

OFFICIAL STATEMENT

Dated: September 4, 2025

NEW ISSUE – BOOK-ENTRY-ONLY

In the opinion of McCall, Parkhurst & Horton, L.L.P., Bond Counsel, 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. Interest on the Bonds may be includable in certain corporation’s “adjusted financial statement income” determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

\$15,555,000

ODESSA COLLEGE DISTRICT

(A Political Subdivision of the State of Texas located in Ector County, Texas)

CONSOLIDATED FUND REVENUE BONDS, SERIES 2025

Dated Date: September 1, 2025

Due: July 1, as shown on page ii hereof

Interest to Accrue from Delivery Date

Interest on the Odessa College District \$15,555,000 Consolidated Fund Revenue Bonds, Series 2025 (the “Bonds”) will accrue from the Delivery Date (as defined below), will be payable January 1 and July 1 of each year, commencing January 1, 2026, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued as fully registered obligations in denominations of \$5,000 of principal amount or any integral multiple thereof for any one stated maturity. The definitive Bonds 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 Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (the “Paying Agent/Registrar”), initially by UMB Bank, N.A., Dallas, Texas, 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 Bonds (see “BOOK-ENTRY-ONLY SYSTEM”).

The issuer of the Bonds is a political subdivision located in Ector County, Texas that was formerly known as the Odessa Junior College District. The name of the District was changed to Odessa College District in 2018 as authorized by State law. The issuer operates Odessa College in the City of Odessa, Texas (herein, the issuer and the college are referred to as the “District” and the “College” respectively).

The Bonds are being issued in accordance with the Constitution and general laws of the State of Texas (the “State”), including particularly Chapter 130, Texas Education Code, as amended, and a resolution adopted by the Board of Trustees of the District (the “Board”) on July 10, 2025, authorizing the issuance of the Bonds (the “Bond Resolution”). In the Bond Resolution, the Board delegated to each of the College President and the Chief Financial Officer of the District (each, a “Pricing Officer”) the authority to effect the sale of the Bonds and certain other matters by the execution of a pricing certificate evidencing the final terms of the Bonds (the “Pricing Certificate”). The Chief Financial Officer approved and executed the Pricing Certificate on September 4, 2025. The Bond Resolution and the Pricing Certificate are collectively referred to herein as the “Resolution”. The Bonds, together with the Outstanding Parity Obligations and any Additional Parity Obligations (each as defined herein), are special limited obligations of the District, payable solely from and secured by a consolidated pledge of certain revenues of the District, as described herein. The payment of the Bonds is additionally secured by a debt service reserve fund to be funded with proceeds from the Bonds (see “THE BONDS – Security and Source of Payment”).

THE BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE DISTRICT, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE. NEITHER THE TAXING POWER OF THE DISTRICT, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED AS SECURITY FOR THE BONDS.

Proceeds from the sale of the Bonds will be used for the purposes of (i) designing, constructing, renovating, improving, upgrading, updating, modernizing, acquiring, and equipping college facilities (and any necessary or related removal of existing facilities); (ii) funding a debt service reserve fund for the Bonds; and (iii) paying the costs incurred in connection with the issuance of the Bonds (see “PLAN OF FINANCE – Purpose”).

The Bonds maturing on and after July 1, 2035, are subject to optional redemption prior to maturity on July 1, 2034, or any date thereafter (see “THE BONDS – Optional Redemption”).

SEE INSIDE COVER PAGE FOR MATURITY SCHEDULES

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of the Attorney General of the State of Texas and of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. Certain matters will be passed upon for the Underwriter by Bracewell, LLP, Dallas, Texas, as counsel to the Underwriter. The Bonds are expected to be available for delivery through DTC on or about September 30, 2025 (the “Delivery Date”).

HILLTOP SECURITIES

MATURITY SCHEDULE

\$15,555,000
ODESSA COLLEGE DISTRICT
CONSOLIDATED FUND REVENUE BONDS, SERIES 2025

<u>Maturity Date (7/1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield^(B)</u>	<u>CUSIP Suffix^(A)</u>	<u>Maturity Date (7/1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield^(B)</u>	<u>CUSIP Suffix^(A)</u>
2026	\$555,000	5.000%	2.510%	KK3	2036	\$760,000	5.000%	3.880% ^(C)	KV9
2027	490,000	5.000%	2.560%	KL1	2037	800,000	5.000%	4.010% ^(C)	KW7
2028	515,000	5.000%	2.590%	KM9	2038	840,000	5.000%	4.190% ^(C)	KX5
2029	540,000	5.000%	2.640%	KN7	2039	880,000	5.000%	4.320% ^(C)	KY3
2030	570,000	5.000%	2.780%	KP2	2040	925,000	5.000%	4.440% ^(C)	KZ0
2031	595,000	5.000%	2.970%	KQ0	2041	970,000	5.000%	4.570% ^(C)	LA4
2032	625,000	5.000%	3.160%	KR8	2042	1,020,000	5.250%	4.650% ^(C)	LB2
2033	660,000	5.000%	3.300%	KS6	2043	1,075,000	5.250%	4.760% ^(C)	LC0
2034	690,000	5.000%	3.490%	KT4	2044	1,130,000	5.250%	4.810% ^(C)	LD8
2035	725,000	5.000%	3.660% ^(C)	KU1	2045	1,190,000	5.250%	4.840% ^(C)	LE6

(Interest accrues from Delivery Date)

Redemption... The Bonds, maturing on and after July 1, 2035, are subject to redemption prior to maturity, at the option of the District, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on July 1, 2034, or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption (see “THE BONDS – Optional Redemption”).

^(A) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the purchasers of the Bonds. 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 Municipal Advisor, or the Underwriter are responsible for the selection or correctness of the CUSIP numbers set forth herein.

^(B) The initial reoffering yield represents the initial offering yield to the public, which is determined by and is the sole responsibility of the Underwriter. Portions of the Bonds may be sold by the Underwriter at prices other than those shown above.

^(C) Yields calculated to the first optional call date of July 1, 2034.

ODESSA COLLEGE DISTRICT

ELECTED OFFICIALS

BOARD OF TRUSTEES

<u>Name</u>	<u>Position</u>	<u>Place</u>	<u>Term Expires</u>	<u>Occupation</u>
Gary S. Johnson	Chair	Place 7	May 2027	Retired
Dr. Tara Deaver	Vice Chair	Place 8	May 2029	Physician
Trudy Lewis	Secretary	Place 3	May 2031	Community Volunteer
Bruce Shearer	Member	Place 1	May 2029	Business Consultant
Hortencia Del Bosque	Member	Place 2	May 2029	Teacher
Randy Wilson	Member	Place 4	May 2027	Retired
Tom Byford	Member	Place 5	May 2027	SVP, Maverick Bank
Montie Garner	Member	Place 6	May 2031	Retired
Laci Harris	Member	Place 9	May 2031	CEO Crane Hospital

CERTAIN APPOINTED OFFICIALS

<u>Name</u>	<u>Position</u>	<u>Length of Service</u>
Gregory Williams, Ed.D.	College President	18 years
Tramaine Anderson-Silvas, Ph.D.	Vice President for Instruction	5 years
Kimberly McKay	Vice President for Student Services & Enrollment Management	12 years
Ken Zartner	Vice President for Administrative Services	14 years
Brandy Ham	Chief Financial Officer	12 years

CONSULTANTS AND ADVISORS

Certified Public Accountants..... Whitley Penn, LLP

Bond Counsel McCall, Parkhurst & Horton L.L.P.

Municipal Advisor RBC Capital Markets, LLC

FOR ADDITIONAL INFORMATION PLEASE CONTACT:

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USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the District or the Underwriter 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 or the Underwriter.

This Official Statement, which includes the cover page, Schedules and Appendices hereto, is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

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 Underwriter. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of the 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 BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) 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 SECURITIES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS 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 Municipal Advisor or the Underwriter make any representation regarding the information contained in this Official Statement regarding The Depository Trust Company or its Book-Entry-Only System. CUSIP numbers have been assigned to the Bonds by the CUSIP Service Bureau for the convenience of the owners of the Bonds.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in the Official Statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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 any purchasers of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL SCHEDULES AND APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

THIS OFFICIAL STATEMENT CONTAINS “FORWARD-LOOKING” STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. **INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.**

References to website addresses presented herein are for informational purposes only and may not be in the form of a hyperlink solely for reader convenience. Unless specified otherwise, such websites and information or links contained therein are not incorporated into and are not part of the Official Statement for purposes of and as the term is defined in Rule 15c2-12.

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The cover page hereof, the section entitled "Selected Data from the Official Statement," this Table of Contents and the Appendices attached hereto are part of this Official Statement.

SELECTED DATA FROM THE OFFICIAL STATEMENT

The selected data is a summary of certain information contained herein and is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement (which includes the Appendices attached hereto). No person is authorized to detach this page from this Official Statement or to otherwise use it without the entire Official Statement (which includes the Schedule and Appendices attached hereto).

The District	Odessa College District (the “College” or the “District”) is a political subdivision of the State of Texas located in Ector County, Texas (the “County”). The College is governed by a nine-member Board of Trustees (the “Board”). Currently, the District employs approximately 1,275 persons and has an enrollment of approximately 10,000 credit students each semester. The service area of the College includes the territory within Ector, Brewster, Andrews, Crane, Jeff Davis, Ward, Winkler, Presidio, Upton, Reeves, Culberson, and Loving counties; and the Seminole Independent School District in Gaines County (see “ODESSA COLLEGE”).
The Bonds	The \$15,555,000 Consolidated Fund Revenue Bonds, Series 2025 (the “Bonds”) are being issued in accordance with the Constitution and general laws of the State of Texas (the “State”), including particularly Chapter 130, Texas Education Code, as amended, and a resolution adopted by the Board of Trustees of the College (the “Board”) on July 10, 2025, authorizing the issuance of the Bonds (the “Bond Resolution”). In the Bond Resolution, the Board delegated to each of the College President and the Chief Financial Officer of the District (each, a “Pricing Officer”) the authority to effect the sale of the Bonds and certain other matters by the execution of a pricing certificate evidencing the final terms of the Bonds (the “Pricing Certificate”). The Chief Financial Officer approved and executed the Pricing Certificate on September 4, 2025. The Bond Resolution and the Pricing Certificate are collectively referred to herein as the “Resolution”.
Purpose	Proceeds from the sale of the Bonds will be used for the purposes of (i) designing, constructing, renovating, improving, upgrading, updating, modernizing, acquiring, and equipping college facilities (and any necessary or related removal of existing facilities); (ii) funding a debt service reserve fund for the Bonds; and (iii) paying the costs incurred in connection with the issuance of the Bonds (see “PLAN OF FINANCE – Purpose”).
Payment of Interest	The Bonds will bear interest from their Delivery Dates and will be payable semiannually on each January 1 and July 1, commencing January 1, 2026 until maturity or prior redemption (see “THE BONDS – General Description”).
Security	The Bonds, together with the Outstanding Parity Obligations and any Additional Parity Obligations (each as defined herein), are special limited obligations of the District, payable solely from and secured by a consolidated pledge of certain revenues of the District, as described herein. In addition, the payment of the Bonds is additionally secured by a debt service reserve fund, which the District will fund with proceeds from the Bonds (see “THE BONDS – Security and Source of Payment”). The Bonds do not constitute general obligations of the District, the State or any political subdivision of the State. Neither the taxing power of the District, the State or any political subdivision of the State is pledged as security for the Bonds (see “THE BONDS – Security and Source of Payment,” “RISK FACTORS FOR JUNIOR COLLEGES” and “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION”).
Redemption	The Bonds maturing on and after July 1, 2035, are subject to redemption prior to maturity, at the option of the District, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on July 1, 2034, or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption (see “THE BONDS – Optional Redemption”).
Ratings	S&P Global Ratings, a division of S&P Global Inc (“S&P”), has assigned an underlying bond rating of “AA” to the Bonds (see “RATINGS”).
Paying Agent/ Registrar	The initial Paying Agent/Registrar is UMB Bank, N.A., Dallas, Texas.

Book-Entry-Only System

The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. The Bonds will be issued in principal denominations of \$5,000 of principal amount or any integral multiple thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. 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 of the Bonds (see “BOOK-ENTRY-ONLY SYSTEM”).

Tax Exemption

In the opinion of Bond Counsel, interest on the Bonds is excludable from gross income of the owners of the Bonds for purposes of federal income taxation under existing statutes, regulations, published rulings and court decisions, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on certain corporations (see “APPENDIX C – FORM OF BOND COUNSEL’S OPINION”).

Payment Record

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

Legal Opinion

McCall, Parkhurst & Horton L.L.P., Dallas, Texas.

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OFFICIAL STATEMENT
relating to
ODESSA COLLEGE DISTRICT
(A political subdivision of the State of Texas located in Ector County, Texas)
\$15,555,000
CONSOLIDATED FUND REVENUE BONDS, SERIES 2025

INTRODUCTORY STATEMENT

This Official Statement, including Appendices A and B, has been prepared by the issuer of the Bonds referenced above (the “Bonds”) with the assistance of RBC Capital Markets, LLC, Municipal Advisor to the District, in connection with the offering of the Bonds. The issuer of the Bonds is a political subdivision located in Ector County, Texas that was formerly known as the Odessa Junior College District. The name of the District was changed to Odessa College District in 2018 as authorized by State law. The issuer operates Odessa College in the City of Odessa, Texas (herein, the issuer and the college are referred to as the “District” or the “College”). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Resolution (hereinafter defined) authorizing the issuance and sale of the Bonds, except as otherwise indicated herein (see “APPENDIX E – SELECTED PROVISIONS OF THE RESOLUTION”).

All financial and other information presented in this Official Statement has been provided by the District from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from revenues and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of this final Official Statement will be submitted to the Municipal Securities Rulemaking Board (“MSRB”) 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.

PLAN OF FINANCE

Purpose

Proceeds from the sale of the Bonds will be used for the purposes of (i) designing, constructing, renovating, improving, upgrading, updating, modernizing, acquiring, and equipping college facilities (and any necessary or related removal of existing facilities); (ii) funding a debt service reserve fund for the Bonds; and (iii) paying the costs incurred in connection with the issuance of the Bonds.

Sources and Uses of Proceeds

The proceeds from the sale of the Bonds, will be applied, respectively, approximately as follows:

Sources:

Principal Amount of the Bonds	\$15,555,000.00
Original Issue Premium	<u>953,796.40</u>
Total Sources	<u>\$16,508,796.40</u>

Uses:

Deposit to Project Fund	\$15,000,000.00
Deposit to Debt Service Reserve Fund	1,254,287.50
Costs of Issuance	151,343.25
Underwriter’s Discount	<u>103,165.65</u>
Total Uses	<u>\$16,508,796.40</u>

THE BONDS

Authority for Issuance

The Bonds are being issued in accordance with the Constitution and general laws of the State of Texas (the “State”), including particularly Chapter 130, Texas Education Code, as amended, and a resolution adopted by the Board of Trustees of the District (the “Board”) on July 10, 2025, authorizing the issuance of the Bonds (the “Bond Resolution”). In the Bond Resolution, the Board delegated to each of the President and the Chief Financial Officer of the District (each, a “Pricing Officer”) the authority to effect the sale of the Bonds and certain other matters by the execution of a pricing certificate evidencing the final terms of the Bonds (the “Pricing Certificate”). The Chief Financial Officer approved and executed the Pricing Certificate on September 4, 2025. The Bond Resolution and the Pricing Certificate are collectively referred to herein as the “Resolution.”

General Description

The Bonds shall be dated September 1, 2025 and will be issued as fully registered obligations in principal denominations of \$5,000 or any integral multiple thereof within a maturity. Interest on the Bonds will accrue from the date of initial delivery of the Bonds to the Underwriter at the interest rates shown on page ii hereof and such interest shall be payable to the registered owners thereof on January 1, 2026, and semiannually thereafter on each June 1 and January 1 until maturity or prior redemption. Interest accruing on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months. The paying agent and transfer agent (the “Paying Agent/Registrar”) for the Bonds is initially UMB Bank, N.A., Dallas, Texas.

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 below. No physical delivery of the Bonds will be made to the beneficial owners. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will distribute the amounts paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see “BOOK-ENTRY-ONLY SYSTEM”).

In the event the Book-Entry-Only System is discontinued, printed certificates will be issued to the owners of the Bonds and thereafter interest on the Bonds shall be payable to the registered owner whose name appears on the bond registration books of the Paying Agent/Registrar at the close of business on the “Record Date” (hereinafter defined) and such accrued interest will be paid by (i) check sent United States mail, first class, postage prepaid, to the address of the registered owner appearing on such registration books of the Paying Agent/Registrar or (ii) such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The record date (the “Record Date”) for the interest payable on any interest payment date is the fifteenth day of the month next preceding such interest payment date (see “REGISTRATION, TRANSFER AND EXCHANGE –Record Date for Interest Payment”). The principal of the Bonds redeemed prior to maturity will be payable only upon presentation of such Bonds at the designated office of the Paying Agent/Registrar upon maturity or redemption, as applicable.

Optional Redemption

The Bonds maturing on and after July 1, 2035, are subject to redemption prior to maturity, at the option of the District, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on July 1, 2034, or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption.

If less than all of such Bonds are to be redeemed, the District may select the maturities of Bonds (or mandatory sinking fund redemption amounts within a Term Bond (as defined herein)) to be redeemed. If less than all such Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (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 sum 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.

Notice of Redemption

At least 30 days prior to the date fixed for any such redemption, the District shall cause a written notice of such redemption to be deposited in the United States mail, first class, postage prepaid, addressed to each registered owner at the address shown 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. With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Resolution have been met and money sufficient to pay the principal of, premium if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in such notice of

redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the District will not redeem such Bonds, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Bonds have not been redeemed.

ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN WHETHER OR NOT THE REGISTERED OWNER OF SUCH BOND RECEIVES SUCH NOTICE. UPON THE GIVING OF THE NOTICE OF REDEMPTION, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND INTEREST ON SUCH BOND OR PORTIONS THEREOF SHALL CEASE TO ACCRUE, IRRESPECTIVE OF WHETHER SUCH BONDS ARE SURRENDERED FOR PAYMENT, PROVIDED THAT MONIES FOR THE PAYMENT OF THE REDEMPTION PRICE AND THE INTEREST ACCRUED ON THE PRINCIPAL AMOUNT TO BE REDEEMED TO THE DATE OF REDEMPTION ARE HELD FOR THE PURPOSE OF SUCH PAYMENT BY THE PAYING AGENT/REGISTRAR.

DTC Notices

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 Resolution 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 any such notice. Redemption of portions of the Bonds by the District will reduce the outstanding principal amount of such Bonds, respectively, 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 Resolution 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 selected for redemption (see “BOOK-ENTRY-ONLY SYSTEM”).

Security and Source of Payment

The Bonds are special obligations of the District, payable on a parity basis with all other Parity Obligations (defined below), secured by, and payable from a first lien on and pledge of the Gross Revenues of the District. “Gross Revenues” include: (a) the General Use Fee; (b) the College Bookstore Revenues; (c) the Tuition Pledge; (d) the College Cafeteria Revenues; (e) the Dormitory System Revenues; (f) the Operating Fees; (g) gifts, grants or donations from any public or private source that are not restricted or dedicated with respect to their use or purpose; and (h) the earnings of the District on all investments of the District lawfully available for such purpose. Gross Revenues shall not include: (i) tuition charged in excess of the amount permitted by the Texas law to be pledged to the payment of bonds; (ii) ad valorem taxes; and (iii) revenues received from the State of Texas. Additionally, the Bonds and other Parity Obligations of the District are equally and ratably secured by funds on deposit in the Pledged Funds established under the Resolution (see “APPENDIX E – SELECTED PROVISIONS OF THE RESOLUTION”). “Parity Obligations” means all bonds, notes, warrants or other obligations which the District reserves the right to issue or enter into, as the case may be, in the future under the terms and conditions set forth in the Resolution and which obligations are equally and ratably secured wholly or in part by a pledge of and lien on the Gross Revenues on a parity with the lien of and pledge of the Gross Revenues which secures the Bonds. Currently, the only Outstanding Parity Obligations are those listed in the table below.

The Bonds do not constitute general obligations of the District, the State or any political subdivision of the State. Neither the taxing power of the District, the State or any political subdivision of the State is pledged as security for the Bonds.

At the time of the offering of the Bonds, the District has the following Outstanding Parity Obligations secured by and payable from the Gross Revenues on parity with the Bonds:

<u>Dated Date</u>	<u>Par Outstanding</u>	<u>Series Description</u>
8/15/2021	\$3,435,000	Consolidated Fund Revenue Refunding Bonds, Taxable Series 2021
8/15/2021	15,830,000	Consolidated Fund Revenue Bonds, Series 2021
Total	\$19,315,000	

Reserve Fund

The Resolution provides that the District may create and establish a debt service reserve fund pursuant to the provisions of any resolution authorizing the issuance of Parity Obligations for the purpose of securing that particular issue or series of Parity Obligations or any specific group of issues or series of Parity Obligations and the amounts once deposited or credited to said debt service reserve funds shall no longer constitute Gross Revenues and shall be held solely for the benefit of the owners of the particular Parity

Obligations for which such debt service reserve fund was established, and the Resolution permits any debt service reserve fund to be funded with, cash, a surety policy or another Credit Facility.

In the Pricing Certificate, the Pricing Officer determined to establish a debt service reserve fund (the "Series 2025 Reserve Fund") for the Bonds to be held at a Depository of the District and to fully fund the Series 2025 Reserve Fund from Bond proceeds at an amount equal to the "Series 2025 Required Reserve Amount," which is the amount equal to the lesser of (i) the average Annual Debt Service Requirements for the Bonds, as determined on the date the Bonds are delivered and thereafter on any date that any part of the Bonds are redeemed prior to maturity and at the close of each Fiscal Year or (ii) the maximum amount that can be invested without restriction as to yield by federal tax law. The amounts on deposit in the Series 2025 Reserve Fund will secure only the Bonds.

If the Series 2025 Reserve Fund at any time contains money, securities or a Credit Facility (as defined in the Resolution) having a value that is less than the Series 2025 Required Reserve Amount, the District has agreed to cause monthly deposits to be made to the Series 2025 Reserve Fund on or before the 1st day of each month (beginning the month following the month the deficiency occurred), from Gross Revenues in an amount equal to 1/36th of the required reserve until the total Series 2025 Required Reserve has been fully restored.

The District may at any time substitute a qualifying Credit Facility for all or part of the cash or other Credit Facility on deposit in, or held for the benefit of, the Series 2025 Reserve Fund. During such time as the Series 2025 Reserve Fund contains the Series 2025 Required Reserve Amount, the District may, at its option, withdraw any amount in the Series 2025 Reserve Fund in excess of the Series 2025 Required Reserve Amount and, to the extent it represents proceeds from the sale of the Bonds, deposit such surplus in the Debt Service Fund, and, to the extent any such excess is from a source other than proceeds of the Bonds, in the Debt Service Fund or the Revenue Fund.

After satisfying the requirements described above for deposits to the Debt Service Fund and the Series 2025 Reserve Fund which are required to be made in the then current fiscal year, the District may use the Gross Revenues for any lawful purpose.

Rate and Tuition Covenants

In the Resolution, the District has agreed to make payments into the Debt Service Fund at such times and in such amounts as are necessary to provide for the full payment of the principal of and the interest on the Bonds and any Parity Obligations when due. The District has covenanted that it will establish, charge, and use its reasonable efforts to collect Gross Revenues which, if collected, will be sufficient to produce Gross Revenues for each Fiscal Year (1) in an amount at least equal to 150% of the Annual Debt Service Requirements during such Fiscal Year of the then Outstanding Parity Obligations and to fund and/or maintain all funds and accounts created for the benefit of each series of Parity Obligations and (2) are sufficient to meet all financial obligations of the District relating to operating and maintaining the District's property, buildings, structures, activities, operations, or facilities of any nature or kind, that are authorized by State law and are reasonably anticipated to be paid from Gross Revenues.

The District has further covenanted to establish, maintain, enforce, charge and collect tuition from all students enrolled at all of the District's facilities (excepting any student in a category which is exempt by law or by the District from paying such tuition charges) in such amounts as shall be necessary, together with other legally available funds, including other Gross Revenues, to satisfy the covenant set forth in items (1) and (2) above; provided, however, the District may increase or decrease the tuition charged to such students, and increase or decrease the rentals, rates, charges, fees, tuition or other resources of the District which constitute Gross Revenues; and provided, further, that no such adjustment shall occur if the result thereof is that the District shall violate its covenant set forth in items (1) and (2) above.

Flow of Funds

Pursuant to the Resolution, the District covenants and agrees that Gross Revenues shall be deposited upon receipt to the credit of the Revenue Fund, and that the Gross Revenues on deposit in the Revenue Fund shall be applied to the extent required for the following uses in the order of priority shown:

- FIRST: On a pro rata allocation determined on the basis of the Annual Debt Service Requirements for all Parity Obligations coming due in each Fiscal Year, to the Debt Service Fund in approximately equal monthly deposits for the payment of Parity Obligations as principal, premium, if any, and interest on Parity Obligations comes due, with such deposits to be made in accordance with the provisions of each resolution of the District authorizing the issuance of Parity Obligations;
- SECOND: On a pro rata allocation determined on the basis of the Annual Debt Service Requirements for all Parity Obligations coming due in each Fiscal Year, to fund each debt service reserve fund, created by resolutions authorizing the issuance of Parity Obligations, in approximately equal monthly deposits, which contains less than the amount to be accumulated and/or maintained therein, as provided in the resolutions of the District authorizing the issuance of such Parity Obligations;

- THIRD: To the funds and accounts established by resolutions of the District providing for the payment and security of Subordinate Lien Obligations hereinafter issued, with such deposits to be made in approximately equal monthly deposits, in accordance with the provisions of each resolution of the District authorizing the issuance of Subordinate Lien Obligations; and
- FOURTH: To the payment of all necessary and reasonable maintenance and operating expenses of the District and for such other uses as may be permitted by law.

Additional Parity Obligations

In the Resolution, the District has reserved the right to issue additional Parity Obligations, which shall be payable from and secured by a first lien on and pledge of the Gross Revenues, in the same manner and to the same extent as to the Bonds. The Resolution provides that the Debt Service Fund will equally and ratably secure all Parity Obligations. In addition, the Resolution provides that the District may create and establish a debt service reserve fund pursuant to the provisions of any resolution authorizing the issuance of Parity Obligations for the purpose of securing that particular issue or series of Parity Obligations or any specific group of issues or series of Parity Obligations. Amounts once deposited or credited to such debt service reserve funds shall no longer constitute Gross Revenues and shall be held solely for the benefit of the owners of the particular Parity Obligations for which such debt service reserve fund was established. Each such debt service reserve fund shall be designated in such manner as is necessary to identify the Parity Obligations it secures and to distinguish such debt service reserve fund from the debt service reserve funds created for the benefit of other Parity Obligations.

The Resolution provides that the District may issue Additional Parity Obligations upon complying with the following conditions: (1) the Designated Financial Officer shall have executed a certificate stating (a) that, to the best of his or her knowledge and belief, the District is not then in default as to any covenants, obligation or agreement contained in any resolution or other proceeding relating to any obligations of the District payable in whole or in part from, and secured by a lien on and pledge of, the Gross Revenues that would materially affect the security or payment of the Parity Obligations and (b) either (i) payments into all special funds or accounts created and established for the payment and security of all Outstanding Parity Obligations have been made and that the amounts on deposit in such special funds or accounts are the amounts then required to be on deposit therein or (ii) the application of the proceeds of sale of such Parity Obligations then being issued will cure any such deficiency; and (2) the Designated Financial Officer shall have executed a certificate to the effect that, according to the books and records of the District, the Gross Revenues, for the preceding Fiscal Year or for a 12 consecutive month period out of the 18 consecutive months immediately preceding the month the resolution authorizing the issuance of the Parity Obligations is adopted are equal to at least 1.5 times the maximum Annual Debt Service Requirements for all Parity Obligations then Outstanding, and in making the determination of the Gross Revenues, the Designated Financial Officer may take into consideration a change in the rates and charges for services and facilities afforded by the District that became effective at least sixty (60) days prior to the last day of the period for which Gross Revenues are determined and, for purposes of satisfying the above Gross Revenues test, make a pro forma determination of the Gross Revenues of the District for the period of time covered by this certification or opinion based on such change in rates and charges being in effect for the entire period covered by the certificate of the Designated Financial Officer.

Legality

The Bonds are offered for delivery when, as and if issued, subject to the approving opinions of the Attorney General of the State of Texas and of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel (see "LEGAL MATTERS" and "APPENDIX C - FORM OF BOND COUNSEL'S OPINION").

Payment Record

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

Ownership

The District, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of principal and interest, and for all other purposes, whether or not such Bond is overdue, and neither the District nor the Paying Agent/Registrar will be bound by any notice or knowledge to the contrary.

All payments made to the person deemed to be the owner of any Bond in accordance with the Resolution will be valid and effectual and will discharge the liability of the District and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

REGISTERED OWNERS' REMEDIES

In addition to all of the rights and remedies provided by the laws of the State of Texas, the Resolution provides an Event of Default shall have occurred in the event the District (i) defaults in the payments to be made to the Debt Service Fund or the Series 2025

Reserve Fund as required by the Resolution or (ii) defaults in the performance or observance of any other covenant, agreement or obligation of the District under the Resolution, the failure to perform which 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 Resolution, and the continuation thereof for a period of 30 days after notice of such default is given by any Registered Owner to the District. Upon the occurrence of an Event of Default, the holder or holders of any Parity Obligations shall be entitled to a writ of mandamus issued by a court of proper jurisdiction, compelling and requiring the District, its officers, the Board, and/or all of them, to observe and perform any covenants, conditions, or obligations prescribed in the Resolution. The Resolution further provides that no delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

If the District defaults in the payment of the principal or interest on the Bonds when due or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Resolution, the laws of the State permit any registered owner to seek a writ of mandamus from a court of proper jurisdiction requiring the District to make such payment or observe and perform such covenant, obligations, or condition. Such right is in addition to any other rights the registered owners of the Bonds may be provided by any other provision of the laws of the State. Under Texas law there is no right to the acceleration of maturity of the Bonds upon the failure of the District to observe any covenant under the Resolution. Although a registered owner of Bonds could presumably obtain a judgment against the District if a default occurred in the payment of principal of or interest on any such Bonds, such judgment could not be satisfied by execution against any property of the District. Such registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the Board, its officials and employees, and any appropriate officials of the State, to carry out, respect or enforce the covenants and obligations of the Resolution. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. The Resolution 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 Resolution, or upon any other condition. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("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 opinion of Bond Counsel will note that all opinions relative to the enforceability of the Resolution and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, by general principles of equity which permit the exercise of judicial discretion and by governmental immunity.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee 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, the Municipal Advisor and the Underwriter believe the source of such information to be reliable, but none of the District, the Municipal Advisor or the Underwriter takes any responsibility for the accuracy or completeness thereof.

The District, the Municipal Advisor, and the Underwriter cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption 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 Bonds), or redemption or other notice to the Beneficial Owners (as hereinafter defined), 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 Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities 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 security will be issued for each maturity of the Bonds, as set forth on page ii hereof, 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, 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 registered 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 companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a rating of “AA+” from S&P Global Ratings. 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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 Paying Agent/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 Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds 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 the 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 securities 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 Bonds 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, Bond certificates are required to be printed and delivered (see “REGISTRATION, TRANSFER AND EXCHANGE – Future Registration”).

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, Bonds will be printed and delivered in accordance with the Resolution.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds 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 Bonds, 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 Resolution will be given only to DTC.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is UMB Bank, n.a., Dallas, Texas. The Bonds are being issued in fully registered form in integral multiples of \$5,000 of principal amount. Interest on the Bonds will be payable semiannually by the Paying Agent/Registrar by check mailed on each interest payment date by the Paying Agent/Registrar to the registered owner at the last known address as it appears on the Paying Agent/Registrar's books on the Record Date (defined below) or by such other customary banking arrangement acceptable to the Paying Agent/Registrar requested by and at the risk and expense of the registered owner.

Successor Paying Agent/Registrar

Provision is made in the Resolution for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District shall be a legally qualified bank, trust company, financial institution or other agency duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds.

Future Registration

In the event the Book-Entry-Only System is discontinued, printed Bond certificates will be delivered to the owners of the Bonds and thereafter the Bonds may be transferred, registered and assigned on the registration books only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar, and such registration and transfer 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 and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar in lieu of the Bond being transferred or exchanged at the designated office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk and expense. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer 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 Bonds registered and delivered in an exchange or transfer shall be in authorized denominations and for a like kind and aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to the ownership and transferability of the Bonds.

Record Date for Interest Payment

The record date ("Record Date") for the interest payable on any interest payment date means the fifteenth day of the month next preceding the interest payment date. 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 (the "Special Payment Date" 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 Owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Limitation on Transfer of Bonds

Neither the District nor the Paying Agent/Registrar shall be required make any transfer or exchange (i) with respect to any Bond, 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 (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date, provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

Replacement Bonds

If any Bond is damaged, mutilated, destroyed, stolen or lost, a new Bond in the same principal amount as the Bond so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Bond, such new Bond will be delivered only upon surrender and cancellation of such mutilated Bond. In the case of any Bond issued in lieu of and in substitution for a Bond which has been destroyed, stolen or lost, such new Bond will be delivered only (a) upon filing with the District and the Paying Agent/Registrar of satisfactory evidence to the effect that such Bond 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 Bond must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

Defeasance

The Resolution provides for the defeasance of the Bonds when payment of the principal amount of the Bonds plus interest accrued on the Bonds to their due date (whether such due date be by reason of stated maturity, redemption 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 Bonds, 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 Bonds, 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 Resolution 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 Bonds. The Pricing Officer may restrict such eligible securities and obligations as deemed appropriate. In the event the Pricing Officer restricts such eligible securities and obligations, the final Official Statement will reflect the new authorized Defeasance Securities. 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 approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. 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 Bonds. Because the Resolution 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 Bonds shall no longer be regarded to be outstanding or unpaid. Provided, however, the District has reserved the option, to be exercised at the time of the defeasance of the Bonds, 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. After firm banking and financial arrangements for the discharge and final payment of the Bonds have been made as described above, all rights of the District to initiate proceedings to take any other action amending the terms of the Bonds are extinguished.

