

\$6,575,000
STEPHENVILLE INDEPENDENT SCHOOL DISTRICT

Unlimited Tax Qualified School Construction Bonds,
Taxable Series 2012-A (Direct-Pay Subsidy)

INTERIM ARBITRAGE REBATE ANALYSIS

For the Computation Period:
August 23, 2012 - August 23, 2017



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September 15, 2017

Stephenville Independent School District
2655 West Overhill Drive
Stephenville, Texas 76401

Re: \$6,575,000
Stephenville Independent School District
Unlimited Tax Qualified School Construction Bonds,
Taxable Series 2012-A (Direct-Pay Subsidy)
Interim Arbitrage Rebate Analysis
Computation Period: August 23, 2012 through August 23, 2017

Ladies and Gentlemen:

This report (the “Report”), which is being delivered to you pursuant to our engagement letter, consists of computations and the assumptions on which such computations are based with respect to the rebate liability of the Stephenville Independent School District (the “Issuer”) in connection with the above-captioned issue (the “Bonds”) for the above-referenced period (the “Interim Computation Period”).

The computations herein are based on an analysis of existing laws, regulations, and rulings. The Department of the Treasury (“Treasury”) may publish additional regulations and supplement, amend, or interpret such laws, regulations, and rulings from time to time, with the result that the amount of rebate liability described in the Report may be subject to adjustment under such future pronouncements.

The scope of our engagement was limited to preparing the Report based on information supplied to us. In accordance with our engagement letter (which is incorporated herein by reference), our engagement did not include determination of whether securities allocable to proceeds of the Bonds were purchased at fair market value within the meaning of the Treasury Regulations, or an audit or review of the investments acquired with gross proceeds or the payment of debt service on the Bonds. With your permission, we have relied entirely on the information provided to us without independent verification, and we express no opinion as to the completeness, accuracy, or suitability of such information for purposes of calculating rebate liability with respect to the Bonds. We have undertaken no responsibility to audit or review the tax-exempt status of interest on the Bonds or any other aspect of the Bond program. We are under no obligation to consider any information obtained by us pursuant to this engagement for any purpose other than determining such rebate liability. Also, we have no obligation to update this Report because of any events occurring, changes in existing laws, regulations, or rulings or interpretations thereof, or data or information received, subsequent to the date hereof.

For the Interim Computation Period August 23, 2012 through August 23, 2017:

Allowable Yield on Investments:	0.000000%
Rebate Payment Due:	<u>\$0.00</u>


As set forth on Schedule A hereof, no payment is required to be made to the United States on or before October 22, 2017 (60 days after August 23, 2017, the end of the fifth Bond Year). As no payment is due to the United States, no Internal Revenue Service Form 8038-T need be filed.

The next rebate installment payment will be due not later than October 22, 2022 (60 days after August 23, 2022, the end of the tenth Bond Year). Should the Bonds be retired prior to August 23, 2022, 100% of the Cumulative Rebate Liability (reduced by any applicable computation date credits) as of such retirement date will become due and payable within 60 days.

This Report does not address or determine the amount of any penalty in lieu of rebate that may be payable with respect to the Bonds.

This Report is not to be used, circulated, quoted, referred to, or relied upon by any other person without our express written permission.

Very truly yours,


BLX Group LLC



September 15, 2017

Stephenville Independent School District
2655 West Overhill Drive
Stephenville, Texas 76401

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Los Angeles, CA 90017-5855
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Re: \$6,575,000
 Stephenville Independent School District
 Unlimited Tax Qualified School Construction Bonds,
 Taxable Series 2012-A (Direct-Pay Subsidy)
 Arbitrage Rebate Analysis
 Computation Period: August 23, 2012 through August 23, 2017

Ladies and Gentlemen:

This opinion is being delivered to you pursuant to our engagement to provide certain legal services and accompanies a report (the "Report") prepared on the date hereof by BLX Group LLC ("BLX") consisting of computations and the assumptions on which such computations are based with respect to the rebate liability of the Stephenville Independent School District (the "Issuer") in connection with the above-captioned issue (the "Bonds") for the above-referenced period (the "Interim Computation Period"). In particular, we note that our opinion is specifically subject to the notes and assumptions contained in the Report.

The opinion expressed herein is based on an analysis of existing laws, regulations, and rulings. The Department of the Treasury ("Treasury") may publish additional regulations and supplement, amend, or interpret such laws, regulations, and rulings from time to time, with the result that the amount of rebate liability described in the Report and in this opinion may be subject to adjustment under such future pronouncements.

