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August 19, 2020

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

Dr. Scott Niven  
Chief Financial Officer  
Denton Independent School District  
1307 North Locust Street  
Denton, Texas 76201

**Re: Final Results – Sale of Unlimited Tax School Building Bonds, Series 2020**

Dear Dr. Wilson and Dr. Niven:

**Introduction**

On June 23, 2020, Denton Independent School District's ("DISD" or the "District") Board of Trustees adopted a "Parameters Bond Order" approving the sale of \$308,070,000 Unlimited Tax School Building Bonds, Series 2020 (the "Series 2020 Bonds") from the 2018 Bond Program. This memorandum summarizes the final results from the sale of the Series 2020 Bonds that accomplished each parameter established by the Board of Trustees.

**Comparison of Financing Results**

DISD successfully marketed its Series 2020 Bonds at an "All-In" True Interest Rate of **1.93%** on Wednesday, August 19, 2020, which was 0.87% below the estimated interest rate of 2.80% previously communicated to the Board of Trustees.

The following compares the Preliminary Financing Plan presented to the Board of Trustees and the Actual Financing Plan based upon the final results of the Series 2020 Bonds. We are pleased to report that the District's actual bond payments are \$43,468,841 less than anticipated!

Series 2020 Bonds – Summary of Final Results			
Description	Preliminary Financing Plan (June 23, 2020)	Actual Financing Plan (Aug. 19, 2020)	Difference
Funds Available for Capital Improvements	\$ 308,070,000	\$ 308,070,000	\$ ---
"All-In" True Interest Cost	2.80%	1.93%	0.87%
Year 2019/20 I&S Tax Rate	48.0 Cents	48.0 Cents	---
Plus: Projected I&S Tax Rate Increase	0.0 Cents	0.0 Cents	---
Anticipated Maximum I&S Tax Rate	48.0 Cents	48.0 Cents	---
Net Bond Payments	\$ 430,708,903	\$ 387,240,062	\$ 43,468,841
Bond Repayments – Next 5 Years	\$ 63,200,000	\$ 73,920,000	\$ 10,720,000
Bond Repayments – Next 10 Years	107,910,000	128,260,000	20,350,000
Final Maturity	08/15/2048	08/15/2048	---

The proceeds of the Series 2020 Bonds are scheduled to be delivered to the District's Construction Fund on Thursday, September 10, 2020. After the issuance of the Series 2020 Bonds, the District will have no remaining bonds to be sold from the 2018 Bond Program.

### Significant Investor Interest in the Series 2020 Bonds

There was significant institutional investor interest in DISD's Series 2020 Bonds, as demonstrated by the more than \$590 million of orders submitted by investors. Such demand allowed the interest rates in certain maturities to be reduced by as much as 0.02% after the order period. Investors submitting orders for more than \$7.5 million of the Series 2020 Bonds included:

- |  |   |
|--|---|
| ■ GW&K Investment Management (\$53,360,000)      | ■ Dimensional Fund Advisors (\$19,000,000)      |
| ■ Nuveen Asset Management (\$51,745,000)         | ■ Pacific Premier Bank (\$18,335,000)           |
| ■ Hexagon Asset Management (\$48,690,000)        | ■ UBS Asset Management (\$17,060,000)           |
| ■ "Undisclosed" Bank Portfolio (\$45,870,000)    | ■ Schroder Investment Management (\$13,235,000) |
| ■ First Republic Asset Management (\$44,285,000) | ■ Bank Leumi USA (\$10,000,000)                 |
| ■ Invesco (\$39,795,000)                         | ■ Loews Corp./CNA Financial Corp. (\$9,000,000) |
| ■ PNC Capital Advisors (\$38,505,000)            | ■ Sage Capital Management (\$8,245,000)         |
| ■ Centiva Capital (\$27,500,000)                 | ■ BlackRock (\$8,000,000)                       |
| ■ Millennium Management LLC (\$27,500,000)       | ■ Country Club Bank (\$8,000,000)               |
| ■ Fiera Capital Inc. (\$25,515,000)              | ■ General Re Corporation (\$7,955,000)          |

### Retail Advertisement and Local Participation

To promote and maximize local investor participation, an advertisement for the District's Series 2020 Bonds was published in the Denton Record-Chronicle to inform District residents and local businesses of the District's upcoming bond sale. The advertisement ran within the newspaper's main section (section A) from Wednesday, August 12, 2020 through Tuesday, August 18, 2020.