Upon defeasance, such defeased Bonds shall no longer be regarded to be Outstanding or unpaid.

Amendments

The District may from time to time, without the consent of any holder amend or supplement the Resolution in order to (i) cure any ambiguity, defect or omission in the Resolution 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 Resolution and which shall not materially adversely affect the interests of the holders, (v) qualify the Resolution under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (iv) make such other provisions in regard to matters or questions arising under the Resolution as shall not be inconsistent with the provisions of the Resolution and which shall not in the opinion of Bond Counsel materially adversely affect the interests of the holders.

Except as provided above, the holders of Bonds aggregating in principal amount 51% of the aggregate principal amount of then Outstanding Bonds which are the subject of a proposed amendment shall have the right from time to time to approve any amendment to the Resolution which may be deemed necessary or desirable by the District; provided, however, without the consent of all registered owners of all outstanding Bonds, no such amendment shall: (1) make any change in the maturity of any of the Outstanding Bonds; (2) reduce the rate of interest borne by any of the Outstanding Bonds; (3) reduce the amount of the principal of, or redemption premium, if any, payable on any Outstanding Bonds; (4) modify the terms of payment of principal or of interest or redemption premium on Outstanding Bonds or any of them or impose any condition with respect to such payment; or (5) change the minimum percentage of the principal amount of the Bonds necessary for consent to such amendment.

ODESSA COLLEGE

General Description

Odessa College began its instruction in 1946 with 184 students and was initially housed in temporary quarters in the old Odessa High School, with classes held after public school hours. The first permanent structure for Odessa College was constructed in 1949 on a five-acre plot on the Andrews Highway. By 1960, the campus had grown to 15 buildings on a 35-acre plot. In the 1990s, a series of property donations allowed Odessa College to expand significantly, and today Odessa College consists of multiple campuses and buildings throughout Ector County, Texas. The \$224 million main campus of Odessa College spreads over 80 acres and includes some 29 buildings that house more than 270 classrooms, computer labs, and other specialized skills labs.

The College has boundaries that are coterminous with (and is authorized to levy an ad valorem tax on taxable property located within) Ector County, Texas, which has a population of approximately 170,022. Ector County's economy is based on mineral, manufacturing and trade, and is supplemented by agriculture (see "APPENDIX B – GENERAL INFORMATION REGARDING THE COLLEGE"). The main campus of Odessa College is located in the City of Odessa, which is situated roughly midway between the cities of Fort Worth and El Paso and has an estimated population of 119,748.

The Odessa College service area now covers over 30,000 square miles (consisting of the territory within Ector, Brewster, Andrews, Crane, Jeff Davis, Ward, Winkler, Presidio, Upton, Reeves, Culberson, Loving, and Terrell counties, and portions of the territory within Pecos and Gaines counties), making it the largest service area for any community college district in Texas. Odessa College offers extension courses and/or Adult Basic Education courses in eight towns as well as offering concurrent classes in ten area high schools. Approximately 6,700 students are enrolled in university-parallel and occupational/technical credit courses each semester. During a year, approximately 11,000 individuals also enroll in one or more Adult Basic Education, Continuing Education or Community Recreation courses.

Governance

Policy-making and supervisory functions are the responsibility of and are vested in a nine-member board of trustees. Members of the Board serve six-year staggered terms with elections being held each odd-numbered year on the first Saturday in May. The Board delegates administrative responsibilities to the College President of the College and his staff. Various supporting services are provided by independent consultants and advisors (see "BOARD OF TRUSTEES" and "CERTAIN APPOINTED OFFICIALS").

Coordinating Board

The College is subject to the supervisory powers of the Texas Higher Education Coordinating Board (the "Coordinating Board"). The Coordinating Board is an agency of the State established to promote the efficient use of State resources by providing coordination and leadership for the State's higher education systems, institutions and governing boards. The Coordinating Board is the highest authority in the State in matters of public higher education and exercises general control of the public junior colleges of Texas. The Coordinating Board has the responsibility for adopting policies, enacting regulations and establishing general rules necessary for carrying out the duties with respect to public junior colleges as prescribed by the Legislature. The Coordinating Board periodically reviews all degrees and certificate programs offered by the State's junior colleges and annually reviews the academic courses offered by such institutions.

Educational Programs, Accreditation and Awards

The purpose of the College is to serve the citizens who live in its service area as an educational and cultural resource center by providing community college programs and support services. The College received its most recent full accreditation from the Commission on Colleges of the Southern Association of Colleges and Schools in 2022. It is also approved and subject to supervision by the Texas Higher Education Coordinating Board. The College received its most recent full accreditation from the Commission on Colleges of the Southern Association of Colleges and Schools in 2022. It is also approved and subject to supervision by the Texas Higher Education Coordinating Board. Many departments at Odessa College have special accreditation from the respective bodies governing their field. These include the Commission on Accreditation of Allied Health Education Programs, the Commission on Accreditation for Educational Programs for the Emergency Medical Services Professions, the Commission on Accreditation in

Physical Therapy Education, the Joint Review Committee on Education in Radiologic Technology, the Accreditation Commission for Education in Nursing, the National Association of Schools of Music, and the National Institute for Automotive Service Excellence.

Odessa College has a comprehensive post-secondary curriculum providing the freshman and sophomore years of traditional baccalaureate programs for students who will continue their education at senior institutions and numerous career and technical programs for students who are preparing for specific careers. Learning options include weekend colleges, evening classes, off-campus instruction, concurrent or early enrollment classes in high school, internet courses and virtual courses.

The District now offers eight Bachelor of Applied Arts and Science degrees with specializations in Entrepreneurship, Occupational Health and Safety Management, Automation, Construction Management, Criminal Justice, Hospitality Management, Early Childhood Education and Teaching, and Early Childhood Education and Teaching Child Development. The BAAS program provides students with the education and hands-on training that employers expect from today's graduates. Since the implementation of the BAAS programs at the District, the amount of interest in current students expanding their educational degrees has increased.

The District offers more than 45 associate degree programs and approximately 70 certificate options. Students can earn an Associate in Arts, Associate in Science, Associate in Arts in General Studies, Associate in Arts in Teaching, or an Associate in Applied Science. The following are just some of the areas of concentration in which a student may pursue an Associate's degree: Biology, Business Administration, Chemistry, Computer Science, English, Foreign Language, Geology, Mathematics, Music, Psychology, Speech, Social Sciences, and Teaching.

The career-technical programs of the District include fields such as Automotive Technology, Computer Information Systems, Culinary Arts, Cosmetology, Criminal Justice, Diesel Technology, Electronics Technology, Fire Technology, Industrial Engines and Transportation, Instrumentation & Electronics Technology, Mid-Management, Nursing, Office Systems Technology, Paralegal, Precision Manufacturing Technology, Physical Therapy Assistant, Radiologic Technology, Surgical Technology, Occupational Safety and Environmental Technology and Welding. Approximately one-third of the students enrolled for college credit in Odessa College are in these programs. These programs are audited yearly and updated and amended as needed. Odessa College endeavors to provide state-of-the-art equipment to provide practical learning that corresponds to actual employment conditions.

Extensive programs are offered in the area of Adult Basic Education, Continuing Education or Community Recreation including learning enrichment studies, precollege studies, adult basic education, GED preparation, and English. The Continuing Education/Lifelong Learning Program offers courses, seminars, workshops, institutes and conferences designed to provide lifelong learning through a wide array of educational, cultural and personal enrichment opportunities. Over 11,000 students enroll annually in these courses designed to improve occupational skills, enhance employment opportunities, or provide training in special or personal interests. Many of these courses are designed to meet the needs of business and industry and are taught off-campus at business sites.

In March 2017, Odessa College received the 2017 Rising Star Award from the Aspen Institute for Community College Excellence, honoring it as one of the top four community colleges in the nation. The Aspen Prize is a biennial award which is recognized among American institutions of higher education as the most prestigious and elevated affirmation of high achievement and exemplary performance that a community college can receive.

In December 2017, Odessa College was named one of the four winners of the Texas Higher Education Coordinating Board's 2017 Star Award. The Star Award is one of the most prestigious awards given to institutions of higher education, for which both colleges and universities in the state of Texas compete. The Star Award recognizes exceptional contributions toward achieving one or more of the goals of the state's long-range higher education plan, 60x30TX, designed to establish a globally competitive workforce in Texas by 2030. The selection was based on the College's success related to transitioning more than 80% of its courses from the traditional 16-week term into 8-week terms.

In 2018, Odessa College received the 2018 Leah Meyer Austin Award, the highest honor awarded by community college reform leader Achieving the Dream. The award recognizes institutions that have demonstrated outstanding progress in designing a student-focused culture and aligning institutional strategies to promote student success.

In April 2019, Odessa College received the 2019 Rising Star Award from the Aspen Institute for Community College Excellence, honoring it as one of the top community colleges in the nation. Odessa College was honored for its remarkable efforts to engage students and faculty, resulting in a record-low course withdrawal rate of 1.8 percent and an increase in the graduation and transfer rate over five years from 15 percent to 36 percent. The Aspen Prize recognizes outstanding institutions selected from an original pool of all 1,200 public community colleges nationwide. The Aspen Institute assesses performance and achievements in four areas: student learning, certificate and degree completion, employment and earnings for graduates, and access and success for minority and low-income students.

In May 2021, Odessa College was named one of the top ten community colleges by the Aspen Institute for Community College Excellence. The Aspen Institute commended Odessa College reflecting its unwavering dedication to advancing student success.

Odessa in one of only six community colleges out of the more than 1,000 nationwide to be a top 10 finalist for the Aspen Prize three or more times. The Aspen Prize is a biennial award which is recognized among American institutions of higher education as the most prestigious and elevated affirmation of high achievement and exemplary performance that a community college can receive. The Aspen Prize recognizes outstanding institutions selected from an original pool of all 1,200 public community colleges nationwide. The Aspen Institute assesses performance and achievements in four areas: student learning, certificate and degree completion, employment and earnings for graduates, and access and success for minority and low-income students. The District anticipates that such national recognition of quality and effectiveness will likely contribute to strong enrollment demand in the near future.

In December 2024, Odessa College was awarded prestigious 2024 Texas Higher Education Coordinating Board Star Award. This marks Odessa College’s third Star Award in school history and solidifies its position as the only institution in the region to receive this honor. The Star Award celebrates outstanding institutional contributions to a talent-strong Texas, and highlights institutions that demonstrate exemplary support for students pursuing postsecondary pathways. The College received this recognition for its transformative and comprehensive approach to supporting students both financially and academically. The comprehensive approach, collectively called “Odessa College Cares” is designed to remove barriers to education and includes a number of initiatives like the “First Class Free” program, Open Educational Resources (the “OER”), Financial Aid for Swift Transfer (the “FAST”) and the Wrangler Food Pantry. The First Class Free program provides students with a no-cost entry point to higher education and saved students \$1.5 million in tuition costs in the 2023-2024 academic year. The OER service eliminated \$4.3 million in textbook costs in the 2023-2024 academic year. The FAST funding for dual credit students totaled \$1.8 million in savings for students in the 2023-2024 academic year and the Wrangler Food Pantry helped nearly 2,000 individuals during that year alone. Collectively, these programs saved Odessa College students over \$8 million in the 2023-2024 academic year. Additionally, the College has made an additional commitment to affordable education through the new Wrangler Promise, which provides eligible students from high school graduating classes of 2024 and beyond with last-dollar scholarships covering tuition and fees.

Student Services, Counseling and Activities

The College offers a complete program of student services designed to meet individual needs and enhance the overall educational development of its students. The services include counseling, financial aid, job placement, assistance for veterans and veterans’ dependents, special services for the handicapped and displaced homemakers, career testing and information, as well as many student activities/programs, including intramural sports.

Student Body Composition

In 2024-25, approximately 68% of the student body were residents of Ector County. The average age of an Odessa College student is 20 years, and the student body is approximately 57% female and 43% male. Approximately 30% of the student body receives some form of financial aid. Full-time students were 33% of the student body and part-time students were 67% of the student body. Students majoring in academic programs were 77% of the student body and student majoring in technical programs are 23% of the student body. The average course load per semester during the 2024-25 academic year was nine (9) hours.

Faculty

For fiscal year 2024-25, 127 full-time faculty members and approximately 252 part-time faculty members were employed by the College. At present approximately 12% of the full-time faculty members hold doctorate degrees and 58% hold master’s degrees. These figures include instructors in occupational/technical programs where the major emphasis is on skills and experience instructors have obtained in their respective fields of training.

The College’s minimum requirement for a general academic faculty position is a master’s degree or Board approved equivalent. During the 2025-26 academic year, the beginning salaries for instructors with no prior teaching experience are as follows:

	<u>Master’s Degree</u>	<u>Doctorate Degree</u>
Nine-month position	\$59,925	\$68,893
Twelve-month position	\$74,487	\$85,634

Occupational faculty are required to hold both a college degree and a minimum of 3 to 5 years full-time trade experience in their field of instruction.

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Faculty are eligible for promotions when they earn 30 or 60 hours beyond a master's degree or complete a doctorate degree. Occupational faculty may also earn promotion for 15 years or 20 years additional trade experience. Listed below are the number of faculty earning promotions in fiscal year 2020-21 through fiscal year 2024-25:

<u>Fiscal Year</u>	<u>Faculty Promoted</u>
2019-20	4
2020-21	4
2021-22	5
2022-23	3
2023-24	4
2024-25	6

Faculty members who have met certain requirements may apply for tenure under the College's tenure policy. Tenure is awarded by the Board of Trustees upon the Tenure Committee's recommendation, with the College President's concurrence. Listed below are statistics describing the number of tenured instructors at Odessa College:

<u>Academic Rank</u>	<u>Number</u>	<u>Number Tenured</u>	<u>Percent Tenured</u>
Professor	17	4	24%
Associate Professor	49	0	0%
Assistant Professor	20	1	5%
Instructor	53	2	4%

Formal collective bargaining agreements relating directly to wages and other conditions of employment are prohibited by State law, as are strikes by teachers. The Faculty Senate of Odessa College exists to facilitate and improve the lines of communication between the faculty and administration regarding academic and professional affairs. In addition, various local and state employee organizations engage in efforts to better terms and conditions of employment of college employees.

Enrollment

The College has an open-door admissions policy, welcoming all adults who want to learn. The following tables set forth historical enrollment information.

TABLE 1 – HEAD COUNT ENROLLMENT*

<u>Academic Year</u>	<u>Summer Session</u>		<u>Undergrad</u>		<u>Non-Credit</u>		<u>Combined</u>
	<u>Fall</u>	<u>Spring</u>	<u>First</u>	<u>Second</u>	<u>Total</u>	<u>Total</u>	
2014-15	5,058	4,502	4,099	1,356	15,015	5,858	20,873
2015-16	5,597	4,978	4,441	1,543	16,559	4,502	21,061
2016-17	6,173	5,414	4,778	1,867	18,232	3,617	21,849
2017-18	6,240	5,716	4,531	2,068	18,555	2,492	21,047
2018-19	6,593	6,403	1,591	1,936	16,523	3,525	20,048
2019-20	6,847	6,826	1,819	2,125	17,617	2,375	19,992
2020-21	6,978	6,990	2,093	2,060	18,121	1,664	19,785
2021-22	7,943	8,333	2,197	2,136	20,609	2,075	22,684
2022-23	7,965	8,656	2,959	1,434	21,014	1,854	22,868
2023-24	8,677	9,009	2,883	2,708	23,277	1,759	25,036
2024-25	10,050	10,374	3,468	2,086	25,978	2,797	28,775

*Includes credit and non-credit fundable enrollment.

TABLE 2 - SEMESTER HOUR LOAD*

	<u>Fall 2024</u>	<u>Fall 2023</u>	<u>Fall 2022</u>	<u>Fall 2021</u>	<u>Fall 2020</u>
18 or more semester hours	309	182	129	244	176
15-17 semester hours	935	722	711	754	599
12-14 semester hours	2,267	1,946	1,794	1,777	1,558
9-11 semester hours	1,220	1,062	1,038	970	981
6-8 semester hours	2,570	2,401	2,295	2,173	1,839
3-5 semester hours	2,627	2,232	1,876	1,912	1,693
2 or less semester hours	<u>122</u>	<u>132</u>	<u>122</u>	<u>113</u>	<u>132</u>
Totals	<u>10,050</u>	<u>8,677</u>	<u>7,965</u>	<u>7,943</u>	<u>6,978</u>

*Includes non-credit equivalent hours.

TABLE 3 -SEMESTER HOURS – CREDIT CLASSES ONLY

Academic Year	Summer Session				Annual Total
	<u>Fall</u>	<u>Spring</u>	<u>First</u>	<u>Second</u>	
2014-15	30,438	42,116	19,979	5,389	97,922
2015-16	47,146	29,012	21,785	5,935	103,878
2016-17	54,166	33,299	23,938	6,883	118,286
2017-18	55,846	33,581	23,591	8,233	121,251
2018-19	59,262	51,509	11,147	3,012	124,930
2019-20	60,702	52,170	12,040	3,564	128,476
2020-21	62,384	57,138	8,869	3,659	132,050
2021-22	69,363	64,813	7,853	8,100	150,129
2022-23	66,912	67,560	12,356	5,414	152,242
2023-24	72,520	69,570	10,751	10,574	163,415
2024-25	86,290	82,920	18,066	8,211	195,487

TABLE 4 – ANNUAL HEAD COUNT ENROLLMENT*

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>
General Academic	17,438	15,932	15,442	13,079	12,613
Vocational for Credit	<u>5,839</u>	<u>5,082</u>	<u>5,167</u>	<u>5,042</u>	<u>5,004</u>
Total for Credit	<u>23,277</u>	<u>21,014</u>	<u>20,609</u>	<u>18,121</u>	<u>17,617</u>
Vocational for Non-Credit (State funded)	<u>1,759</u>	<u>1,854</u>	<u>2,075</u>	<u>1,664</u>	<u>2,375</u>
Total	<u>25,036</u>	<u>22,868</u>	<u>22,684</u>	<u>19,785</u>	<u>19,992</u>

Data for Annual Head Count Enrollment broken down by academic category is not yet available for FY2024-25.

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TABLE 5 – ANNUAL CONTACT HOURS GENERATED*

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2020-21</u>
General Academic	2,086,406	1,906,592	1,971,544	1,801,683	1,801,683
Vocational for Credit	<u>1,220,128</u>	<u>1,170,848</u>	<u>1,029,600</u>	<u>861,616</u>	<u>861,616</u>
Total for Credit	3,306,534	3,077,440	3,001,144	2,663,299	2,663,299
Vocational for Non-Credit (State funded)	<u>155,627</u>	<u>143,189</u>	<u>120,823</u>	<u>118,561</u>	<u>118,561</u>
Total	<u>3,462,161</u>	<u>3,220,629</u>	<u>3,121,967</u>	<u>2,781,860</u>	<u>2,781,860</u>

*Includes non-credit equivalent hours.

Data for Annual Contact Hours Generated broken down by academic category is not yet available for FY2024-25.

Tuition and Fees

The following tables provide information on the College's tuition and fee charges for the 2025-26 academic year.

TABLE 6 – 2025-26 TUITION AND FEE BREAKDOWN

Semester Hours	Tuition and Fees			Tuition Only			Fees Only	
	<u>District Resident</u>	<u>Out of District</u>	<u>Out of State</u>	<u>District Resident</u>	<u>Out of District</u>	<u>Out of State</u>	<u>General Use Fee</u>	<u>Activity Fee</u>
1	\$336	\$504	\$747	\$237	\$405	\$648	\$90	\$9
2	336	504	747	237	405	648	90	9
3	336	504	747	237	405	648	90	9
4	448	672	946	316	540	814	120	12
5	560	840	1,145	395	675	980	150	15
6	672	1,008	1,344	474	810	1,146	180	18
7	784	1,176	1,543	553	945	1,312	210	21
8	896	1,344	1,742	632	1,080	1,478	240	24
9	1,008	1,512	1,941	711	1,215	1,644	270	27
10	1,120	1,680	2,140	790	1,350	1,810	300	30
11	1,232	1,848	2,339	869	1,485	1,976	330	33
12	1,344	2,016	2,538	948	1,620	2,142	360	36
13	1,456	2,184	2,737	1,027	1,755	2,308	390	39
14	1,568	2,352	2,936	1,106	1,890	2,474	420	42
15	1,680	2,520	3,135	1,185	2,025	2,640	450	45
16	1,792	2,688	3,334	1,264	2,160	2,806	480	48
17	1,904	2,856	3,533	1,343	2,295	2,972	510	51
18	2,016	3,024	3,732	1,422	2,430	3,138	540	54
19	2,128	3,192	3,931	1,501	2,565	3,304	570	57
20	2,240	3,360	4,130	1,580	2,700	3,470	600	60
21	2,352	3,528	4,329	1,659	2,835	3,636	630	63
22	2,464	3,696	4,528	1,738	2,970	3,802	660	66
23	2,576	3,864	4,727	1,817	3,105	3,968	690	69
24	2,688	4,032	4,926	1,896	3,240	4,134	720	72
25	2,800	4,200	5,125	1,975	3,375	4,300	750	75

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The following table provides estimated tuition and fee charges, assuming defined semester hour blocks, for district residents for the 2025-26 academic year and of each of the prior three academic years.

TABLE 7 – ESTIMATED TUITION AND FEE COSTS FOR DISTRICT RESIDENTS

Semester	2025-26		2024-25		2023-24		2022-23	
Hours	\$ Total	Change %	\$ Total	Change %	\$ Total	Change %	\$ Total	Change %
3	336	0.00%	336	1.82%	\$330	10.00%	\$300	5.26%
6	672	0.00%	672	1.82%	660	10.00%	600	5.26%
9	1,008	0.00%	1,008	1.82%	990	10.00%	900	5.26%
12	1,344	0.00%	1,344	1.82%	1,320	10.00%	1,200	5.26%
15	1,680	0.00%	1,680	1.82%	1,650	10.00%	1,500	5.26%
18	2,016	0.00%	2,016	1.82%	1,980	10.00%	1,800	5.26%

Attendance Costs

The following represents the estimated annual cost for District Resident students taking 15 semester credit hours for each semester in the 2025-26 academic year.

	2025-26	
	Fall	Spring
Tuition and Fees	\$ 1,680	\$ 1,680
Laboratory Fee	20	20
Books	<u>522</u>	<u>522</u>
Total for Commuter Student	<u>\$ 2,222</u>	<u>\$ 2,222</u>
Room and Board in Residence Halls	<u>3,465</u>	<u>3,465</u>
Total for Dorm Student	<u>\$ 5,687</u>	<u>\$ 5,687</u>
Total Est. Annual Cost (Commuter Student)		<u>\$ 4,444</u>
Total Est. Annual Cost (Dorm Student)		<u>\$11,374</u>

The District's Maintenance Tax

Pursuant to Chapter 130, Texas Education Code and an election held on August 29, 1946, the District is authorized to levy annual ad valorem taxes for maintenance and operations at a rate not to exceed \$0.20 per \$100 assessed valuation of taxable property in the District. NO PROCEEDS OF THE DISTRICT'S MAINTENANCE TAX HAVE BEEN, OR MAY BE, PLEDGED TO SECURE THE DISTRICT'S REVENUE DEBT, INCLUDING THE BONDS.

For the 2024-25 fiscal year, the District levied a maintenance tax of \$0.155827 and a debt service tax of \$0.020106 per \$100 of taxable assessed valuation. The District has established its budget and tax rate for fiscal year 2025-26 and anticipates levying a maintenance tax of \$0.153952 and a debt service tax of \$0.022935 per \$100 of taxable assessed valuation. The District's 2024 certified taxable assessed valuation was \$20,375,149,535 and its 2025 certified taxable assessed valuation is \$22,086,861,516 which represents an increase of approximately 8.4%. A substantial portion of the District's taxable assessed valuation is comprised of minerals, consisting of oil and natural gas mineral interests. Additionally, its Top Ten Taxpayers are highly concentrated in the oil & gas industry or related industries. Fluctuations in the District's taxable assessed valuation in recent years has been largely attributable to changes in mineral values and related changes in (i) drilling activity, (ii) the amount of oil and natural gas produced from new and existing wells and (iii) levels of economic activity associated with such drilling and mineral production.

Sources of Funding for the District

The District, like all other Texas community colleges, has historically received its funding from three primary sources of revenue: appropriations from the State, ad valorem tax collections, and student tuition, fees and other charges. Since state appropriations and property taxes are classified as non-operating revenues (per the GASB requirement), all Texas community colleges will display an operating deficit before taking into account other support. Essentially, this operating deficit represents the net cost of services to students that must be covered by state appropriations, local property taxation, and other sources of revenue. Therefore, total revenues and total expenses should be considered in assessing the change in the College's financial position.

State Appropriations... Since 2013, general revenues of the State have been appropriated for the support of the junior community colleges using a performance based funding methodology and an Outcomes-Based Formula. This formula is divided into 3 funding strategies: Contact Hours, Core Operations, and Student Success Points Funding. In particular, for each State fiscal biennium, the amount appropriated by the Texas Legislature for each public junior and community college district is based on each district's proportionate share of the total number of contact hours generated statewide by students enrolled in state-approved courses offered during the previous summer, fall and spring semesters. A contact hour is an instructional hour in which a student has contact with an instructor, including both lecture and laboratory hours. The proportional share of state appropriations allocated to each public junior or community college district is determined using a funding formula consisting of the product of (1) the median cost of each particular course contact hour for all junior and community colleges in the State times (2) the total number of contact hours for the district. Contact hour funding continues to be the primary funding. During this last biennium, Core Operations were also funded at \$680,406 per year for each community college and are intended to help cover basic operating costs, regardless of size or geographic locations. The Student Success Points portion of the appropriations are based upon a metric system designed to reward achievement and progress for all students from the least prepared to the most college ready student.

Amounts received from State appropriations, generally, may not be used to pay debt service on bonds (including the Bonds) or any other indebtedness of the District. The availability and levels of State and federal funding for government operations and programs have become increasingly uncertain as a result of financial and political pressures at the State and federal levels of government.

State appropriations for District operations and employee benefits comprised approximately 21.3% of the District's total revenues for the fiscal year ending August 31, 2024 and approximately 26.3% for fiscal year ending August 31, 2025. Over the next two academic years (2025-26 and 2026-27), the District expects enrollment and contact hours to increase slightly. State appropriations to the District are expected to decrease by 2% for the 2025-26 academic year.

Ad Valorem Tax Collections... Pursuant to Chapter 130, Texas Education Code, and the 1964 Election and subject to the approval of voters in the District, the District is authorized to levy annual ad valorem taxes to support its operations and the maintenance of its facilities. The maximum annual ad valorem tax rate shall never exceed \$0.20 on the \$100 valuation of taxable property in the District. In addition, the District is authorized to levy and pledge annual ad valorem taxes sufficient to pay the principal of and interest on voted ad valorem tax-secured bonds (including the Bonds) as the same come due; provided, that the annual bond tax shall never exceed \$0.50 on the \$100 valuation of taxable property in the District, and the annual bond tax, together with the annual maintenance and operations tax, shall never exceed \$1.00 on the \$100 valuation of taxable property in the District. At this time, the District has not taken action to increase its maximum bond tax rate or its maximum combined maintenance tax rate and bond tax rate beyond the currently authorized limit of \$1.00 per \$100 assessed valuation of taxable property in the District.

Student Tuition, Fees and Other Charges... Tuition and fees are collected from all students (except certain small categories of students exempt by law) enrolled at the College. In addition, the College collects revenues from other sources, including bookstore revenues, vending concessions, testing fees, and other miscellaneous revenues. Also, Federal funds are allocated for specific program support or specific student classification such as veterans or handicapped students (see "APPENDIX A – TABLE 14 - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITIONS" and "APPENDIX D – EXCERPTS FROM THE DISTRICT'S ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED AUGUST 31, 2024"). Revenues generated from the collection of tuition, fees and other charges are not pledged to secure the payment of debt service on the College's tax bonds.

Odessa College Foundation

The Odessa College Foundation Incorporated (the "Foundation") was chartered in 1996 operating under the Texas Non-Profit Corporation Act. Its sole purpose is to provide educational support of monies and other properties to the students, faculty and staff of Odessa College. Gifts to the Foundation include cash gifts for scholarships and endowments, an estate provision, donated land, vehicles, artwork, and in-kind services. The Foundation has received over \$27.5 million of contributions and pledges since its inception. The market value of the Foundation's investments was approximately \$26.6 million as of May 31, 2025.

Within the Foundation, 76 permanently endowed scholarship funds have been established that provided over \$503,000 in scholarship funding during the 2024-25 academic year. An additional \$522,000 in funding for non-endowed scholarships was awarded by the Foundation last year. Each scholarship has different eligibility requirements and provide different award amounts. These Foundation scholarships supplement the state and federal student aid awarded by College's office of Student Financial Aid in the form of grants, loans, and student employment in the belief that education should not be limited by the financial resources of students.

The Foundation is governed by a 20-member Board of Directors, composed of business and civic leaders of Ector County who serve without compensation. The Board of Directors meet four times a year, while the Executive Committee and other standing committees meet as needed. The Foundation is classified by the Internal Revenue Services as a 501(c)(3) organization and contributions to the Foundation are tax deductible.

FINANCIAL POLICIES AND ADMINISTRATION OF THE DISTRICT

Basis of Accounting

For financial statement purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the financial statements of the College are presented using the economic measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Encumbrance accounting, under which purchase order, contracts, and other commitments for expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the financial statements. Under State law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. Encumbrances outstanding at year-end that were provided for in the subsequent year's budget are reported as reservations of net assets since they do not constitute expenditures or liabilities.

Net Assets

The College's net assets are classified as follows:

Investment in Capital Assets, Net of Related Debt. This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of investment in capital assets, net of related debt.

Restricted Net Assets – Expendable. Restricted expendable net assets include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted Net Assets – Nonexpendable. Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted Net Assets. Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet the current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

Investments. The College accounts for its investments at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Changes in unrealized gain (loss) on the carrying values of investments are reported as a component of investment income in the statements of revenue, expenses, and changes in net assets.

Classification of Revenues

The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating Revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state and local grants and contracts and federal appropriations, and (4) interest on institutional student loans.

Non-operating Revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues under GASB No. 9, Reporting Cash Flows of Propriety and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, and GASB No. 34, such as state appropriations and investment income.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenue from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues

from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

EMPLOYEES' RETIREMENT PLAN AND OTHER BENEFITS

Employees' Retirement Plan

Defined Benefit Pension Plan... The College participates in the Teacher Retirement System of Texas (TRS), which is a public employee retirement system that is a cost-sharing, defined benefit OPEB plan with a special funding situation. TRS is 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.

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 a 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, whose formulas use the three highest annual salaries. 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. Texas Government Code Section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS's 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.

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% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% 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 Section 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code Section 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 through 2025.

Contribution Rates

	<u>FY2024</u>	<u>FY2023</u>
Member	8.25%	8.00%
Non-Employer Contributing entity (State)	8.25%	8.00%
Employers	8.25%	8.00%
Member Contribution	\$1,778,504	
State of Texas On-behalf Contributions	\$798,348	
District Contributions	\$1,125,266	

Contributors to the plan include members, employers, and the State of Texas as the only non- employer contributing entity. 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, including junior colleges, are required to pay the employer contribution rate in the following instances:

- On the portion of the 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 part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local 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% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.
- In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Pension Liabilities...At August 31, 2024, the District reported a liability of \$13,398,148 for its proportionate share of the TRS's 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 were as follows:

District's proportionate share of the collective net pension liability	\$13,398,148
State's proportionate share that is associated with the District	<u>10,342,544</u>
Total	<u>\$23,740,692</u>

The net pension liability was measured as of August 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2022, through August 31, 2022. At the measurement date of August 31, 2023, the College's proportion of the collective net pension liability was .0195051391%, which was an increase of .0011919334% from its proportion measured as of August 31, 2022.

For more detailed information concerning the retirement plan, see "APPENDIX D – EXCERPTS FROM THE DISTRICT'S ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED AUGUST 31, 2024 – Note 10").

Other Benefits and Post-Employment Benefits Other than Pensions

The District offers other benefits to its full-time employees such as a deferred compensation program, annual vacation leave, health care and life insurance. The District also participates in a cost-sharing, multiple-employer, other post-employment benefit ("OPEB") plan with a special funding situation. The Texas Employees Group Benefits Program ("GBP") is administered by the Employees Retirement System of Texas ("ERS"). The GBP provides certain postemployment health care, life and dental insurance benefits to retired employees of participating universities, community colleges, and State agencies in accordance with Chapter 1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the State and retire with at least 10 years of service to eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by State law and may be amended by the Texas Legislature.

For more detailed information concerning the other benefits and post-employment benefits, see "APPENDIX D – EXCERPTS FROM THE DISTRICT'S ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED AUGUST 31, 2024 – Notes 11-14").

Collective Bargain

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 colleges have adopted a policy to consult with employee groups with respect to certain terms and conditions of employment. The District does not recognize any organized, outside employee group for such purposes.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, 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 Bonds by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency (see "RATINGS"). In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds 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.

Further, Section 130.122, Texas Education Code, provides that the Bonds are legal and authorized investments for banks, trust companies, building and loan associations, savings and loan associations, small business investment corporations, insurance

companies of all kinds and types, fiduciaries, trustees, and guardians, and for interest and sinking funds and other public funds of the State and all agencies, subdivisions, and instrumentalities thereof, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic. The Bonds are eligible to secure all deposits of public funds of the State and all agencies, subdivisions, and instrumentalities thereof, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the Bonds.

The District has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The District has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

INVESTMENT AUTHORITY AND INVESTMENT OBJECTIVES OF THE DISTRICT

District funds are invested as authorized by State law, particularly the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the "PFIA"), and in accordance with investment policies approved by the District. Both State law and the District's investment policies are subject to change.

