



Ferris Independent School District

Introduction to Hilltop Securities

July 2022

INTRODUCTION TO HILLTOP SECURITIES

Subsidiaries provide banking, mortgage origination, advisory and underwriting

<p>Hilltop Holdings By the Numbers</p>	<p>\$18.7B In Assets⁽¹⁾</p>	<p>4,900 Nationwide Employees⁽¹⁾</p>	<p>No. 4 Best Emerging Regional Banks by Bank Director⁽²⁾</p>
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Holding Company



Subsidiaries



- Leading Texas-based bank
- \$12.8 billion in deposits per regulatory filings as of December 31, 2021
- 60 locations providing personal, commercial and private banking to customers in key markets across Texas



- Focuses on purchase mortgage originations
- Ranked 2021 Top Mortgage Lender by Scotsman Guide⁽³⁾
- 1,300 loan officers located throughout the U.S.
- Authorized to make loans in all 50 states and the District of Columbia



- #5 national municipal investment bank ranking on a combined basis by number of negotiated, competitive and privately placed, underwriting and municipal advisory financings from 2017 through 2021⁽⁴⁾
- Trusted Clearing Services partner to financial professionals nationwide
- Other areas of focus include retail brokerage services, sales, underwriting and trading of taxable and tax-exempt securities, structured finance and securities lending

(1) Hilltop Holdings Earnings Release for Fourth Quarter and Full Year 2021
 (2) Bank Director's Best Emerging Regional Banks, 2022 Ranking Banking study
 (3) Ranked #10 in retail volume and #17 in overall volume in 2020 per Scotsman Guide
 (4) Per Refinitiv SDC

HilltopSecurities' History is Anchored in Tradition



HilltopSecurities represents two established broker-dealers joined together in January 2016, launching a new chapter as the principal broker-dealer subsidiary of Hilltop Holdings Inc. (NYSE: HTH)



Full solution provider for our clients:



Municipal Issuers



Institutional Investors



Broker-Dealers and
Registered Investment Advisers



Individual Investors

Capital Markets



Extensive knowledge and experience in fixed income underwriting, trading and sales to allow institutional investors to achieve specific liquidity and capital demands

Includes:

- Fixed Income Underwriting
- Municipal Sales & Trading
- Taxable Sales & Trading
- Portfolio & Equity trading
- Bank Advisory Services

Structured Finance



Provides municipal structured finance advisory solutions, represents more than a dozen State Housing Finance Agencies and pioneered the development of a pipeline management market rate TBA program that provides interest rate protection for housing authorities

Includes:

- Structured Products
- Housing Advisory
- Mortgage Trading/Securitization

Debt Capital Markets



Cross-sector solutions group that connects issuers and borrowers that fall outside of the high-grade public market with institutional investors

Includes:

- Specialty Situation, Project Finance and High Yield Banking & Distribution
- Private Placements
- Term Sheet Deals
- Public and Private Entity Financings

Wealth Management



Wealth management services for individual investors using a holistic approach to achieve their definitions of success

Includes:

- Private Client Group
- Independent Network
- Advisory Services Group
- Insurance

Public Finance



Financial services for entities that issue debt for public purposes, as well as private and nonprofit organizations

Includes:

- Municipal Advisory
- Municipal Underwriting
- Continuing Disclosure
- PEBTrust
- Asset Management
- Arbitrage Rebate