The scope of our engagement was limited to preparing this opinion, based on information supplied to us by you and BLX. Our engagement did not include work performed by prior counsel, independent determination of which funds were subject to or exempt from rebate, determination of whether securities allocable to proceeds of the Bonds were purchased at fair market value within the meaning of the Treasury Regulations, or an audit or review of the investments acquired with gross proceeds or the payment of debt service on the Bonds. With your permission, we have relied entirely on information provided by you and BLX without independent verification, and we express no opinion as to the completeness, accuracy, or suitability of such information for purposes of calculating rebate liability with respect to the Bonds. We have undertaken no responsibility to audit or review the tax-exempt status of interest on the Bonds or any other aspect of the Bond program. No opinion is expressed on any matter other than rebate liability to the extent set forth below, and we are under no obligation to consider any information obtained by us pursuant to this engagement for any purpose other than determining such rebate liability. Also, we have no obligation to update this opinion because of any events occurring, changes in existing laws, regulations, or rulings or interpretations thereof, or data or information received, subsequent to the date hereof.



Based on and subject to the foregoing, and subject to the notes and assumptions contained in the Report, in our opinion, the computations shown in the Report were performed in accordance with applicable federal law and regulations and reflect the following:

For the Interim Computation Period August 23, 2012 through August 23, 2017:

Allowable Yield on Investments:	0.000000%
Rebate Payment Due:	<u>\$0.00</u>

This opinion and Report do not address or determine the amount of any penalty in lieu of rebate that may be payable with respect to the Bonds.

This opinion is not to be used, circulated, quoted, referred to, or relied upon by any other person without our express written permission.

Very truly yours,

A handwritten signature in cursive script that reads "Orrick, Herrington & Sutcliffe LLP".

ORRICK, HERRINGTON & SUTCLIFFE LLP

NOTES AND ASSUMPTIONS

1. The Dated Date of the Bonds is July 15, 2012.
2. The Issue Date of the Bonds is August 23, 2012.
3. The Interim Computation Period is August 23, 2012 to August 23, 2017.
4. The Bonds constitute one issue for federal taxation purposes and are not treated as part of any other issue of governmental obligations.
5. The end of the first Bond Year with respect to the Bonds for purposes of determining installment computation dates is August 23, 2013. Subsequent Bond Years end annually thereafter until the final redemption date of the Bonds.
6. For debt service, yield, and investment cash flow purposes, all payments and receipts with respect to the Bonds and proceeds thereof are accurately set forth in the schedules contained herein.
7. The purchase price of each investment is at fair market value, exclusive of brokerage commissions, administrative expenses, or similar expenses and is representative of an arm's length transaction which did not reduce the rebate amount required to be paid to the United States.
8. The Bonds are not, in whole or in part, "refunding" or "refunded" bonds.
9. Certain funds and accounts constitute a bona fide debt service fund, and accordingly, were not taken into account in determining the Cumulative Rebate Liability.
10. The proceeds of the Bonds deposited to the Construction Fund are exempt from the rebate requirements since, under Section 54A(d)(2) of the Internal Revenue Code (the "Code"), as of the date of issuance, the Issuer reasonably expected 100 percent or more of the available project proceeds to be spent for one or more qualified purposes within the three-year period beginning on such date of issuance, and a binding commitment with a third party to spend at least ten percent of such available project proceeds would be incurred within the six month period beginning on such date of issuance.
11. In regard to the establishing of an invested sinking fund, in accordance with Section 54A(d)(4)(C)(iii) of the Code, and as set forth in the IRS Form 8038-TC, the yield on the amounts in such fund should not exceed 3.30 percent.

DEFINITIONS

1. 1992 Regulations: The Treasury Regulations issued on May 18, 1992.
2. 1993 Regulations: The Treasury Regulations issued on June 14, 1993.
3. Treasury Regulations: Either the 1992 Regulations or the 1993 Regulations, as applicable.
4. Bona Fide Debt Service Fund: Pursuant to Section 148(f)(4)(A) of the Internal Revenue Code (the “Code”), amounts held in a bona fide debt service fund in connection with either short term, private activity or variable rate bonds are not subject to rebate if gross earnings on such fund do not exceed \$100,000 in each bond year. Amounts held in a bona fide debt service fund for all other bond issues are not subject to rebate. As defined in Section 1.148-1(b) of the 1993 Regulations, a bona fide debt service fund may include proceeds of an issue.
5. Commingled Fund: As defined in Section 1.148-4(a)(4) of the 1992 Regulations or Section 1.148-1(b) of the 1993 Regulations.