Under State law, the District is authorized to invest in: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State 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 is 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, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (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 FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the District selects from a list the governing body or designated investment committee of the District adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the District selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the District's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the District appoints as the District's custodian of the banking deposits issued for the District's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for District deposits, or (ii) where (a) the funds are invested by the District through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the District as required by law, or (B) a depository institution that has its main office or branch office in the State 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, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the District with respect to the certificates of deposit; (10) 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) above or clause (12) below, (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; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank or its parent 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 a stated maturity of 365 days or less that is rated 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 registered with and regulated by the SEC that comply with Securities and Exchange Rule 2a-7; (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either have a duration of one year or more and invest exclusively in obligations described in clauses (1) through (13) above, or clauses (15) or (16) below, or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; (15) guaranteed

investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph; and (16) 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 (8) 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 (8) and (12) through (14) above, or an authorized investment pool; (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.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. 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 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 Objectives

Under Texas 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 include a list of authorized investments for District funds, the maximum allowable stated maturity of any individual investment and 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 PFIA. 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 Texas law, the District's 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 District's investment officers must submit an investment report to the Board detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and 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 strategies and (b) Texas law. No person may invest District funds without express written authority from the Board.

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 entity to disclose the relationship and file a statement with the Texas Ethics Commission 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 or requires an interpretation of subjective investment standards), 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 Operating Officer and investment officers; (7) restrict reverse repurchase agreements to not more than ninety (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.

See Table 8 in "APPENDIX A – FINANCIAL INFORMATION REGARDING THE DISTRICT" for details on the current value of the District's investments.

RISK FACTORS FOR JUNIOR COLLEGES

State Appropriations and Ad Valorem Taxes

A significant amount of the District's current fund revenues are derived from State appropriations and the collection of ad valorem taxes levied for maintenance and operation purposes. Neither State appropriations nor ad valorem taxes are pledged to the payment of the Bonds. State appropriations are determined at each session of the State legislature, which meets biennially, and are not part of the revenues pledged to the payment of the Bonds. The State is not obligated to provide a specific appropriation in any year. The result of the future legislative deliberations cannot be predicted. Among the factors driving the allocation of State spending are population trends, court resolutions and lawsuits, federal mandates, statutory formulas and dedicated funds. State funding on education cannot be predicted until available money and other demands can be more precisely predicted or identified.

Other Factors Relating to Gross Revenues

The revenues of the District which are pledged to secure the Bonds will be affected by any event which would either reduce the student enrollment at College facilities or otherwise diminish the amount of anticipated fees to be generated by student enrollment. The revenues pledged to secure the Bonds and other Parity Obligations may be affected by future events and conditions including, among others: demand for the use of the College's facilities; the ability of the College to attract qualified instructors; academic programming of the College; enrollment initiatives of the College; demand for higher educational institutions responsive to regional and national employment needs; economic developments in the area served by the District and, to some extent, competition from other universities and colleges or other institutions which might reflect changing attitudes toward traditional college education; tuition, fees and other costs of education; state and Federal regulation, including possible legislation and court decisions affecting the College's fee structure; and the impact on the District of "remote learning" programs that are offered by the District (to persons residing outside of the District's service area) and by competing educational institutions (to persons residing in the District's service area).

Weather

The District is located in north Texas. Land located in this area is susceptible to high winds, tornados, fires and arid conditions. If a future weather event significantly damages all or part of the properties comprising the tax base within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenue and/or necessitate an increase in the District's tax rate. There can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will carry the applicable other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds or that insurance proceeds will be used to rebuild or repay any damaged improvements within the District or be sufficient for such purposes. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected. Additionally, severe weather may impact the District's facilities which could have an adverse impact on its ability to provide educational services and thus impact its tuition and fee revenues.

Cyber Security

Computer networks and data transmission and collection are vital to the operations of the District. Information technology and infrastructure of the District may be subject to attacks by outside or internal hackers and may be subject to breach by employee error, negligence or malfeasance. An attack or breach could compromise systems and the information stored thereon, result in the loss of confidential or proprietary data and disrupt the operations of the District.

To mitigate these risks, the District continuously endeavors to improve the range of control for digital information operations, enhancements to the authentication process, and additional measures toward improving system protection/security posture. The District uses the Texas Administrative Code (TAC) 202 that establishes a baseline of security standards for institutions of higher education to guide decisions and activities about cyber security. The District is compliant with these standards and as of the distribution of this Official Statement, has not had experienced a cyber-attack that has disrupted operations or caused financial harm.

2025 Legislative Session

The regular session of the 89th Texas Legislature (the “2025 Legislative Session”) convened on January 14, 2025, and concluded on June 2, 2025. 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 Governor called a first special session that began on July 21, 2025 and ended on August 15, 2025. The agenda for the first called special session included the following items: (i) legislation to reduce the property tax burden on Texans and legislation to impose spending limits on entities authorized to impose property taxes, (ii) flood warning systems, (iii) flood emergency communications, (iv) relief funding for hill country floods, (v) natural disaster preparation and recovery, (vi) replacement of STAAR testing, (vii) protecting children from hemp-derived products, (viii) regulation of products derived from hemp, (ix) protecting unborn children, (x) banning taxpayer-funded lobbying, (xi) protecting victims of human trafficking, (xii) protecting police personnel records, (xiii) protecting women’s privacy in sex-segregated spaces, (xiv) constitutional amendment allowing the Texas Attorney General to prosecute state election crimes, (xv) congressional redistricting, (xvi) title theft and deed fraud, (xvii) impact fees for builders who include water conservation and efficiency measures, (xviii) the operation and administration of the judicial branch of state government. The Governor called a second called special session that convened on August 15, 2025. The initial agenda for the second called special session is the same as the first called special session with the addition of “camp safety.” During this time, the Texas Legislature may enact laws that materially change current law as it relates to funding of junior college districts, including the District. The Governor may add additional items to the call at any time.

The District is still in the process of reviewing all relevant legislation passed during the 2025 Legislative 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 ultimate scope of legislation that may be considered in the second called special session or any subsequent special session, or the potential impact of such legislation, at this time, but it intends to monitor applicable legislation related thereto.

LEGAL MATTERS

The District will furnish to the Underwriter 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, with respect to the Bonds, issued in compliance with the provisions of the Resolution. A form of such opinion is attached hereto as APPENDIX C.

Though it represents the Municipal Advisor and the Underwriter from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the District in connection with the issuance of the Bonds. Except as noted below, Bond Counsel was not requested to participate, and did not take part, in the preparation of the 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 that in its capacity as Bond Counsel, such firm has reviewed the information appearing under captions “PLAN OF FINANCE” (except under the subcaption “Sources and Uses of Proceeds”), “THE BONDS” (except under the subcaption “Payment Record” and “DTC Notices”), “REGISTRATION, TRANSFER AND EXCHANGE,” “LEGAL MATTERS (except for the last sentence thereof),” “TAX MATTERS,” “LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS,” “CONTINUING DISCLOSURE OF INFORMATION” (except under the subcaption “Compliance With Prior Undertakings”), and APPENDIX E – SELECTED PROVISIONS OF THE RESOLUTION” and such firm is of the opinion that the information relating to the Bonds and legal matters contained under such captions is an accurate and fair description of the information purported to be shown therein and, with respect to the Bonds, such information conforms to the Resolution. The District expects to pay the legal fee of Bond Counsel for services rendered in connection with the issuance of the Bonds from proceeds of the Bonds. Certain legal matters will be passed upon for the Underwriter by its counsel, Bracewell LLP, Dallas, Texas.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel to the District, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”), (1) interest on the Bonds for federal income tax purposes will be excludable from the “gross income” of the holders thereof and (2) the Bonds 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 Bonds. See APPENDIX C – FORM OF LEGAL OPINION OF BOND COUNSEL.

In rendering its opinion, Bond Counsel will rely upon the District’s federal tax certificate, (b) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure by

the District to observe the aforementioned representations or covenants could cause the interest on the Bonds 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 Bonds in order for interest on the Bonds 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 Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion 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 Bonds. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that 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 Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the facilities financed with the proceeds of the Bonds. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the Issuer that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service 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 Bonds may be less than the maturity amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such 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 Bonds 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 the 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 Bonds 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 Bonds. This discussion is based on Existing Law, all of 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, 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 BONDS.

Interest on the Bonds may be includable in certain corporation's "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 Bonds, 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 Bonds, 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.

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 Bonds under Federal or state law and could affect the market price or marketability of the Bonds. 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 Bonds should consult their own tax advisors regarding the foregoing matters.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds 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.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds 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.

CONTINUING DISCLOSURE OF INFORMATION

In the Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. 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 under the captions “ODESSA COLLEGE” (Tables 1-7) and in APPENDIX A – FINANCIAL INFORMATION REGARDING THE DISTRICT (Tables 1-8) and in APPENDIX D, which is the District’s annual audited financial report. The District will update and provide the information in the numbered tables within six months after the end of each fiscal year ending in and after 2025 and, if not submitted as part of such annual financial information, the District will provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the District will file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes 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, the District must provide updated information included in the above-referenced tables by the last day of February in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) must be provided by August 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the District otherwise would be required to provide financial information and operating data as set forth above.

All financial information, operating data, financial statements and notices required to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB. Financial information and operating data to be provided as set forth above may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB’s Internet Web site or filed with the Securities and Exchange Commission (the “SEC”), as permitted by SEC Rule 15c2-12 (the “Rule”).

Notice of Certain Events

The District will also provide timely notices of certain specified events to the MSRB. The District will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (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 Internal Revenue Service 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 Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the District 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 material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation 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 a financial obligation of the District, any of which reflect financial difficulties. In addition, the District will provide timely notice of any failure by the District to provide annual financial information in accordance with their agreement described above under “Annual Reports”. Neither the Bonds nor the Resolution make any provision for a trustee, liquidity enhancement, credit enhancement (except for bond insurance, if purchased).

For these purposes, any event described in clause (12) in 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.

For the events listed in clause (15) and (16) above, the term “financial obligation” means a: (A) debt obligation; (B) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation;

or (c) a guarantee of either (A) or (B). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Availability of Information from MSRB

The District has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of certain 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 the Bonds 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 and beneficial owners of the Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement 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 (1) the agreement, as amended would have permitted an underwriter to purchase or sell the Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances, and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of the Resolution that authorizes such amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Bonds. 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 Bonds in the primary offering of the Bonds. If the District amends its agreement, it must 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 type of information and data provided.

Compliance with Prior Undertakings

During the last five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

RATINGS

S&P Global Ratings, a division of S&P Global Inc (“S&P”), has assigned a rating of “AA” to the Bonds. An explanation of the significance of the foregoing ratings may only be obtained from S&P.

The foregoing ratings express only the view of S&P at the time the ratings are given and the College makes no representation as to the appropriateness of the ratings. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by S&P, if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings, may have an adverse effect on the market price of the Bonds. A credit rating on a security is not a recommendation to buy, sell or hold such 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 College. 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. S&P at any time, while the Bonds remain outstanding, could undertake such an evaluation process.

LITIGATION

The financing system for public junior colleges, including the District, has not been challenged in court and is not the subject of any existing litigation. Additionally, 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 or upon the Bonds or the District’s ability to issue and secure the Bonds as described herein.

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

REGISTRATION AND QUALIFICATIONS 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 the exemption provided thereunder by Section 3(a)(2). 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. 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. The District 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 Underwriter to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The District agrees to cooperate, at the Underwriter's written request and sole expense, in registering or qualifying the Bonds 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.

FORWARD-LOOKING STATEMENTS

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. It is important to note that the District's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements 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 would prove to be accurate.

UNDERWRITING

The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the District at a price equal to the initial offering prices to the public, as shown on page ii herein, less an underwriting discount of \$103,165.65. The Underwriter will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds and such public offering prices may be changed from time to time by the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

MUNICIPAL ADVISOR

RBC Capital Markets, LLC is employed as Municipal Advisor to the District in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Municipal Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the District to determine the accuracy or completeness of this Official Statement.

CONCLUDING STATEMENT

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

The Bond Resolution authorized the Pricing Officer to approve, and in the Pricing Certificate the Pricing Officer did approve, for and on behalf of the District, the form and content of this Official Statement and any addenda, supplement or amendment thereto and authorized its further use in the re-offering of the Bonds by the Underwriter.

By: Brandy Ham
Pricing Officer
Odessa College District

APPENDIX A
FINANCIAL INFORMATION REGARDING THE DISTRICT

Table 1
SELECTED ANALYTICAL DATA

	Fiscal Years Ending August 31,					
	2025	2024	2023	2022	2021	2020
<u>Analytical Data</u>						
Total Annual Contact Hours	N/A	3,462,161	3,220,629	3,121,967	2,781,860	2,761,583
Ector County Population	171,368	167,931	164,494	161,057	160,758	165,171
Service Area Population	267,042	261,012	260,168	264,140	272,296	279,402
Unrestricted Fund Balance	N/A	4,439,723	(2,455,203)	(8,422,758)	14,720,006	(11,179,354)
Unrestricted Fund Balance/ Total Operating Expenses	N/A	5.89%	-3.76%	-13.25%	21.64%	-19.37%
<u>Revenue Debt Service Coverage</u>						
Revenues Pledgable to Revenue Bonds	N/A	\$ 15,108,531	\$ 11,255,760	\$ 4,528,523	\$ 15,504,532	\$ 9,265,805
Average Annual Revenue Debt Service	\$ 2,371,028 ^(A)	\$ 2,385,303	\$ 2,499,295	\$ 2,596,090	\$ 2,714,917	\$ 2,891,700
Average Annual Revenue Debt Service Coverage	6.37 x	6.33 x	4.50 x	1.74 x	5.71 x	3.20 x
Maximum Annual Revenue Debt Service	\$ 4,889,203 ^(A)	\$ 3,749,165	\$ 3,753,200	\$ 3,757,640	\$ 4,259,667	\$ 2,898,700
Maximum Annual Revenue Debt Service Coverage	3.09 x	4.03 x	3.00 x	1.21 x	3.64 x	3.20 x

Source: District's Audited Financial Statements. FY2022 has been restated.

^(A) Coverage calculated against FY2024 revenue. Includes the Bonds.

Table 2
OPERATING REVENUE BY SOURCE

Fiscal Year Ended 31-Aug	Tuition & Fees (Net Discounts)	Federal Grants	State and Local Grants	Private Gifts and Grants	Miscellaneous Income	Auxiliary Revenue	Total Operating Income
2015	\$ 8,327,145	\$ 1,933,998	\$ 758,164	\$ 655,030	\$ 1,137,802	\$1,597,414	\$ 14,409,553
2016	7,700,564	1,513,270	342,103	2,348,173	1,153,601	1,570,704	14,628,415
2017	8,829,049	1,210,103	414,725	1,568,418	1,858,183	1,360,028	15,240,506
2018	9,298,172	1,293,885	278,861	2,288,512	1,648,414	1,425,237	16,233,081
2019	11,192,706	961,433	333,361	4,931,198	1,633,704	1,694,989	20,747,391
2020	10,965,280	1,621,539	446,623	1,762,444	1,081,728	1,533,473	17,411,087
2021	11,169,123	5,843,249	408,900	7,238,158	1,744,116	1,436,648	27,840,194
2022	12,647,878	3,665,399	154,861	301,556	1,133,500	1,250,582	19,153,776
2023	13,314,169	3,073,529	623,810	196,199	1,332,869	1,750,963	20,291,539
2024	14,058,532	1,778,013	536,382	537,055	1,619,343	1,898,426	20,427,751

Source: District's Audited Financial Statements.

Table 3
NON-OPERATING REVENUE BY SOURCE

Fiscal Year Ended 31-Aug	State Appropriations	Ad Valorem Taxes	Investment Income	Federal Grants	Other Income	Total Non- Operating Income
2015	\$ 9,537,537	\$ 26,159,189	\$ 181,053	\$ 4,902,974	\$ 249,540	\$ 41,030,293
2016	10,290,476	26,960,946	395,843	5,860,463	192,763	43,700,491
2017	10,208,033	25,990,293	267,972	6,479,983	541,994	43,488,275
2018	12,097,769	27,245,617	367,961	7,043,922	303,020	47,058,289
2019	11,071,830	28,079,376	872,927	7,087,496	205,635	47,317,264
2020	12,965,055	30,124,510	457,011	7,708,359	254,966	51,509,901
2021	12,372,998	29,970,836	174,036	12,631,895	633,053	55,782,818
2022	11,653,843	31,302,789	(3,121,850)	13,928,790	165,072	53,928,644
2023	12,119,452	33,227,334	2,077,967	10,422,168	362,586	58,209,507
2024	19,264,836	36,038,060	4,220,620	11,466,780	480,540	71,470,836

Source: District's Audited Financial Statements.

Table 4
REVENUE DEBT SERVICE COVERAGE

	Fiscal Years Ending August 31,					
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Revenues Pledgable to Revenue Bonds</u>						
Pledgable Portion of Tuition and Fees (gross)	N/A	\$ 6,352,547	\$ 5,535,176	\$ 4,799,663	\$ 4,278,521	\$ 4,176,183
Investment income	N/A	4,239,660	2,099,241	(3,113,486)	185,432	473,117
Other income	N/A	2,617,898	1,870,380	1,591,764	9,603,931	3,083,032
Auxiliary revenues	N/A	1,898,426	1,750,963	1,250,582	1,436,648	1,533,473
Total Gross Revenues	N/A	\$ 15,108,531	\$ 11,255,760	\$ 4,528,523	\$ 15,504,532	\$ 9,265,805
<u>Revenue Debt Service and Coverage</u>						
Average annual revenue debt service requirement	\$ 2,371,028 ^(A)	\$ 2,385,303	\$ 2,499,295	\$ 2,596,090	\$ 2,714,917	\$ 2,891,700
Revenue debt service coverage	6.37 x	6.33 x	4.50 x	1.74 x	5.71 x	3.20
Maximum annual revenue debt service requirement	\$ 4,889,203 ^(A)	\$ 3,749,165	\$ 3,753,200	\$ 3,757,640	\$ 4,259,667	\$ 2,898,700
Revenue debt service coverage	3.09 x	4.03 x	3.00 x	1.21 x	3.64 x	3.20

Source: District's Audited Financial Statements. FY2022 has been restated.

^(A) Coverage calculated against FY2024 revenue. Includes the Bonds.

Table 5
OUTSTANDING REVENUE DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 8/31	Outstanding Revenue Bonds		Plus: The Bonds		Total Outstanding Revenue Bonds Debt Service
	Principal	Interest	Principal	Interest	
2025	\$ 2,945,000	\$ 804,165			\$ 3,749,165
2026	3,045,000	695,421	\$ 555,000	\$ 593,782	4,889,203
2027	2,255,000	582,375	490,000	761,038	4,088,412
2028	2,345,000	500,257	515,000	736,538	4,096,795
2029	2,425,000	414,238	540,000	710,788	4,090,025
2030	2,515,000	324,640	570,000	683,788	4,093,428
2031	1,210,000	230,920	595,000	655,288	2,691,208
2032	1,250,000	189,020	625,000	625,538	2,689,558
2033	1,300,000	145,620	660,000	594,288	2,699,908
2034	1,880,000	100,080	690,000	561,288	3,231,368
2035	1,040,000	41,600	725,000	526,788	2,333,388
2036	-	-	760,000	490,538	1,250,538
2037	-	-	800,000	452,538	1,252,538
2038	-	-	840,000	412,538	1,252,538
2039	-	-	880,000	370,538	1,250,538
2040	-	-	925,000	326,538	1,251,538
2041	-	-	970,000	280,288	1,250,288
2042	-	-	1,020,000	231,788	1,251,788
2043	-	-	1,075,000	178,238	1,253,238
2044	-	-	1,130,000	121,800	1,251,800
2045	-	-	1,190,000	62,475	1,252,475
Total	\$ 22,210,000	\$ 4,028,335	\$ 15,555,000	\$ 9,376,394	\$ 51,169,729
Average Annual Requirement (FY2026-FY2045).....					\$ 2,371,028
Maximum Annual Requirement (FY2026).....					\$ 4,889,203

Table 6
STATEMENT OF NET POSITION

	Fiscal Years Ending August 31,				
	2024	2023	2022	2021	2020
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 20,749,967	\$ 18,956,535	\$ 20,105,171	\$ 56,994,896	\$ 24,136,088
Short-term investments	1,479,808	-	-	1,880,901	-
Accounts receivable - net	16,906,104	5,625,834	5,023,547	6,648,601	5,541,803
Inventories	112,545	31,113	73,597	72,964	58,582
Notes receivable - current, net	3,747,767	3,831,072	3,492,423	3,566,183	2,250,228
Prepaid items	2,719,497	3,490,003	3,351,933	2,660,247	1,978,032
Escrow deposits	48,264	480,981	458,009	488,349	493,807
Total Current Assets	\$ 45,763,952	\$ 32,415,538	\$ 32,504,680	\$ 72,312,141	\$ 34,458,540
Noncurrent Assets					
Restricted cash and equivalents	283,557	282,828	282,000	280,741	281,986
Endowment investments	1,161,142	1,488,944	1,508,550	1,843,564	845,155
Other long-term investments	43,685,540	59,144,066	66,148,738	26,390,860	12,712,179
Notes receiveables - noncurrent, net	7,996,123	8,932,248	9,628,143	11,810,322	657,636
Unamortized bond issuance costs	47,642	52,033	56,424	60,814	36,596
Capital assets, net of accum depreciation	158,248,001	141,055,679	123,704,036	116,902,832	117,848,811
Total Noncurrent Assets	\$ 211,422,005	\$ 210,955,798	\$ 201,327,891	\$ 157,289,133	\$ 132,382,363
Total Assets	\$ 257,185,957	\$ 243,371,336	\$ 233,832,571	\$ 229,601,274	\$ 166,840,903
Deferred Outflows of Resources					
Deferred outflows related to pensions	\$ 8,396,503	\$ 8,584,340	\$ 2,760,052	\$ 3,678,819	\$ 4,956,258
Deferred outflows related to OPEB	3,127,527	4,561,317	3,672,586	2,586,633	3,116,229
Deferred outflows related to refunding of debt	5,481,425	5,809,327	6,137,228	6,465,130	6,607,230
Total Deferred Outflows of Resources	\$ 17,005,455	\$ 18,954,984	\$ 12,569,866	\$ 12,730,582	\$ 14,679,717
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 3,768,689	\$ 4,529,716	\$ 2,234,774	\$ 4,907,418	\$ 2,446,083
Accrued liabilities	1,218,631	877,146	929,513	1,074,892	837,151
Accrued compensable absences	1,014,431	862,982	712,126	734,375	721,365
Funds held for others	1,060,533	939,090	973,543	1,033,182	956,291
Unearned revenue - tuition and fees	13,480,034	8,594,175	7,717,411	6,989,001	5,897,858
Unearned revenue - other	1,942,581	3,269,291	2,035,188	3,897,178	751,259
Financed purchase - current portion	-	-	-	55,841	55,842
Bonds Payable - current portion	5,025,000	4,830,000	4,640,000	5,135,000	1,905,000
Lease liability - current portion	76,270	69,663	84,472	86,292	-
Subscription liability - current portion	1,618,482	1,164,555	1,543,677	-	-
Net OPEB liability - current portion	665,084	655,154	607,744	931,321	884,961
Total Current Liabilities	\$ 29,869,735	\$ 25,791,772	\$ 21,478,448	\$ 24,844,500	\$ 14,455,810
Noncurrent Liabilities					
Bonds payable - noncurrent	\$ 69,390,000	\$ 74,415,000	\$ 79,245,000	\$ 83,885,000	\$ 62,330,000
Unamortized bond premium	7,847,206	8,413,341	8,979,477	9,545,612	293,268
Lease liability	140,670	51,771	101,857	186,329	55,841
Subscription liability	104,265	500,667	585,041	-	-
Net pension liability	13,398,148	10,872,079	3,935,237	9,191,165	-
Net OPEB liability/Other liabilities	23,112,185	24,545,137	28,963,812	26,988,974	36,926,902
Total Noncurrent Liabilities	\$ 113,992,474	\$ 118,797,995	\$ 121,810,424	\$ 129,797,080	\$ 99,606,011
Total Liabilities	\$ 143,862,209	\$ 144,589,767	\$ 143,288,872	\$ 154,641,580	\$ 114,061,821
Deferred Inflows of Resources					
Deferred inflows related to pensions	\$ 3,481,406	\$ 5,007,505	\$ 5,934,666	\$ 2,640,122	\$ 2,980,542
Deferred inflows related to OPEB	8,693,167	9,805,716	5,822,622	7,426,037	8,851,630
Deferred inflows related to Refunding of debt	-	-	-	-	5,668,998
Total Deferred Inflows of Resources	\$ 12,174,573	\$ 14,813,221	\$ 11,757,288	\$ 10,066,159	\$ 17,501,170
NET POSITION					
Net investment in capital assets	\$ 87,849,157	\$ 64,460,128	\$ 43,844,162	\$ 57,836,443	\$ 57,113,267
Restricted nonexpendable - student aid	1,161,142	1,488,944	1,508,550	1,843,564	845,155
Expendable - student aid	-	369,036	422,232	546,723	299,999
Expendable - instructional programs	1,630,237	1,463,533	1,420,116	1,319,669	1,403,238
Expendable - unexpended capital projects	20,097,040	25,488,752	27,554,615	1,116,651	1,073,422
Expendable - debt service	2,977,331	12,108,142	25,029,360	241,061	401,902
Unrestricted	4,439,723	(2,455,203)	(8,422,758)	14,720,006	(11,179,354)
Total Net Position	\$ 118,154,630	\$ 102,923,332	\$ 91,356,277	\$ 77,624,117	\$ 49,957,629

Source: District's Audited Financial Statements. FY2022 has been restated.

The District does not have near final FY2025 figures, but does anticipate ending the year with a surplus and adding at least \$5MM to its unrestricted fund balance.

Table 7
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	Fiscal Years Ending August 31,				
	2024	2023	2022	2021	2020
Operating Revenues					
Tuition and fees - net of discounts	\$ 14,058,532	\$ 13,314,169	\$ 12,647,878	\$ 11,169,123	\$ 10,965,280
Federal grants and contracts	1,778,013	3,073,529	3,665,399	5,843,249	1,621,539
State grants and contracts	536,382	623,810	154,861	408,900	446,623
Non-governmental grants and contracts	537,055	196,199	301,556	7,238,158	1,762,444
Sales and services of educ activities	211,762	287,909	228,100	200,479	201,696
Investment income - program restricted	19,040	21,274	8,364	11,396	16,106
Auxiliary enterprises	1,898,426	1,750,963	1,250,582	1,436,648	1,533,473
Other operating revenues	1,388,541	1,023,686	897,036	1,532,241	863,926
Total Operating Revenues	\$ 20,427,751	\$ 20,291,539	\$ 19,153,776	\$ 27,840,194	\$ 17,411,087
Operating Expenses					
Instruction	\$ 26,290,986	\$ 22,633,684	\$ 20,421,110	\$ 20,701,481	\$ 21,589,164
Public service	1,314,797	1,091,294	1,163,505	1,054,555	1,055,149
Academic support	7,710,286	6,890,528	6,030,049	5,936,490	5,237,503
Student services	5,591,200	4,746,343	3,973,706	3,817,321	4,541,044
Institutional support	8,166,638	6,985,542	6,679,552	12,198,542	7,242,473
Operation and maintenance of plant	7,231,045	6,748,363	5,445,577	5,227,444	5,163,959
Scholarships and fellowships	8,986,157	7,359,218	12,406,034	13,235,250	6,999,201
Auxiliary enterprises	4,108,708	3,489,590	2,953,248	2,314,339	2,420,590
Depreciation	5,917,159	5,302,986	4,502,823	3,532,757	3,476,108
Total Operating Expenses	\$ 75,316,976	\$ 65,247,548	\$ 63,575,604	\$ 68,018,179	\$ 57,725,191
Operating Income (Loss)	(54,889,225)	(44,956,009)	(44,421,828)	(40,177,985)	(40,314,104)
Non-Operating Revenues (Expenses)					
State appropriations	\$ 19,264,836	\$ 12,119,452	\$ 11,653,843	\$ 12,372,998	\$ 12,965,055
Property taxes - maintenance & operations	31,475,688	28,926,720	26,789,878	25,811,235	25,682,905
Property taxes - debt service	4,562,372	4,300,614	4,512,911	4,159,601	4,441,605
Federal grants - non-operating	11,466,780	10,422,168	13,928,790	12,631,895	7,708,359
Gifts - noncapital	366,234	362,586	118,172	166,170	226,869
Investment income - not restricted	4,220,620	2,077,967	(3,121,850)	174,036	457,011
Interest on capital - related debt	(3,056,166)	(3,250,106)	(3,222,989)	(2,828,628)	(2,927,430)
Gain/(Loss) on disposal of capital assets	(33,442)	(201,729)	(27,428)	(81,223)	(53,898)
Other non-operating revenues	114,306	-	46,900	466,883	28,097
Other non-operating expenses	(4,391)	(4,391)	(4,391)	(220,359)	(2,614)
Net Non-Operating Rev/(Exp)	\$ 68,376,837	\$ 54,753,281	\$ 50,673,836	\$ 52,652,608	\$ 48,525,959
Income Before Other Revenue	\$ 13,487,612	\$ 9,797,272	\$ 6,252,008	\$ 12,474,623	\$ 8,211,855
Other Revenues					
Private capital gifts and grants	\$ 1,743,686	\$ 1,768,738	\$ 7,480,152	\$ 13,969,773	\$ 352,578
Additions to permanent endowment	-	1,045	-	1,001,300	12,200
Gain on bond refunding	-	-	-	220,792	-
Total Other Revenues	1,743,686	1,769,783	7,480,152	15,191,865	364,778
Increase in Net Position	\$ 15,231,298	\$ 11,567,055	\$ 13,732,160	\$ 27,666,488	\$ 8,576,633
Net Position					
Net Position - Beginning of Year	\$ 102,923,332	\$ 91,356,277	\$ 77,624,117	\$ 49,957,629	\$ 41,380,996
Net Position - End of Year	\$ 118,154,630	\$ 102,923,332	\$ 91,356,277	\$ 77,624,117	\$ 49,957,629

Source: District's Audited Financial Statements. FY2022 has been restated.

Table 8
CURRENT INVESTMENTS

As of May 31, 2025, the District's investable funds were invested in the following investment instruments:

Investment Instrument	Market Value	Percentage
CDs	\$983,672	1.16%
Corporate Bonds	2,880,910	3.40%
Muni Bonds	9,720,363	11.47%
Public LGIP ^(A)	44,699,939	52.77%
US Agency	26,428,510	31.20%
Total	\$84,713,394	100.00%

^(A) Public Local Government Investment Pools operate pursuant to Chapter 2256 of the Texas Government Code, as amended, as money market equivalent, in a manner consistent with the SEC's Rule 2a-7 under the Investment Company Act of 1940. No funds of the District are invested in derivative securities, i.e. securities whose rate of return is determined by reference to some other instrument, index or commodity.

APPENDIX B

GENERAL INFORMATION REGARDING THE DISTRICT

GENERAL INFORMATION REGARDING THE DISTRICT AND ITS ECONOMY

Odessa College District (the “District” or the “College”) is a political subdivision of the State of Texas, serving the people of Ector County and 12 other counties, covering 33,000 square miles within the Permian Basin. The College currently offers more than 120 Associate and Certificate Degree programs in the Arts & Sciences, as well as Career and Technical programs and select bachelor’s degree programs. To meet the needs of today’s students, classes are available on the beautiful main campus in Odessa, at extension sites in Andrews, Monahans, Pecos, and Seminole. as well as in the convenience of their home through OC Global, which provides educational opportunities through fully accredited and completely online degree programs.

The District has boundaries that are coterminous with Ector County (the “County”) and a service area consisting of the territory within Ector, Brewster, Andrews, Crane, Jeff Davis, Ward, Winkler, Presidio, Upton, Reeves, Culberson, Loving, and Terrell counties, and portions of the territory within Pecos and Gaines counties. The County’s economy is based on mineral, manufacturing and trade, and is supplemented by agriculture. The 2010 census population for the County was 137,130. The 2020 census population for the County was 167,171, an increase of 20.5% over 2010. The 2024 estimated population for the County is 170,022.

The main campus of the College is located in the City of Odessa (the “City” or “Odessa”), which is situated roughly midway between the cities of Fort Worth and El Paso. The City is the county seat of Ector County and is located in the heart of the Permian Basin in central west Texas. The area is known chiefly for the production of oil and gas. Historically, the principal component of the City’s economic base has been comprised of oil producing, oil well servicing and oil supply companies as well as other oil and gas related businesses. The 2010 census population for the City was 99,940. The 2020 census population for the City was 114,451, an increase of 20.5% over 2010. The 2024 estimated population for the City is 119,748.

POPULATION TRENDS

<u>Year</u>	<u>City of Odessa</u>	<u>Ector County</u>
2024 Est	119,748	170,022
2020	114,451	167,171
2010	99,940	137,130
2000	90,943	121,123

Source: Odessa Chamber of Commerce, US Census Bureau QuickFacts.

ECONOMIC ACTIVITY

Nestled in the heart of the Permian Basin – the No. 1 producer of oil and gas in the U.S. – Odessa is home to major companies within the oil and gas industry and beyond. Diverse industries continue to develop in Odessa, including technology, logistics, manufacturing and more. Serving as the crucial midpoint between Fort Worth and El Paso, Odessa has access to multi-lane interstates and an advanced transportation system. Odessa’s proximity to major markets within Texas and beyond provides businesses with opportunities for domestic and international trade.

Oil and gas are without a doubt the most valuable minerals produced in Texas and they are the backbone of the City’s economy. Odessa provides service, equipment, and manufacturing to a massive world petroleum market. Even though the City’s economy has diversified significantly in recent years, Odessa is still considered one of the major oil field technology and manufacturing economies of the world.

Odessa is a hub of reliable economic opportunity with world-class highways, an international air service, convenient rail access and dependable utilities. Small businesses and major corporations alike have the peace of mind of knowing they can rely on Odessa’s infrastructure to efficiently target local, regional, national and international business suppliers and customers. U.S. Interstate Highway 20, a main east/west route, and U.S. Highway 385, a main north/south route, provide for excellent transportation into the City. Loop 338 circles the entire city, allowing travelers to access any part of the City within minutes. Within the City proper, multiple taxi and ride-sharing companies have staked claims here, in addition to well-conceived public transportation.

Midland International Air & Space Port (“MAF”) is located halfway between Midland and Odessa, 10 miles from Odessa, and ranked eighth in Texas for primary commercial service airports. MAF serves 43 counties in Western Texas and Eastern New Mexico and is the closest airport to Big Bend National Park. The airport is approximately 330 miles from Dallas, Texas and 300 miles from El Paso, Texas. Owned and operated by the City of Midland, MAF has over 20 daily departures with non-stop service to Austin-Bergstrum (AUS), Dallas Fort Worth (DFW), Dallas Love Field (DAL), Houston Intercontinental (IAH), Houston Hobby (HOU), Las Vegas (LAS), Phoenix (PHX), and Denver (DEN). Currently, the airport is served by Delta, Envoy (American), Southwest, and United Express (United).

