020 through 2030, inclusive. Interest on the Bonds shall accrue from the Dated Date (identified below) and is payable initially on August 1, 2013 and semiannually on February 1 and August 1 thereafter until stated maturity or prior redemption.
DATED DATE	February 1, 2013.
REDEMPTION	The District reserves the right to redeem the Bonds maturing on and after February 1, 2023, in whole or in part, in the principal amount of \$5,000 or any integral multiple thereof, on February 1, 2022 or any date thereafter, at the redemption price of par plus accrued interest to the date of redemption. See "THE BONDS - Redemption Provisions of the Bonds" herein.
SECURITY FOR THE BONDS	The Bonds constitute direct obligations of the District payable from an annual ad valorem tax levied against all taxable property located therein, without legal limitation as to rate or amount. Additionally, the payment of the principal of and interest on the Bonds will be guaranteed by the Permanent School Fund of the State of Texas. See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" herein.
GUARANTEE PROGRAM FOR SCHOOL DISTRICT BONDS	The District has received conditional approval from the Texas Education Agency for the Bonds to be guaranteed under the Guarantee Program (hereinafter defined), which guarantee will automatically become effective when the Attorney General of Texas approves the Bonds. See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" herein.
TAX MATTERS	In the opinion of Fulbright & Jaworski L.L.P., interest on the Bonds 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 corporations. See "TAX MATTERS" and "APPENDIX D - Forms of Opinions of Co-Bond Counsel."
PAYING AGENT/REGISTRAR	The initial Paying Agent/Registrar is Regions Bank, Houston, Texas.
BOOK-ENTRY-ONLY SYSTEM	The District intends to use the Book-Entry-Only System of The Depository Trust Company. See "BOOK-ENTRY-ONLY SYSTEM" herein.
MUNICIPAL BOND RATINGS	Fitch Ratings ("Fitch") and Moody's Investors Service, Inc. ("Moody's") have assigned their municipal bond ratings of "AAA" and "Aaa," respectively, to the Bonds based on the guarantee thereof by the Texas Permanent School Fund. In addition, Fitch and Moody's have assigned their underlying unenhanced ratings of "AA-" and "Aa2," respectively, to the Bonds. See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" and "OTHER PERTINENT INFORMATION - Municipal Bond Ratings" herein.
FUTURE BOND ISSUES	The District has called for a bond election to be held on May 11, 2013 concerning the issuance of \$83,000,000 in unlimited tax school building bonds for District improvements. See "THE BONDS - Future Issues" herein.
PAYMENT RECORD	The District has never defaulted on the payment of its bonded indebtedness.
DELIVERY	When issued, anticipated on or about March 27, 2013.
LEGALITY	The Bonds are subject to the approval of legality by the Attorney General of the State of Texas and the approval of certain legal matters by Fulbright & Jaworski L.L.P., San Antonio, Texas and LM Tatum, PLLC, San Antonio, Texas, Co-Bond Counsel. See "APPENDIX D - Forms of Opinions of Co-Bond Counsel" herein.

OFFICIAL STATEMENT

relating to

\$17,700,000

JUDSON INDEPENDENT SCHOOL DISTRICT

(A political subdivision of the State of Texas located in Bexar County, Texas)
UNLIMITED TAX REFUNDING BONDS, SERIES 2013

INTRODUCTION

This Official Statement of Judson Independent School District (the "District") is provided to furnish certain information in connection with the sale of the District's \$17,700,000 Unlimited Tax Refunding Bonds, Series 2013 (the "Bonds").

This Official Statement, which includes the cover page, the schedule, and the appendices hereto, provides certain information about the District 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 and, during the offering period, from the District's Financial Advisor, SAMCO Capital Markets, Inc., 8700 Crownhill Blvd., Suite 601, San Antonio, Texas 78209, by electronic mail or upon payment of reasonable copying, mailing, and handling charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of each of the Official Statement pertaining to the Bonds will be filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Markets Access ("EMMA") system. See "CONTINUING DISCLOSURE" herein for a description of the District's undertaking to provide certain information on a continuing basis. Capitalized terms used, but not defined herein, shall have the meanings ascribed thereto in the Order (defined below).