Clearing Services



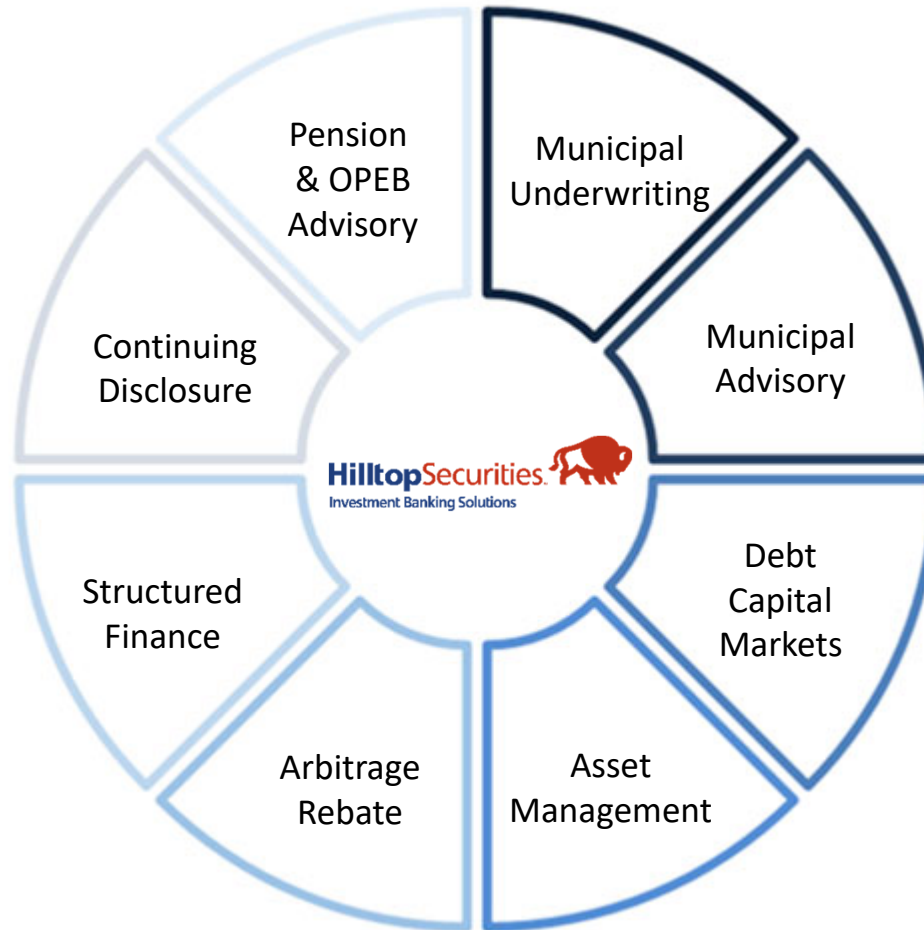
Provides securities clearing, carrying, custodial and settlement services for registered broker-dealers and other market participants across the United States

Includes:

- Traditional Brokerage
- Research & Market Insights
- Advisory Services

20
Average Number of
Deals Per Week
Totaling
\$1
billion
As Underwriter or
Municipal Advisor
Over the Last 5 Years

Financial Solutions



47

Offices in 18 States

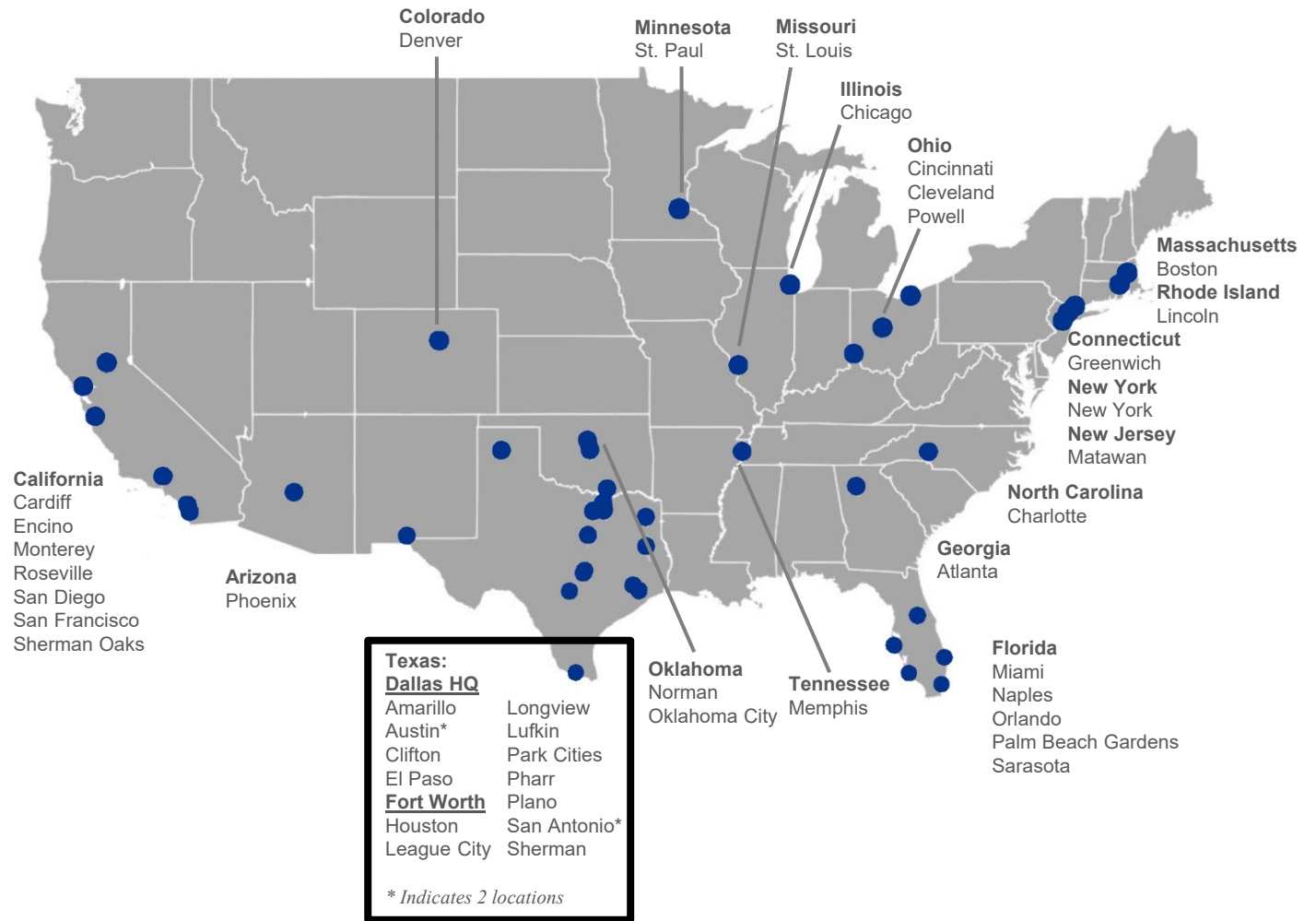
730

Approximate Number of Employees

200

Approximate Number of Employees Committed to Public Finance

47 Office Locations in 18 States



Support, Above and Beyond

- Underwriting professionals work in partnership with municipal advisory bankers from the preliminary structuring of a transaction through pricing and final allocations of bonds

EXPERIENCED

- The Texas based underwriting desk has been involved with pricing an average of 20 deals per week as municipal advisor or underwriter for the past five years

RELIABLE

- Active daily participation in the capital markets provides clients current and reliable market information and helps assure that clients bonds are priced and sold at market levels

TIMELY

- Municipal Advisors without an underwriting desk do not have timely access to the same level of market data and must obtain pricing information from third-party underwriters or via other indirect means

RESPECTED

- Risking capital gives additional perspective into the nuances of the underwriting process and provides credibility with the underwriting community
- Other broker/dealers know HilltopSecurities is speaking to many of the same institutional investors on a daily basis