Rail service is supplied by Union Pacific Railroad and offers piggyback service and 24-hour switching service. Operating seven days a week, Union Pacific provides reliable access to all major U.S. markets.

Odessa has grown to be the healthcare hub for the surrounding communities with state-of-the-art services and technology. Of the top ten employers in our community, four are in the healthcare field. There are more than 200 physicians representing a wide variety of specialties, including cardiovascular surgery, emergency care, and comprehensive cancer care. In addition, there are more than 80 dentists in the community. Odessa's acute care hospitals, Medical Center Hospital and Odessa Regional Medical Center, have a combined total of 632 licensed beds. The Texas Tech University Health Sciences Center (TTUHSC) in Odessa is dedicated to improving the quality of healthcare, medical education, and medical research in the Permian Basin. In addition to several medical residency programs, TTUHSC also offers bachelor's and doctorate degrees in many healthcare fields.

Educational opportunities in Odessa prepare its residents for a bright future! Dynamic learning programs start in primary and secondary school options and extend into vibrant schools at the postsecondary level. There are remarkable campuses and scholarship opportunities at Odessa College and the University of Texas of the Permian Basin.

Source: Odessa Economic Development Corporation.

MAJOR EMPLOYERS IN ODESSA AREA

<u>Employer</u>	<u>Principal Line of Business</u>	<u>Approximate Number of Employees</u>
Ector County ISD	School District	4,200
Saulsbury Company	Oil & Gas	2,468
Haliburton Services	Oil & Gas	2,400
NexTier Complete Solutions	Oil & Gas	1,500
Medical Center Hospital	Medical	1,456
City of Odessa	Municipal Government	890
Ector County	County Government	711
Sewell Family Dealerships	Automotive	679
HEB	Grocery	635
University of Texas Permian Basin	Higher Education	580
Texas Tech University Health Science Center	Higher Education	539
Albertsons/United/Market Street	Grocery	560
Cudd Energy Services	Oil and Gas	500
Odessa Regional Medical Center	Medical	493
Bobby Cox Companies, Inc.	Retail/Restaurants	480
Walmart	Retail/Grocery	440
Odessa College	Higher Education	411
Standard Safety Supply	Oil & Gas	375
Investment Corporation of America	Financial	360
REXtax LLC	Manufacturer	320

Source: Odessa Economic Development Corporation.

EMPLOYMENT STATISTICS

	<u>2025 June Statistics</u>			
	<u>City of Odessa</u>	<u>Ector County</u>	<u>State of Texas</u>	<u>United States</u>
Civilian Labor Force	64,711	88,086	15,844,159	171,343,000
Total Employed	62,507	84,957	15,199,591	163,883,000
Total Unemployed	2,204	3,129	644,568	7,460,000
Unemployment Rate	3.4%	3.6%	4.1%	4.4%
	<u>2024 Annual Statistics</u>			
	<u>City of Odessa</u>	<u>Ector County</u>	<u>State of Texas</u>	<u>United States</u>
Civilian Labor Force	63,499	86,460	15,608,932	168,106,000
Total Employed	61,377	83,440	14,971,373	161,346,000
Unemployed	2,122	3,020	637,559	6,761,000
Unemployment Rate	3.3%	3.5%	4.1%	4.0%

Source: Texas Labor Market Information, Texas Workforce Commission.

APPENDIX C
FORM OF BOND COUNSEL'S OPINION

Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

**ODESSA COLLEGE DISTRICT
CONSOLIDATED FUND REVENUE BONDS, SERIES 2025**

IN THE AGGREGATE PRINCIPAL AMOUNT OF \$15,555,000

AS BOND COUNSEL for the Odessa College District (the "Issuer"), the issuer 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, at the rates and payable on the dates as stated in the text of the Bonds, maturing, unless redeemed prior to maturity in accordance with the terms of the Bonds, serially, 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 laws of the State of Texas, and a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been authorized and issued and the Bonds delivered concurrently with this opinion have been duly delivered and that, assuming due authentication, Bonds issued in exchange therefore will have been duly delivered, in accordance with law, and that the Bonds, except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors' rights generally, and by governmental immunity and general principles of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer, and that the Bonds are secured by and payable from a pledge of the Gross Revenues and Pledged Funds of the Issuer, all as provided in the resolution adopted by the Board of Trustees of the Issuer, pursuant to which the Bonds have been issued (the "Bond Resolution").

THE ISSUER HAS RESERVED THE RIGHT, subject to the restrictions stated in the Bond Resolution, to issue additional Parity Obligations (as defined in the Bond Resolution) which also may be made payable from, and secured by, a lien on and pledge of the Gross Revenues and the Pledged Funds (other than any debt service reserve fund created for the benefit of the Bonds) on a parity with the lien that secures the Bonds and any other Parity



Obligations that may be issued from time to time by the Issuer in accordance with the conditions set forth therefor in the Bond Resolution.

THE HOLDER OF THE BONDS shall never have the right to demand payment thereof out of any funds raised or to be raised by taxation, and the Bonds are payable solely from sources described in the Bond Resolution, and are not payable from any other funds or resources of the Issuer.

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 Issuer and covenants set forth in the order adopted by the Issuer 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, 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 Issuer 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.

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 Issuer as the taxpayer. We observe that the Issuer 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 Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, 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 Issuer, 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 Issuer as to the current outstanding indebtedness of the Issuer and the sufficiency of the Gross Revenues of the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

APPENDIX D

**EXCERPTS FROM THE DISTRICT'S ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2024**

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Odessa College District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Odessa College District (the District), as of and for the years ended August 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Odessa College District, as of August 31, 2024 and 2023, 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. The financial statements of the Odessa College Foundation, Incorporated, the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

We are required to be independent of the 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 the 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 management's discussion and analysis, pension information, and other-post employment benefit information, as listed in the table of contents, 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 the District's basic financial statements. Supplemental Schedules A through D, as required by the Texas Higher Education Coordinating Board's (THECB) *Budget Requirements and Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*; and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are also presented for additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates 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, Supplemental Schedules A through D 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

Management is responsible for the other information included in the annual report. The other information comprises the statistical supplement information 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 11, 2024 on our consideration of the 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 the District's 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 the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Odessa, Texas
December 11, 2024



ODESSA COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The Management's Discussion and Analysis provides an overview of the Odessa College District's (the "District" or "College") financial activities for the years ended August 31, 2024 (Fiscal Year 2024), 2023 (Fiscal Year 2023), and 2022 (Fiscal Year 2022). In conformity with Government Accounting Standards Board (GASB) Statement No. 34, the discussion focuses on currently known facts, decisions, and conditions and is intended to assist the reader in the interpretation of the financial statements and notes that follow this analysis.

FINANCIAL AND ENROLLMENT HIGHLIGHTS

- The District's net financial position increased during 2024 as total revenues exceeded total expenses by \$15.2 million. Revenues exceeded expenses by \$11.6 million and \$13.7 million in fiscal years 2023 and 2022, respectively.
- Capital assets (net of depreciation) increased by approximately \$17,200,000 in 2024, \$17,352,000 in 2023, and \$6,801,000 in 2022. The increases resulted primarily from construction and equipment purchases related to the Vision 2030 campus improvement programs for 2024, 2023, and 2022.
- The District's total bonded debt decreased during the fiscal year 2024 by \$4.8 million, or 6.1%, to \$74.4 million. Debt decreased by \$4.6 million and by \$5.1 million at the end of fiscal years 2023 and 2022, respectively.
- The net taxable property values in the District increased by approximately \$3.2 billion, or 18.2%, in 2024, after increasing by approximately \$2.1 billion, or 13.5%, in 2023 and decreasing by approximately \$.3 billion, or 2.0%, in 2022.
- Total tax revenues increased by \$2,811,000, or 8.5%, to \$36.0 million in 2024, compared to tax revenues of \$33.2 million and \$31.3 million in 2023 and 2022, respectively.
- Total semester hours for credit classes increased by 7.3% to 163,415 in 2024, compared to 152,242 in 2023 and 150,129 in 2022, respectively.
- Total contact hours from credit and noncredit instruction increased by 7.5% to 3,462,161 in 2024, compared to 3,220,629 in 2023, and 3,121,967 in 2022. The overall increase in 2024 was attributed to an increase in enrollment.

BASIC FINANCIAL STATEMENTS

There are three basic financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. These statements should be read in conjunction with the notes to the basic financial statements.

Financial statements for the District's component unit, the Odessa College Foundation Incorporated (the "Foundation"), are issued independently of the District. The Foundation's Statement of Financial Position and Statement of Activities for its most recently completed fiscal years of 2023 and 2022 are presented as discrete reports on pages 26 and 29 of the District's basic financial statements. Complete financial statements for the Foundation can be obtained from the Foundation at 201 West University Blvd, Odessa, TX 79764.

The Statement of Net Position

The Statement of Net Position (Exhibit 1) reports the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and resulting net position of the District as of the end of the fiscal year. It is a "point in time" financial statement; its purpose is to give the readers a snapshot of the financial condition of the District on the last day of each fiscal year. The Statement of Net Position includes assets and liabilities, both current and non-current, deferred outflows and inflows of resources, and net position.

ODESSA COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- Current assets are those assets that are available to satisfy current liabilities, or liabilities that are due within one year.
- Non-current assets include capital assets, restricted cash, long-term investments, and other assets not classified as current.
- Non-current liabilities include bonds payable and other long-term commitments.
- Deferred outflows of resources represents a consumption of net position that applies to a future period therefore not being recognized as an inflow of resources until such time.
- Deferred inflows of resources represents an acquisition of net position that applies to a future period therefore not being recognized as an inflow of resources until such time.

Net position is the difference between total assets, total liabilities, deferred outflows and deferred inflows. Net position is one way to measure the financial health of the District as they represent the amount of resources available to finance future activities. Over time, the increases and decreases in net position is one indicator of whether the overall financial condition has improved or deteriorated during the year when considered with other factors such as enrollment, contact hours of instruction, student retention and other non-financial information.

Net position is divided into three major categories.

- Net investment in capital assets reflects the District's equity in property, plant, and equipment less any outstanding related debt used to acquire those assets.
- Restricted Net Position has external limitations on the way in which it may be used.
- Unrestricted Net Position is available to use for any lawful purpose of the District.

The Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position (Exhibit 2) explains "why" the net position has increased or decreased during the year. It focuses on the "bottom line results" of the District's operations. The statement is divided into (a) Operating Revenues and Expenses, (b) Non-Operating Revenues and Expenses, and (c) Other Revenue.

Generally, operating revenues are received in exchange for providing goods and services to the various customers of the District. Operating revenues include:

- Tuition and fees
- Federal and state grants
- Sales and services of educational activities
- Auxiliary and other operating revenues

Operating expenses are those paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the District's mission. Depreciation is included as an operating expense.

Non-operating revenues are funds received for which goods and services are not directly provided to those providing the revenue. Non-operating revenues include:

- State legislative appropriations
- Local property taxes
- Federal student aid grants
- Non-capital gifts and investment income

Other revenue includes capital contributions, additions to endowments, and special or extraordinary items.

ODESSA COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The District, like all other Texas community colleges, is primarily dependent upon three sources of revenue: state appropriations, tuition and fees, and local property taxes. Since state appropriations and property taxes are classified as non-operating revenues (per the GASB requirement), all Texas community colleges will display an operating deficit before taking into account other support. Essentially, this operating deficit represents the net cost of services to students that must be covered by state appropriations, local property taxation, and other sources of revenue. Therefore, total revenues and total expenses should be considered in assessing the change in the District's financial position.

The Statement of Cash Flows

The final statement presented is the Statement of Cash Flows which analyzes the cash activities of the District for the year. This statement helps readers assess the District's ability to generate future cash flows and its ability to meet obligations as they come due. The statement is divided into five parts:

- Cash provided by or used for operating activities
- Cash flows from non-capital financing activities
- Cash flows from investing activities
- Cash provided by or used for capital related financing activities, and
- Cash used for acquisition and construction of capital items.

CONDENSED COMPARATIVE FINANCIAL INFORMATION

Condensed Statement of Net Position
(thousands of dollars)

	2024	2023	2022	2023 to 2024	2022 to 2023
Current assets	\$ 45,764	\$ 32,416	\$ 32,504	\$ 13,348	\$ (88)
Capital assets, net of depreciation	158,248	141,056	123,704	17,192	17,352
Other non-current assets	53,174	69,899	77,623	(16,725)	(7,724)
Deferred outflows of resources	17,005	18,955	12,570	(1,950)	6,385
Total Assets and Deferred Outflows	274,191	262,326	246,401	11,865	15,925
Current liabilities	29,870	25,792	21,478	4,078	4,314
Non-current debt	77,482	83,381	88,911	(5,899)	(5,530)
Net Pension Liability	13,398	10,872	3,935	2,526	6,937
Net OPEB Liability	23,112	24,545	28,964	(1,433)	(4,419)
Deferred inflows of resources	12,174	14,813	11,757	(2,639)	3,056
Total Liabilities and Deferred Inflows	156,036	159,403	155,045	(3,367)	4,358
Net Position:					
Net investment in capital assets	87,849	64,460	43,844	23,389	20,616
Restricted: nonexpendable	1,161	1,489	1,509	(328)	(20)
Restricted: expendable	24,705	39,429	54,426	(14,724)	(14,997)
Unrestricted	4,440	(2,455)	(8,423)	6,895	5,968
Total Net Position	\$ 118,155	\$ 102,923	\$ 91,356	\$ 15,232	\$ 11,567

Current assets consist mainly of cash, short-term investments, receivables, and prepayments.

ODESSA COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

During fiscal year 2024:

- There was an increase of \$13,348,000 in current assets due primarily to an increase in accounts receivable. Cash and cash equivalents increased by \$1,793,000 primarily due to larger deposits during the month of August from an increase in enrollment and students paying tuition. Accounts receivable increased by \$11.3 million, primarily due to an increase in tuition and fees receivable and federal receivable at year-end. The increase in tuition and fees is from an increase in enrollment combined with allowing students to register early for the Spring 2025 term. The increase in federal receivables at year-end is the timing of Pell drawdowns. The district had short-term investments at year-end, totaling 1,480,000.

During fiscal year 2023:

- There was a decrease of \$88,000 in current assets due primarily to a decrease in cash and cash equivalents. Cash and cash equivalents decreased by \$1,149,000 primarily due to larger construction payments being made during the month of August related to Vision 2030. Accounts receivable increased by \$602 thousand, primarily due to an increase in tuition and fees receivable at year-end from an increase in enrollment. The current portion of notes receivable increased by \$339,000 due to the timing of pledged payments for the Wood Health Science Building. Prepaid items also increased by \$138,000 due primarily to an increase in prepaid technology contracts.

During fiscal year 2022:

- There was a decrease of \$39,808,000 in current assets due primarily to a decrease in cash and cash equivalents. Cash and cash equivalents decreased by \$36,890,000 due primarily to the receipt at the prior year-end of the \$28 million revenue bond associated with the construction of the Wood Health Science Building that was invested in long-term investments, a decrease of \$1.8 million in the Construction Bank Account established in 2021, a decrease in Public Fund Investment Pool accounts not related to capital construction of \$3.2 million that was invested in long-term investments, and a decrease in Federal Funding associated with Pell and CARES Covid funds received at year-end of \$1.6 million. In addition to the decrease in cash and cash equivalents, the balance in short-term investments decreased by \$1.9 million from the maturity of short-term investments held at the end of 2021. The District has no short-term investments at the end of 2022. Accounts receivable decreased by \$1.6 million primarily due to a decrease in federal grant receivables at year-end of \$1.6 million.

Capital assets, net of depreciation, increased by approximately \$17,200,000 during 2024 after increasing by \$17,352,000 during 2023. In accordance with GASB Statements No. 34 and 35, the District does not record the cost of its capital assets as an expense at the time of acquisition/completion of the asset but rather shows the expense systematically over the expected life of the asset as depreciation expense. The purchases of land, building improvements, and equipment continue to exceed annual depreciation charges each year.

During fiscal 2024:

- Construction in Progress amounted to \$40.6 million on projects not yet completed, including the Wood Health Science Building, the James Segrest Stadium, and professional fees associated with various projects relating to Vision 2030. The fiscal year 2024 additions to construction in progress were approximately \$16.5 million. The Health Science Building and the stadium are all expected to be completed during fiscal year 2025 and will then be moved out of construction in progress and capitalized appropriately.
- Real Estate Improvements increased by \$3.2 million due to the completion of the Odessa College Downtown project.
- Major Equipment purchases included \$1.9 million in furniture to furnish the new Wood Health Science Building, \$1.1 million to purchase five trucks for the truck driving program that was funded with a local grant, and \$455 thousand to purchase a new campus chiller.

ODESSA COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

During fiscal 2023:

- Construction in Progress amounted to \$27,343 thousand on projects not yet completed, including the Wood Health Science Building, the James Segrest Stadium, OC Downtown, and professional fees associated with various projects relating to Vision 2030. The fiscal year 2023 additions to construction in progress were approximately \$19.5 million. The Health Science Building, the stadium, and downtown are all expected to be completed during fiscal year 2024 and will then be moved out of construction in progress and capitalized appropriately.
- Land increased by \$152 thousand due to the addition of another Cummins property associated with Vision 2030.
- Major Equipment purchases included \$103 thousand to purchase a Steinway Spirio Piano that supports distance learning for the music programs, \$122 thousand to purchase a new imaging table for radiologic technology, and \$345 thousand to purchase automation equipment for the Pecos Center to support programs within the extension sites.

During fiscal 2022:

- Construction in Progress amounted to \$7,888 thousand on projects not yet completed, including the Wood Health Science Building, the James Segrest Stadium, and professional fees associated with various projects relating to Vision 2030. The fiscal year 2022 additions to construction in progress were approximately \$6.9 million with an offsetting decrease of \$151 thousand. The decrease was due to the acquisition of land purchased in relation to Vision 2030. The completed costs were reclassified into the Land category of capital assets.
- Land increased by \$151 thousand due to the addition of the Cummins property associated with Vision 2030.
- Major Equipment purchases included \$144 thousand to purchase a Steinway Spirio Piano that supports distance learning for the music programs and \$418 thousand to purchase four Truck Driving Training Academy trucks to support social distancing in programs within the extension sites.

Total liabilities decreased by \$728,000 (-0.5%) in fiscal year 2024 after increasing by \$1.3 million (0.9%) in fiscal 2023. The major contributing factors are explained below.

During fiscal 2024:

- Accounts payable related to construction and vendor purchases decreased by \$761,000 reflective of less construction activity related to Vision 2030 campus improvement projects at year-end.
- Net OPEB liability decreased by \$1.4 million due to our proportionate share of the change in assumptions related to GASB 75 for the reporting of other post-employment benefits (primarily future health care costs of both active and retired employees).
- Deferred revenue increased by \$3.6 million due to an increase in deferred revenue from tuition with a significant increase in students enrolled for Fall 2024 classes.
- Bonds current and long-term decreased by \$5.4 million due to principle payments on bond obligations and unamortized bond premiums.
- Net Pension liability increased by \$2.5 million due to our proportionate share of the change in assumptions related to GASB 68 for the reporting of pension benefits related to the Teacher Retirement System of Texas pension plan.

During fiscal 2023:

- Accounts payable related to construction and vendor purchases increased by \$2,295,000 reflective of more construction activity related to Vision 2030 campus improvement projects.
- Net OPEB liability decreased by \$4.4 million due to our proportionate share of the change in assumptions related to GASB 75 for the reporting of other post-employment benefits (primarily future health care costs of both active and retired employees).
- Deferred revenue increased by \$2.1 million due to an increase in private grant funds received during the year but not yet expended as of year-end related to the Permian Strategic Partnership Grant for truck driving.
- Bond decreased by \$5.2 million due to principle payments on bond obligations and unamortized bond premiums.
- Net Pension liability increased by \$6.9 million due to our proportionate share of the change in assumptions related to GASB 68 for the reporting of pension benefits related to the Teacher Retirement System of Texas pension plan.

ODESSA COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

During fiscal 2022:

- Accounts payable related to construction and vendor purchases increased by \$371,000 reflective of more construction activity related to Vision 2030 campus improvement projects.
- Accounts payable related to students payable decreased by \$3.2 million due to the timing of financial aid disbursements. The decrease is related to the awarding of federal money to students, and the distribution of those funds occurred before August 31, 2022.
- Deferred revenue decreased by \$1.1 million due to a decrease in state grant funds received during the year but not yet expended as of year-end related to the Reskilling Grant.
- Bond and capital lease liabilities decreased by \$5.2 million due to principle payments on bond obligations and unamortized bond premiums.
- Net Pension liability decreased by \$5.3 million due to our proportionate share of the change in assumptions related to GASB 68 for the reporting of pension benefits related to the Teacher Retirement System of Texas pension plan.

Overall, the District's net position increased by \$15.2 million during fiscal 2023, increased by \$11.6 million during 2023, and increased by \$13.7 million during 2022.

During fiscal 2024:

- The Net Investment in Capital Assets, representing the net value of capital assets (land, buildings, and equipment) less the related debt, increased by \$23,389 thousand, primarily as a result of scheduled payments on bonded debt along with the net addition of \$17,200,000 in capital assets.
- The Unrestricted Net Position increased by \$6.9 million due to an excess of unrestricted revenues over unrestricted expenses during fiscal 2024, as shown on Schedule D of the financial statements.

During fiscal 2023:

- The Net Investment in Capital Assets, representing the net value of capital assets (land, buildings, and equipment) less the related debt, increased by \$20,616,000, primarily as a result of scheduled payments on bonded debt along with the net addition of \$14,603,000 in capital assets.
- The Unrestricted Net Position increased by \$6.0 million due to an excess of unrestricted revenues over unrestricted expenses during fiscal 2023 as shown on Schedule D of the financial statements.

During fiscal 2022:

- The Net Investment in Capital Assets, representing the net value of capital assets (land, buildings, and equipment) less the related debt, increased by \$12,443 thousand, primarily as a result of scheduled payments on bonded debt along with the net addition of \$4,425 thousand in capital assets.
- The Unrestricted Net Position decreased by \$2.5 million due to an excess of unrestricted expenses over unrestricted revenues during fiscal 2022 as shown on Schedule D of the financial statements.

ODESSA COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Condensed Statement of Revenues, Expenses and Changes in Net Position
(thousands of dollars)

	Year Ended August, 31,			Increase (Decrease)	
	2024	2023	2022	2023 to 2024	2022 to 2023
Operating Revenues					
Tuition and fees (net of discounts)	\$ 14,059	\$ 13,314	\$ 12,648	\$ 745	\$ 666
Grants and contracts	2,851	3,894	4,122	(1,043)	(228)
Other	3,518	3,084	2,384	434	700
Total Operating Revenues	20,428	20,292	19,154	136	1,138
Operating Expenses					
Instruction	26,291	22,634	20,421	3,657	2,213
Public Service	1,315	1,091	1,164	224	(73)
Academic Support	7,710	6,891	6,030	819	861
Student Services	5,591	4,746	3,974	845	772
Institutional Support	8,167	6,986	6,679	1,181	307
Operations & Maint of Plant	7,231	6,748	5,446	483	1,302
Scholarship & Fellowships	8,986	7,359	12,406	1,627	(5,047)
Auxiliary enterprises	4,109	3,490	2,953	619	537
Depreciation	5,917	5,303	4,503	614	800
Total Operating Expenses	75,317	65,248	63,576	10,069	1,672
Operating loss	(54,889)	(44,956)	(44,422)	(9,933)	(534)
Non-operating Revenue/(Expense)					
State appropriation	19,265	12,119	11,654	7,146	465
Ad valorem taxes	36,038	33,227	31,303	2,811	1,924
Federal student aid grants	11,467	10,422	13,929	1,045	(3,507)
Interest on debt	(3,056)	(3,250)	(3,223)	194	(27)
Other	4,663	2,235	(2,989)	2,428	5,224
Total Non-operating Income	68,377	54,753	50,674	13,624	4,079
Other Revenue					
Capital grants and gifts	1,744	1,770	7,480	(26)	(5,710)
Increase in Net Position	15,232	11,567	13,732	3,665	(2,165)
Net Position, Beginning of Year	102,923	91,356	77,624	11,567	13,732
Net Position, End of Year	\$ 118,155	\$ 102,923	\$ 91,356	\$ 15,232	\$ 11,567

ODESSA COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Operating Revenues:

As defined above, operating revenues are received in exchange for providing goods and services to the various customers of the District. Key factors impacting Operating Revenues are explained below:

During fiscal 2024:

- Tuition and Fee Revenue, net of discounts, increased by \$744,000, or about 5.6%. Gross tuition and fees increased by \$3,300,000 due to higher enrollments and an increase in semester credit hours. At the same time, scholarship allowances and discounts increased by \$2,500,000 due to an increase in the percentage of Pell awards that were applied to tuition compared to prior years and the implementation of the FAST program for dual credit students.
- Federal Grants and Contracts decreased by \$1,436,000 due to a decrease in Coronavirus Aid, Relief, and Economic Security grants awarded to the College for technology upgrades and improvements related to social distancing and safety. All Coronavirus Aid funds were required to be expended by June 2023. The majority of these funds were spent in the preceding two years.
- Non-governmental Grants and Contracts increased by \$341,000 due to revenue received from the Permian Strategic Partnership to cover truck driving tuition for students who qualify.
- Other Operating Revenue increased by \$365,000, primarily due to an increase in revenue received from the two early college high schools on campus. Historically the college would bill the school district for the early college high schools in December for the preceding year. However, during the current year, the school district asked that we bill in the current year courses are taken, which resulted in two years of revenue being recorded in the current year.

During fiscal 2023:

- Tuition and Fee Revenue, net of discounts, increased by \$666,000, or about 5.3%. Gross tuition and fees increased by \$2,900,000 due to higher enrollments and an increase in semester credit hours. At the same time, scholarship allowances and discounts increased by \$2,300,000 due to an increase in the percentage of Pell awards that were applied to tuition compared to prior years.
- Federal Grants and Contracts decreased by \$592,000 due to a decrease in Coronavirus Aid, Relief, and Economic Security grants awarded to the College for technology upgrades and improvements related to social distancing and safety. The majority of these funds were spent in the preceding two years.
- State Grants and Contracts increased by \$469,000 due to two new Jobs & Education for Texans Grant in the amount of \$209,000 for welding and automation equipment. There was also an increase in the Texas Educational Opportunity Grant awarded to students in the amount of \$181,000.
- Auxiliary Operating Revenue increased by \$500,000, primarily due to an increase in revenue received from housing and meal plans in the amount of \$110,000 and \$376,000 respectively.

During fiscal 2022:

- Tuition and Fee Revenue, net of discounts, increased by \$1,479,000, or about 13.2%. Gross tuition and fees increased by \$2.1,000 due to higher enrollments and an increase in semester credit hours. At the same time, scholarship allowances and discounts increased by \$606,000 due to an increase in the percentage of Pell awards that were applied to tuition compared to prior years.
- Federal Grants and Contracts decreased by \$2.2 million due to a decrease in Coronavirus Aid, Relief, and Economic Security grants awarded to the College for technology upgrades and improvements related to social distancing and safety. The majority of these funds were spent in the preceding year.
- Non-governmental Grants and Contracts decreased by \$6.9 million due to a private donation from the Mackenzie Scott Foundation in the amount of \$7 million in the prior year.
- Other Operating Revenue decreased by \$635,000 primarily related to funds received by the Coronavirus Aid, Relief, and Economic Security grant to replace lost revenue for the prior year that was from a direct result of the pandemic.

ODESSA COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Non-Operating Revenues (Expenses):

Non-Operating Revenues are funds received for which goods and services are not directly provided to those providing the revenue. Non-Operating Revenues increased by \$13.6 million in 2024 after increasing by \$24.1 million in 2023 and decreasing by \$2.0 million in 2022. Key factors impacting Non-Operating Revenues are discussed below:

During fiscal 2024:

- Total State Appropriations increased by \$7,145,000, or 59.0%. The increase is due to an increase in state appropriations. House Bill 8, enacted by the Texas Legislature in 2023, overhauled the state's community college funding model to better align with workforce needs and student success. The previous funding system was primarily based on enrollment numbers and contact hours. The new model is a performance-based approach that rewards institutions based on measurable outcomes. This change resulted in the district significantly benefiting from state appropriation revenue. Another component of House Bill 8 is The Financial Aid for Swift Transfer (FAST) program, which provides funding to participating public institutions of higher education to ensure that eligible students can enroll in dual credit courses at no cost. The district participated in the FAST program resulting in revenue from the state totaling \$1,840,000.
- Property Tax revenue increased by \$2,811,000, or 8.5%. Net assessed valuations increased by 18.2%, and the combined tax rate increased by 12.2%.
- Federal Student Aid Grants increased by \$1,045,000 or 10.0%, primarily due to an increase in students who qualify for Pell Grants. The district has seen continued enrollment growth over the past 12 years, with more students applying for and receiving Pell.
- Investment Income increased by \$2,143,000 due to the year-end market value adjustment based on values on August 31, 2024. The market has performed significantly better than during the 2023 fiscal year.

During fiscal 2023:

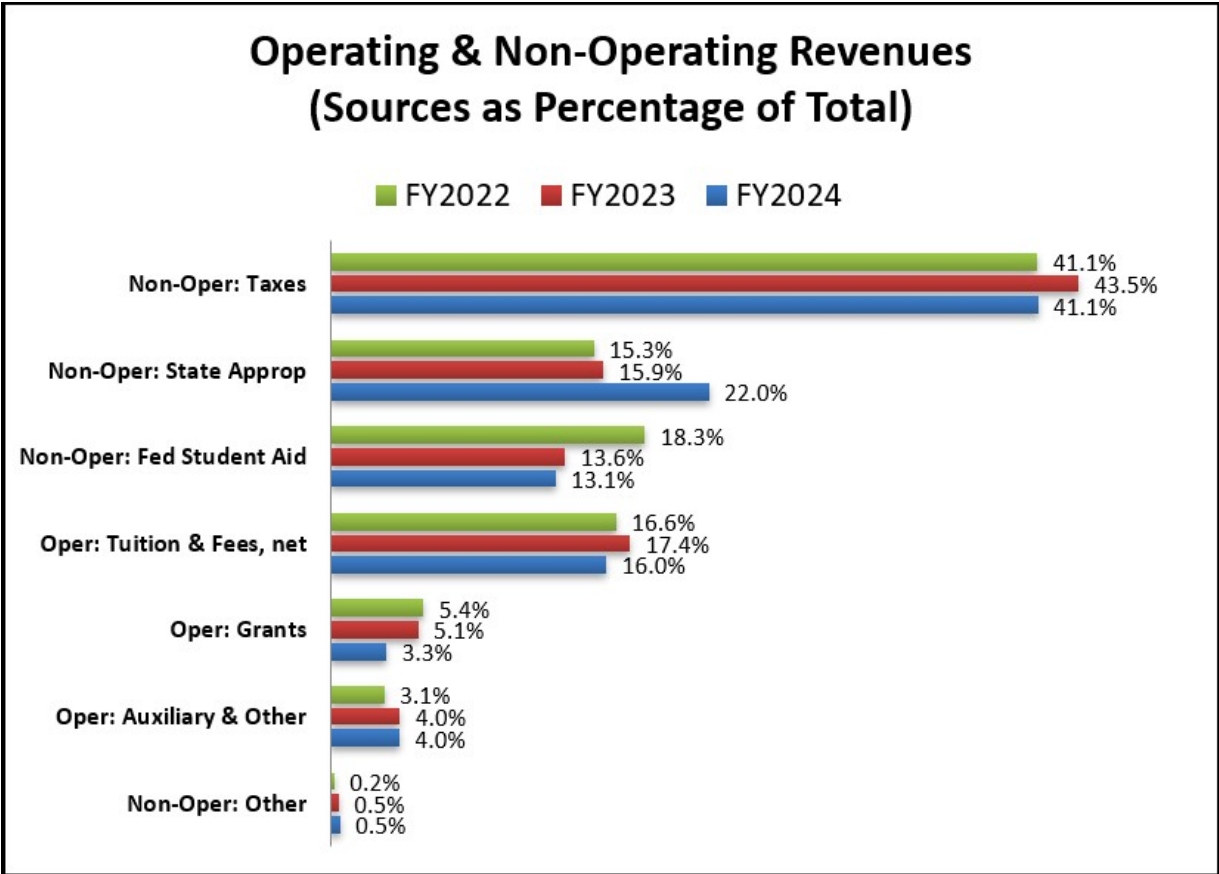
- Total State Appropriations increased by \$465,000, or 4.0%. The increase is due to an increase in benefit payments paid by the state, as now reported under GASB 68 and GASB 75.
- Property Tax revenue increased by \$1,924,000, or 6.1%. Net assessed valuations increased by 13.5%, and the combined tax rate decreased by 6.5%.
- Federal Student Aid Grants decreased by \$3,507,000 or 25.2%, primarily due to the completion of CARES funding that the District received during the pandemic. These additional CARES funds were awarded directly to students to help offset hardships related to the COVID-19 pandemic and were mostly awarded during the prior fiscal year.
- Investment Income (Expense) increased by \$5,200,000 due to the year-end market value adjustment based on values on August 31, 2023. The market has performed significantly better than during the 2022 fiscal year.

During fiscal 2022:

- Total State Appropriations decreased by \$719,000, or 5.8%. The decrease is due to a decrease in benefit payments paid by the state as now reported under GASB 68 and GASB 75.
- Property Tax revenue increased by \$1,332,000, or 4.4%. Net assessed valuations decreased by 2.0%, and the combined tax rate increased by 6.8%.
- Federal Student Aid Grants increased by \$1,297,000 or 10.3% primarily due to the additional CARES funding that the District received and an increase in overall Pell awards to students. These additional CARES funds were awarded directly to students to help offset hardships related to the COVID-19 pandemic.
- Investment Income (Expense) decreased by \$3,296,000 due to the year-end market value adjustment based on values on August 31, 2022.