Commingled Funds arise when gross proceeds of a bond issue are mixed or “commingled” with other monies (e.g., proceeds of other bonds issues, equity contributions, revenues, etc.). Uncommingling generally entails employing one of the methodologies allowable under the Treasury Regulations to identify the portions of investments, and earnings thereon, made with gross proceeds of the bond issue under examination.

6. Qualified Guarantee: As defined in Section 1.148-3(b)(12) of the 1992 Regulations or Section 1.148-4(f) of the 1993 Regulations.
7. Qualified Hedge: As defined in Section 1.148-4(h)(2) of the 1993 Regulations.
8. Transferred Proceeds: As defined in Section 1.148-11(c) of the 1992 Regulations or Section 1.148-9(b) of the 1993 Regulations.

Transferred Proceeds arise when a bond issue (the “Refunding Bonds”) defeases or redeems one or more bond issues (the “Refunded Bonds”). Proceeds of the Refunded Bonds become Transferred Proceeds of the Refunding Bonds as proceeds of the Refunding Bonds are used to redeem principal of the Refunded Bonds. Subsequent to being transferred, arbitrage earnings on Transferred Proceeds are calculated using the arbitrage yield of the Refunding Bonds.

9. Yield Restricted Funds: Any funds required to be invested at a yield that is not materially higher than the yield on the Bonds under Section 148(a) of the Code and Section 1.148-2 of the 1993 Regulations.

Yield restricted funds typically arise in connection with project, construction or acquisition proceeds that remain unspent subsequent to the expiration of the allocable “temporary period” during which such proceeds can be invested without regard to yield. Yield restricted funds also arise in connection with advance refundings, sinking funds, and over-funded reserve funds.

10. Universal Cap: As described in Section 1.148-4(b)(3) of the 1992 Regulations or Section 1.148-6(b)(2) of the 1993 Regulations.
11. Computation Date Credit: Per Section 1.148-2(b)(4) of the 1992 Regulations, a \$3,000 credit is applied on each eligible computation date. Per Section 1.148-3(d)(iv) of the 1993 Regulations, a \$1,000 credit is applied on the last day of each Bond Year during which amounts are allocated to gross proceeds of an issue that are subject to the rebate requirement. In addition, pursuant to Final Treasury Regulations, dated July 18, 2016, for any Bond Year ending in 2007, a computation date credit in the amount of \$1,400 and, for Bond Years ending after 2007, a computation date credit in the amount of \$1,400 or higher (as adjusted in the future for inflation as described in said Regulations) is applicable.

\$6,575,000
Stephenville Independent School District
Unlimited Tax Qualified School Construction Bonds,
Taxable Series 2012-A (Direct-Pay Subsidy)

Schedule A - Summary of Rebate Analysis
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Issue Date: August 23, 2012
Rebate Computation Date: August 23, 2017
Client Matter Number: 42182-3576

Fund Reference Number	Fund Description	Current Fund Status	Computation Date Valuation	Gross Earnings	Internal Rate of Return	Excess Earnings
1	Construction Fund	Inactive	\$0.00	\$7,195.25	0.144858%	N/A ¹
Totals:			<u>\$0.00</u>	<u>\$7,195.25</u>		<u>\$0.00</u>

Summary	
Arbitrage Yield:	0.000000%
Return on Investments:	0.144858%
Excess %:	0.144858%
Actual Gross Earnings:	7,195.25
Allowable Gross Earnings:	7,195.25
Excess Earnings:	<u>\$0.00</u>
Cumulative Rebate Liability:	<u>\$0.00</u>
Rebate Payment Due:	<u>\$0.00</u>

¹ See Notes and Assumption #10.

\$6,575,000
Stephenville Independent School District
Unlimited Tax Qualified School Construction Bonds,
Taxable Series 2012-A (Direct-Pay Subsidy)

Schedule B - Sources & Uses of Funds

<i>Sources of Funds</i>	Bond Proceeds	Prior Bond Proceeds	Other Sources	Total
Par Amount	6,575,000.00			
+ Original Issue Premium	0.00			
- Original Issue Discount	0.00			
Net Production		6,575,000.00		6,575,000.00
Accrued Interest		0.00		0.00
Total Sources:	<u>6,575,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>6,575,000.00</u>
 <i>Uses of Funds</i>				
Construction Fund		6,466,013.18		6,466,013.18
Miscellaneous Costs ¹		102,411.82		102,411.82
Interest and Sinking Fund		6,575.00		6,575.00
Total Uses:	<u>6,575,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>6,575,000.00</u>

¹ Assumed spent on delivery.