No. 1

Ranked
Texas Municipal Advisor
by Number of Transactions
and Par Amount

1,669

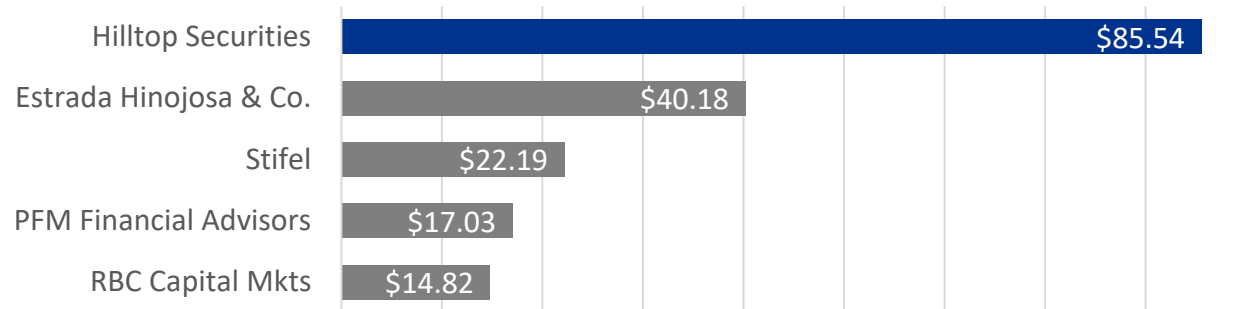
Transactions

\$85.54 billion

Par Amount

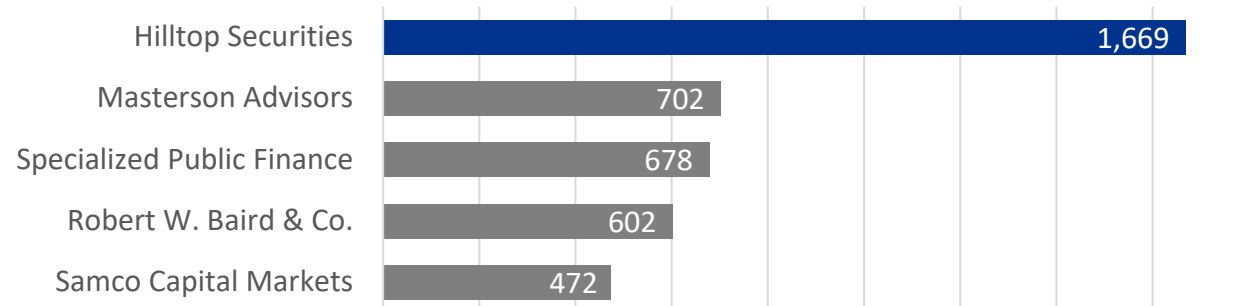
Texas Municipal Advisor Rankings by Par Amount

April 1, 2017 – March 31, 2022 (\$billions)



Texas Municipal Advisor Rankings by Number of Transactions

April 1, 2017 – March 31, 2022



Source: Ipreo MuniAnalytics. Equal Credit to Each Advisor, Excludes Preliminary and Rank Ineligible Issues.