ODESSA COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Graph 1 below illustrates the sources of Operating and Non-operating Revenues as a percentage of total revenues for fiscal years 2024, 2023, and 2022. As evidenced by the graph, the majority of revenue is derived from non-operating sources.



A comparison of fiscal 2024 to fiscal 2023 shows an increase in the percentage of revenues provided by state appropriations. The percentage derived from taxes, tuition and fees, operating grants, and federal student aid decreased during the same period. The percentage derived from operating auxiliary and non-operating others remained the same. Comparing the prior two fiscal years (2023 to 2022) reveals increases in the percentage of revenues provided by taxes, state appropriations, tuition and fees, operating auxiliary revenue, and non-operating others. The percentage derived from operating grants and federal student aid decreased during the same period.

Operating Expenses by Functional Classification

Functional classifications are the traditional categories that have been used to show expenses. They represent the type of programs and services provided.

As shown in Figure 2, total Operating Expenses increased by \$10.1 million or 15.4% in 2024, after a increase of \$1.7 million, or 2.6%, during 2023, and a decrease of \$4.4 million, or 6.5% in 2022. Key factors impacting operating expenses by functional expense categories are described below:

During fiscal 2024:

- Institutional Support expenses increased by \$1,181,000, or 16.9%, due primarily in unrestricted salaries and benefits. The District recognized an increase in salary expenditures from the addition of two full-time professional positions along with the institutional-wide salary increase of 5%. The new positions included an institutional data analyst and an audio-visual specialist. The increase is also reflective of additional funds allocated towards the OC All-In Program in the amount of \$100,000.

ODESSA COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- Instructional expenses increased by \$3,657,000, or 16.2%, primarily driven by higher restricted and unrestricted salaries and benefits. This increase reflects the addition of seven full-time instructional positions and a district-wide salary adjustment of 5%. The new positions include faculty in education, automotive, and vocational nursing, as well as leadership roles such as the Director of the Educator Prep Program, BSN Executive Director, simulation lab coordinator, and respiratory therapy director. Additionally, restricted expenses increased due to the awarding of \$237,000 in scholarships to truck-driving students through the Permian Strategic Partnership initiative.
- Student Service Expenses increased by \$846,000, or 17.8%, due primarily to an increase in unrestricted salaries and benefits. The District recognized an increase in salary expenditures from the addition of five full-time professional positions along with the institutional-wide salary increase of 5%. The new positions included a recruiter, records specialist, records auditor, career and transfer specialist, and Promise program director.
- Academic Support Expenses increased by \$819,000, or 11.9%, due primarily to an increase in unrestricted salaries and benefits. The District recognized an increase in salary expenditures from the addition of five full-time professional positions along with the institutional-wide salary increase of 5%. The new positions included three scheduling and logistics specialists, a director of workforce, and a Pecos center secretary.
- Scholarships and fellowships increased by \$1,627,000 or 22.1% due primarily due to an increase in students who qualify for Pell Grants. The district has seen continued enrollment growth over the past 12 years, with more students applying for and receiving Pell.
- Auxiliary Enterprise expenses increased by \$619,000, or 17.7%, due to an increase in the amount spent on catering events and student meal plans of approximately \$94,000 related to rising food costs and more events. During the current year, athletic travel increased by approximately \$115,000 due to an increase in travel costs and all athletic teams participating in the current year.
- Depreciation expenditures increased by \$614,000, or 11.6%, due to the increase in capitalized assets related to the implementation of GASB 96 in the treatment of subscription-based platforms.

During fiscal 2023:

- Institutional Support expenses decreased by \$307,000, or 4.6%, due primarily to a decrease in unrestricted other expenses. The decrease is a result of the GASB 96 implementation relating to subscription-based software platforms. Qualifying subscriptions are now capitalized as an asset with a related liability and amortized over the course of the year, resulting in a decrease in the balance reflected in technology contracts.
- Instructional expenses increased by \$2,213,000, or 10.8%, due primarily to an increase in restricted and unrestricted salaries and benefits. The District recognized an increase in salary expenditures from the addition of 18 full-time instructional positions along with the institutional-wide salary increase of 6%. The district also had an increase in unrestricted other expenses due to the purchase of non-capital fixed assets for the Wood Health Science Building totaling \$158,000.
- Student Service Expenses increased by \$772,000, or 19.4%, due primarily to an increase in unrestricted salaries and benefits. The District recognized an increase in salary expenditures from the addition of four full-time professional positions along with the institutional-wide salary increase of 6%.
- Academic Support Expenses increased by \$861,000, or 14.3%, due primarily to an increase in unrestricted salaries and benefits. The District recognized an increase in salary expenditures from the addition of five full-time professional positions along with the institutional-wide salary increase of 6%.
- Operation & Maintenance of Plant expenses increased by \$1,302,000, or 23.9%, due to an increase in restricted other expenses and unrestricted other expenses. During the fiscal year 2023, there was an increase in expenditures related to the HVAC upgrades in the sports center in the amount of \$761,000 in restricted funds. Unrestricted other expenses increased due to an increase in insurance premiums of \$56,000 and an increase in overall deferred maintenance for the District of \$225,000.
- Scholarships and fellowships decreased by \$5,047,000 or 40.7% due primarily to a decrease in Cares Covid funds of \$2,900,000, and a decrease in the amount of awards that applied directly to tuition of \$2,100,000. The Cares grant funds are funds that were put directly into the hands of students to help offset hardships faced by the pandemic, and the majority of these funds were awarded in the previous year.

ODESSA COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- Auxiliary Enterprise expenses increased by \$537,000, or 18.2%, due to an increase in the amount spent on catering events and student meal plans of approximately \$151,000 related to rising food costs and more events. During the current year, athletic travel increased by approximately \$110,000 due to an increase in travel costs and all athletic teams participating in the current year.
- Depreciation expenditures increased by \$800,000, or 17.8%, due to the increase in capitalized assets related to the implementation of GASB 96 in the treatment of subscription-based platforms.

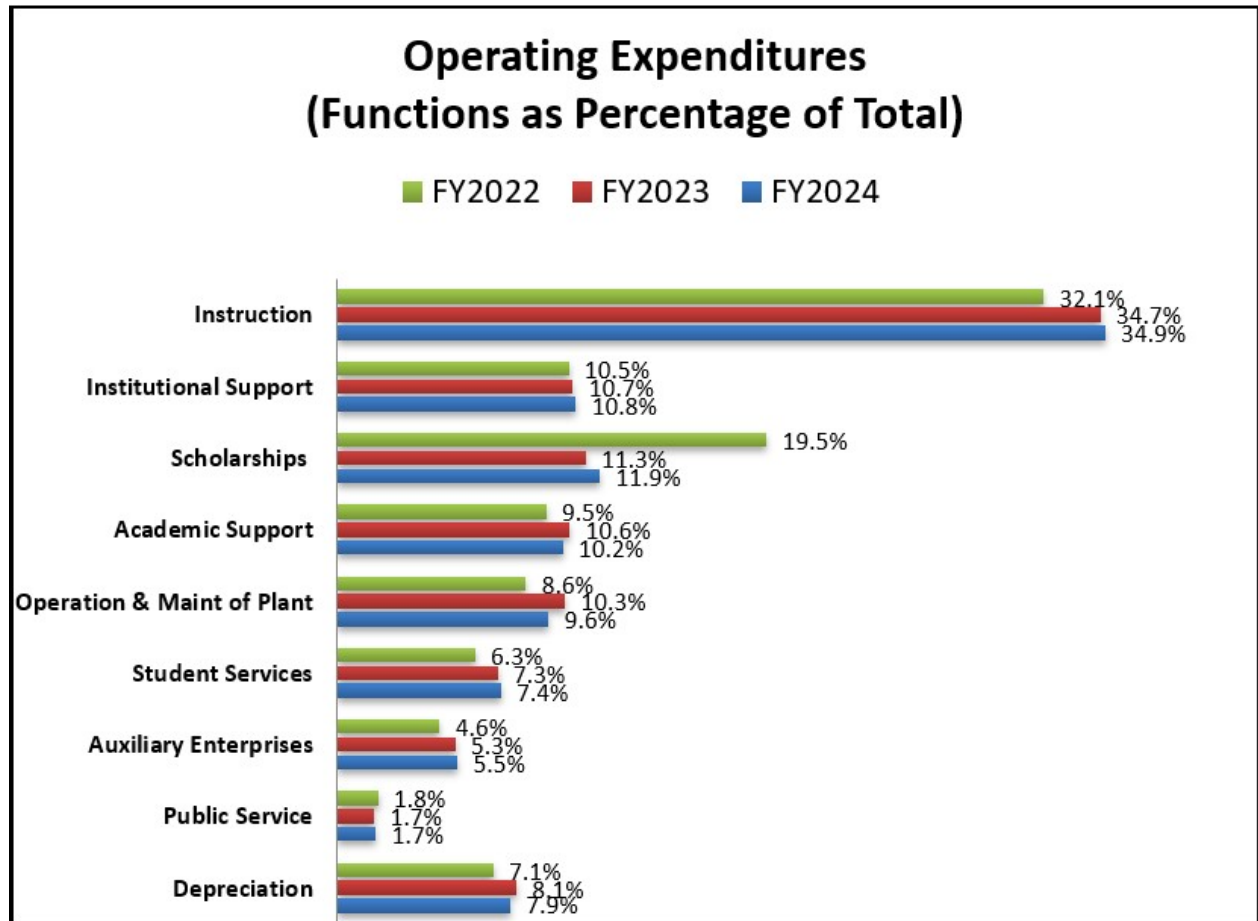
During fiscal 2022:

- Institutional Support expenses decreased by \$5,520,000, or 45.2%, due primarily to a decrease in restricted other expenses. The District recognized in the prior year an expense of \$1,143,000 in lost revenue related to the pandemic from the COVID Grant. The District also recognized in the prior year an expense of \$3,118,000 from the MacKenzie Scott Donation towards scholarships and endowments.
- Scholarships and fellowships decreased by \$829,000 or 6.3% due primarily to an increase in Pell awards of \$833,000, a decrease in Cares Covid funds of \$2,100,000, and an increase in scholarships transferred to the OC Foundation totaling \$323,000. The number of students eligible to receive Pell grants increase during the current year. The Cares grant funds are funds that were put directly into the hands of students to help offset hardships faced by the pandemic and the majority of these funds were awarded in the previous year.
- Public Support expenses increased by \$109,000, or 10.3%, due primarily to an increase in restricted and unrestricted other expenses. The District recognized an increase in expenditures from the COVID funds of \$55,000 to support the community and students. The district also recognized an increase in expenditures for the 30 for 30 programs to help increase engagement in the program. The district recognized an increase of \$9,000 related to the increase in the price of fuel for the driver's education program and an increase of \$34,000 to replace the computers in the FabLab.
- Student Service Expenses increase by \$157,000, or 4.1%, due primarily to an increase in restricted and unrestricted other expenses. The District recognized an increase in expenditures from the COVID funds of \$122,000 to support the students directly through technology contracts and awards to the students from the Perkins Grant to help with childcare, textbooks, supplies, transportation, and testing fees.
- Auxiliary Enterprise expenses increased by \$639,000, or 27.6%, due to an increase in the amount spent on catering events and student meal plans of approximately \$346,000 related to the COVID-19 national pandemic. During the current year, athletic travel increased by approximately \$90,000 due to an increase in travel costs and all athletic teams participating in the current year.
- Operation & Maintenance of Plant expenses increased by \$219,000, or 4.2%, due to an increase in unrestricted other expenses offset by a decrease in restricted other expenses. During the fiscal year 2022, there was a decrease in expenditures related to the Winter Freeze of 2021 in the amount of \$296,000 and an increase in sports center repairs of \$35,000 in restricted funds. Unrestricted other expenses increase due to an increase in insurance premiums of \$115,000, an increase in overall utilities for the District of \$233,000, and an increase in general maintenance of \$150,000.

Other Revenues consist mainly of capital contributions in the form of gifts and grants as well as additions to permanent endowments. Capital contributions were \$1,744,000 in fiscal 2024, \$1,769,000 in 2023, and \$7,481,000 in 2022. The 2024 capital donations were dedicated by the Permian Strategic Partnership to purchase trucks for the truck driving program. The 2023 capital donations were dedicated to the Wood Health Science Building, James Segrest Stadium, OC Downtown Project, and the acquisition of equipment for fine arts, automation, and truck driving. The 2022 capital donations were dedicated to the Wood Health Science Building, James Segrest Stadium, and the OC Downtown Project.

ODESSA COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Graph 2 below compares each functional operating expense category as a percentage of total expenses for fiscal years 2024, 2023, and 2022.



ODESSA COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of depreciation, was \$158.2 million at the end of fiscal 2024, compared to \$141.1 million in 2023, and \$123.7 million in 2022. A summary of capitalized assets for fiscal years 2024, 2023, and 2022 is shown below in Figure 1. This information is also presented in Note 6 of the Financial Statements. Details of capital asset activity can be found on pages 44 and 45 and below:

	Capital Assets, Net of Depreciation (thousands of dollars)			Increase (Decrease)	
	Year Ended August 31,			2023	2022
	2024	2023	2022	to 2024	to 2023
Land	\$ 4,892	\$ 4,893	\$ 4,740	\$ (1)	\$ 153
Buildings and improvements	129,610	129,610	129,807	-	(197)
Other land improvements	11,903	8,713	8,713	3,190	-
Construction in progress	40,637	27,343	7,888	13,294	19,455
Furniture and equipment	26,588	21,674	19,601	4,914	2,073
Library materials	1,863	1,907	1,953	(44)	(46)
RTU lease assets	412	330	273	82	57
RTU subscription assets	4,357	4,256	3,176	101	1,080
Subtotal	220,262	198,726	176,151	21,536	22,575
Less: Accumulated depreciation	(59,251)	(55,156)	(51,561)	(4,095)	(3,595)
Less: Accumulated amortization	(2,763)	(2,514)	(886)	(249)	(1,628)
Net Capital Assets	\$ 158,248	\$ 141,056	\$ 123,704	\$ 17,192	\$ 17,352

Figure 1

The District has completed in the fiscal year 2020 an \$84 million, multi-year campus improvement project called "Vision 2015". Funding was provided by a \$68.5 million general obligation bond passed in November 2010 as well as private capital donations and board allocations of reserve funds. Vision 2015 campus improvements include the demolition of 7 older structures, the addition of 7 new buildings, and renovations to 7 existing facilities. The District has begun fundraising efforts to support a multi-year campus improvement project called "Vision 2030". Vision 2030 campus improvements include the demolition of 5 older structures, the addition of 6 new buildings, and renovations to 2 existing facilities. As of August 2021, the college has received pledges of \$13.7 million and a new revenue bond of \$26.4 million towards the construction of the Wood Heath Science Building. As of August 2023, the college has received pledges of \$1 million towards the construction of James Segrest Stadium.

Debt Administration

The District had outstanding debt of \$74.4 million as of August 31, 2024, and \$79.2 million and \$83.9 million as of August 31, 2023, and 2022, respectively. \$57,910,000 of Series 2017 Limited Tax Refunding Bonds were issued in December 2017 to partially refund the Series 2011 Tax Bonds, resulting in a net present value saving of \$6,551,787. \$4,675,000 of Series 2021 Revenue Refunding Bonds were issued in August 2021 to refund the Series 2012 Revenue Bonds, resulting in a new present value saving of \$548,861. \$26,435,000 of a new Series 2021 Revenue Bond was issued in August 2021 for the construction of the Wood Health Science Building. Principal payments on long-term debt totaled \$4,830,000 in 2024, \$4,640,000 in 2023, and \$5,135,000 in 2022. Details of the outstanding long-term debt by type as of August 31, 2023, 2022, and 2021 are listed below in Figure 2.

ODESSA COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

	Outstanding Debt (thousands of dollars)		
	2024	2023	2022
General Obligation Bonds	\$ 50,125	\$ 54,190	\$ 56,080
Revenue Bonds	19,265	25,055	27,805
Total Outstanding Bonded Indebtedness	\$ 69,390	\$ 79,245	\$ 83,885

Figure 2

On October 9, 2023, S&P Global Ratings raised its rating to 'AA' from 'AA-' with a stable outlook for the District's series refunded 2021 and new 2021 Revenue Bonds.

On October 9, 2023, S&P Global Ratings raised its rating to 'AA' from 'A+' with a stable outlook for the new Limited Tax Refunding Bonds, Series 2017.

On September 3, 2024, Fitch Ratings updated the rating for the Limited Tax Refunding Bonds, Series 2017 from 'AA' with a stable outlook to 'AA' with a rating watch on. The Rating Watch Evolving reflects the uncertainty at the time over the outcome of an upcoming \$355 million bond authorization that was presented to voters on the November 2024 ballot. The outcome of the bond referendum, whether approval or failure, could lead to a change in the rating due to potential impacts on the district's long-term liability burden metrics. Fitch also updated the rating for the District's series refunded 2021 and new 2021 Revenue Bonds from 'AA' with a stable outlook to 'AA' with a rating watch on.

Both of the 2021 revenue bonds are also covered by municipal bond insurance policies issued by Assured Guarantee Municipal Corp. (AGM).

Economic Factors That Will Affect the Future

The economic position of the District is influenced in part by the economic position of the nation, the state of Texas, and Ector County. The Odessa Economic Index continues to show subtle shifts, reflecting a dynamic local economy. After a rise in July, the index settled at 248.1 in August, slightly lower than July's 248.6 and June's 248.2, and just 0.3% below the August 2023 OEI of 248.9. Local economic indicators reveal a diverse landscape of activity. While spending components, existing home sales, and employment growth show some moderation, there are positive trends in areas like airline and hotel activity, new housing construction, and increasing prices for existing home sales. These mixed signals highlight the resilience and adaptability of Odessa's economic environment.

The number of drilling permits issued in August saw a strong 12% increase compared to August 2023, bringing the year-to-date total to 3.0% above the same period last year. This upward trend highlights continued activity in the sector. Direct oil and gas employment in Midland-Odessa has shown resilience, maintaining steady levels despite minor month-to-month fluctuations and a slight year-over-year decrease. The fact that employment remains stable amid a 19-month decline in the Texas Permian Basin Petroleum Index is a testament to the industry's adaptability. Even with a significant drop in rig counts over the past two years, increased well counts and production appear to support consistent demand for management and servicing, sustaining employment at healthy levels.

The Odessa economy continues to show resilience, adding jobs steadily over the past year and keeping total employment slightly above year-ago levels. Approximately 300 jobs were added in the last 12 months, resulting in a year-over-year growth rate of 0.4%. While the unemployment rate stood at 3.9% in August compared to 3.5% a year ago, the ongoing job growth reflects a stable foundation for future progress. Based on such data and the analysis of state and national economists, the administration feels that the current economic climate can be managed through budgetary monitoring that will not reduce instructional programs.

ODESSA COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Student enrollment is at an all-time high. Graduation rates have increased significantly over the last decade, and class completion rates are among the highest in the nation. In the past year, the District has received numerous awards at the state and national levels that reflect its high quality and unique approaches to student success. After winning the Aspen Institute's Rising Star Award in March 2019, Odessa College was once again in the top ten for the 2021 Aspen Prize for Community College Excellence, an award which is recognized among American institutions of higher education as the most prestigious affirmation of high achievement and exemplary performance that a community college can receive. The Aspen Institute assesses performance and achievements in four areas: student learning, certificate and degree completion, employment and earnings for graduates, and access and success for minority and low-income students. The District was awarded the prestigious 2024 Texas Higher Education Coordinating Board Star Award. This marks the District's third Star Award in school history and solidifies its position as the only institution in the region to receive this honor. The Star Award celebrates outstanding institutional contributions to a talent-strong Texas and highlights institutions that demonstrate exemplary support for students pursuing postsecondary pathways. The District anticipates that such national recognition of quality and effectiveness will likely contribute to strong enrollment demand in the near future.

While it is not possible to predict the effects of future economic conditions, management believes the District has a solid and stable financial position and is well-equipped to handle the increasing demands for a better-educated workforce. The District continually monitors its internal and external environments for factors that may affect its financial position in either the short term or the long term. The administration is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the current fiscal year.

Requests for Information

This annual financial report is designed to provide interested stakeholders with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer at Odessa College, 201 West University Blvd, Odessa, TX 79764.

A handwritten signature in black ink, appearing to read "Brandy Ham". The signature is fluid and cursive, with a long horizontal stroke at the end.

Brandy Ham
Chief Financial Officer

BASIC FINANCIAL STATEMENTS

ODESSA COLLEGE DISTRICT
STATEMENTS OF NET POSITION
August 31, 2024 and 2023

Exhibit 1
Page 1 of 2

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents (Notes 2 and 4)	\$ 20,749,967	\$ 18,956,535
Investments (Notes 2 and 4)	1,479,808	-
Accounts receivable, net (Note 17)	16,906,104	5,625,834
Inventories (Note 2)	112,545	31,113
Notes receivable – current, net	3,747,767	3,831,072
Prepaid items	2,719,497	3,490,003
Escrow deposits	48,264	480,981
Total Current Assets	45,763,952	32,415,538
Noncurrent Assets:		
Restricted cash and cash equivalents (Notes 2 and 4)	283,557	282,828
Endowment investments (Notes 2, 3 and 4)	1,161,142	1,488,944
Other long-term investments (Notes 2, 3 and 4)	43,685,540	59,144,066
Notes receivable – noncurrent, net	7,996,123	8,932,248
Other noncurrent assets	47,642	52,033
Capital assets, net of accumulated depreciation (Notes 2 and 6)	158,248,001	141,055,679
Total Noncurrent Assets	211,422,005	210,955,798
Total Assets	257,185,957	243,371,336
Deferred Outflows of Resources:		
Deferred outflows related to pensions	8,396,503	8,584,340
Deferred outflows related to Other Post Employment Benefits (OPEB)	3,127,527	4,561,317
Deferred outflows related to refunding of debt	5,481,425	5,809,327
Total Deferred Outflows of Resources	17,005,455	18,954,984
Liabilities		
Current Liabilities		
Accounts payable (Note 17)	3,768,689	4,529,716
Accrued liabilities	1,218,631	877,146
Accrued compensable absences (Notes 7 and 13)	1,014,431	862,982
Funds held for others	1,060,533	939,090
Unearned revenue – tuition and fees (Note 2)	13,480,034	8,594,175
Unearned revenue – other (Note 2)	1,942,581	3,269,291
Bonds payable – current portion (Notes 7, 8 and 9)	5,025,000	4,830,000
Lease liability – current portion	76,270	69,663
Subscription liability – current portion	1,618,482	1,164,555
Net OPEB liability – current portion (Notes 7 and 15)	665,084	655,154
Total Current Liabilities	29,869,735	25,791,772
Noncurrent Liabilities:		
Bonds payable – noncurrent (Notes 7, 8 and 9)	69,390,000	74,415,000
Unamortized bond premium	7,847,206	8,413,341
Lease liability	140,670	51,771
Subscription liability	104,265	500,667
Net pension liability (Note 7 and 11)	13,398,148	10,872,079
Net OPEB liability (Notes 7 and 15)	23,112,185	24,545,137
Total Noncurrent Liabilities	113,992,474	118,797,995
Total Liabilities	\$ 143,862,209	\$ 144,589,767

ODESSA COLLEGE DISTRICT
STATEMENTS OF NET POSITION
August 31, 2024 and 2023

Exhibit 1
Page 2 of 2

	<u>2024</u>	<u>2023</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	\$ 3,481,406	\$ 5,007,505
Deferred inflows related to OPEB	8,693,167	9,805,716
Total Deferred Inflows of Resources	<u>12,174,573</u>	<u>14,813,221</u>
Net Position		
Net investment in capital assets	87,849,157	64,460,128
Restricted for:		
Nonexpendable:		
Student aid	1,161,142	1,488,944
Expendable:		
Student aid	-	369,036
Instructional programs	1,630,237	1,463,533
Unexpended capital projects	20,097,040	25,488,752
Debt service	2,977,331	12,108,142
Unrestricted	<u>4,439,723</u>	<u>(2,455,203)</u>
Total Net Position (Schedule D)	<u><u>\$ 118,154,630</u></u>	<u><u>\$ 102,923,332</u></u>

ODESSA COLLEGE FOUNDATION, INCORPORATED**STATEMENTS OF FINANCIAL POSITION****December 31, 2023 and 2022**

Assets	2023	2022
Current Assets:		
Cash and cash equivalents	\$ 2,145,646	\$ 1,802,798
Pledges receivable	-	10,000
Total Current Assets	2,145,646	1,812,798
Marketable Securities at Fair Value	21,970,277	19,228,620
Pledges Receivable - Noncurrent	-	10,000
Total Assets	24,115,923	21,051,418
Liabilities and Net Assets		
Liabilities		
Accounts payable	371,779	45,444
Total Liabilities	371,779	45,444
Net Assets		
Net assets without donor restrictions		
Undesignated	1,608,076	(47,916)
Net assets with donor restrictions	22,136,068	21,053,890
Total Net Assets	23,744,144	21,005,974
Total Current Liabilities and Net Assets	\$ 24,115,923	\$ 21,051,418

ODESSA COLLEGE DISTRICT**Exhibit 2****STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION****Years Ended August 31, 2024 and 2023**

	2024	2023
Operating Revenues		
Tuition and fees (net of discounts of \$11,361,654 and \$8,826,535, respectively)	\$ 14,058,532	\$ 13,314,169
Federal grants and contracts	1,778,013	3,073,529
State grants and contracts	536,382	623,810
Non-governmental grants and contracts	537,055	196,199
Sales and services of educational activities	211,762	287,909
Investment income (program restricted)	19,040	21,274
Auxiliary enterprises	1,898,426	1,750,963
Other operating revenue	1,388,541	1,023,686
Total Operating Revenues (Schedule A)	20,427,751	20,291,539
Operating Expenses		
Instruction	26,290,986	22,633,684
Public service	1,314,797	1,091,294
Academic support	7,710,286	6,890,528
Student services	5,591,200	4,746,343
Institutional support	8,166,638	6,985,542
Operation and maintenance of plant	7,231,045	6,748,363
Scholarships and fellowships	8,986,157	7,359,218
Auxiliary enterprises	4,108,708	3,489,590
Depreciation	5,917,159	5,302,986
Total Operating Expenses (Schedule B)	75,316,976	65,247,548
Operating Loss	(54,889,225)	(44,956,009)
Non-Operating Revenues (Expenses)		
State appropriations	19,264,836	12,119,452
Property taxes for maintenance and operations	31,475,688	28,926,720
Property tax for debt service	4,562,372	4,300,614
Federal grants, non-operating	11,466,780	10,422,168
Gifts – noncapital	366,234	362,586
Investment income – not restricted to programs	4,220,620	2,077,967
Interest on capital – related debt	(3,056,166)	(3,250,106)
Loss on disposal of capital assets	(33,442)	(201,729)
Other non-operating revenues	114,306	-
Other non-operating expenses	(4,391)	(4,391)
Net Non-Operating Revenues (Schedule C)	68,376,837	54,753,281
Income before other revenues	13,487,612	9,797,272
Other Revenues		
Private capital gifts and grants	1,743,686	1,768,738
Additions to permanent endowment	-	1,045
Total Other Revenues	1,743,686	1,769,783
Increase in Net Position	15,231,298	11,567,055
Net Position - Beginning of Year	102,923,332	91,356,277
Net Position - End of Year	\$ 118,154,630	\$ 102,923,332



ODESSA COLLEGE FOUNDATION, INCORPORATED
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2023 and 2022

			<u>Year Ended December 31,</u>	
	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total 2023</u>	<u>Total 2022</u>
Revenues, Gains and Other Support:				
Contributions (including pledges)	\$ -	\$ 1,766,723	\$ 1,766,723	\$ 1,374,579
Earnings (losses) on investments, net of fees	(101,951)	865,436	763,485	797,930
Net realized gains (loss) on marketable securities	20,357	-	20,357	91,213
Net unrealized gains (loss) on marketable securities	1,758,891	-	1,758,891	(3,613,428)
Net assets released from restrictions through satisfaction of program restrictions	1,549,981	(1,549,981)	-	-
Total Revenues, Gains and Other Support	<u>3,227,278</u>	<u>1,082,178</u>	<u>4,309,456</u>	<u>(1,349,706)</u>
Expenses:				
Scholarships	788,817	-	788,817	777,276
Program and college support	761,164	-	761,164	141,785
General and administrative	21,305	-	21,305	23,952
Total Expenses	<u>1,571,286</u>	<u>-</u>	<u>1,571,286</u>	<u>943,013</u>
Changes in Net Assets	1,655,992	1,082,178	2,738,170	(2,292,719)
Net Assets at Beginning of Year	<u>(47,916)</u>	<u>21,053,890</u>	<u>21,005,974</u>	<u>23,298,693</u>
Net Assets at End of Year	<u>\$ 1,608,076</u>	<u>\$ 22,136,068</u>	<u>\$ 23,744,144</u>	<u>\$ 21,005,974</u>

ODESSA COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended August 31, 2024 and 2023

Exhibit 3
Page 1 of 2

	2024	2023
Cash Flows from Operating Activities		
Receipts from students and other customers	\$ 14,882,304	\$ 15,539,318
Receipts from grants and contracts	(2,897,170)	5,315,707
Receipts from loan collections from students and employees	2,240,979	1,715,387
Payments to or on behalf of employees	(39,510,510)	(34,860,430)
Payments to suppliers for goods or services	(16,191,925)	(15,723,581)
Payments of scholarships	(8,986,454)	(7,359,274)
Loans issued to students and employees	(2,429,436)	(2,251,330)
Other cash receipts (payments)	2,592,015	143,282
Net cash used in operating activities	(50,300,197)	(37,480,921)
Cash Flows from Non-Capital and Related Financing		
Receipts from state allocations	16,032,618	9,841,907
Receipts from ad valorem taxes	35,455,462	33,071,189
Receipts from non-operating federal revenue	11,466,780	10,422,168
Receipts from gifts and grants other than for capital purposes	366,234	363,631
Other cash receipts	114,306	-
Receipts (payments) from student organizations and other agencies	(905,538)	1,048,680
Payments from (to) student organizations and other agencies	1,026,981	(1,083,133)
Receipts (deposits) with escrow agents	432,717	(22,972)
Net Cash Provided by Non-Capital and Related Financing Activities	63,989,560	53,641,470
Cash Flows from Non-Capital and Related Financing		
Proceeds from issuance of capital financing	(413,104)	(1,094,527)
Proceeds from sale of capital assets	2,834,762	50,669
Proceeds from capital grants and gifts	11,423	2,663,738
Proceeds from insurance recoveries	(136,732)	46,394
Purchases of capital assets	(24,868,927)	(20,230,168)
Payments on capital debt and leases	(7,886,166)	(7,890,106)
Net Cash (Used in) Provided by Capital and Related Financing Activities	(30,458,744)	(26,454,000)
Cash Flows from Investing Activities		
Receipts from sale and maturity of investments	38,462,315	8,816,563
Receipts from investment earnings	2,272,402	2,276,920
Purchases of investments	(22,171,175)	(1,947,840)
Net Cash Used in Investing Activities	18,563,542	9,145,643
Net change in cash and cash equivalents	1,794,161	(1,147,808)
Cash and Cash Equivalents – September 1	19,239,363	20,387,171
Cash and Cash Equivalents – August 31	\$ 21,033,524	\$ 19,239,363

ODESSA COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
Years Ended August 31, 2024 and 2023

Exhibit 3
Page 2 of 2

	<u>2024</u>	<u>2023</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating loss	\$ (54,889,225)	\$ (44,956,009)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	5,917,159	5,302,986
Payments made directly to ERS by state for benefits	3,232,218	2,277,545
Changes in assets and liabilities:		
Receivable, net:		
Tuition and fees receivable, net	(5,724,580)	(858,823)
State and federal operating grants receivable	(4,213,063)	(23,050)
Private grants receivable	(111,364)	291,423
Employee receivable	(3,157)	(33,513)
Sales and services receivable, net	70,730	227,107
Auxiliary receivable, net	(615,908)	(139,078)
Inventories	(81,432)	42,484
Other assets	770,506	(138,070)
Accounts payable	1,042,478	(381,917)
Accrued payroll liabilities	341,485	(52,367)
Deferred inflows	(2,638,648)	3,055,933
Deferred outflows	1,949,529	(6,385,118)
Accrued liabilities	1,103,047	2,565,577
Unearned revenue:		
Unearned tuition and fees revenue	4,885,859	876,764
Other unearned revenue	(1,326,710)	1,234,103
Compensated absences	151,449	150,856
Loans to students and employees	(160,570)	(537,754)
Total Adjustments	<u>4,589,028</u>	<u>7,475,088</u>
Net Cash Used in Operating Activities	<u>\$ (50,300,197)</u>	<u>\$ (37,480,921)</u>



ODESSA COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Reporting Entity

Odessa College District (the District or College) was established in 1946, in accordance with the laws of the State of Texas, to serve the educational needs of Ector County and the surrounding communities. The District is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*. During 2019, Odessa Junior College District was renamed to Odessa College District (the "District") in accordance with the laws of the State of Texas. The change was made to align the District's name with its status of an institution offering 2-year and 4-year degrees. While the District receives funding from local, state, and federal sources, and must comply with the spending, reporting, and recordkeeping requirements of these entities, it is not a component unit of any other governmental entity.

Note 2 - Summary of Significant Accounting Policies

Reporting Guidelines

The significant accounting policies followed by the District in preparing these financial statements are in accordance with the Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges. The District applies all applicable GASB pronouncements. The District is reported as a special-purpose government engaged in business-type activities ("BTA").

Tuition Discounting

Texas Public Education Grants

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant ("TPEG"), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code §56.033). When the award for tuition is used by the student, the amount is recorded as tuition and a corresponding amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Title IV, Higher Education Act (HEA) Program Funds

Certain Title IV HEA Program funds are received by the District to pass through to the student. These funds are initially received by the District and recorded as restricted revenue. When the student is awarded and uses these funds for tuition and fees, the amounts are recorded as revenue and a corresponding amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Other Tuition Discounts

The District awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the amounts are recorded as tuition and fee revenue and a corresponding amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

ODESSA COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Basis of Accounting

The financial statements of the District have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. Encumbrances outstanding at year end, that were provided for in the subsequent year's budget, are reported as designations of net assets since they do not constitute expenditures or liabilities.