Orders submitted by residents of the District and local businesses/financial institutions were given top "priority" to purchase the Series 2020 Bonds. In addition and prior to offering the Series 2020 Bonds to institutional investors in the national capital markets, an exclusive and extended order period for local buyers was held on Tuesday, August 18, 2020, to help ensure the District's Series 2020 Bonds were available to local residents and taxpayers. As a result, District residents purchased \$40,000 of the Series 2020 Bonds. In total, participation from local, Texas and national retail investors included orders totaling \$3.93 million.

Under no circumstances shall this announcement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The Bonds will be sold by means of an Official Statement. Assuming the continued compliance with certain tax, regulatory, covenant and governmental, Bond Counsel is expected to release a legal opinion that the interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof.

**259,645,000\***

**DENTON INDEPENDENT SCHOOL DISTRICT**  
(A political subdivision of the State of Texas located in Denton County, TX)

**UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2020\*\***

**DENTON**  
INDEPENDENT SCHOOL DISTRICT

The Bonds will be offered in \$5,000 denominations and constitute direct obligations of the District and are payable as to principal and interest from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount against all taxable property located within the District.

The Bonds shall mature on August 15 in years 2021 through 2048.

The Bonds will hold the credit rating of the District expected to be AAA/A and credit enhanced with the Texas Permanent School Fund Guarantee rated AAA/AAA by S&P and Fitch respectively.

An exclusive order period for residents of Denton ISD and businesses located within the school district to purchase bonds is anticipated to be held on Tuesday, August 18, 2020. On Wednesday, August 19, 2020, an order period is anticipated to be held to offer the remaining bonds to all potential investors. Priority will be given to orders submitted by residents and businesses located within the boundaries of Denton ISD.

Settlement Date is expected to be on or about September 10, 2020.

**FHN Financial Capital Markets**  
1.800.934.9960

Citigroup 1.858.350.0356 **FHN FINANCIAL** Estrada Hinojosa 1.800.676.5352

Piper Sandler & Co. 1.800.552.0614 Raymond James 214.365.5565 Wells Fargo Securities 1.866.287.3221

\*Reference subject to change when, as, and if issued.  
\*\*Before purchasing any bonds, contact your tax advisor to determine any applicable federal, state and local tax consequences. Note: Please note that annual account fees with certain broker-dealers may apply.

## Independent Bond Ratings

As is customary during the bond sale process, DISD took part in an independent bond rating assessment conducted by S&P Global Ratings and Fitch Ratings, Inc. 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 conference calls with the District's Administration, Denton ISD's bond ratings of "AA" were affirmed by both S&P and Fitch.

In particular, the rating agencies cited the following credit strengths:

### ■ S&P Global Ratings:

- ✓ Historically very strong financial position as evidenced by its available general fund balance;
- ✓ The trend of positive financial performance stems from conservative budgeting and prudent capital planning by officials. The District has a track record of revenue exceeding budgeted amounts, while containing its expense budget;
- ✓ Continued expansion and diversification of the local property tax base, which provides the District with flexibility to address the increasing operating demands and capital needs associated with its rapid enrollment growth; and
- ✓ Participation in the broad and diverse Dallas-Fort Worth-Arlington metropolitan statistical area economy.

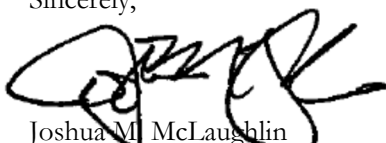
### ■ Fitch Ratings, Inc.:

- ✓ Strong financial management practices underpin the District's history of favorable operating performance and maintenance of robust reserve levels;
- ✓ Superior financial resilience, aided by solid expenditure flexibility;
- ✓ Steady expansion of the District's economic resource base, which has helped moderate the growth rate of the District's overall long-term liability burden; and
- ✓ DISD's well-established practice of retiring debt early.

## Closing

Congratulations on the successful sale of the Series 2020 Bonds and the favorable interest rates obtained for the District's taxpayers. Should any questions arise, additional information is preferred or if we may be of any assistance, please let us know. We thank you for the opportunity to be of service to Denton ISD and hope you are pleased with the results of the bond sale!

Sincerely,



Joshua M. McLaughlin  
Managing Director



Alison M. Long  
Director