No. 2

Ranked Municipal Advisor
Nationally by Number of
Transactions

4,400

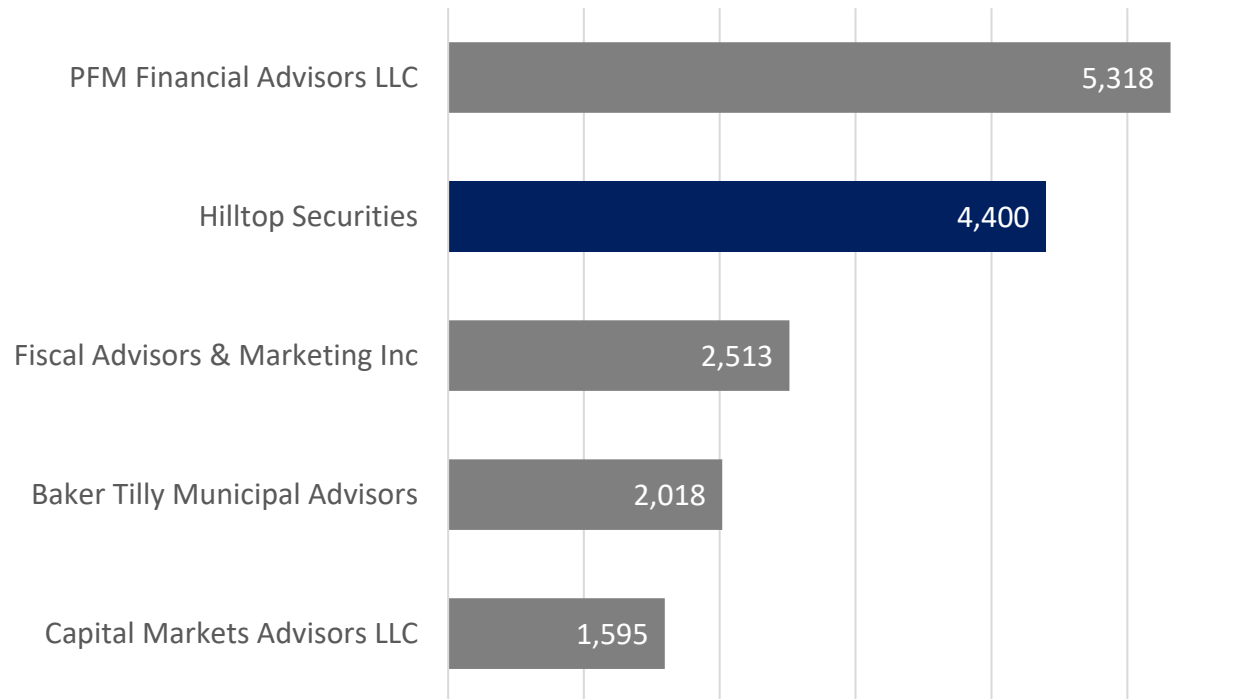
Transactions

\$157.1 billion

Par Amount

National Municipal Advisor Rankings by Number of Transactions

April 1, 2017 – March 31, 2022



Source: Refinitiv SDC. Equal Credit to Each Advisor, Excludes Preliminary and Rank Ineligible Issues.

Municipal Advisory Experience

- One of the top municipal advisors in the nation for five-year period*
- Vast experience with municipal issuers throughout the U.S.
- Professionals across the country share ideas and innovations that enhance the company's underwriting services

Underwriting and Trading

- Provide firsthand market information
- Able to recommend appropriate structures and timing of issuance
- Continual contact with retail and institutional investors

Reliability and Resources

- Approximately 725 employees in 47 offices nationwide
- Broad scope of municipal resources
- Believe in and use a team concept
- Organize a multi-disciplinary team to collaborate expertise

Registered Broker-Dealer

- Subject to SEC, MSRB and FINRA rules and regulations
- Subject to oversight and minimum capital requirements

* Ipreo MuniAnalytics. Ranked by Number of Transactions (4/1/2017 – 3/31/2022)

The Bond Buyer Deal of the Year Awards Demonstrate Innovation and Customization

<p style="text-align: center;">2021</p>  <p>All-Star Team Rankings</p> <p>HilltopSecurities Ranks #8</p> <p>Four HilltopSecurities Municipal Finance Professionals Elected to 2021 Municipal Analysts All-Star Team</p>	<p style="text-align: center;">2021</p> <p style="text-align: center;">THE BOND BUYER DEAL of the YEAR</p> <p style="text-align: center;">Southeast Region</p> <p>Miami-Dade County Seaport Department \$1.24 billion Seaport Revenue Refunding Bonds</p> <p style="text-align: center;">Role: Municipal Advisor</p>	<p style="text-align: center;">2020</p> <p style="text-align: center;">THE BOND BUYER DEAL of the YEAR</p> <p style="text-align: center;">Southwest Region</p> <p>Dallas-Fort Worth International Airport \$2.05 billion First Issuance by Major Airport During Pandemic</p> <p style="text-align: center;">Role: Co-Municipal Advisor</p>	<p style="text-align: center;">2020</p> <p style="text-align: center;">THE BOND BUYER DEAL of the YEAR</p> <p style="text-align: center;">Public-Private Partnership</p> <p>Lincoln So. Beltway Project (Hawkins Construction) \$236.8 million Contractor-Led Build/Finance Structure</p> <p style="text-align: center;">Role: Municipal Advisor</p>	<p style="text-align: center;">2019</p> <p style="text-align: center;">THE BOND BUYER DEAL of the YEAR</p> <p style="text-align: center;">Innovative</p> <p>Dallas-Fort Worth International Airport \$1.167 billion Taxable Refunding Largest Taxable Airport Deal</p> <p style="text-align: center;">Role: Municipal Advisor</p>
<p style="text-align: center;">2018</p> <p style="text-align: center;">THE BOND BUYER DEAL of the YEAR</p> <p style="text-align: center;">Midwest Region</p> <p>Wayne County (MI) \$288.6 million Criminal Justice Complex</p> <p style="text-align: center;">Role: Municipal Advisor</p>	<p style="text-align: center;">2017</p> <p style="text-align: center;">THE BOND BUYER DEAL of the YEAR</p> <p style="text-align: center;">Southwest Region</p> <p>Fort Worth Transportation Authority \$325 million Commuter Rail Line</p> <p style="text-align: center;">Role: Municipal Advisor</p>	<p style="text-align: center;">2017</p> <p style="text-align: center;">THE BOND BUYER DEAL of the YEAR</p> <p style="text-align: center;">Non-Traditional Financing</p> <p>City of Cambridge (MA) \$2 million Minibonds</p> <p style="text-align: center;">Role: Municipal Advisor</p>	<p style="text-align: center;">2016</p> <p style="text-align: center;">THE BOND BUYER DEAL of the YEAR</p> <p style="text-align: center;">Southwest Region</p> <p>Texas Water Development Board \$810 million Inaugural SWIRFT Issuance</p> <p style="text-align: center;">Role: Municipal Advisor</p>	<p style="text-align: center;">2016</p> <p style="text-align: center;">THE BOND BUYER DEAL of the YEAR</p> <p style="text-align: center;">Small Issuer</p> <p>Northwest Dallas County Flood Control District \$15 million ULT Refunding Bonds</p> <p style="text-align: center;">Role: Municipal Advisor</p>