Budgetary Data

Each community college district in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for current operating funds for the fiscal year beginning September 1. The budget, which is prepared on the accrual basis of accounting, is adopted by the District's Board of Trustees. A copy of the approved budget must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and the Governor's Office of Budget and Planning by December 1.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Because of their highly liquid nature, funds held in public funds investment pools are also considered to be cash equivalents.

Pledges

The District recognizes pledges in the financial statements when all applicable eligibility requirements, including time requirements, are met. Pledges are reported as restricted revenues prior to the fulfillment of all applicable eligibility requirements.

Investments

In accordance with Governmental Accounting Standards Board Statement ("GASBS") No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, investments are reported at fair value. Fair values are based on published market quotes. Short-term investments have an original maturity greater than three months but less than one year at the time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Inventories

Inventories consist of consumable physical plant and food service supplies. Inventories are stated at the lower of cost or market, determined using the first in, first out method. They are charged to expense as consumed.

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost that equals or exceeds \$5,000 and an estimated useful life more than one year. As the District constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease and subscription assets). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Depreciation and amortization expense is computed using the straight-line method over the following estimated useful lives of the assets:

Buildings and Building Improvements	50 years
Other Real Estate Improvements	20 years
Library Books	15 years
Furniture, Machinery, and Equipment	10 years
RTU Lease Assets	Depends on lease term
RTU Subscription Assets	Depends on term of arrangement

Net Pension Liability - Teachers Retirement System of Texas

The College participates in the Teacher Retirement System of Texas (TRS) pension plan, a multiple-employer cost-sharing defined benefit pension plan with a special funding situation. The fiduciary net position of 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’s fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Net Other Post-Employment Benefits Liability - Employees Retirement System of Texas

The College participates in other post-employment benefits (OPEB) offered through the Employee Retirement System of Texas (ERS) State Retiree Health Plan. The fiduciary net position of the OPEB 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 the OPEB plan’s fiduciary net position. Benefit payments are recognized when due and are payable in accordance with the benefit terms.

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Deferred Outflows of Resources

A *deferred outflow of resources* is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The College has three items that qualify for reporting in this category:

- Deferred outflows of resources for refunding - This deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows of resources for pension - This deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of (1) differences between projected and actual earnings on pension plan investments; (2) changes in actuarial assumptions; (3) differences between expected and actual actuarial experiences and (4) changes in the College's proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred outflows of resources for OPEB - This deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of (1) differences between projected and actual earnings on OPEB plan investments; (2) changes in actuarial assumptions; (3) differences between expected and actual actuarial experiences and (4) changes in the College's proportional share of OPEB liabilities. The deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five year period. The remaining OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with benefits through the OPEB plan.

Deferred Inflows of Resources

A *deferred inflow of resources* is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The College has two items that qualify for reporting in this category:

- Deferred inflows of resources for pension - Deferred inflows result primarily from (1) changes in actuarial assumptions; (2) differences between expected and actual actuarial experiences and (3) changes in the College's proportional share of pension liabilities. The pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred inflows of resources for OPEB - Deferred inflows result primarily from (1) changes in actuarial assumptions; (2) differences between expected and actual actuarial experiences and (3) changes in the College's proportional share of OPEB liabilities. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB benefits through the OPEB plan.

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Leases

The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Subscriptions Based Information Technology Arrangements (SBITA)

The College has several subscription-based information technology arrangements for software services. The College recognizes a subscription liability and an intangible right-to-use subscription asset in the statement of net position. The College recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of an arrangement, the College initially measures the subscription liability at the present value of payments expected to be made during the arrangement term. Subsequently, the subscription liability is reduced by the principal portion of arrangement payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for arrangement payments made at or before the commencement date, plus certain applicable initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over term of the arrangement.

Key estimates and judgments related to subscriptions include how the College determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) arrangement term, and (3) arrangement payments.

- The College uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The arrangement term includes the noncancellable period of the subscription. Arrangement payments included in the measurement of the subscription liability are composed of fixed payments.

ODESSA COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Subscriptions Based Information Technology Arrangements (SBITA) (continued)

The College monitors changes in circumstances that would require a remeasurement of its subscription arrangements and will remeasure the subscription asset and liability if certain changes that occur are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

Unearned Revenue

Unearned revenue relates to student tuition, fees and other revenues received during the current fiscal period for classes or activities to be held in the following period.

Net Position

The College's net position is classified as follows:

- *Net investment in capital assets:* This represents the College's total investment in capital assets, net of outstanding debt obligations and payables related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
- *Restricted - nonexpendable:* This represents amounts subject to externally imposed stipulations that they be maintained in perpetuity by the College.
- *Restricted - expendable:* This represents amounts whose use is subject to externally imposed legal or contractual obligations that require the amounts to be spent in accordance with the external restrictions.
- *Unrestricted:* This represents resources derived from student tuition and fees, State appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises which are substantially self-supporting activities that provide services for students, faculty, and staff.

Classification of Revenues and Expenses

The College defines operating activities, for purposes of reporting on the Statements of Revenues, Expenses, and Changes in Net Position, as those activities that generally result from exchange transactions, such as payments received for providing services and payments made for goods or services received. With the exception of interest expense on long-term indebtedness, substantially all College expenses are considered to be operating expenses. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 35, including State appropriations, ad valorem taxes, Federal Title IV financial aid funds, and investment income.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ODESSA COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Income Taxes

Odessa College is exempt from Federal income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, Etc., although unrelated business income may be subject to Federal income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc., Organizations. The College had no unrelated business income tax liability for the years ended August 31, 2024 and 2023.

Implementation of New Accounting Standards

GASB issued Statement No. 100, Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62, in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2024.

Note 3 - Authorized Investments

The Board of Trustees of the District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act of 1995 (Section 2256.001, Texas Government Code). The investments of the District are in compliance with Trustees' investment policies. Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute.

In accordance with Sec. 2256.005 (n) of the Public Funds Investment Act, the community college, "...shall arrange for a compliance audit of management controls on investments and adherence to the District's established investment policies. The compliance audit shall be performed by the District's internal auditor or by a private auditor...Not later than January 1 of each even numbered year, the community college shall report the results of the most recent audit performed to the state auditor."

The State Auditor has determined that the District and their independent auditors should indicate compliance with the Act by completing the following:

- The categorization of investments by risk which is required by GASB Statement No. 3 Note 4 in the footnote **"Deposits and Investments,"** and
- Placing a statement in the scope paragraph of the **Report on Compliance and on Internal Control over Financial Reporting (starting on page 93)** which indicate the audit work covered in the Act, or
- Writing a separate letter to the State Auditor's Office stating that the District is in compliance with all requirements of the Act.

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 4 - Deposits and Investments

Deposits: At August 31, 2024 and 2023, the carrying amount of the District's deposits were \$3,918,251 and \$1,917,406, respectively. Bank balances equaled \$6,443,617 and \$2,908,775. Bank balances of \$250,000 and \$260,518 were covered by federal depository insurance, and \$6,193,617 and \$2,648,257 were covered by collateral pledged in the District's name. The collateral was held by the District or by its Agent (Category 1). There were no uncollateralized bank balances (Category 3) at either year end. (This would have included any bank balance that was collateralized with securities held by the pledging financial institution's department or agent but not in the District's name). The District held \$17,101,805 and \$17,308,839 in state approved public funds investment pools at August 31, 2024 and 2023, respectively.

Cash and Deposits included on Exhibit 1, Statement of Net Position, consist of the items reported below at August 31:

	<u>2024</u>	<u>2023</u>
Cash & Deposits		
Bank Deposits		
Demand Deposits	\$ 6,443,617	\$ 2,908,775
Transit Items	<u>(2,525,366)</u>	<u>(991,369)</u>
	<u>3,918,251</u>	<u>1,917,406</u>
Cash and Cash Equivalents		
Public Funds Investment Pools	17,101,805	17,308,839
Petty Cash on Hand	<u>13,468</u>	<u>13,118</u>
Total Cash and Deposits	<u><u>\$ 21,033,524</u></u>	<u><u>\$ 19,239,363</u></u>

Reconciliation of Deposits and Investments to Exhibit 1

<u>Type of Security</u>	<u>Market Value August 31, 2024</u>	<u>Market Value August 31, 2023</u>
Total Cash and Deposits	\$ 21,033,524	\$ 19,239,363
Total Investments	<u>46,326,490</u>	<u>60,633,010</u>
Total Deposits and Investments	<u><u>\$ 67,360,014</u></u>	<u><u>\$ 79,872,373</u></u>
Current Cash and Temporary Investments (Exh. 1)	\$ 20,749,967	\$ 18,956,535
Restricted Cash and Temporary Investments (Exh. 1)	283,557	282,828
Short-Term Investments (Exh. 1)	1,479,808	-
Endowment Investments (Exh. 1)	1,161,142	1,488,944
Other Long-Term Investments (Exh. 1)	<u>43,685,540</u>	<u>59,144,066</u>
Total Deposits and Investments (Exh. 1)	<u><u>\$ 67,360,014</u></u>	<u><u>\$ 79,872,373</u></u>

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 4 - Deposits and Investments (continued)

As of August 31, 2024, the District had the following investments and maturities:

Investment Type	Fair Value	Less than 1	1 to 2	2 to 5
U.S Government Securities	\$ 27,208,266	\$ 978,951	\$ 6,897,229	\$ 19,332,086
Certificates of Deposit	2,418,024	1,941,617	476,407	-
Municipal Bonds	9,892,681	7,885,984	803,817	1,202,880
Corporate Bonds	6,807,519	3,989,519	-	2,818,000
Total Fair Value	\$ 46,326,490	\$ 14,796,071	\$ 8,177,453	\$ 23,352,966

As of August 31, 2023, the District had the following investments and maturities:

Investment Type	Fair Value	Less than 1	1 to 2	2 to 5
U.S Government Securities	\$ 14,103,266	\$ 4,844,608	\$ 931,127	\$ 8,327,531
U.S. Treasuries	1,968,399	1,968,399	-	-
Certificates of Deposit	2,065,529	-	1,616,450	449,079
Municipal Bonds	32,165,016	11,645,214	14,354,241	6,165,561
Corporate Bonds	10,330,800	-	7,671,554	2,659,246
Total Fair Value	\$ 60,633,010	\$ 18,458,221	\$ 24,573,372	\$ 17,601,417

Interest Rate Risk: In accordance with state law and District policy, the District has established maturity limitations on investments purchased. Investments of the operating and renewal and replacement funds do not have maturities in excess of 5 years. Investments of debt service funds do not have maturities in excess of the debt service dates. Additionally, maturities of commercial paper and banker's acceptances shall not exceed 270 days, repurchase agreements shall not exceed 2 years, and reverse repurchase agreements shall not exceed 90 days.

Credit Risk: In accordance with state law and the District's investment policy, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations of states, agencies, counties, cities, and other political subdivisions must be rated at least A. Applicable credit ratings of investments at August 31, 2024 and 2023 are reported below.

Investment Type	Credit Rating
Tex Pool Prime	S&P: AAAm
TexPool	S&P: AAAm
LOGIC	S&P: AAA
Lone Star Government Overnight Fund	S&P: AAAm
Lone Star Corporate Overnight Plus Fund	S&P: AAAf/S1+
Corporate Bonds	S&P: AA and above
Municipal Bonds	S&P: A and above
U.S. Government Agencies-FHLB	S & P AA+; Moody's Aaa

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 5 - Fair Value of Instruments

Concentration of Credit Risk: The District does not place a limit on the amount the District may invest in any one issuer. The District does not have any investments from single issuers that are more than 5% of the total investments.

Custodial Credit Risk: The District's investments have no custodial credit risk.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value measurements were arrived at using the following inputs at August 31, 2024 and 2023:

Investment Type	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	2024
	Level 1	Level 2	Level 3	
U.S Government Securities	\$ 27,208,266	\$ -	\$ -	\$ 27,208,266
Certificates of Deposit	2,418,024	-	-	2,418,024
Municipal Bonds	9,892,681	-	-	9,892,681
Corporate Bonds	6,807,519	-	-	6,807,519
Total	\$ 46,326,490	\$ -	\$ -	\$ 46,326,490

Investment Type	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	2023
	Level 1	Level 2	Level 3	
U.S Government Securities	\$ 14,103,266	\$ -	\$ -	\$ 14,103,266
U.S. Treasuries	1,968,399	-	-	1,968,399
Certificates of Deposit	2,065,529	-	-	2,065,529
Municipal Bonds	32,165,016	-	-	32,165,016
Corporate Bonds	10,330,800	-	-	10,330,800
Total	\$ 60,633,010	\$ -	\$ -	\$ 60,633,010

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 6 - Capital Assets

Capital assets activity for the year ended August 31, 2024, was as follows:

	Balance September 1, 2023	Increases	Decreases	Balance August 31, 2024
Not Depreciated:				
Land	\$ 4,891,552	\$ -	\$ -	\$ 4,891,552
Construction in progress	27,343,430	16,482,937	3,189,535	40,636,832
Total Capital Assets – Not Depreciated	32,234,982	16,482,937	3,189,535	45,528,384
Other Capital Assets:				
Buildings and building improvements	129,610,405	-	-	129,610,405
Other real estate improvements	8,713,073	3,189,535	-	11,902,608
Total Buildings and Other Improvements	138,323,478	3,189,535	-	141,513,013
Library books	1,907,212	-	43,956	1,863,256
RTU lease assets	329,514	203,229	120,848	411,895
RTU subscription assets	4,256,592	1,547,383	1,446,282	4,357,693
Furniture, machinery and equipment	21,673,877	4,920,797	6,820	26,587,854
Total Capital Assets – Depreciable	166,490,673	9,860,944	1,617,906	174,733,711
Total Capital Assets	198,725,655	26,343,881	4,807,441	220,262,095
Accumulated Depreciation/Amortization:				
Buildings and building improvements	33,680,771	2,189,497	-	35,870,268
Other real estate improvements	5,637,907	346,734	-	5,984,641
Total Buildings and Other Improvements	39,318,678	2,536,231	-	41,854,909
Library books	900,010	37,200	-	937,210
RTU lease assets	210,983	107,070	120,848	197,205
RTU subscription assets	2,302,663	1,709,850	1,446,282	2,566,231
Furniture, machinery and equipment	14,937,642	1,526,808	5,911	16,458,539
Total Accumulated Depreciation/Amortization	57,669,976	5,917,159	1,573,041	62,014,094
Net Capital Assets	\$ 141,055,679	\$ 20,426,722	\$ 3,234,400	\$ 158,248,001

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 6 - Capital Assets (continued)

Capital assets activity for the year ended August 31, 2023, was as follows:

	Balance September 1, 2022	Increases	Decreases	Balance August 31, 2023
Not Depreciated:				
Land	\$ 4,739,806	\$ 151,746	\$ -	\$ 4,891,552
Construction in progress	7,887,697	19,455,733	-	27,343,430
Total Capital Assets – Not Depreciated	12,627,503	19,607,479	-	32,234,982
Other Capital Assets:				
Buildings and building improvements	129,806,695	-	196,290	129,610,405
Other real estate improvements	8,713,073	-	-	8,713,073
Total Buildings and Other Improvements	138,519,768	-	196,290	138,323,478
Library books	1,953,481	-	46,269	1,907,212
RTU lease assets	272,621	56,893	-	329,514
RTU subscription assets	3,176,411	1,080,181	-	4,256,592
Furniture, machinery and equipment	19,601,132	2,162,472	89,727	21,673,877
Total Capital Assets – Depreciable	163,523,413	3,299,546	332,286	166,490,673
Total Capital Assets	176,150,916	22,907,025	332,286	198,725,655
Accumulated Depreciation/Amortization:				
Buildings and building improvements	31,532,533	2,189,496	41,258	33,680,771
Other real estate improvements	5,422,416	215,491	-	5,637,907
Total Buildings and Other Improvements	36,954,949	2,404,987	41,258	39,318,678
Library books	855,251	44,759	-	900,010
RTU lease assets	86,292	124,691	-	210,983
RTU subscription assets	800,327	1,502,336	-	2,302,663
Furniture, machinery and equipment	13,750,061	1,272,820	85,239	14,937,642
Total Accumulated Depreciation/Amortization	52,446,880	5,349,593	126,497	57,669,976
Net Capital Assets	\$ 123,704,036	\$ 17,557,432	\$ 205,789	\$ 141,055,679

The District has entered into contracts for construction and various renovation projects. As of August 31, 2024, and 2023, the District was committed to approximately \$3,119,193 and \$36,009,000, respectively.

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 7 - Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2024, was as follows:

	Balance September 1, 2023	Increases	Decreases	Balance August 31, 2024	Due Within One Year
Bonds					
General obligation bonds, Series 2017	\$ 54,190,000	\$ -	\$ 1,985,000	\$ 52,205,000	\$ 2,080,000
Revenue bonds, Series 2021	21,030,000	-	2,550,000	18,480,000	2,650,000
Revenue refunding bonds Series 2021	4,025,000	-	295,000	3,730,000	295,000
Total Bonds	<u>79,245,000</u>	<u>-</u>	<u>4,830,000</u>	<u>74,415,000</u>	<u>5,025,000</u>
Unamortized bond premiums	8,413,341	-	566,135	7,847,206	-
RTU lease payable	121,434	191,805	96,299	216,940	76,270
RTU subscription payable	1,665,222	1,577,711	1,520,186	1,722,747	1,618,482
Accrued compensable absences	862,982	151,449	-	1,014,431	1,014,431
Net pension liability	10,872,079	3,528,680	1,002,611	13,398,148	-
Net OPEB liabilities	25,200,291	1,893,243	3,316,265	23,777,269	665,084
Total Long-Term Liabilities	<u>\$ 126,380,349</u>	<u>\$ 7,342,888</u>	<u>\$ 11,331,496</u>	<u>\$ 122,391,741</u>	<u>\$ 8,399,267</u>

Long-term liability activity for the year ended August 31, 2023, was as follows:

	Balance September 1, 2022	Increases	Decreases	Balance August 31, 2023	Due Within One Year
Bonds					
General obligation bonds, Series 2017	\$ 56,080,000	\$ -	\$ 1,890,000	\$ 54,190,000	\$ 1,985,000
Revenue bonds, Series 2021	23,480,000	-	2,450,000	21,030,000	2,550,000
Revenue refunding bonds Series 2021	4,325,000	-	300,000	4,025,000	295,000
Total Bonds	<u>83,885,000</u>	<u>-</u>	<u>4,640,000</u>	<u>79,245,000</u>	<u>4,830,000</u>
Unamortized bond premiums	8,979,477	-	566,136	8,413,341	-
Financed purchase	-	-	-	-	-
RTU lease payable	186,329	56,893	121,788	121,434	69,663
RTU subscription payable	2,128,718	1,080,181	1,543,677	1,665,222	1,164,555
Accrued compensable absences	712,126	150,856	-	862,982	862,982
Net pension liability	3,935,237	6,936,842	-	10,872,079	-
Net OPEB liabilities	29,571,556	-	4,371,265	25,200,291	655,154
Total Long-Term Liabilities	<u>\$ 129,398,443</u>	<u>\$ 8,224,772</u>	<u>\$ 11,242,866</u>	<u>\$ 126,380,349</u>	<u>\$ 7,582,354</u>

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 8 - Debt and Lease Obligations

Debt service obligations at August 31, 2024, were as follows (amounts in 000's):

For the Year Ended August 31,	General Obligation Bonds			Revenue Bonds			Total Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 2,080	\$ 2,287	\$ 4,367	\$ 2,945	\$ 804	\$ 3,749	\$ 5,025	\$ 3,091	\$ 8,116
2026	2,185	2,183	4,368	3,045	695	3,740	5,230	2,878	8,108
2027	2,295	2,074	4,369	2,255	583	2,838	4,550	2,657	7,207
2028	2,410	1,959	4,369	2,345	501	2,846	4,755	2,460	7,215
2029	2,530	1,838	4,368	2,425	414	2,839	4,955	2,252	7,207
2030-2034	14,650	7,194	21,844	8,155	990	9,145	22,805	8,184	30,989
2035-2039	17,910	3,829	21,739	1,040	42	1,082	18,950	3,871	22,821
2040-2044	8,145	492	8,637	-	-	-	8,145	492	8,637
Total	\$ 52,205	\$ 21,856	\$ 74,061	\$ 22,210	\$ 4,029	\$ 26,239	\$ 74,415	\$ 25,885	\$ 100,300

Right To Use Lease Liability

As of August 31, 2024, the District had 47 active leases for copiers. The leases have payments that range from \$157 to \$21,386 and interest rates that range from 0.3940% to 2.7700%. As of August 31, 2024, the total combined value of the lease liability is \$216,804. The combined value of the right to use asset, as of August 31, 2024 of \$282,865 with accumulated amortization of \$88,364. The leases had \$0 of Variable Payments and \$0 of Other Payments, not included in the Lease Liability, within the fiscal year.

As of August 31, 2024, the District had 1 active lease for physical plant. The lease has payments of \$826 and interest rate that of 2.7700%. As of August 31, 2024, the total combined value of the lease liability is \$137. The combined value of the right to use asset, as of August 31, 2024 of \$866 with accumulated amortization of \$795. The lease had \$0 of Variable Payments and \$0 of Other Payments, not included in the Lease Liability, within the fiscal year.

As of August 31, 2024, the combined future principal and interest lease payments for the copiers and the vehicle were as follows:

For the Year Ended August 31,	RTU Lease Payable		
	Principal	Interest	Total
2025	\$ 76,270	\$ 4,619	\$ 80,889
2026	51,205	3,119	54,324
2027	39,944	2,004	41,948
2028	40,414	890	41,304
2029	9,107	76	9,183
Total	\$ 216,940	\$ 10,708	\$ 227,648

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 8 - Debt and Lease Obligations (continued)

Right To Use Subscription Liability

As of August 31, 2024, the College had entered into agreements for rights to use subscription-based software. The subscriptions have payments that range from \$43 to \$305,662 and interest rates that range from 0.2180% to 3.2380%. As of August 31, 2024, the total combined value of the subscription liability is \$1,722,748. The combined value of the right to use asset, as of August 31, 2024 of \$4,357,694 with accumulated amortization of \$2,566,231. The subscriptions had \$0 of Variable Payments and \$0 of Other Payments, not included in the Subscription Liability, within the fiscal year.

The future principal and interest subscription payments as of August 31, 2024, were as follows:

For the Year Ended August 31,	RTU Subscription Payable		
	Principal	Interest	Total
2025	\$ 1,618,482	\$ 31,541	\$ 1,650,023
2026	104,265	18,730	122,995
Total	\$ 1,722,747	\$ 50,271	\$ 1,773,018

Note 9 - Bonds Payable

General information related to bonds payable is summarized below:

General Obligation Bonds

The General Obligation Bonds are direct obligations payable from ad valorem taxes levied, within the limitation prescribed by law, against all property located within the District's taxing jurisdiction. Payment of the Bonds is derived from taxes levied and collected on an annual basis in an amount sufficient to pay the principal and interest when due, full allowance being made for delinquencies and collection costs.

Limited Tax Refunding Bonds, Series 2017

- To refund a portion of Limited Tax Bonds, Series 2011 and to pay the costs of issuance related to the Bonds.
- To capture interest rate savings without extending the final maturity, resulting in a net present value savings to the District of \$6,551,787.
- Issued on December 29, 2017.
- \$57,910,000 original amount of issue; all authorized bonds have been issued.
- Issued at a net premium of \$6,411,367.
- Source of payment – property tax revenues; no bond reserve fund is required.
- Fitch Ratings currently rates the bonds as 'AA' with a stable outlook.
- Standard & Poor's Ratings Services currently rates the bonds as 'AA' with a stable outlook.
- Due in annual installments of principal and interest varying from \$2,535,600 to \$4,371,200 with interest rates from 3.00% to 5.00%.
- Outstanding principal balance as of August 31, 2024 and 2023 was \$52,205,000 and \$54,190,000, respectively.
- Subject to optional redemption on or after August 15, 2027, at par.
- Final payment is due on August 31, 2041.

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9 - Bonds Payable (continued)

Consolidated Fund Revenue Bonds

The Combined Fee Revenue Bonds are secured by a first-lien pledge of specific gross revenues, including a general-use fee, operating fees, a pledge, auxiliary revenue, and any unrestricted gifts or grants. By covenant, the District is required to maintain a pledged revenue-to-debt service coverage ratio of 1.50. The District is in compliance for the years ended August 31, 2024 and 2023, respectively.

Consolidated Fund Revenue Refunding Bonds, Series 2021

- To refund the outstanding obligations of the Series 2012 Bonds, to pay for related bond issuance costs, and to deposit \$414,050 in a debt service reserve fund.
- Issued on August 15, 2021.
- \$4,675,000 original amount of issue; all authorized bonds have been issued.
- Source of payment – pledged revenues, including: the general-use fee, the college bookstore revenues, the tuition pledge, the college cafeteria revenues, the dormitory system revenues, the operating fees, gifts, grants, or donations from any public or private source that are not restricted or dedicated with respect to their use or purpose, and the earnings on all investments of the District lawfully available for such purpose.
- Standard & Poor's Ratings Services currently rates the bonds as 'AA' with a stable outlook.
- Due in annual installments of principal and interest varying from \$359,964 to \$898,480, with interest rates from 0.28% to 1.85%.
- Outstanding principal balance as of August 31, 2024 and 2023 was \$3,730,000 and \$4,025,000, respectively.
- Not subject to redemption prior to stated maturity.
- Final payment is due on July 1, 2034.

Consolidated Fund Revenue Bonds, Series 2021

- To finance the construction of a health science building on the Odessa College campus, to pay for related bond issuance costs, and to deposit \$2,360,723 in a debt service reserve fund.
- Issued on August 15, 2021
- \$26,435,000 original amount of issue; all authorized bonds have been issued.
- Source of payment – pledged revenues, including: the general-use fee, the college bookstore revenues, the tuition pledge, the college cafeteria revenues, the dormitory system revenues, the operating fees, gifts, grants, or donations from any public or private source that are not restricted or dedicated with respect to their use or purpose, and the earnings on all investments of the District lawfully available for such purpose.
- Due in annual installments of principal and interest varying from \$1,076,800 to \$3,850,853, with interest rates of 4.00%
- Standard & Poor's Ratings Services currently rates the bonds as 'AA' with a stable outlook.
- Outstanding principal balance as of August 31, 2024 and 2023 is \$18,480,000 and \$21,030,000, respectively
- Issued at a net premium of \$4,289,925.
- Not subject to redemption prior to stated maturity.
- Final payment is due July 1, 2035

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9 - Bonds Payable (continued)

A Summary of bond principal is as follows:

	Balance Sept. 1, 2023	Issued	Retired	Balance Aug. 31, 2024
Series 2017 Bonds	\$ 54,190,000	\$ -	\$ 1,985,000	\$ 52,205,000
Series 2021 Bonds	4,025,000	-	295,000	3,730,000
Series 2021 Bonds	21,030,000	-	2,550,000	18,480,000
Total Bonds	\$ 79,245,000	\$ -	\$ 4,830,000	\$ 74,415,000

Note 10 - Employees' Retirement Plans

Defined Benefit Pension Plan

Plan Description. The College participates in the Teacher Retirement System of Texas (TRS), which is a public employee retirement system that is a cost-sharing, defined benefit OPEB plan with a special funding situation. TRS is 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.

Pension Plan Fiduciary Net Position. TRS issues a publicly available, audited Annual Comprehensive Financial Report (ACFR) that includes financial statements, notes and required supplementary information. This report may be obtained on the internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2022.pdf> or by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling (512) 542-6592.

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 a 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, whose formulas use the three highest annual salaries. 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.

Texas Government Code Section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS's 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.

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% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

ODESSA COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10 - Employees' Retirement Plans

Defined Benefit Pension Plan (continued)

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 2019 through 2025.

Contribution Rates	September 1, 2023 to August 31, 2024	September 1, 2022 to August 31, 2023
Member	8.25%	8.00%
Non-Employer Contributing entity (State)	8.25%	8.00%
Employers	8.25%	8.00%
Member Contributions	\$ 1,778,504	
State of Texas On-behalf Contributions	798,348	
District Contributions	1,125,266	

Contributors to the plan include members, employers, and the State of Texas as the only non- employer contributing entity. 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, including junior colleges, are required to pay the employer contribution rate in the following instances:

- On the portion of the 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 part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local 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% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.
- In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10 - Employees' Retirement Plans (continued)

Actuarial Assumptions

The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

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*	4.13%
Last year ending August 31 in the Projection period (100 years)	2122
Inflation	2.30%
Salary increases including inflation	2.95% to 8.95%
Benefit changes during the year	None
Ad HOC post-employment benefit change	None

* 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. A full description is available in the actuarial valuation report dated November 22, 2022.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the four-year period ending August 31, 2021 and were adopted in July 2022.

The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioners Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine the 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 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.50% of payroll in fiscal year 2024 increasing to 9.56% in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all 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.

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10 - Employees' Retirement Plans (continued)

Discount Rate (continued)

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension 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 TRS's target asset allocation as of August 31, 2023, are summarized below:

Asset Class	Target Allocation²	Long-Term Expected Geometric Real Rate of Return³	Expected Contribution to Long-Term Portfolio Returns
Global Equity:			
U.S.	18.00%	4.00%	1.00%
Non-U.S. Developed	13.00%	4.50%	0.90%
Emerging Markets	9.00%	4.80%	0.70%
Private Equity ¹	14.00%	7.00%	1.50%
Stable Value:			
Government Bonds	16.00%	2.50%	0.50%
Stable Value Hedge Funds	5.00%	4.10%	0.20%
Absolute Return ¹	0.00%	3.60%	0.00%
Real Return:			
Real Estate	15.00%	4.90%	1.10%
Energy, Natural Resources and Infrastructure	6.00%	4.80%	0.40%
Commodities	0.00%	4.40%	0.00%
Risk Parity:			
Risk Parity	8.00%	4.50%	0.40%
Leverage			
Cash	2.00%	3.70%	0.00%
Asset Allocation Leverage	-6.00%	4.40%	-0.10%
Inflation Expectation			2.30%
Volatility Drag ⁴			-0.90%
Expected return	100%		8.00%

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the fiscal year 2023 policy model.

³ Capital Market Assumptions come from Aon Hewitt as of August 31, 2023.

⁴ The volatility drag results from the conversion between arithmetic and geometric mean returns.

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10 - Employees' Retirement Plans (continued)

Discount Rate Sensitivity Analysis

The following table represents the net pension liability of the plan using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% 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%)
Odessa College District's proportionate share of the net pension liability:	\$ 20,030,974	\$ 13,398,148	\$ 7,882,951

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 \$13,398,148 for its proportionate share of the TRS's 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 were as follows:

District's proportionate share of the collective net pension liability	\$ 13,398,148
State's proportionate share that is associated with the District	<u>10,342,544</u>
Total	<u><u>\$ 23,740,692</u></u>

The net pension liability was measured as of August 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2022, through August 31, 2022.

At the measurement date of August 31, 2023, the College's proportion of the collective net pension liability was .0195051391%, which was an increase of .0011919334% from its proportion measured as of August 31, 2022.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation

The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net pension liability of TRS. In addition, the Legislature also provided for a cost of living adjustment (COLA) to retirees which was approved during the November 2023 election which will be paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

There were no changes in assumptions since the prior measurement date.

For the year ended August 31, 2024, the District recognized pension expense of \$2,355,101. The District also recognized on-behalf pension expense and revenue of \$1,561,635 for support provided by the State.

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10 - Employees' Retirement Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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 pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 477,381	\$ 162,237
Changes in actuarial assumptions	1,267,202	310,113
Net difference between projected and actual investment earnings	4,186,516	2,236,761
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,340,138	772,295
Contributions paid to TRS subsequent to the measurement date*	1,125,266	-
Total	\$ 8,396,503	\$ 3,481,406

* The \$1,125,266 reported as Deferred Outflows of Resources resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended August 31, 2025.

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended August 31:	
2025	\$ 734,394
2026	482,892
2027	1,768,852
2028	689,811
2029	113,882
	\$ 3,789,831

Defined Contribution Plan

Plan Description The state has also established an Optional Retirement Program (ORP) for institutions of higher education. Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System (TRS). The ORP provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. State law provides for a member contribution rate of 6.65% and an employer contribution rate of 6.60% for fiscal year 2024 and 2023. The District contributes an additional 0.71% for employees who are participating in the optional retirement program. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. Senate Bill 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10 - Employees' Retirement Plans (continued)

Defined Contribution Plan (continued)

Summary of Combined Retirement Plans

The retirement expense to the State for the District's TRS and ORP participants was \$1,032,288 and \$900,885 for the fiscal years ended August 31, 2024 and 2023, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

The total payroll for all District employees was \$33,477,188 and \$30,188,905 for fiscal years 2024 and 2023, respectively. The total payroll of employees covered by the Teacher Retirement System (TRS) was \$25,456,593 and \$22,231,298 and the total payroll of employees covered by the Optional Retirement Program (ORP) was \$3,925,223 and \$3,302,886 for fiscal years 2024 and 2023, respectively.

Note 11 - Deferred Compensation Program

The District's employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. As of August 31, 2024 and 2023, the District had no employees participating in the program.

Note 12 - Compensable Absences

Full-time employees in 12-month positions earn annual vacation leave from 6.67 to 13.33 hours per month depending on the number of years employed with the District. The District's policy allows a full-time employee to accumulate a balance equal to one hundred fifty percent (150%) of his or her annual accrual rate. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated vacation leave. The District has recognized the accrued liability for the unpaid annual leave for the periods ending August 31, 2024, and 2023 in the amounts of \$1,014,431 and \$862,982 respectively.

Sick leave, which can be accumulated to a maximum of seven hundred twenty (720) hours, is earned at the rate of eight (8) hours per month. The District's policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

Note 13 - Health Care and Life Insurance Benefits

Certain health care and life insurance benefits for active employees. These benefits are administered by the Employees Retirement System of Texas and provided through an insurance company whose premiums are based on benefits paid during the previous year. The State appropriates a sum-certain amount for these benefits to the District based on employee enrollments during the legislative cycle, and any additional employer expense must be funded by the District. SB 1812, effective September 1, 2013, limits the amount of the state's contribution to 50 percent of eligible employees in the reporting district.

For the year ended August 31, 2024, the employer's maximum contribution per full-time employee/retiree was \$627 per month for the year and totaled \$7,524 per employee/retiree for the year. The employer also paid a maximum amount for a spouse, children, or family of \$1,342, \$1,106, and \$1,821 per month, respectively.