\$6,575,000

Schedule C - Annual Debt Service & Production
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Period Ending	Coupon	Par Amount	Yield	Price	Interest	Less Subsidy	Debt Service	Production
02/15/13					114,660.69	(114,660.69)		
02/15/14					239,987.50	(239,987.50)		
02/15/15					239,987.50	(239,987.50)		
02/15/16					239,987.50	(239,987.50)		
02/15/17					239,987.50	(239,987.50)		
02/15/18					239,987.50	(239,987.50)		
02/15/19					239,987.50	(239,987.50)		
02/15/20					239,987.50	(239,987.50)		
02/15/21					239,987.50	(239,987.50)		
02/15/22					239,987.50	(239,987.50)		
02/15/23					239,987.50	(239,987.50)		
02/15/24					239,987.50	(239,987.50)		
02/15/25					239,987.50	(239,987.50)		
02/15/26					239,987.50	(239,987.50)		
02/15/27					239,987.50	(239,987.50)		
02/15/28					239,987.50	(239,987.50)		
02/15/29					239,987.50	(239,987.50)		
02/15/30					239,987.50	(239,987.50)		
02/15/31					239,987.50	(239,987.50)		
02/15/32	3.650%	6,575,000	3.650%	100.000	239,987.50	(239,987.50)	6,575,000.00	6,575,000.00
		6,575,000			4,674,423.19	(4,674,423.19)	6,575,000.00	6,575,000.00

\$6,575,000
Stephenville Independent School District
Unlimited Tax Qualified School Construction Bonds,
Taxable Series 2012-A (Direct-Pay Subsidy)

Schedule D - Semi-Annual Debt Service
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Date	Coupon	Principal Amount	Interest	Less Subsidy	Debt Service
02/15/13			114,660.69	(114,660.69)	
08/15/13			119,993.75	(119,993.75)	
02/15/14			119,993.75	(119,993.75)	
08/15/14			119,993.75	(119,993.75)	
02/15/15			119,993.75	(119,993.75)	
08/15/15			119,993.75	(119,993.75)	
02/15/16			119,993.75	(119,993.75)	
08/15/16			119,993.75	(119,993.75)	
02/15/17			119,993.75	(119,993.75)	
08/15/17			119,993.75	(119,993.75)	
02/15/18			119,993.75	(119,993.75)	
08/15/18			119,993.75	(119,993.75)	
02/15/19			119,993.75	(119,993.75)	
08/15/19			119,993.75	(119,993.75)	
02/15/20			119,993.75	(119,993.75)	
08/15/20			119,993.75	(119,993.75)	
02/15/21			119,993.75	(119,993.75)	
08/15/21			119,993.75	(119,993.75)	
02/15/22			119,993.75	(119,993.75)	
08/15/22			119,993.75	(119,993.75)	
02/15/23			119,993.75	(119,993.75)	
08/15/23			119,993.75	(119,993.75)	
02/15/24			119,993.75	(119,993.75)	
08/15/24			119,993.75	(119,993.75)	
02/15/25			119,993.75	(119,993.75)	
08/15/25			119,993.75	(119,993.75)	
02/15/26			119,993.75	(119,993.75)	
08/15/26			119,993.75	(119,993.75)	
02/15/27			119,993.75	(119,993.75)	
08/15/27			119,993.75	(119,993.75)	
02/15/28			119,993.75	(119,993.75)	
08/15/28			119,993.75	(119,993.75)	
02/15/29			119,993.75	(119,993.75)	
08/15/29			119,993.75	(119,993.75)	
02/15/30			119,993.75	(119,993.75)	
08/15/30			119,993.75	(119,993.75)	
02/15/31			119,993.75	(119,993.75)	
08/15/31			119,993.75	(119,993.75)	
02/15/32	3.650%	6,575,000	119,993.75	(119,993.75)	6,575,000.00
		<u>6,575,000</u>	<u>4,674,423.19</u>	<u>(4,674,423.19)</u>	<u>6,575,000.00</u>

\$6,575,000
Stephenville Independent School District
Unlimited Tax Qualified School Construction Bonds,
Taxable Series 2012-A (Direct-Pay Subsidy)

