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August 28, 2020

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 Existing Bonds During Fiscal Year 2020/21

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 summarizes the District’s ability to prepay \$5,235,000 of its existing bonds on February 15, 2021, including 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 are the District’s future interest cost is eliminated on such bonds and ECISD’s future bond capacity, for no tax rate increase, correspondingly grows by 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 \$5,235,000 of its existing bonds during fiscal year 2020/21 from its proposed I&S tax rate of 12.322 cents. The prepayment of these bonds will result in a reduction of the District’s future interest cost by \$3,206,437.50 – A direct savings to the District and its taxpayers!

Pro Forma FY 2020/21 Interest & Sinking Fund Budget	
Description	Assumption
Projected I&S Tax Collections at 12.322 Cents: ^(A)	\$ 17,665,656
Projected Delinquent I&S Tax Collections:	412,000
State Funding Assistance (“ASAHE”)	268,836
Total Revenues	\$ 18,346,492
Scheduled Bond Payments (Includes Bond Prepayment)	\$ 18,334,906
Estimated Expenses	9,800
Total Expenditures	\$ 18,344,706
^(A) Assumes a fiscal year 2020/21 Taxable Assessed Valuation (net of frozen values) of \$14,780,081,913 and a tax collection percentage of 97%.	

Preliminary Timetable for Prepayment of Existing Bonds

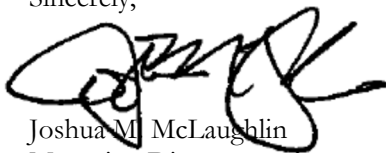
Should Ector County ISD desire to move forward with a prepayment of its existing bonds, the following is a preliminary timetable for such action to occur during fiscal year 2020/21.

Preliminary Timetable – Prepayment on February 15, 2021	
Date	Action Necessary
September 15, 2020	Board Meeting – Discuss and consider a Redemption Order authorizing the prepayment of \$5,235,000 of its Unlimited Tax School Building Bonds, Series 2013 on February 15, 2021.
On or Prior to January 1, 2021	Ector County ISD sends necessary documentation to The Bank of New York Mellon Trust Company, N.A., as paying agent/registrars for the Series 2013 Bonds, to complete the prepayment.
On or Prior to January 15, 2021	The Bank of New York Mellon Trust Company, N.A. delivers the required notice of prepayment to existing holders of the Series 2013 Bonds.
February 15, 2021	\$5,235,000 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, stay safe and we look forward to visiting with you soon!

Sincerely,



Joshua M. McLaughlin
Managing Director



Alison M. Long
Director