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SETTLEMENT, DELIVERY AND CLOSING PROCEDURES

ISSUE:

\$7,000,000

Gadsden Independent School District No. 16, New Mexico

General Obligation School Building Bonds

Series 2008A

BONDS DATED:

August 15, 2008

INTEREST PAYMENT

DATES:

February 15 and August 15, commencing February 15, 2009

MATURITY DATES, PRINCIPAL AMOUNTS

AND INTEREST RATES:

See Attached Exhibit A

CLOSING:

9:30 A.M., Friday, August 15, 2008 (by telephone)

PURCHASER:

Morgan Keegan & Co., Inc.

AUTHENTICATION:

Cuddy, Kennedy, Ives, Archuleta-Staehlin, Fairbanks & Vigil, LLP, Bond Counsel will ship the Bonds directly to Wells Fargo Bank, Colorado (the "Paying Agent/Registrar"), for signature and authentication. After the Obligations have been authenticated, the Bonds will be shipped to the Depository Trust Company

("DTC"), 55 Water Street, 1st Floor, NY, NY 10041.

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SETTLEMENT AMOUNT & FLOW OF FUNDS:

(I) Purchase Price of the Bonds:

Par Value @ 100	\$7,000,000.00
Plus: Premium	3,423.00
Total	\$7,003,423.00
Less: Good Faith Deposit	(140,000.00)
Amount Payable at Closing	\$6,863,423.00

(II) Transfers by Morgan Keegan & Co., Inc.:

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(III) Uses of Funds:

- A. \$7,000,000 representing the transfer of \$6,860,000 plus the good faith deposit of \$140,000 (previously wired) will be used for construction of projects and to pay costs of issuance as explained in "C" below.
- B. \$3,423.00 representing the premium will be deposited into the Debt Service Fund to pay interest on the Bonds when due on February 15, 2009.
- C. \$49,350.20 will be used by Wells Fargo Bank, Paying Agent, Registrar & Custodian to pay costs of issuance for services rendered by the District's Bond Counsel, Financial Advisor and Paying Agent, Registrar & Custodian. Please provide original invoices to Steve Suggs @ the Gadsden School District.

After all documentation is in order and all monies have been transferred, the Bonds will be released to the credit of Morgan Keegan & Co., Inc. via the Depository Trust Company Closing Desk (212) 855-3752, 53, 54, 55, 56.

 $\frac{\textbf{Settlement, Delivery and Closing Procedures}}{\$7,000,000}$ Gadsden Independent School District No. 16 General Obligation School Building Bonds Series 2008A Page 3

EXHIBIT A

Gadsden Independent School District No. 16 General Obligation School Building Bonds, Series 2008A \$7,000,000

Dated Date

8/15/2008

Delivery Date

8/15/2008

Period					Annual
Ending	Principal	Coupon	Interest	Debt Service	Debt Service
8/15/2008					
2/15/2009			\$127,062.50	\$127,062.50	
8/15/2009			127,062.50	127,062.50	\$254,125.00
2/15/2010			127,062.50	127,062.50	
8/15/2010	400,000	3.250%	127,062.50	527,062.50	654,125.00
2/15/2011			120,562.50	120,562.50	
8/15/2011	\$500,000	3.250%	120,562.50	620,562.50	741,125.00
2/15/2012			112,437.50	112,437.50	
8/15/2012	650,000	3.250%	112,437.50	762,437.50	874,875.00
2/15/2013			101,875.00	101,875.00	
8/15/2013	700,000	3.500%	101,875.00	801,875.00	903,750.00
2/15/2014			89,625.00	89,625.00	
8/15/2014	700,000	3.500%	89,625.00	789,625.00	879,250.00
2/15/2015			77,375.00	77,375.00	
8/15/2015	700,000	3.750%	77,375.00	777,375.00	854,750.00
2/15/2016			64,250.00	64,250.00	
8/15/2016	1,000,000	3.750%	64,250.00	1,064,250.00	1,128,500.00
2/15/2017			45,500.00	45,500.00	
8/15/2017	1,150,000	4.000%	45,500.00	1,195,500.00	1,241,000.00
2/15/2018			22,500.00	22,500.00	•
8/15/2018	1,200,000	3.750%	22,500.00	1,222,500.00	1,245,000.00
	\$7,000,000		\$1,776,500.00	\$8,776,500.00	\$8,776,500.00