Schedule E - Arbitrage Yield Calculation

Date	Total Issue Payments	Discount Factor @ 0.000000%	Present Value as of 08/23/12
02/15/13	0.00	1.00000000	0.00
08/15/13	0.00	1.00000000	0.00
02/15/14	0.00	1.00000000	0.00
08/15/14	0.00	1.00000000	0.00
02/15/15	0.00	1.00000000	0.00
08/15/15	0.00	1.00000000	0.00
02/15/16	0.00	1.00000000	0.00
08/15/16	0.00	1.00000000	0.00
02/15/17	0.00	1.00000000	0.00
08/15/17	0.00	1.00000000	0.00
02/15/18	0.00	1.00000000	0.00
08/15/18	0.00	1.00000000	0.00
02/15/19	0.00	1.00000000	0.00
08/15/19	0.00	1.00000000	0.00
02/15/20	0.00	1.00000000	0.00
08/15/20	0.00	1.00000000	0.00
02/15/21	0.00	1.00000000	0.00
08/15/21	0.00	1.00000000	0.00
02/15/22	0.00	1.00000000	0.00
08/15/22	0.00	1.00000000	0.00
02/15/23	0.00	1.00000000	0.00
08/15/23	0.00	1.00000000	0.00
02/15/24	0.00	1.00000000	0.00
08/15/24	0.00	1.00000000	0.00
02/15/25	0.00	1.00000000	0.00
08/15/25	0.00	1.00000000	0.00
02/15/26	0.00	1.00000000	0.00
08/15/26	0.00	1.00000000	0.00
02/15/27	0.00	1.00000000	0.00
08/15/27	0.00	1.00000000	0.00
02/15/28	0.00	1.00000000	0.00
08/15/28	0.00	1.00000000	0.00
02/15/29	0.00	1.00000000	0.00
08/15/29	0.00	1.00000000	0.00
02/15/30	0.00	1.00000000	0.00
08/15/30	0.00	1.00000000	0.00
02/15/31	0.00	1.00000000	0.00
08/15/31	0.00	1.00000000	0.00
02/15/32	6,575,000.00	1.00000000	6,575,000.00
	<u>6,575,000.00</u>		<u>6,575,000.00</u>

Issue Price Calculation	
+ Par Amount of Issue	6,575,000.00
+ Accrued Interest	0.00
+/- Original Issue Prem/(Disc)	0.00
Issue Price:	6,575,000.00
- Qualified Guarantee	0.00
Adjusted Issue Price:	6,575,000.00
Present Value Result:	6,575,000.00
Variance:	0.00
Arbitrage Yield:	0.000000%

\$6,575,000
Stephenville Independent School District
Unlimited Tax Qualified School Construction Bonds,
Taxable Series 2012-A (Direct-Pay Subsidy)

Schedule F1 - Construction Fund	Fund 1
Remaining Balance Analysis	

Summary - Fund 1	
Gross Earnings:	\$7,195.25
Internal Rate of Return:	0.144858%
Excess Earnings:	\$7,195.25

Security Type	Par Amount	Coupon	Maturity Date	Settlement Date	Settlement Price	Yield	Accreted Price	Accrued Interest	Computation Date Value
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.00
Value as of August 23, 2017:									<u>0.00</u>

\$6,575,000
Stephenville Independent School District
Unlimited Tax Qualified School Construction Bonds,
Taxable Series 2012-A (Direct-Pay Subsidy)

Schedule F2 - Construction Fund	Fund 1
Net Nonpurpose Investments Cash Flow	

Date	Description	Net Nonpurpose Investments Cash Flow	Muni-Days/ Computation Date	Rebate Calculations		IRR Calculations	
				FV Factor @ 0.000000%	FV As Of 08/23/17	FV Factor @ 0.144858%	FV As Of 08/23/17
08/23/12	Deposit	(6,466,013.18)	1,800	1.00000000	(6,466,013.18)	1.00726653	(6,512,998.68)
02/20/13	W/D	370,000.00	1,623	1.00000000	370,000.00	1.00654966	372,423.37
03/07/13	W/D	275,000.00	1,606	1.00000000	275,000.00	1.00648083	276,782.23
03/25/13	W/D	340,000.00	1,588	1.00000000	340,000.00	1.00640796	342,178.71
04/24/13	W/D	2,000,000.00	1,559	1.00000000	2,000,000.00	1.00629057	2,012,581.14
05/08/13	W/D	500,000.00	1,545	1.00000000	500,000.00	1.00623391	503,116.95
07/10/13	W/D	1,500,000.00	1,483	1.00000000	1,500,000.00	1.00598300	1,508,974.49
08/08/13	W/D	1,000,000.00	1,455	1.00000000	1,000,000.00	1.00586970	1,005,869.70
08/09/13	W/D	488,100.00	1,454	1.00000000	488,100.00	1.00586566	490,963.03
09/12/13	W/D	108.43	1,421	1.00000000	108.43	1.00573215	109.05
08/23/17	Balance	0.00	0	1.00000000	0.00	1.00000000	0.00
Earnings:		<u>7,195.25</u>		Excess Earnings:	<u>7,195.25</u>		<u>0.00</u>