



Joshua M. McLaughlin
Managing Director
Phone: (214) 576-0878
Facsimile: (214) 576-0890
jmclaughlin@bokf.com

Alison M. Long
Director
Phone: (214) 576-0881
Facsimile: (214) 576-0890
alison.long@bokf.com

September 8, 2021

Dr. Scott Muri
Superintendent of Schools
Ector County Independent School District
802 N. Sam Houston Avenue
Odessa, Texas 79761

Ms. Deborah Ottmers
Chief Financial Officer
Ector County Independent School District
802 N. Sam Houston Avenue
Odessa, Texas 79761

Re: Prepayment of Bonds Prior to Scheduled Maturity

Dear Dr. Muri and Ms. Ottmers:

Introduction

As Ector County Independent School District (the “District” or “ECISD”) continues to prudently manage its financial and debt position, this letter reviews the District’s ability to prepay \$1,445,000 of its existing Unlimited Tax Refunding Bonds, Series 2012 (the “Series 2012 Bonds”) and \$4,245,000 of its existing Unlimited Tax School Building Bonds, Series 2013 (the “Series 2013 Bonds”) on February 15, 2022 and the associated savings to be realized by ECISD and its taxpayers.

Prepayment of Bonds – A Debt Management Tool

Like making an extra principal payment on a home mortgage, the benefits of “prepaying” bonds include eliminating the District’s future interest cost on such bonds and increasing ECISD’s future bond capacity, for no tax rate increase, commensurate with the dollar amount of bonds prepaid.

Pursuant to State law, Ector County ISD may annually manage its Interest & Sinking Fund (“I&S”) tax rate by utilizing current year debt service tax collections and other lawfully available funds to “prepay” existing bonds prior to maturity by either:

- Repaying such bonds on their call date (if the call date is within the current fiscal year); or
- Placing sufficient funds in an escrow account to repay such bonds on their call date (if the call date is in a subsequent fiscal year).

Based upon the assumptions listed within the adjacent table, the District may prepay approximately \$5,690,000 of its existing Series 2012 and 2013 Bonds during fiscal year 2021/22 from its proposed I&S tax rate of 12.622 cents. The prepayment of these bonds will result in a reduction of the District’s future interest cost by \$2,462,438 – A direct savings to the District and its taxpayers!

FY 2021/22 Interest & Sinking Fund Budget	
Description	Assumption
Projected I&S Tax Collections at 12.622 Cents: ^(A)	\$ 18,236,278
Projected Delinquent I&S Tax Collections:	325,000
Projected Penalties & Interest:	227,500
Projected Interest Income:	10,000
State Funding Assistance (“ASAHE”):	231,925
Total Revenues	\$ 19,030,703
Scheduled Bond Payments (Includes Bond Prepayment):	\$ 19,240,665
Estimated Expenses:	10,000
Total Expenditures	\$ 19,250,665
^(A) Assumes a fiscal year 2021/22 Taxable Assessed Valuation (net of ceiling value adjustment) of \$14,448,009,937 and a tax collection percentage of 100%.	

Adoption of a Redemption Order

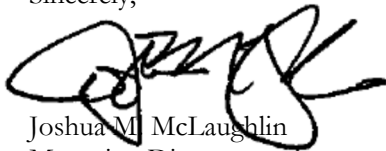
At its September 21, 2021 meeting, the Board of Trustees will consider the adoption of a Redemption Order that will authorize the aforementioned prepayment and the following is a preliminary timetable for this prepayment to occur.

Preliminary Timetable – Prepayment on February 15, 2022	
Date	Action Necessary
September 21, 2021	Board Meeting – Discuss and consider a Redemption Order authorizing the prepayment of \$1,445,000 of its Unlimited Tax Refunding Bonds, Series 2012 and \$4,245,000 of its Unlimited Tax School Building Bonds, Series 2013 on February 15, 2022.
On or Prior to December 15, 2021	Ector County ISD sends necessary documentation to The Bank of New York Mellon Trust Company, N.A., as paying agent/registrar for the Series 2012 and 2013 Bonds, to complete the prepayment.
On or Prior to January 15, 2022	The Bank of New York Mellon Trust Company, N.A. delivers the required notice of prepayment to existing holders of the Series 2012 and 2013 Bonds.
February 15, 2022	\$1,445,000 of ECISD's Series 2012 Bonds and \$4,245,000 of ECISD's Series 2013 Bonds are officially prepaid and future interest payments are eliminated on such bonds.

Closing

We hope this information is helpful as you continue to manage Ector County ISD's financial and debt position. Should any questions arise, additional material is preferred or we may be of any assistance, please let us know. Take care and we look forward to visiting with you soon!

Sincerely,



Joshua M. McLaughlin
Managing Director



Alison M. Long
Director