PLAN OF FINANCING

Purpose

The Bonds are being issued to: (i) refund a portion of the District's currently outstanding debt, identified in Schedule I attached hereto (the "Refunded Obligations"), and (ii) pay the costs associated with the issuance of the Bonds. See Schedule I for a detailed listing of the Refunded Obligations and their call date at par. The refunding is being undertaken to restructure the District's debt service in order to reduce the annual debt service requirements and will result in debt service savings for the District.

Refunded Obligations

The Refunded Obligations, and interest due thereon, are to be paid on the scheduled redemption dates from funds to be deposited with Regions Bank, Houston, Texas (the "Escrow Agent") pursuant to an Escrow Deposit Letter dated as of January 17, 2013 (the "Escrow Agreement") between the District and the Escrow Agent. See Schedule I for a list of the Refunded Obligations.

The Order provides that the District will deposit certain proceeds of the sale of the Bonds, along with other lawfully available funds of the District, with the Escrow Agent in the amount necessary and sufficient to accomplish the discharge and final payment of the Refunded Obligations at their scheduled date of early redemption (the "Redemption Date"). 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. SAMCO Capital Markets, Inc., in its capacity as Financial Advisor to the District, will certify as to the sufficiency (such certification, the "Sufficiency Certificate") of the amount initially deposited to the Escrow Fund, without regard to investment (if any), to pay the principal of and interest on the Refunded Obligations, when due, at the Redemption Date. Amounts on deposit in the Escrow Fund shall, until such time as needed for their intended purpose, be (i) held uninvested in cash and/or (ii) invested in certain direct, noncallable obligations of the United States of America (including obligations unconditionally guaranteed by the United States of America). Cash and investments (if any) held in the Escrow Fund shall not be available to pay debt service requirements on the Bonds.

Prior to or simultaneously with the issuance of the Bonds, the District will give irrevocable instructions to provide notice, if any, to the owners of the Refunded Obligations that the Refunded Obligations will be redeemed prior to stated maturity, on which date money will be made available to redeem the Refunded Obligations from money held under the Escrow Agreement.

By the deposit of cash with the Escrow Agent pursuant to the Escrow Agreement, the District will have affected the legal defeasance of the Refunded Obligations, pursuant to the terms of the District order authorizing their issuance. It is the opinion of Co-Bond Counsel that, as a result of such defeasance, and in reliance upon the Sufficiency Certificate, the Refunded Obligations will no longer be payable from ad valorem taxes and other sources of security, if any, but will be payable solely from the principal of and interest on the sources of payment on deposit in the Escrow Fund and held for such purpose by the Escrow Agent, and that the Refunded Obligations will be defeased and are not to be included in or considered to be indebtedness of the District for the purpose of a limitation of indebtedness or for any other purpose. See "APPENDIX D - Forms of Opinions of Co-Bond Counsel" herein.

The District has covenanted in the Escrow Agreement to make timely deposits to the Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Obligations if for any reason the cash balance on deposit or scheduled to be on deposit in the Escrow Fund should be insufficient to make such payment.

Upon defeasance of the Refunded Obligations, the Permanent School Fund Guarantee with respect thereto will terminate.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds, together with a cash contribution of the District, will be applied approximately as follows:

<u>Sources of Funds</u>	
Par Amount of the Bonds	\$17,700,000.00
Plus Net Original Issue Reoffering Premium on the Bonds	1,343,391.15
Accrued Interest on the Bonds	98,661.11
District Cash Contribution	<u>248,536.11</u>
Total Sources	\$19,390,588.37
<u>Uses of Funds</u>	
Deposit to Escrow Fund	\$19,022,883.33
Deposit to Bond Fund	98,661.11
Underwriters' Discount	115,384.40
Cost of Issuance	152,500.00
Contingency	<u>1,159.53</u>
Total Uses	\$19,390,588.37

THE BONDS

General Description

The Bonds will be dated February 1, 2013 (the "Dated Date") and will accrue interest from the Dated Date, and such interest shall be payable on February 1 and August 1 in each year, commencing August 1, 2013, until stated maturity or prior redemption. The Bonds will mature on the dates and in the principal amounts and will bear interest at the rates set forth on page -ii- of this Official Statement.