For the year ended August 31, 2023, the employer's maximum contribution per full-time employee/retiree was \$627 per month for the year and totaled \$7,524 per employee/retiree for the year. The employer also paid a maximum amount for a spouse, children, or family of \$1,342, \$1,106, and \$1,821 per month, respectively.

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 13 - Health Care and Life Insurance Benefits (continued)

The cost of providing health care benefits to retirees and active employees is as follows for the years ending August 31:

	2024	2023
Number of retirees receiving benefits	178	176
Cost of state's contribution	\$ 689,084	\$ 727,909
Cost of local contribution	833,357	850,722
Total Cost of Benefits for Retirees	\$ 1,522,441	\$ 1,578,631
Number of active employees receiving benefits	392	360
Cost of state's contribution	\$ 1,549,491	\$ 1,475,050
Cost of federal grant contribution	56,757	24,789
Cost of local contribution	1,860,652	1,739,919
Total Cost of Benefits for Active Employees	\$ 3,466,900	\$ 3,239,758

Note 14 – Post-Employment Benefits Other than Pensions

Plan Description. The College participates in a multiple-employer, cost-sharing, defined benefit pension plan The Texas Employees Group Benefits Program (GBP) is administered by the Employees Retirement System of Texas (ERS). The GBP provides certain post-employment health care, life and dental insurance benefits to retired employees of participating universities, community colleges, and State agencies in accordance with Chapter 1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the State and retire with at least ten years of service to eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by State law and may be amended by the Texas Legislature.

OPEB Plan Fiduciary Net Position. Detailed information about the SRHP's fiduciary net position is available in the separately issued ERS Annual Comprehensive Financial Report that includes financial statements, notes to the financial statements and required supplementary information. That report may be obtained on the Internet at <https://ers.texas.gov/about-ers/reports-and-studies/gasbrequirements> or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377. The fiduciary net position of the plan has been determined using the same basis used by the OPEB plan.

Benefits Provided. Retiree health benefits offered through the GBP are available to most State of Texas retirees and their eligible dependents. Participants need at least ten years of service credit with an agency or institution that participates in the GBP to be eligible for GBP retiree insurance. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical benefit option for Medicare-primary participants under the HealthSelect Medicare Advantage Plan and life insurance benefits to eligible retirees via a minimum premium funding arrangement. The authority under which the obligations of the plan members and employers are established and/or may be amended is Chapter 1551, Texas Insurance Code.

Contributions. Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds. There are no long-term contracts for contributions to the plan.

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 14 – Post-Employment Benefits Other than Pensions (continued)

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health and basic life premium, which is based on a blended rate. Retirees pay any premium over and above the employer contribution. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. As the non-employer contributing entity (NECE), the State of Texas pays part of the premiums for the junior and community colleges.

Retiree only	\$	624.82
Retiree & Spouse		1,341
Retiree & Children		1,104
Retiree & Family		1,820

Contributions of premiums to the GBP plan for the current and prior fiscal year by source is summarized in the following table.

	September 1, 2023 to August 31, 2024	September 1, 2022 to August 31, 2023
Employers	\$ 712,867	\$ 619,237
Members (employees)	161,928	168,663
Nonemployer Contributing Entity (State of Texas)	37,601	32,511

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2023 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	August 31, 2023
Actuarial cost method	Entry Age
Amortization method	Level Percent of Pay, Open
Remaining amortization period	30 years
Asset valuation method	N/A
Discount rate	4.13% as of August 31, 2023
Projected annual salary increase (includes inflation)	2.95% to 8.95%
Annual healthcare trend rate	<u>Health Select</u> : 5.60% for FY2025, 5.30% for FY2026, 5.00% for FY2027, 4.75% for FY2028, 4.60% for FY2029, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2032 and later years
	<u>Health Select Medicare Advantage</u> : 16.40% for FY2025, 8.40% for FY2026, 5.00% for FY2027, 4.75% for FY2028, 4.60% for FY2029 decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2032 and later years
	<u>Pharmacy</u> : 10.00% for FY2025, 10.00% for FY2026, decreasing 100 basis points per year to 5.00% for FY2031 and 4.30% for FY2032 and later years
Inflation assumption rate	2.30%
Ad hoc post-employment benefit changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2021.
Disability retirees	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
Active members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014.

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 14 – Post-Employment Benefits Other than Pensions (continued)

Actuarial Assumptions (continued)

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2010 to August 31, 2017 for higher education members.

Investment Policy

The SRHP is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The ERS's Board of Trustees amended the investment policy statement in August 2022 to require that all funds in the SRHP be invested in cash and equivalent securities. The expected rate of return on these investments is currently 4.1%, in line with the prevailing returns on 90-day US treasury bills.

Discount Rate

Because the SRHP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bond rates. The discount rate used to determine the total OPEB liability as of the end of the measurement year was 3.81% to reflect the requirements of GASB 75. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA rating. Projected cash flows into the SRHP are equal to projected benefit payments out of the plan. Because SRHP operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the College's proportionate share of the collective Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.13%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate 3.13%	Discount Rate 4.13%	1% Increase in Discount Rate 5.13%
District's proportionate share of the net OPEB liability	\$ 27,590,107	\$ 23,777,269	\$ 20,710,509

Healthcare Trend Rate Sensitivity Analysis

	1% Decrease Healthcare Cost Trend Rates	Current Healthcare Cost Trend Rates	1% Increase in Healthcare Cost trend Rates
District's Proportionate share of the net OPEB liability	\$ 20,451,758	\$ 23,777,269	\$ 28,000,689

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:

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 14 – Post-Employment Benefits Other than Pensions (continued)

- The single discount rate changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

Changes of Benefit Terms Since the Prior Measurement Date

There were no changes in benefit terms since the prior measurement date.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

At August 31, 2024, the District reported a liability of \$23,777,269 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the District for OPEB. 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	\$	23,777,269
State's Proportionate share that is associated with District		<u>3,396,353</u>
Total	\$	<u>27,173,622</u>

The net OPEB liability was measured as of 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 employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2022, through August 31, 2023.

At the measurement date of August 31, 2023, the employer's proportion of the collective net OPEB liability was 0.08899502%, which was an increase of 0.00053% from the proportion measured as of August 31, 2022.

For the year ended August 31, 2024, the District recognized negative OPEB expense of \$567,992 and negative revenue of \$567,992 for support provided by the State.

At August 31, 2024 the District reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 628,922
Changes in actuarial assumptions	793,185	7,425,958
Difference between projected and actual investment earnings	1,921	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,773,491	638,287
Contributions paid to ERS subsequent to the measurement date*	<u>558,930</u>	<u>-</u>
Total	\$ <u>3,127,527</u>	\$ <u>8,693,167</u>

* The \$558,930 reported as Deferred Outflows of Resources resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the year ended August 31, 2025.

ODESSA COLLEGE DISTRICT**NOTES TO THE FINANCIAL STATEMENTS (continued)****Note 14 – Post-Employment Benefits Other than Pensions (continued)****OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. (continued)**

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended August 31:</u>	
2025	\$ (1,749,906)
2026	(1,621,755)
2027	(1,506,908)
2028	(1,032,388)
2029	(213,613)
	<u>\$ (6,124,570)</u>

Note 15 - Pending Lawsuits and Claims

In the ordinary course of business, the District is involved with various claims and potential litigation. While the ultimate liability with respect to litigation and other claims asserted against the District cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the District.

The District receives federal, state and local grants that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The District's management believes such disallowances, if any, will not have a material effect on the basic financial statements.

Note 16 - Disaggregation of Receivables and Payables Balances

Receivables at August 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Tuition and fees receivable	\$ 8,572,595	\$ 2,491,574
Taxes receivable	4,484,800	3,571,810
Federal receivable	5,459,998	1,006,535
State receivable	13,809	254,209
Interest receivable	246,851	283,253
Other receivables	<u>3,889,812</u>	<u>3,034,165</u>
Subtotal	22,667,865	10,641,546
Allowance for doubtful accounts	<u>(5,761,761)</u>	<u>(5,015,712)</u>
Total	<u>\$ 16,906,104</u>	<u>\$ 5,625,834</u>

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 16 - Disaggregation of Receivables and Payables Balances (continued)

Payables at August 31, 2024 and 2023 were as follows:

	2024	2023
Vendors payable – operations	\$ 1,963,047	\$ 920,272
Vendors payable – capital	1,802,491	3,605,996
Students payable	3,151	3,448
Total	\$ 3,768,689	\$ 4,529,716

Note 17 - Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, Audits of Colleges and Universities. Revenues are recognized on Exhibit 2, Schedule A and Schedule C. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2024 and 2023 for which monies have not been received nor funds expended totaled \$2,989,127 and \$5,263,823, respectively. Of these amounts, \$1,798,256 and \$2,291,714 were from federal contract and grant awards; \$488,353 and \$574,209 were from state contract and grant awards; and \$702,518 and \$2,397,900 were from private contract and grant awards for the fiscal years ended August 31, 2024 and 2023, respectively.

Note 18 - Ad Valorem Tax

The District's ad valorem property tax is levied each October 1st on the assessed value listed as of the prior January 1st for all real and business personal property located in the District.

At August 31:	2024	2023
Assessed Valuation of the District (at January 1, 2023 and 2022)	\$ 24,232,771,178	\$ 21,079,132,440
Less: exemptions	(3,667,190,683)	(3,566,619,841)
Less: abatements	(13,909,150)	(119,004,125)
Net Assessed Valuation of the District	\$ 20,551,671,345	\$ 17,393,508,474

At August 31:	2024			2023		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Authorized tax rate per \$100 valuation (Maximum per enabling legislation)	0.20	0.50	0.70	0.20	0.50	0.70
Assessed tax rate per \$100 valuation	0.149904	0.021762	0.171666	0.164191	0.024452	0.188643

ODESSA COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 18 - Ad Valorem Tax (continued)

Taxes levied (including adjustments to the certified levies) for the year ended August 31, 2024 and 2023 were \$35,664,915 and \$32,871,001 respectively. 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.

At August 31:	2024			2023		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 29,699,566	\$ 4,311,729	\$ 34,011,295	\$ 27,598,986	\$ 4,110,875	\$ 31,709,861
Delinquent taxes collected	481,486	77,417	558,903	558,470	90,064	648,534
Penalties and interest collected	417,352	65,678	483,030	487,073	76,581	563,654
Total Collections	<u>\$ 30,598,404</u>	<u>\$ 4,454,824</u>	<u>\$ 35,053,228</u>	<u>\$ 28,644,529</u>	<u>\$ 4,277,520</u>	<u>\$ 32,922,049</u>

Tax collections for the year ended August 31, 2024 and 2023 were 95.23% and 96.34%, respectively, of the current year adjusted tax levies, excluding collections in subsequent fiscal years. Allowance for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to maintenance and operations and payment of general obligation debt.

Note 19 - Tax Abatements

Odessa College has entered into property tax abatement agreements with local businesses under the Property Redevelopment and Tax Abatement Act, as authorized by Texas Tax Code, Chapter 312. Under the Act, local governments may grant property tax abatements for a term of up to ten (10) years with the amount of taxable value eligible for abatement ranging from 10% to 100%.

The District is under no obligation to provide tax abatement to any specific applicant and reserves the right to do so on a case-by-case basis as stimulation for economic development within the Reinvestment Zones and Enterprise Zones established by the City of Odessa. The abatements may be granted to any business located within or promising to relocate to the service area of Odessa College.

For the fiscal year ended August 31, 2024, Odessa College abated property taxes totaling \$181,816 under this program, including the following tax abatement agreements that each exceed 10 percent of the total amount abated:

A. Oberon Solar, LLC

- Commitment: Job creation and new investment as follows:
- Create and maintain at least 2 new jobs and make a minimum new investment of \$50,000,000.
- Terms of abatement: 100% exemption from ad valorem taxes for five (5) years starting with the 2018 tax year, followed by a 50% exemption for the next 5 years.
- The abatement for fiscal year 2024 amounted to \$157,939, compared to \$196,189 for fiscal year 2023.

Note 20 - Component Units

Odessa College Foundation, Incorporated (the Foundation) was established as a separate nonprofit organization in 1996 to raise funds to provide student scholarships and assistance in the development and growth of Odessa College. Under Governmental Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the Foundation is determined to be a component unit of the District because:

- The District provides financial support to the Foundation, and the economic resources received or held by the Foundation are entirely or almost entirely for the direct benefit of the District;

ODESSA COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 20 - Component Units (continued)

- The District is entitled to or has the ability to access otherwise a majority of the economic resources received or held by the Foundation and
- The economic resources held by the Foundation that the District is entitled to or has the ability to otherwise access are significant to the District

Accordingly, the Foundation financial statements are included in the College's annual report as a discrete component unit (see table of contents). Complete financial statements of the Odessa College Foundation, Incorporated can be obtained from the administrative offices of the Foundation/Odessa College District.

Note 21 – Related Parties

The District does not have any related party transactions for the years ended August 31, 2024 and 2023.



REQUIRED SUPPLEMENTAL INFORMATION

ODESSA COLLEGE DISTRICT

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**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE LAST TEN MEASUREMENT YEARS**

Measurement Years Ended August 31,*	2023	2022	2021	2020	2019
District's proportionate share of collective net pension liability (%)	0.0195051391%	0.0183132057%	0.0154526272%	0.0171611564%	0.0190257448%
District's proportionate share of collective net pension liability	\$ 13,398,148	\$ 10,872,079	\$ 3,935,237	\$ 9,191,165	\$ 9,890,177
State's proportionate share of net pension liability associated with District	10,342,544	8,645,029	3,203,879	7,424,884	7,375,457
Total	\$ 23,740,692	\$ 19,517,108	\$ 7,139,116	\$ 16,616,049	\$ 17,265,634
District's covered payroll amount	\$ 22,231,298	\$ 18,929,456	\$ 16,704,351	\$ 17,004,159	\$ 17,289,606
District's proportionate share of collective net pension liability as a percentage of covered payroll	60.27%	57.43%	23.56%	54.05%	57.20%
Plan fiduciary net position as percentage of the total pension liability	73.15%	75.62%	88.79%	75.54%	75.24%

* The amounts presented above are as of the measurement date of the collective net pension liability.

ODESSA COLLEGE DISTRICT

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**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE LAST TEN MEASUREMENT YEARS**

Measurement Years Ended August 31,*	2018	2017	2016	2015	2014
District's proportionate share of collective net pension liability (%)	0.0180023908%	0.0196632016%	0.0185035302%	1.0192738000%	0.0232258000%
District's proportionate share of collective net pension liability	\$ 9,908,953	\$ 6,287,233	\$ 6,992,209	\$ 6,813,032	\$ 6,203,932
State's proportionate share of net pension liability associated with District	7,522,556	4,294,673	5,626,139	5,266,936	3,714,719
Total	\$ 17,431,509	\$ 10,581,906	\$ 12,618,348	\$ 12,079,968	\$ 9,918,651
District's covered payroll amount	\$ 15,637,657	\$ 15,802,776	\$ 15,504,266	\$ 14,844,367	\$ 14,844,367
District's proportionate share of collective net pension liability as a percentage of covered payroll	63.37%	39.79%	45.10%	45.90%	41.79%
Plan fiduciary net position as percentage of the total pension liability	73.74%	82.17%	78.00%	78.43%	83.25%

* The amounts presented above are as of the measurement date of the collective net pension liability.

ODESSA COLLEGE DISTRICT*Page 1 of 2***SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS TO THE TEACHER'S
RETIREMENT SYSTEM PENSION
FOR THE LAST TEN FISCAL YEARS**

Fiscal Years Ended August 31,*	2024	2023	2022	2021	2020
Legally required contributions	\$ 1,125,266	\$ 980,156	\$ 808,668	\$ 689,924	\$ 701,046
Actual contributions	1,125,266	980,156	808,668	689,924	701,046
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll amount	\$ 25,456,593	\$ 22,231,298	\$ 18,929,456	\$ 16,704,351	\$ 17,004,159
Contributions as a percentage of covered payroll	4.42%	4.41%	4.27%	4.13%	4.12%

* The amounts presented above are as of the Districts most recent fiscal year-end.

ODESSA COLLEGE DISTRICT*Page 2 of 2***SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS TO THE TEACHER'S
RETIREMENT SYSTEM PENSION
FOR THE LAST TEN FISCAL YEARS**

Fiscal Years Ended August 31,*	2019	2018	2017	2016	2015
Legally required contributions	\$ 660,430	\$ 596,916	\$ 636,008	\$ 587,904	\$ 570,704
Actual contributions	660,430	596,916	636,008	587,904	570,704
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll amount	\$ 17,289,606	\$ 15,637,657	\$ 15,802,776	\$ 15,504,266	\$ 14,844,367
Contributions as a percentage of covered payroll	3.82%	3.82%	4.02%	3.79%	3.84%

* The amounts presented above are as of the Districts most recent fiscal year-end.

ODESSA COLLEGE DISTRICT

Page 1 of 2

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY EMPLOYEE RETIREMENT
SYSTEM OF TEXAS STATE RETIREE HEALTH PLAN
FOR THE LAST SEVEN MEASUREMENT YEARS**

Measurement Years Ended August 31,*	2023	2022	2021	2020	2019
District's proportionate share of collective net OPEB liability (%)	0.08900%	0.08846%	0.08243%	0.08449%	0.08079%
District's proportionate share of collective net OPEB liability (\$)	\$ 23,777,269	\$ 25,200,291	\$ 29,571,556	\$ 27,920,295	\$ 27,921,686
State's proportionate share of net OPEB liability associated with District	3,396,353	3,621,286	4,998,365	23,886,038	26,129,685
Total	\$ 27,173,622	\$ 28,821,577	\$ 34,569,921	\$ 51,806,333	\$ 54,051,371
District's covered-employee payroll	\$ 25,534,184	\$ 22,653,665	\$ 20,834,907	\$ 21,525,505	\$ 21,963,789
District's proportionate share of collective net pension liability as a percentage of covered-employee payroll	93%	111%	142%	130%	127%
Plan fiduciary net position as percentage of the total OPEB liability	0.63%	0.57%	0.38%	0.32%	0.17%

*The amounts presented above are as of the measurement date of the collective net OPEB liability.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

ODESSA COLLEGE DISTRICT

Page 2 of 2

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY EMPLOYEE RETIREMENT
SYSTEM OF TEXAS STATE RETIREE HEALTH PLAN
FOR THE LAST SEVEN MEASUREMENT YEARS**

Measurement Years Ended August 31,*	2018	2017
District's proportionate share of collective net OPEB liability (%)	0.08633%	0.08549%
District's proportionate share of collective net OPEB liability (\$)	\$ 25,586,554	\$ 29,130,351
State's proportionate share of net OPEB liability associated with District	19,949,542	26,090,419
Total	\$ 45,536,096	\$ 55,220,770
District's covered-employee payroll	\$ 19,934,240	\$ 19,710,138
District's proportionate share of collective net pension liability as a percentage of covered-employee payroll	128%	148%
Plan fiduciary net position as percentage of the total OPEB liability	1.27%	2.04%

*The amounts presented above are as of the measurement date of the collective net OPEB liability.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

ODESSA COLLEGE DISTRICT*Page 1 of 2***SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OPEB – EMPLOYEE RETIREMENT
SYSTEM OF TEXAS STATE RETIREMENT HEALTH PLAN
FOR THE LAST EIGHT FISCAL YEARS**

Fiscal Years Ended August 31,*	2024 **	2023 **	2022 **	2021 **
Legally required contributions	\$ 558,930	\$ 579,699	\$ 506,571	\$ 560,690
Actual contributions	558,930	579,699	506,571	560,690
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll amount	\$ 29,381,816	\$ 25,534,184	\$ 22,653,665	\$ 20,834,907
Contributions as a percentage of covered employee-payroll	1.90%	2.27%	2.24%	2.69%

*The amounts presented above are as of the District's most recent fiscal year-end.

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

ODESSA COLLEGE DISTRICT*Page 2 of 2*

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OPEB – EMPLOYEE RETIREMENT
SYSTEM OF TEXAS STATE RETIREMENT HEALTH PLAN
FOR THE LAST EIGHT FISCAL YEARS**

Fiscal Years Ended August 31,*	2020 **	2019**	2018**	2017 **
Legally required contributions	\$ 556,820	\$ 803,686	\$ 811,500	\$ 2,351,561
Actual contributions	556,820	803,686	811,500	2,351,561
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll amount	\$ 21,525,505	\$ 21,963,789	\$ 19,934,240	\$ 19,710,138
Contributions as a percentage of covered employee-payroll	2.59%	3.66%	4.07%	11.93%

*The amounts presented above are as of the District's most recent fiscal year-end.

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

ODESSA COLLEGE DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended August 31, 2024

Schedules for Pensions - Net Pension Liability

Changes Since Prior Actuarial Valuation

The following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends:

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future female retirees assumed to be married and electing coverage for their spouse.
- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- Percentage of Higher Education vested terminated members assumed to have terminated less than one year before the valuation date.
- Assumed per capita health benefit costs, and health benefit costs and retiree contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on short-term expectations.
- Annual rate of increase in the Patient-Centered Outcomes Research Institute (PCORI) fee payable under the Affordable Care Act has been updated to reflect recent health plan experience and its effects on our short-term expectations.
- Assumed expenses directly related to the payment of GBP HealthSelect medical benefits have been updated to reflect recent contract revisions.
- The discount rate was changed from 2.20 percent to 2.14 percent as a result of requirements by GASB Statement 75 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.
- Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2022, are provided for in the FY2022 Assumed Per Capita Health Benefit Costs. There were no benefit changes for HealthSelect retirees and the dependents for whom Medicare is primary.

Actuarial assumption changes are described in TRS's Annual Comprehensive Financial Report and the TRS Actuarial Valuation Report for the year ended August 31, 2023, which can be accessed at https://www.trs.texas.gov/Pages/about_publications.aspx.

ODESSA COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended August 31, 2024

Schedules for Other Post-Employment Benefits (OPEB) - Net OPEB Liability

Changes Since Prior Actuarial Valuation

The following changes since the prior actuarial valuation affected the measurement of the amounts reported in the required supplementary schedules:

- Demographic assumptions since the last valuation was prepared for this plan (including rates of retirement, disability, termination, and mortality, and assumed salary increases) for Higher Education members have been updated to reflect assumptions recently adopted by the TRS Trustees. These new assumptions were adopted to reflect an experience study on the TRS retirement plan performed by the TRS retirement plan actuary.

In addition, the following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends:

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees assumed to cover dependent children.
- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.
- The Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act has been updated to reflect the most recent available information.
- The discount rate was changed from 2.14% to 3.59% as a result of requirements by GASB No. 75 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Actuarial assumption changes are described in ERS's Annual Comprehensive Financial Report and the ERS Actuarial Valuation Report for the year ended August 31, 2023, which can be accessed at <https://ers.texas.gov/about-ers/reportsand-studies/gasb-requirements>.

APPENDIX E
SELECTED PROVISIONS OF THE RESOLUTION

SELECTED PROVISIONS OF THE RESOLUTION

Section 7. DEFINITIONS. In addition to terms defined elsewhere in this Resolution, unless the context shall indicate a contrary meaning or intent, the terms below defined, for all purposes of this Resolution, or any resolution amendatory or supplemental hereto, shall be construed, are used, and are intended to have meanings as follows:

“Act” - Chapter 130, Texas Education Code, specifically Sections 130.123 and 130.125 thereof.

“Amortization Installment” - With respect to any Term Bonds of any series of Parity Obligations, the amount of money which is required to be deposited into a mandatory redemption account for retirement of such Term Bonds (whether at maturity or by mandatory redemption and including redemption premium, if any) provided that the total Amortization Installments for such Term Bonds shall be sufficient to provide for retirement of the aggregate principal amount of such Term Bonds.

“Annual Debt Service Requirements” - As of the date of calculation, the principal of and interest on all Parity Obligations coming due at Maturity or Stated Maturity (or that could come due on demand of the owner thereof other than by acceleration or other demand conditioned upon default by the District on such debt, or be payable in respect of any required purchase of such debt by the District) in such Fiscal Year, and, for such purposes, any one or more of the following rules shall apply at the election of the District:

(1) Committed Take Out. If the Board has entered into a Credit Agreement constituting a binding commitment within normal commercial practice to discharge any of its Funded Debt at its Stated Maturity (or, if due on demand, at any date on which demand may be made) or to purchase any of its Funded Debt at any date on which such Funded Debt is subject to required purchase, all under arrangements whereby the Board's obligation to repay the amounts advanced for such discharge or purchase constitutes Funded Debt, then the portion of the Funded Debt committed to be discharged or purchased shall be excluded from such calculation and the principal of and interest on the Funded Debt incurred for such discharging or purchase that would be due in the Fiscal Year for which the calculation is being made, if incurred at the Stated Maturity or purchase date of the Funded Debt to be discharged or purchased, shall be added;

(2) Balloon Parity Debt. If the principal (including the accretion of interest resulting from original issue discount or compounding of interest) of any series or issue of Funded Debt due (or payable in respect of any required purchase of such Funded Debt by the District) in any Fiscal Year either is equal to at least 25% of the total principal (including the accretion of interest resulting from original issue discount or compounding of interest) of such Funded Debt or exceeds by more than 50% the greatest amount of principal of such series or issue of Funded Debt due in any preceding or succeeding Fiscal Year (such principal due in such Fiscal Year for such series or issue of Funded Debt being referred to herein and throughout this Resolution as “Balloon Parity Debt”), the amount of principal of such Balloon Parity Debt taken into account during any Fiscal Year shall be equal to the debt service calculated using the original principal amount of such Balloon Parity Debt amortized over the Term of Issue on a level debt service basis at an assumed interest rate equal to the rate borne by such Balloon Parity Debt on the date of calculation;

(3) Consent Sinking Fund. In the case of Balloon Parity Debt, if a Designated Financial Officer shall deliver to the District a certificate providing for the retirement of (and the instrument creating such Balloon Parity Debt shall permit the retirement of), or for the accumulation of a sinking fund for (and the instrument creating such Balloon Parity Debt shall permit the accumulation of a sinking fund for), such Balloon Parity Debt according to a fixed schedule stated in such certificate ending on or before the Fiscal Year in which such principal (and premium, if any) is due, then the principal of (and, in the case of retirement, or to the extent provided for by the sinking fund accumulation, the premium, if any, and interest and other debt service charges on) such Balloon Parity Debt shall be computed as if the same were due in accordance with such schedule, provided that this clause (3) shall apply only to Balloon Parity Debt for which the installments previously scheduled have been paid or deposited to the sinking fund established with respect to such debt on or before the times required by such schedule; and provided further that this clause (3) shall not apply where the District has elected to apply the rule set forth in clause (2) above;

(4) Prepaid Debt. Principal of and interest on Parity Obligations, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal or interest are payable from funds on deposit or set aside in trust for the payment thereof at the time of such calculations (including without limitation capitalized interest and accrued interest so deposited or set aside in trust) with a financial institution acting as fiduciary with respect to the payment of such debt; and

(5) Variable Rate. As to any Parity Obligations that bear interest at a variable interest rate which cannot be ascertained at the time of calculation of the Annual Debt Service Requirement then, at the option of the District, either (A) an interest rate equal to the average rate borne by such Parity Obligations (or by comparable debt in the event that such Parity Obligations has not been outstanding during the preceding 24 months) for any 24 month period ending within 30 days prior to the date of calculation, or (B) an interest rate equal to the 30-year Revenue Bond Index (as most recently published in The Bond Buyer), shall be presumed to apply for all future dates, unless such index is no longer published in The Bond

Buyer, in which case an index of revenue bonds with maturities of at least 20 years which is published in a financial newspaper or journal with national circulation may be used for this purpose (if two Series of Parity Obligations which bear interest at variable interest rate, or one or more maturities within a Series, of equal par amounts, are issued simultaneously with inverse floating interest rates providing a composite fixed interest rate for such Parity Obligations taken as a whole, such composite fixed rate shall be used in determining the Annual Debt Service Requirement with respect to such Parity Obligations);

(6) Guarantee. In the case of any guarantee, as described in clause (2) of the definition of Debt, no obligation will be counted as Parity Obligations for the purpose of the definition of “Annual Debt Service Requirements” unless the Board has made such guarantee payable from the Gross Revenues on a parity basis to the lien created on the Gross Revenues hereby to secure the Bonds, or if the Board does not anticipate in its annual budget that it will make any payments on the guarantee. If, however, the guarantee is secured by the Gross Revenues, as aforesaid, and the Board is making payments on a guarantee or anticipates doing so in its annual budget, such obligation shall be treated as Parity Obligations and calculations of annual debt service requirements with respect to such guarantee shall be made assuming that the Board will make all additional payments due under the guaranteed obligation. If the entity whose obligation is guaranteed cures all defaults and the Board no longer anticipates making payments under the guarantee, the guaranteed obligations shall not be included in the calculation of Annual Debt Service Requirements;

(7) Commercial Paper. With respect to any Parity Obligations issued in the form of commercial paper with maturities not exceeding 270 days, the interest on such Parity Obligations shall be calculated in the manner provided in clause (5) of this definition and the maturity schedule shall be calculated in the manner provided in clause (2) of this definition; and

(8) Credit Agreement Payments. If the Board has entered into a Credit Agreement in connection with an issue of Debt and secured its obligation under the Credit Agreement from the Gross Revenues on a parity basis to the lien created on the Gross Revenues hereby to secure the Bonds, payments due under the Credit Agreement (other than payments for fees and expenses), for either the Board or the Credit Provider, shall be included in such calculation, except to the extent that the payments are already taken into account under (1) through (7) above and any payments otherwise included above under (1) through (7) which are to be replaced by payments under a Credit Agreement, from either the Board or the Credit Provider, shall be excluded from such calculation.

With respect to any calculation of historic data, only those payments actually made in the subject period shall be taken into account in making such calculation and, with respect to prospective calculations, only those payments reasonably expected to be made in the subject period shall be taken into account in making the calculation.

“Authorized Officer” – The Chair, the Vice Chair or the Secretary of the Board, the President of the College or the Chief Financial Officer of the District and any other person authorized by official action of the Board to perform the act or sign the document in question.

“Board” - The Board of Trustees of the District.

“Bond Counsel” - McCall, Parkhurst & Horton L.L.P., or such other firm of attorneys of nationally recognized standing in the field of law relating to municipal revenue bonds selected by the Board.

“Bond Date” - The date specified in the Pricing Certificate for the dating of the Bonds.

“Bonds” - The “Odessa College District Consolidated Fund Revenue Bonds, Series 2025” (or such other designation as may be provided in the Pricing Certificate) authorized by this Resolution and all substitute bonds exchanged therefor, and all other substitute and replacement bonds issued pursuant to this Resolution; and the term “Bond” means any of the Bonds.

“Business Day” - Any day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in The City of New York, New York or in the city where the designated payment office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

“Code” - The Internal Revenue Code of 1986, and any amendments thereto.

“College” - Odessa College in the City of Odessa, Ector County, Texas, and all present and future campuses owned or to be owned and operated by the District.

“College Bookstore Revenues” - All of the revenues and income of every nature derived by the District from the operation and ownership of the bookstore or bookstores now or hereafter owned and operated by the District, together with all extensions and improvements thereto and replacements thereof.

“College Cafeteria Revenues” - All of the revenues and income of every nature derived by the District from the operation and ownership of any and all facilities of the District provided for the purpose of feeding the students and the faculty of, and visitors to, the District, including without limitation all cafeterias and all vending machines for the sale of food and other products.

“Credit Agreement” - Collectively, a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Parity Obligations, purchase or sale agreements, interest rate swap agreements, currency exchange agreements, interest rate floor or cap agreements, or commitments or other contracts or agreements authorized, recognized and approved by the Board as a Credit Agreement in connection with the authorization, issuance, security, or payment of Parity Obligations.

“Credit Facility” - (i) a policy of insurance or a surety bond, issued by an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations, provided that a Rating Agency having an outstanding rating on Parity Obligations would, at the time that such facility is entered into by the District, rate the Parity Obligations fully insured by a standard policy issued by the issuer in its two highest generic rating categories for such obligations; and (ii) a letter or line of credit issued by any financial institution, provided that a Rating Agency having an outstanding rating on the Parity Obligations would, at the time that such facility is entered into by the District, rate the parity obligations in its two highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of the Parity Obligations and the interest thereon.

“Credit Provider” - Any bank, financial institution, insurance company, surety bond provider, or other entity which provides, executes, issues, or otherwise is a party to or provider of a Credit Agreement.

“Debt” - All:

(1) indebtedness incurred or assumed by the Board for borrowed money (including indebtedness arising under Credit Agreements) and all other financing obligations of the Board that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet;

(2) all other indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations that is guaranteed, directly or indirectly, in any manner by the Board, or that is in effect guaranteed, directly or indirectly, by the Board through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and

(3) all indebtedness secured by any mortgage, lien, charge, encumbrance, pledge or other security interest upon property owned by the Board whether or not the Board has assumed or become liable for the payment thereof.

For the purpose of determining the “Debt” of the Board, there shall be excluded any particular Debt if, upon or prior to the Maturity thereof, there shall have been deposited with the proper depository (a) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (b) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements prepared by or for the benefit of the Board in prior Fiscal Years.

“Defeasance Securities” Any securities and obligations now or hereafter authorized by State law that are eligible to refund, retire or otherwise discharge obligations such as the Bonds.

“Depository” - Such bank or banks at any time selected by the Board to serve as depository of the funds of the District.

“Designated Financial Officer” - The Chief Financial Officer of the District or such other financial or accounting official of the District so designated by the Board.

“District” - The Odessa College District, and, where appropriate, the Board thereof.

“Dormitory System Revenues” - All of the revenues and income of every nature derived by the District from the operation and ownership of all present and future facilities owned by the District for the purpose of housing the married and/or unmarried students and or faculty.

“Fiscal Year” - Any twelve consecutive month period established by the District as its “fiscal year.”

“Funded Debt” - All Parity Obligations created or assumed by the District, either through the use of the proceeds or by an obligation of the District to pay, guarantee or otherwise provide for the payment thereof which mature by their terms (in the absence of the exercise of any earlier right of demand), or that are renewable at the option of the District to a date, more than one year after the original creation or assumption of such debt by the District.

