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June 4, 2020

Dr. Matt Underwood
 Superintendent of Schools
 Stephenville Independent School District
 2655 West Overhill Drive
 Stephenville, Texas 76401

Ms. Teri Hodges
 Executive Director of Finance and Operations / CFO
 Stephenville Independent School District
 2655 West Overhill Drive
 Stephenville, Texas 76401

Re: Final Results – 2020 Refunding Program

Dear Dr. Underwood and Ms. Hodges:

Introduction

On Thursday, June 4, 2020, Stephenville Independent School District (“SISD” or the “District”) sold its Unlimited Tax Refunding Bonds, Taxable Series 2020 (the “Series 2020 Refunding Bonds”) to refund its existing Unlimited Tax School Building Bonds, Series 2012-B (the “Series 2012-B Bonds”) at a lower interest rate. This memorandum summarizes the results of the District’s 2020 Refunding Program and, in particular, the savings realized for its taxpayers.

Summary of Savings – 2020 Refunding Program

At its March 16, 2020 meeting, the Board of Trustees adopted a “Parameters Bond Order” authorizing the sale of the Series 2020 Refunding Bonds if certain parameters were met. Based upon the favorable bond market conditions, each parameter was met, the interest rate on the District’s bonds was successfully reduced from 4.74% to 2.25% and SISD’s actual savings totaled **\$2,865,848** (net of all costs) – Which is \$230,204 higher than the savings presented to the Board of Trustees at its March 16, 2020 meeting.

Based upon the successful result of the 2020 Refunding Program, Stephenville ISD’s prior refunding programs have generated a collective savings of \$4,276,241 for District taxpayers (see table below)!

Summary of District’s Savings From Refunding Programs			
Issue	Series Refunded	Principal Amount Refunded	Total Savings
Unlimited Tax Refunding Bonds, Series 2005	1997	\$ 8,265,000	\$ 783,108
Unlimited Tax Refunding Bonds, Series 2011	2005	7,740,000	627,285
Unlimited Tax Refunding Bonds, Taxable Series 2020	2012-B	13,975,000	2,865,848
Totals	---	\$ 29,980,000	\$ 4,276,241

Summary of Annual Savings – 2020 Refunding Program

The District’s savings are summarized within the table below.

2020 Refunding Program – Actual Savings					
A	B	C	D	E	F
Fiscal Year	Existing Bond Payments	Less: Bond Payments – Series 2012-B Bonds to be Refunded	Plus: Bond Payments – Series 2020 Refunding Bonds	Bond Payments – After Refunding Program	Savings^(A) (Col. B – E)
2019/20	\$ 5,080,250	\$ 325,025	\$ 324,658	\$ 5,079,883	\$ 367
2020/21	5,213,250	650,050	513,789	5,076,989	136,261
2021/22	5,342,225	650,050	508,789	5,200,964	141,261
2022/23	5,475,775	1,179,250	1,006,289	5,302,814	172,961
2023/24	5,608,300	1,182,150	1,011,289	5,437,439	170,861
2024/25	5,607,675	1,179,150	1,005,914	5,434,439	173,236
2025/26	5,608,725	1,182,075	1,009,289	5,435,939	172,786
2026/27	5,610,850	1,180,575	1,006,039	5,436,314	174,536
2027/28	5,611,600	1,177,575	1,006,164	5,440,189	171,411
2028/29	5,611,300	1,177,950	1,004,539	5,437,889	173,411
2029/30	5,610,600	1,181,450	1,010,914	5,440,064	170,536
2030/31	5,611,125	1,181,000	1,008,159	5,438,284	172,841
2031/32	5,499,056	1,187,150	1,016,736	5,328,642	170,414
2032/33	5,387,613	1,652,000	1,479,081	5,214,694	172,919
2033/34	5,384,588	1,649,375	1,474,577	5,209,790	174,798
2034/35	5,384,088	1,648,375	1,477,699	5,213,412	170,676
2035/36	5,382,775	1,648,750	1,474,017	5,208,042	174,733
2036/37	5,385,034	1,650,250	1,478,411	5,213,194	171,839
2037/38	5,385,230	---	---	5,385,230	---
2038/39	5,383,565	---	---	5,383,565	---
2039/40	5,385,400	---	---	5,385,400	---
2040/41	5,385,900	---	---	5,385,900	---
2041/42	1,698,300	---	---	1,698,300	---
Totals	\$ 121,653,223	\$ 21,682,200	\$ 18,816,352	\$ 118,787,374	\$ 2,865,848

^(A) At this time, the District receives approximately \$180,000 for each 1-cent of I&S tax effort.

Bonds Refunded – 2020 Refunding Program

The following table provides the District’s existing Series 2012-B Bonds that were refunded at a lower interest rate.

Summary of Series 2012-B Bonds to be Refunded						
Issue Outstanding	Principal Amount To Be Refunded	Maturities To Be Refunded	Interest Rate	Redemption Date	Redemption Price	
Unlimited Tax School Building Bonds, Series 2012-B	\$ 13,975,000	02/15/2023 – 2037	4.74%	02/15/2022	100.0%	

Significant Investor Interest in the Series 2020 Refunding Bonds

There was significant institutional investor interest in SISD's Series 2020 Refunding Bonds, as demonstrated by the approximately \$49.87 million of orders submitted by investors. Such demand allowed the interest rates in certain maturities to be reduced by as much as 0.05% after the order period. Investors submitting orders for at least \$1 million of the Series 2020 Refunding Bonds included:

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|--|--|
| ■ Sentry Management, Inc. (\$14,500,000) | ■ Northern Trust Corporation (\$2,945,000) |
| ■ NexBank (\$11,370,000) | ■ Auto-Owners Insurance (\$2,175,000) |
| ■ Performance Trust (\$9,415,000) | ■ NJM Insurance Group (\$1,950,000) |
| ■ Country Club Bank (\$4,075,000) | ■ First Financial Trust (\$1,265,000) |

Independent Bond Ratings

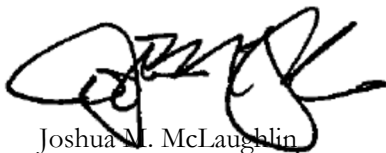
As is customary during the bond sale process, SISD took part in an independent bond rating assessment conducted by S&P Global Ratings. This consisted of a review of the District's financial position, debt position, future financing needs, various economic indicators and management practices. After a thorough review, which included a conference call with the District's Administration, Stephenville ISD's bond rating of "AA-" was affirmed by S&P. In particular, S&P cited the following credit strengths:

- Strong financial results and maintenance of very strong reserves;
- Good financial policies and practices;
- Moderate debt burden with no additional issuances planned in the short-term; and
- Continued tax base growth aided by access to the Dallas-Fort Worth metropolitan statistical area (MSA).

Closing

Congratulations on the successful implementation of the District's Series 2020 Refunding Program. The actions of the District's Administration and Board of Trustees have reduced the District's existing bond payments for Stephenville ISD's taxpayers. Should any questions arise or additional information is preferred, please do not hesitate to contact us. We thank you for the opportunity to be of service to SISD and hope you are pleased with the results!

Sincerely,



Joshua M. McLaughlin
Managing Director



Alison M. Long
Director