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Dr. Jamie Wilson
Superintendent of Schools
Denton Independent School District
1307 North Locust
Denton, Texas 76201

Dr. J. Scott Niven
Deputy Superintendent
Denton Independent School District
1307 North Locust
Denton, Texas 76201

Re: Update Denton ISD's Current Pool of Bond Underwriters

Dear Dr. Wilson and Dr. Niven:

Introduction

Pursuant to a Request for Qualifications ("RFQ") for Bond Underwriting Services issued in April 2018 and approved by Denton Independent School District's ("DISD" or the "District") Board of Trustees on June 12, 2018, the following summarizes the financial institutions that currently comprise the District's Bond Underwriting Pool.

| Denton ISD's Current Bond Underwriting Pool | |
|---|------------------------------------|
| ■ Bank of America Merrill Lynch | ■ J.P. Morgan Securities LLC |
| ■ Citigroup Global Markets Inc. | ■ Piper Sandler & Co. |
| ■ Estrada Hinojosa & Company (Minority Owned) | ■ Raymond James & Associates, Inc. |
| ■ Hilltop Securities Inc. | ■ RBC Capital Markets, LLC |
| ■ FHN Financial Capital Markets | ■ Wells Fargo Securities |

As you are undoubtedly aware, there have been significant changes in the municipal finance industry since DISD approved its pool of bond underwriters back in year 2018. In anticipation of the successful passage of its proposed 2023 Bond Program, BOK Financial Securities, Inc., as the District's financial advisor, would recommend Denton ISD update its current bond underwriting pool.

Recommendation

Effective September 1, 2021, Texas public school districts may not do business with financial institutions that either "boycott energy companies" (i.e. Senate Bill 13) or "discriminate against a firearm entity or firearm trade association" (i.e. Senate Bill 19). One of Denton ISD's existing underwriting firms, Bank of America Merrill Lynch, has been unable to meet the verification requirements of the Office of the Attorney General of Texas (the "OAG") regarding these new statutes, and as such, has not been participating in Texas bond underwritings. Moreover, on January 18, 2023, the OAG rejected Citigroup Global Markets Inc.'s standing verifications in connection with these statutes and, as a result, Citigroup is not currently allowed to participate in bond underwritings within the state.

In addition, during the last five years, there have been numerous financial institutions entering into the Texas public school district bond underwriting arena, coupled with key changes in personnel among various firms already pursuing Texas school district bond underwriting business.

Pursuant to the aforementioned RFQ, Denton ISD may add or remove firms from the underwriting pool at any time, at its own discretion. With this in mind, it would be our recommendation to increase the size of DISD's Bond Underwriting Pool from 10 firms to 14 firms, with the following additions and deletions.

| Recommended Bond Underwriting Pool | |
|--|---|
| ■ Bank of America Merrill Lynch | ■ J.P. Morgan Securities LLC |
| ■ Cabrera Capital Markets (Minority Owned) | ■ Mesirow Financial Inc. |
| ■ Citigroup Global Markets Inc. | ■ Piper Sandler & Co. |
| ■ Estrada Hinojosa & Company (Minority Owned) | ■ Raymond James & Associates, Inc. |
| ■ Hilltop Securities Inc. | ■ RBC Capital Markets, LLC |
| ■ FHN Financial Capital Markets | ■ Siebert Williams Shank & Co. (Minority Owned) |
| ■ Huntington Capital Markets | ■ Stephens Inc. |
| ■ Jefferies LLC | ■ Wells Fargo Securities |
| Note: Additions are in "green" and deletions are in "red". | |

Please note, pursuant to Denton ISD's historical practice, the District will select certain firms to serve as underwriters on future negotiated financings at the time of each bond sale. The number of firms used for a particular financing will depend on the size of the bond sale, prior underwriting performance and ongoing support of Denton ISD's financing needs. It is important to note, the District is not required to utilize the services of any firm within its approved pool of bond underwriters and DISD retains the flexibility to add and/or delete firms to its underwriting pool at any point in time it is deemed in the best interest of the District.

Closing

We hope this information is helpful as you manage Denton ISD's current financial and debt position. Should any questions arise, additional information is preferred or if we may be of any assistance, please do not hesitate to contact us. Hope all is well!

Sincerely,



Joshua M. McLaughlin
Managing Director