Why the HTS Team?

Experienced Local Team

- Our DFW based healthcare team has vast expertise is committed to providing the best service to Texas Health Resources

Underwriting Desk

- Our FA clients benefit from the firsthand knowledge our desk brings

Customized Approach

- We provide a flexible and unique approach to each client that is driven by the client's specific needs and goals

Creative & Innovative

- We continually look for new ways to help our clients achieve their financing goals

Extension of Staff

- We view ourselves as an extension of staff

Ease of Transition

- If selected, we will work to create a smooth transition to minimize any onboarding time.


Dan Mahoney Prior Lead Banker Experience



Mr. Mahoney has extensive lead banking and related client experience.

<p>2022</p>  <p>Wise County</p> <p>\$3.50 million Limited Tax Notes Series 2022</p> <p>Role: Municipal Advisor</p>	<p>2021</p>  <p>Rosebud-Lott ISD</p> <p>\$2.60 million Maintenance Tax Notes Series 2021</p> <p>Role: Municipal Advisor</p>	<p>2021</p>  <p>Rogers ISD</p> <p>\$2.30 million Unlimited Tax Refunding Bonds, Series 2021</p> <p>Role: Municipal Advisor</p>	<p>2021</p>  <p>Wise County (Parker JCD Project) \$22.615 million Leave Rev Ref Bonds, Series 2021</p> <p>Role: Municipal Advisor</p>	<p>2021</p>  <p>Perrin-Whitt CISD <i>Home of the Pirates</i></p> <p>Perrin-Whitt CISD</p> <p>\$1.96 million Unlimited Tax Refunding Bonds, Series 2021</p> <p>Role: Municipal Advisor</p>
<p>2021</p>  <p>Tioga ISD</p> <p>\$3.38 million Unlimited Tax Refunding Bonds, Series 2021</p> <p>Role: Municipal Advisor</p>	<p>2020</p>  <p>Ferris ISD</p> <p>\$2.17 million Unlimited Tax Refunding Bonds, Series 2020</p> <p>Role: Municipal Advisor</p>	<p>2020</p>  <p>Desoto ISD</p> <p>\$28.37 million Unlimited Tax Refunding Bonds, Series 2020</p> <p>Role: Municipal Advisor</p>	<p>2020</p>  <p>Itasca ISD</p> <p>\$5.05 million Unlimited Tax Refunding Bonds, Series 2020</p> <p>Role: Municipal Advisor</p>	<p>2020</p>  <p>Whitney ISD</p> <p>\$19.95 million Unlimited Tax Refunding Bonds, Series 2020</p> <p>Role: Municipal Advisor</p>