“General Use Fee” - The gross collections of a general fee to be fixed, charged and collected from all students (except any category of students exempt from paying fees by State law or the Board) regularly enrolled in the District, for the use and availability of the College or other facilities of the District, as authorized by the Act.

“Gross Revenues” - All revenues of the District, including: (a) the General Use Fee; (b) the College Bookstore Revenues; (c) the Tuition Pledge; (d) the College Cafeteria Revenues; (e) the Dormitory System Revenues; (f) the Operating Fees; (g) gifts, grants or donations from any public or private source that are not restricted or dedicated with respect to their use or purpose; and (h) the earnings of the District on all investments of the District lawfully available for such purpose; provided, that, Gross Revenues shall not include; (i) tuition charged in excess of the amount permitted by the Act to be pledged to the payment of bonds; (ii) ad valorem taxes; and (iii) revenues received from the State of Texas; and, provided further, that if the District receives an opinion of Bond Counsel to the effect that ad valorem taxes or revenues received from the State of Texas (or any part of such revenues) may be used to secure Parity Obligations, and the Board adopts a resolution whereby such revenues are declared to be included in the definition of Gross Revenues for the benefit of all or any part of the District's Parity Obligations, such sources shall thereafter constitute Gross Revenues to the extent included in the resolution of the Board. Amounts on deposit in a Pledged Fund, and the proceeds of the investment thereof, secure the Parity Obligations for which such Pledged Fund was created, and do not constitute Gross Revenues for the purpose of securing other Parity Obligations.

“Maturity” - When used with respect to any debt, the date on which the principal of such debt or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption, or otherwise.

“Non-Recourse Debt” - Any Debt secured by a lien (other than a lien on Gross Revenues or Pledged Funds), liability for which is effectively limited to the property subject to such lien with no recourse, directly or indirectly, to any other revenue producing property of the District that generates the Gross Revenues securing Parity Obligations; provided, however, that such Debt is being incurred in connection with the acquisition of property only, which property is not, at the time of such occurrence, owned by the District and being used in the operations of the District.

“Operating Fees” - Any and all rentals, rates, charges, and or fees that are additional to the General Use Fees, the College Bookstore Revenues, the College Cafeteria Revenues, and the Dormitory System Revenues, and the Tuition Pledge, that may be collected from students and others for the occupancy, use, and/or availability of all or any part of the District's property, buildings, structures, activities, operations, or facilities of any nature or kind, that are authorized by the Act, whether heretofore levied or assessed or hereafter levied or assessed pursuant to the requirements of Section 9(a).

“Outstanding” - When used with respect to Parity Obligations, means, as of the date of determination, all Parity Obligations theretofore delivered under this Resolution and any resolution authorizing Additional Parity Obligations, except:

- (1) Parity Obligations theretofore canceled and delivered to the District or delivered to the Paying Agent/Registrar for cancellation;
- (2) Parity Obligations deemed paid pursuant to the provisions of Section 26 of this Resolution or any comparable section of any resolution authorizing additional Parity Obligations;
- (3) Parity Obligations upon transfer of or in exchange for and in lieu of which other Parity Obligations have been authenticated and delivered pursuant to this Resolution and any resolution authorizing Additional Parity Obligations; and
- (4) Parity Obligations under which the obligations of the District have been released, discharged or extinguished in accordance with the terms thereof.

“Parity Obligations” - bonds, notes, warrants or other obligations which the District reserves the right to issue or enter into, as the case may be, in the future under the terms and conditions provided in Section 17 of this Resolution and which obligations are equally and ratably secured wholly or in part by a pledge of and lien on the Gross Revenues on a parity with the lien of and pledge of the Gross Revenues which secures the Bonds. The Bonds and the District's (i) Consolidated Fund Revenue Bonds, Series 2021 and (ii) Consolidated Fund Revenue Refunding Bonds, Taxable Series 2021 currently constitute all of the District's Parity Obligations.

“Paying Agent/Registrar” - The bank, trust company, financial institution or other entity so named in the Pricing Certificate in accordance with the provisions of Section 3.

“Pledged Funds” - With respect to the Bonds, (a) amounts on deposit in the Revenue Fund and allocable to the Bonds in accordance with Section 10 hereof, (b) amounts on deposit in the Debt Service Fund, together with any investment securities or other investments or earnings belonging to said fund, (c) amounts on deposit in the applicable Series 2025 Reserve Fund (provided that such fund is directed to be created for the benefit of a series of Bonds in the Pricing Certificate”), together with any investment securities or other investments or earnings belonging to said fund and (d) amounts on deposit in the Series 2025 Construction Fund, together with any investment securities or other investments or earnings belonging to said fund.

“Pricing Certificate” - The Certificate authorized by Section 3 to be prepared by a Pricing Officer for the purpose of supplementing this Resolution and providing for terms of the Bonds and the terms of sale of the Bonds.

“Pricing Officer” - Shall have the meaning set forth in Section 3(a) hereof.

“Purchase Agreement” - A bond purchase agreement, notice of sale and bidding instructions or private placement agreement providing for the sale of the Bonds of a series to the Purchaser thereof.

“Purchaser” - That entity or, collectively, those entities, named in the Pricing Certificate as the purchaser or purchasers of the Bonds of a series.

“Record Date” - The date for determining the Registered Owner for purposes of making a payment on the Bonds of a series, as such term is specified in the Pricing Certificate.

“Registered Owners” - The registered owners of the Bonds from time to time as shown in the books kept by the Paying Agent/Registrar as bond registrar and transfer agent.

“Reserve Fund Obligation” – To the extent permitted by law, a surety bond or insurance policy (which, under applicable law, shall not entitle the provider thereof to any right of reimbursement or repayment other than a right to subrogation upon payments being made to bondholders), issued by a company or institution having a rating in one of the two highest rating categories by two Rating Agencies, deposited in the Series 2025 Reserve Fund to satisfy the Series 2025 Required Reserve Amount, whereby the issuer of such surety bond or insurance policy is obligated to provide funds up to and including the maximum amount and under the conditions specified in such agreement or instrument.

“State” - The State of Texas.

“Stated Maturity” - The annual principal payments of the Parity Obligations payable on the respective dates set forth in the resolutions which authorize the issuance of such Parity Obligations.

“Series 2025 Required Reserve” - An amount, if any, to be deposited upon the issuance of the Bonds into a Series 2025 Reserve Fund or accumulated therein over time for the benefit of a series of Bonds, as specified in the Pricing Certificate, and such amount may be recalculated from time to time as provided in the Pricing Certificate.

“Series 2025 Reserve Fund” - A fund that may be ordered created in a Pricing Certificate in accordance with Section 10(c) hereof and, if more than one subaccount or fund shall be created distinctive wording shall be added to identify the series of Bonds that such subaccount or fund pertains to.

“Subordinate Lien Obligations” - Any bonds, notes, warrants, leases, guarantees or other obligations issued by the District that are payable, in whole or in part, from and secured by a lien on and pledge of the Gross Revenues, such pledge being subordinate and inferior to the lien on and pledge of the Gross Revenues that are or will be pledged to the payment of any Parity Obligations.

“Term Bonds” - Those Parity Obligations so designated in the resolutions authorizing such obligations which shall be subject to retirement by operation of a mandatory redemption account.

“Term of Issue” - With respect to any Balloon Parity Debt, a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Parity Debt and ending on the final maturity date of such Balloon Parity Debt or (ii) twenty-five years.

“Tuition Pledge” - Means an amount equal to 25 percent of the tuition charges collected from each enrolled student for each semester or term, said amount being allocated from the tuition charges charged students at the College, as permitted and established by law.

Section 8. PLEDGE; SECURITY AND PAYMENTS. The Bonds are special obligations of the District, payable on a parity basis with all other Parity Obligations, if any, and secured by the Gross Revenues. The Bonds are additionally secured by the Pledged Funds. The Gross Revenues and the Pledged Funds are hereby pledged to the payment of the principal of, premium, if any, and interest on the Bonds as the same shall become due and payable; and the Gross Revenues are further pledged to the establishment and maintenance of the Pledged Funds, to the extent hereinafter provided. The Bonds are and will be secured by and payable only from the Gross Revenues and the Pledged Funds, and are not secured by or payable from a mortgage or deed of trust on any properties, whether real, personal, or mixed of the District. The Board agrees to pay the principal of, premium, if any, and the interest on the Bonds when due, whether by reason of maturity or redemption.

Section 9. RATES AND CHARGES; COVENANTS RELATING TO GROSS REVENUES. (a) Rate Covenant. In each Fiscal Year, the Board shall establish, charge, and use its reasonable efforts to collect Gross Revenues which, if collected, will be sufficient to produce Gross Revenues for each Fiscal Year (1) in an amount at least equal to 150% of the Annual Debt Service Requirements during such Fiscal Year of the then Outstanding Parity Obligations and to fund and/or maintain all funds and accounts created for the benefit of each series of Parity Obligations and (2) are sufficient to meet all financial obligations of the District relating to operating and maintaining the District's property, buildings, structures, activities, operations, or facilities of any nature or kind, that are authorized by the Act and are reasonably anticipated to be paid from Gross Revenues.

(b) Tuition. The Board covenants and agrees to establish, maintain, enforce, charge and collect tuition from all students enrolled at all of the District's facilities (excepting, with respect to each series or issue of Parity Obligations, any student in a category which, at the time of adoption of the resolution authorizing the issuance of such Parity Obligations, is exempt by law or by the Board from paying such tuition charges) in such amounts as shall be necessary, together with other legally available funds, including other Gross Revenues, to satisfy the covenant set forth in Section 9(a) above; provided, however, the District may increase or decrease the tuition charged to such students, and increase or decrease the rentals, rates, charges, fees, tuition or other resources of the Board which constitute Gross Revenues; and provided, further, that no such adjustment shall occur if the result thereof is that the District shall violate its covenant set forth in Section 9(a) above.

(c) Anticipated Deficit. If the Board determines, for any reason whatsoever, that there are not anticipated to be legally available funds, including Gross Revenues, sufficient to meet all financial obligations of the Board described in Section 9(a) above, including the deposits and payments due on or with respect to Outstanding Parity Obligations as the same mature or come due, then the Board shall fix, levy, charge, and collect such rentals, rates, charges, fees, tuition or other charges of the District, effective at the next succeeding regular semester or semesters or summer term or terms, in such amounts, without any limitation whatsoever (other than as provided in (d) below), as will be at least sufficient to provide, together with other legally available funds, including Gross Revenues, the money for making when due all such financial obligations of the Board, including all payments and deposits due on or with respect to Outstanding Parity Obligations when and as required by this Resolution or any resolution pursuant to which additional Parity Obligations are authorized to be issued.

(d) Economic Effect of Adjustments. Any adjustments in the rate or manner of charging for any rentals, rates, fees, charges, tuition or other resources included in Gross Revenues will be based upon a certificate and recommendation of the Designated Financial Officer, delivered to the Board, as to the rates and anticipated collection of the Gross Revenues by the District (after taking into account the anticipated effect the proposed adjustments in such rentals, rates, fees, tuition, or other charges would have on enrollment and the receipt of Gross Revenues and other funds by the District) which will be anticipated to result in Gross Revenues being sufficient, together with other legally available funds, to meet all financial obligations of the Board described in Section 9(a) above, including all deposits and payments due on or in connection with Outstanding Parity Obligations when and as required by this Resolution or any resolution pursuant to which additional Parity Obligations are authorized to be issued.

Section 10. CREATION AND CONFIRMATION OF FUNDS; FLOW OF FUNDS. (a) There has previously been created and there is hereby confirmed to be held at a Depository of the District, for the prorata benefit of all Parity Obligations, the "Odessa College District Revenue Fund" (herein called the "Revenue Fund") and the "Odessa College District Debt Service Fund" (herein called the "Debt Service Fund". The District may establish a project construction fund in connection with the issuance of any series of Parity Obligations issued for the purpose of providing funds for the facilities and purposes of the District. Each project construction fund may be designated by the District as a Pledged Fund for the benefit of the series of Parity Obligations in connection with which such fund was created.

(b) For ease of administration, the District may establish in the Revenue Fund or the Debt Service Fund, or in the accounting records of the District, subaccounts for each series of Parity Obligations, and, if such subaccounts are established, the District shall deposit to such subaccounts a prorata amount of the Gross Revenues. The District shall deposit to the Debt Service Fund, or to the appropriate subaccount therein, accrued interest, if any, received from the sale of each series of Parity Obligations. Notwithstanding the establishment of such subaccounts, the Gross Revenues on deposit in the Revenue Fund and the Debt Service Fund shall secure all Parity Obligations equally and ratably.

(c) If provided for in the Pricing Certificate for the benefit of the Bonds of a series, there shall be created and ordered held at a Depository of the District a fund designated the "Odessa College District Revenue Bonds, Series 2025 Reserve Fund" (the "Series

2025 Reserve Fund"). The District may create subaccounts therein or may create separate debt service reserve funds if more than one series of Bonds are issued under this Resolution, and the District may fund a debt service reserve fund for one series (but not all series) issued hereunder. If such subaccounts or separate funds are created, distinctive names shall be given to each account or fund to designate the series of Bonds that the subaccount or fund benefits and secures. The District shall deposit a prorata amount of the Gross Revenues to such Fund, from time to time if required by the terms hereof. The amounts on deposit in the Series 2025 Reserve Fund shall secure all Bonds of the designated series and only the Bonds of such series.

(d) There is hereby ordered to be created and held at a Depository of the District a project construction fund designated the "Odessa College District Revenue Bonds, Series 2025 Construction Fund" (the "Series 2025 Construction Fund"). Proceeds of the Bonds in an amount specified in the Pricing Certificate shall be deposited into the Series 2025 Construction Fund and used to pay costs of the Project costs of issuing the Bonds (if not otherwise provided for in the Pricing Certificate). The Series 2025 Construction Fund is hereby designated by the District as a Pledged Fund for the benefit of the Bonds.

(e) The District hereby covenants and agrees that Gross Revenues shall be deposited upon receipt to the credit of the Revenue Fund, and that the Gross Revenues on deposit in the Revenue Fund shall be applied to the extent required for the following uses in the order of priority shown:

FIRST: On a pro rata allocation determined on the basis of the Annual Debt Service Requirements for all Parity Obligations coming due in each Fiscal Year, to the Debt Service Fund in approximately equal monthly deposits for the payment of Parity Obligations as principal, premium, if any, and interest on Parity Obligations comes due, with such deposits to be made in accordance with the provisions of each resolution of the District authorizing the issuance of Parity Obligations;

SECOND: On a pro rata allocation determined on the basis of the Annual Debt Service Requirements for all Parity Obligations coming due in each Fiscal Year, to fund each debt service reserve fund, created by resolutions authorizing the issuance of Parity Obligations, in approximately equal monthly deposits, which contains less than the amount to be accumulated and/or maintained therein, as provided in the resolutions of the District authorizing the issuance of such Parity Obligations;

THIRD: To the funds and accounts established by resolutions of the District providing for the payment and security of Subordinate Lien Obligations hereinafter issued, with such deposits to be made in approximately equal monthly deposits, in accordance with the provisions of each resolution of the District authorizing the issuance of Subordinate Lien Obligations; and

FOURTH: To the payment of all necessary and reasonable maintenance and operating expenses of the District and for such other uses as may be permitted by law.

Section 11. DEBT SERVICE FUND. (a) The District hereby covenants that the Debt Service Fund shall be established and kept at such Depository of the District as the District shall designate, and funds deposited therein shall be used only for the purpose of paying the principal of and interest on the Parity Obligations.

(b) From the Gross Revenues pledged to the payment and security of the Bonds, there shall be paid into the Debt Service Fund such amounts, at the times provided in clauses (i) and (ii) below, as will be fully sufficient (taking into account all amounts from every source which are deposited into the Debt Service Fund) to (i) promptly pay, when due, all principal of, premium, if any, and interest on the Bonds.

(i) such amounts, deposited in approximately equal monthly installments, commencing during the month in which the Bonds are delivered, or the month thereafter if delivery is made after the 15th day thereof, as will be sufficient, together with other amounts, if any, in the Debt Service Fund available for such purpose, to pay the interest scheduled to come due on the Bonds on the next succeeding interest payment date; and

(ii) such amounts, deposited in approximately equal monthly installments, commencing during the month that shall be the later to occur of, (i) the twelfth month before the first maturity date of the Bonds, or (ii) the month in which the Bonds are delivered, or the month thereafter if delivery is made after the 15th day thereof, as will be sufficient, together with other amounts, if any, in the Debt Service Fund available for such purpose, to pay the principal scheduled to mature on the Bonds on the next succeeding principal payment date.

In addition, all sums received from the purchasers of the Bonds constituting accrued interest, if any, shall be placed in the Debt Service Fund.

(c) Notwithstanding the provisions of Sections 10(b) and 11(b)(i) and (ii), if at any time the Parity Obligations of the District are payable solely on a semi-annual basis on the same dates for all Parity Obligations, deposits to the Debt Service Fund may

be made on a semiannual basis on or before the fifteenth day preceding each scheduled semi-annual payment date beginning immediately following the date of delivery of any such Parity Obligations, which shall be sufficient, together with any other money then available in the Debt Service Fund for such purpose, to pay the principal of and interest on the Parity Obligations scheduled to come due on the next succeeding interest and principal payment date. To the extent there is money available in the Debt Service Fund to pay principal and interest on Bonds in whole or in part on any scheduled payment date therefor, such deposits may be reduced by the amount of the aforesaid money available to pay said principal and interest on the Bonds.

Section 12. DEBT SERVICE RESERVE FUNDS; SERIES 2025 RESERVE FUND. (a) The District may create and establish a debt service reserve fund pursuant to the provisions of any resolution authorizing the issuance of Parity Obligations for the purpose of securing that particular issue or series of Parity Obligations or any specific group of issues or series of Parity Obligations and the amounts once deposited or credited to said debt service reserve funds shall no longer constitute Gross Revenues and shall be held solely for the benefit of the owners of the particular Parity Obligations for which such debt service reserve fund was established. Each such debt service reserve fund shall be designated in such manner as is necessary to identify the Parity Obligations it secures and to distinguish such debt service reserve fund from the debt service reserve funds created for the benefit of other Parity Obligations.

(b) Amounts on deposit in the Series 2025 Reserve Fund if created pursuant to Sections 10(c), 3(b) or 3(c) hereof may be applied only for purposes of (i) paying the principal of, premium, if any, and interest on the Bonds of the designated series when and if amounts on deposit in the Debt Service Fund and available to pay such amounts as the same shall become due are insufficient and (ii), in addition, may be used to the extent not required to maintain the Series 2025 Required Reserve, to pay, or provide for the payment of, the final principal amount of such Bonds so that they are no longer deemed to be "Outstanding" as such term is defined herein. The District shall deposit or accumulate (in accordance with the Pricing Certificate) and maintain an amount equal to the Series 2025 Required Reserve at all times in or held for the benefit of the applicable Series 2025 Reserve Fund. The Series 2025 Required Reserve shall be maintained with Gross Revenues in accordance with Section 10 hereof. Subject to subsection (e) of this Section, the District may at any time substitute a qualifying Credit Facility or Reserve Fund Obligation for all or part of the cash or other Credit Facility or Reserve Fund Obligation on deposit in, or held for the benefit of, the Series 2025 Reserve Fund.

(c) During such time as the applicable Series 2025 Reserve Fund contains the Series 2025 Required Reserve, the District may, at its option, withdraw any amount in the Series 2025 Reserve Fund in excess of the Series 2025 Required Reserve and, to the extent it represents proceeds from the sale of the Bonds, deposit such surplus in the Debt Service Fund, and, to the extent any such excess is from a source other than proceeds of the Bonds, in the Debt Service Fund or the Revenue Fund. When and so long as the cash and investments in the Series 2025 Reserve Fund and/or coverage afforded by a Credit Facility or Reserve Fund Obligation held for the account of the Series 2025 Reserve Fund total not less than the Series 2025 Required Reserve, no deposits need be made to the credit of the Series 2025 Reserve Fund; but, if and when the Series 2025 Reserve Fund at any time contains money, securities, a Credit Facility or a Reserve Fund Obligation having a value that is less than the Series 2025 Required Reserve, the District covenants and agrees to cause deposits to be made to the Series 2025 Reserve Fund in accordance with the provisions of the Pricing Certificate until the total Series 2025 Required Reserve then required to be maintained in the applicable Series 2025 Reserve Fund has been fully restored.

(d) The District further covenants and agrees that, subject only to the provisions of Section 10 hereof, the Gross Revenues shall be applied and appropriated and used to maintain the Series 2025 Required Reserve and to cure any deficiency in such amounts as required by the terms of this Resolution.

(e) Notwithstanding any other provision of this Resolution, if State law allows the District to enter into a Credit Agreement or Credit Facility in connection with the Bonds after the issuance date of the Bonds, the Board must specifically approve any such Credit Agreement or Credit Facility and any such Credit Agreement or Credit Facility must be submitted to the Attorney General of Texas (if submission is then required by law) for approval.

Section 13. DEFICIENCIES. In the event there are insufficient funds available in any month to permit the required monthly deposits in any fund created in accordance with the provisions of Section 10 hereof for purposes of paying the debt service requirements or funding or restoring any debt service reserve fund on any Parity Obligations, amounts equivalent to such deficiencies shall be set apart and paid into the said fund from the first available and unallocated Gross Revenues pledged to the payment of the Parity Obligations in the next following month or months, and such payments shall be in addition to the monthly amounts otherwise required to be paid into said funds during such month or months.

Section 14. INVESTMENT EARNINGS. Income and profits received from investments of the funds on deposit in any fund created in accordance with Section 10 hereof shall be retained therein and the District shall take into account the amount of such investment earnings which are on deposit in any such fund in determining the periodic amounts required to be deposited thereto from the Revenue Fund; provided that any amount on deposit in a debt service reserve fund created for any Parity Obligations which is in excess of the amounts required therein may be removed and used for any lawful purpose of the District, subject to the provisions of Section 25 hereof.

Section 15. TRANSFER OF FUNDS TO THE PAYING AGENT/REGISTRAR. On or before an interest or principal payment date of the Bonds, the District shall cause a transfer of funds on deposit in the Debt Service Fund to be made to the Paying

Agent/Registrar in the amounts calculated as fully sufficient to pay and discharge promptly, as due, each installment of principal of, premium, if any, and interest pertaining to the Bonds. In the event Bonds may be called for redemption prior to maturity, and are called for redemption by the District, the Board shall cause amounts calculated as sufficient to pay and discharge such Bonds (including accrued interest and premium, if any) so called for redemption to be transferred to the Paying Agent/Registrar on or before the date fixed for the redemption of such Bonds.

Section 16. SECURITY OF FUNDS. All money on deposit in the special funds for which this Resolution makes provision (except any portions thereof as may be at any time properly invested) shall be secured in the manner and to the fullest extent required by the laws of the State for the security of public funds.

Section 17. ISSUANCE OF ADDITIONAL PARITY OBLIGATIONS. (a) Subject to the provisions hereinafter appearing as conditions precedent which must be satisfied, the District reserves the right to issue, from time to time as needed, additional Parity Obligations for any lawful purpose. Such Parity Obligations may be issued in such form and manner as now or hereafter authorized by the laws of the State for the issuance of evidences of indebtedness or other instruments, and should new methods or financing techniques be developed that differ from those now available and in normal use, the District reserves the right to employ the same in its financing arrangements provided only that the following conditions precedent for the authorization and issuance of the same are satisfied, to wit:

(1) The Designated Financial Officer shall have executed a certificate stating (a) that, to the best of his or her knowledge and belief, the District is not then in default as to any covenants, obligation or agreement contained in any resolution or other proceeding relating to any obligations of the District payable in whole or in part from, and secured by a lien on and pledge of, the Gross Revenues that would materially affect the security or payment of the Parity Obligations and (b) either (i) payments into all special funds or accounts created and established for the payment and security of all Outstanding Parity Obligations have been made and that the amounts on deposit in such special funds or accounts are the amounts then required to be on deposit therein or (ii) the application of the proceeds of sale of such Parity Obligations then being issued will cure any such deficiency.

(2) The Designated Financial Officer shall have executed a certificate to the effect that, according to the books and records of the District, the Gross Revenues, for the preceding Fiscal Year or for a 12 consecutive month period out of the 18 consecutive months immediately preceding the month the resolution authorizing the issuance of the Parity Obligations is adopted are equal to at least (i) 1.5 times the maximum Annual Debt Service Requirements for all Parity Obligations then Outstanding and the proposed Parity Obligations, and in making the determination of the Gross Revenues, the Designated Financial Officer may take into consideration a change in the rates and charges for services and facilities afforded by the District that became effective at least sixty (60) days prior to the last day of the period for which the Gross Revenues are determined and, for purposes of satisfying the above Gross Revenues test, make a pro forma determination of the Gross Revenues of the District for the period of time covered by this certification or opinion based on such change in rates and charges being in effect for the entire period covered by the certificate of the Designated Financial Officer.

(b) Subject to the provisions of Section 17(a) hereof, Parity Obligations may be issued from time to time (pursuant to any law then available) for the purpose of refunding Outstanding Parity Obligations or Subordinate Lien Obligations upon such terms and conditions as the governing body of the District may deem to be in the best interest of the District and, if less than all Outstanding Parity Obligations are refunded or if any Subordinate Lien Obligations are refunded, the proposed refunding Parity Obligations shall be considered as additional Parity Obligations under the provisions of this Section 17, but the certificates required in Section 17(a) shall give effect to the issuance of the proposed refunding Parity Obligations (and shall not give effect to any Parity Obligations being refunded following their cancellation or provision being made for their payment).

(c) Payments to be made under a Credit Agreement may be treated as Parity Obligations if the Board makes a finding in the resolution authorizing the treatment of the obligations of the District incurred under a Credit Agreement as a Parity Obligation that, based upon the findings contained in a certificate executed and delivered by a Designated Financial Officer, the District will have sufficient funds to meet the financial obligations of the District, including sufficient Gross Revenues to satisfy the rate covenant set forth in Section 9(a) of this Resolution, after giving effect to the treatment of the Credit Agreement as a Parity Obligation.

Section 18. NO OBLIGATION OF LIEN SUPERIOR TO THAT OF THE PARITY OBLIGATIONS; NON-RECOURSE DEBT AND SUBORDINATE LIEN OBLIGATIONS. The District will not hereafter issue any additional bonds, notes, or other obligations or create or issue evidences of indebtedness for any purpose possessing a lien on the Gross Revenues superior to that to be possessed by the Parity Obligations. The District, however, retains the right to create and issue or incur Parity Obligations in accordance with Section 17 hereof. Non-Recourse Debt and Subordinate Lien Obligations may be incurred by the Board without limitation.

Section 19. METHOD OF AMENDMENT. The District hereby reserves the right to amend this Resolution subject to the following terms and conditions, to-wit:

(a) The District may from time to time, without the consent of any Registered Owner, except as otherwise required by paragraph (b) below, amend or supplement this Resolution in order to (i) cure any ambiguity, defect or omission in this Resolution that does not materially adversely affect the interests of the Registered Owners, (ii) grant additional rights or security for the benefit of the Registered Owners, (iii) add events of default as shall not be inconsistent with the provisions of this Resolution and which shall not materially adversely affect the interests of the Registered Owners, (iv) qualify this Resolution 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 this Resolution as shall not be inconsistent with the provisions of this Resolution and which shall not in the opinion of Bond Counsel materially adversely affect the interests of the Registered Owners.

(b) Except as provided in paragraph (a) above, the Registered Owners of Bonds aggregating in principal amount 51% of the aggregate principal amount of then Outstanding Bonds which are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto which may be deemed necessary or desirable by the District; provided, however, that without the consent of 100% of the Registered Owners in aggregate principal amount of the then Outstanding Bonds, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Resolution or in any of the Bonds so as to:

- (1) Make any change in the maturity of any of the Outstanding Bonds;
- (2) Reduce the rate of interest borne by any of the Outstanding Bonds;
- (3) Reduce the amount of the principal of, or redemption premium, if any, payable on any Outstanding Bonds;
- (4) Modify the terms of payment of principal or of interest or redemption premium on Outstanding Bonds or any of them or impose any condition with respect to such payment; or
- (5) Change the minimum percentage of the principal amount of the Bonds necessary for consent to such amendment.

(c) If at any time the District shall desire to amend this Resolution under this Section, the District shall send by U.S. mail to each registered owner of the affected Bonds a copy of the proposed amendment and cause notice of the proposed amendment to be published at least once in a financial publication published in The City of New York, New York or in the State. Such published notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the office of the District for inspection by all Registered Owners of such Bonds.

(d) Whenever at any time within one year from the date of publication of such notice the District shall receive an instrument or instruments executed by the Registered Owners of at least 51% in aggregate principal amount of all of the Bonds then Outstanding which are required for the amendment, which instrument or instruments shall refer to the proposed amendment and which shall specifically consent to and approve such amendment, the District may adopt the amendment in substantially the same form.

(e) Upon the adoption of any amendatory resolution pursuant to the provisions of this Section, this Resolution shall be deemed to be modified and amended in accordance with such amendatory resolution, and the respective rights, duties, and obligations of the District and all Registered Owners of such affected Bonds shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the Registered Owner of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the publication of the notice provided for in this Section, and shall be conclusive and binding upon all future Registered Owners of the same bond during such period. Such consent may be revoked at any time after six months from the date of the publication of said notice by the Registered Owner who gave such consent, or by a successor in title, by filing notice with the District, but such revocation shall not be effective if the Registered Owners of 51% in aggregate principal amount of the affected Bonds then Outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

For the purposes of establishing ownership of the Bonds, the District shall rely solely upon the registration of the ownership of such bonds on the registration books kept by the Paying Agent/Registrar.

Section 20. GENERAL COVENANTS. The Board further represents, covenants, and agrees that while any Parity Obligations or interest thereon is Outstanding:

(a) Payment of Parity Obligations. On or before each payment date the District shall make available to the Paying Agent for such Parity Obligations or to such other party as required by a resolution authorizing the issuance of Parity Obligations, money sufficient to pay the interest on, principal of, and premium, if any, on the Parity Obligations as will accrue or otherwise come due or mature, or be subject to mandatory redemption prior to maturity, on such date and the fees and expenses related to the Parity Obligations, including the fees and expenses of the Paying Agent and any Registrar, trustee, remarketing agent, tender agent, or Credit Provider.

(b) Performance. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution and in each resolution authorizing the issuance of Parity Obligations, and in each and every Parity Obligation or evidence thereof.

(c) Redemption. It will duly cause to be called for redemption prior to maturity, and will cause to be redeemed prior to maturity, all Parity Obligations which by their terms are mandatorily required to be redeemed prior to maturity, when and as so required.

(d) Lawful Title. The District lawfully owns, has title to, or is lawfully possessed of the lands, buildings, and facilities now constituting the District, and the Board will defend said title and title to any lands, buildings, and facilities which may hereafter become part of the College or otherwise the property of the District, for the benefit of the owners of Parity Obligations against the claims and demands of all persons whomsoever.

(e) Lawful Authority. It is lawfully qualified to operate the College and all services afforded by the District, and further to pledge the Gross Revenues and Pledged Funds herein pledged in the manner prescribed herein and has lawfully exercised such right. It will operate and continuously maintain the College and all services afforded by the District while any Parity Obligations are Outstanding and unpaid.

(f) Preservation of Lien. It will not do or suffer any act or thing whereby the pledge of the Gross Revenues and Pledged Funds might or could be impaired, and that it will at all times maintain, preserve, and keep the real and tangible property of the District and every part thereof in good condition, repair, and working order and operate, maintain, preserve, and keep the facilities, buildings, structures, and equipment pertaining thereto in good condition, repair, and working order. The Board hereby covenants and agrees to levy and collect within the District an ad valorem maintenance tax, within the limits heretofore voted, or within such higher limits as may be hereafter established by a vote of the qualified voters of the District in accordance with applicable law (with full allowance being made for delinquencies and costs of collection), at such rate or rates as will permit the maintenance and operation of the College and all services provided by the District to the level and standards required by this Section.

(g) No Additional Encumbrance. It shall not incur additional Debt secured by the Gross Revenues in any manner, except as permitted by this Resolution in connection with Parity Obligations, unless said Debt is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of this Resolution and any resolution authorizing the issuance of Parity Obligations. Notwithstanding anything to the contrary contained herein, Gross Revenues not needed to pay the debt service on Parity Obligations and to maintain the funds and accounts established herein and to be established in each resolution authorizing the issuance of Parity Obligations, and to pay debt service on Debt that is junior and subordinate thereto may be used by the District for any lawful purpose.

(h) Investments and Security. It will invest and secure money in all accounts and funds established pursuant to this Resolution and any on Parity Obligations in the manner prescribed by law for such funds, including, but not by way of limitation, the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, and in accordance with written policies adopted by the Board.

(i) Records. It will keep proper books of record and account in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to the District. Each year while Parity Obligations are Outstanding, the Board will cause to be prepared from such books of record and account an annual financial report of the District.

(j) Inspection of Books. It will permit any owner or owners of twenty-five percent (25%) or more of the then Outstanding principal amount of any series of Parity Obligations at all reasonable times to inspect all records, accounts, and data of the Board relating to the Gross Revenues.

(k) Determination of Outstanding Parity Obligations. For all purposes of this Resolution, the judgment of the Chief Financial Officer of the College shall be deemed final in the determination of which obligations of the Board constitute Parity Obligations.

(l) Sale or Encumbrance of Property. Except as provided in this Section 20(l) and in Sections 25 and 26 hereof, the District will not sell or encumber its facilities or any substantial part thereof, provided that the Board may convey, sell, or otherwise dispose of any properties of the College, including properties that generate Gross Revenues, as follows:

- (a) Such conveyance, sale, or disposition shall be in the ordinary course of business of the District.
- (b) The Board shall determine that after the conveyance, sale, or other disposition of such properties, the Board shall have sufficient funds during each Fiscal Year during which Parity Obligations are to be outstanding to meet the financial obligations of the District, including sufficient Gross Revenues to satisfy the Annual Debt Service Requirements of the District and to meet all financial obligations of the Board relating to the Parity Obligations, including, without limitation, the payment of Parity Obligations.
- (c) Any conveyance, sale, or other disposition of property financed with the proceeds of Parity Obligations shall conform to the federal income tax covenants set forth in the resolution pursuant to which the Parity Obligations were issued.