Interest on the Bonds is payable to the registered owners appearing on the bond registration books kept by the Paying Agent/Registrar relating to the Bonds (the "Bond Register") on the Record Date (identified below) and such interest shall be paid by the Paying Agent/Registrar (i) by check sent by United States mail, first class, postage prepaid, to the address of the registered owner recorded in the Bond Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The principal of the Bonds is payable at maturity upon their presentation and surrender to the Paying Agent/Registrar. The Bonds will be issued only in fully registered form in any integral multiple of \$5,000 principal for any one maturity.

Initially the Bonds will be 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 Bonds will be made to the owners thereof. Notwithstanding the foregoing, as long as the Bonds are held in the Book-Entry-Only System, principal of, premium, if any, and interest on the Bonds 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 (defined herein) of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Authority for Issuance

The Bonds are to be issued pursuant to the Constitution and general laws of the State of Texas (the "State of Texas"), particularly Chapter 1207, as amended, Texas Government Code ("Chapter 1207"), and the order adopted by the Board of Trustees of the District (the "Board") on January 17, 2013 (the "Order"). As permitted by the provisions of Chapter 1207, the Board, in the Order, delegated the authority to certain District officials to execute an approval certificate (the "Approval Certificate") establishing the final sales terms for the Bonds. The Approval Certificate was executed by a Designated Financial Official on February 20, 2013.

Security for Payment

The Bonds constitute direct obligations of the District payable from an annual ad valorem tax levied against all taxable property located therein, without any legal limitation as to rate or amount.

Permanent School Fund Guarantee

The District has received conditional approval from the Texas Education Agency for the Texas Permanent School Fund to guarantee the payment of principal of and interest on the Bonds, which guarantee will become effective upon approval of the Bonds by the Attorney General of Texas. See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" herein.

Payment Record

The District has never defaulted on the payment of its bonded indebtedness.

Legality

The Bonds are subject to the approval of legality by the Attorney General of the State of Texas and the approval of certain legal matters by Fulbright & Jaworski L.L.P. and LM Tatum, PLLC, Co-Bond Counsel, San Antonio, Texas. The legal opinions of Co-Bond Counsel will accompany the certificates deposited with DTC or be printed on the Bonds. The forms of the legal opinions of Co-Bond Counsel appear in APPENDIX D attached hereto.

Delivery

When issued; anticipated on or about March 27, 2013.

Future Issues

The District has called for a bond election to be held on May 11, 2013 concerning the issuance of \$83,000,000 in unlimited tax school building bonds for District improvements. If approved, the District anticipates issuance of the entirety of this voted authorization within 12 months of such approval.

Redemption Provisions of the Bonds

The District reserves the right to redeem the Bonds maturing on and after February 1, 2023, at the option of the District, in whole or in part, in the principal amount of \$5,000 or an integral multiple thereof, on February 1, 2022 or any date thereafter, at the redemption price of par plus accrued interest to the date of redemption.

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 each registered owner of a Bond to be redeemed, in whole or in part, at the address of the holder appearing on the Bond Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE BONDHOLDERS FAILED TO RECEIVE 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.

The Paying Agent/Registrar and the District, so long as the 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 DTC participant or indirect participant 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 such notice or 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 DTC participants and indirect participants may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of Bonds to be redeemed will not be governed by the Order and 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 DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Bonds for redemption. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Defeasance

Any Bond will be deemed paid and shall no longer be considered to be outstanding within the meaning of the Order when payment of the principal of and interest on such Bond to its stated maturity or redemption date will have been made or will have been provided by depositing with an authorized escrow agent (1) cash in an amount sufficient to make such payment, (2) Government Obligations certified, in the case of a net defeasance, by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment, or (3) a combination of money and Government Obligations together so certified sufficient to make such