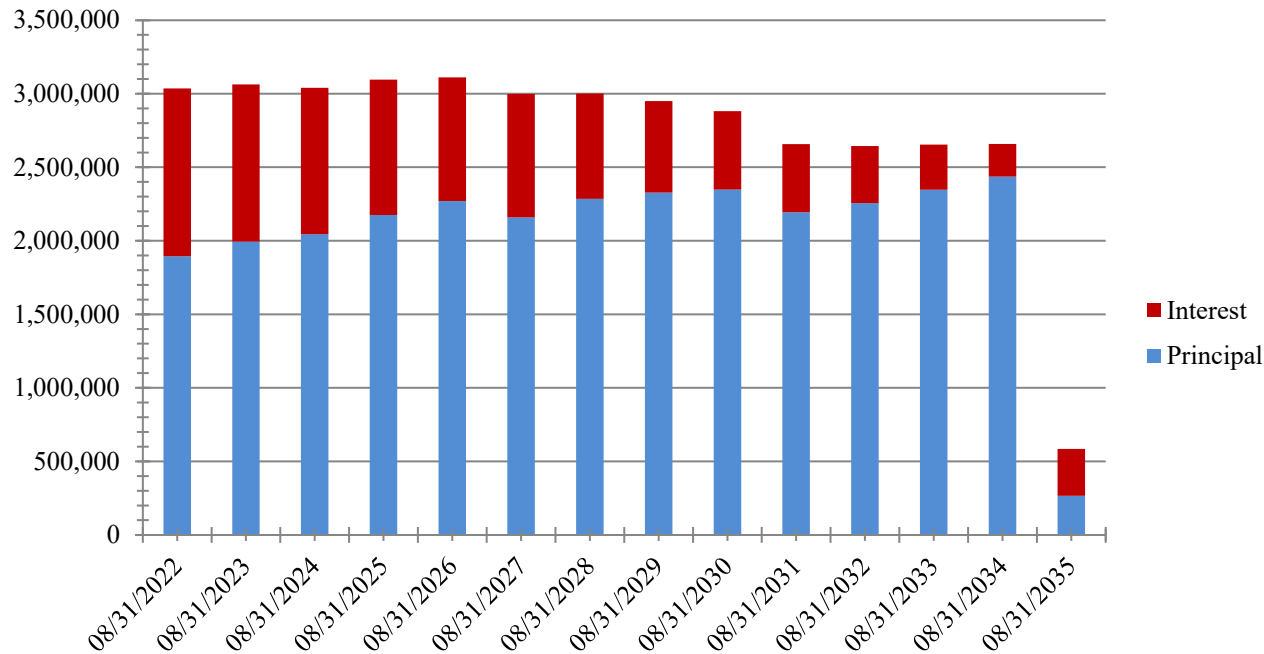
Note: Mr. Mahoney completed these transactions while at Stifel



DISTRICT DEBT INFORMATION

Bond Title	Original Par Amount	Principal Outstanding	Call Date	Final Maturity Date
U/L Tax Ref Bds 2013	9,280,000.00	7,300,000.00	08/15/2023	08/15/2034
U/L Tax Sch Bldg & Ref Bds Ser 2015	2,903,059.00	1,108,058.65	08/15/2024	08/15/2035
U/L Tax Ref Bds Ser 2017	4,684,743.00	4,335,000.00	Non-Callable	08/15/2026
U/L Tax Sch Bldg & Ref Bds Ser 2018	15,245,000.00	14,115,000.00	08/15/2026	08/15/2034
U/L Tax Ref Bds Ser 2020	<u>2,170,000.00</u>	<u>2,140,000.00</u>	08/15/2028	08/15/2034
	34,282,802.00	28,998,058.65		

Outstanding Debt Service



FINANCIAL ADVISORY TEAM

Primary Contact

Dan Mahoney, CFA
 Vice President
 Fort Worth, Texas
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 8 Years Experience

Senior Banking Support

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 Senior Managing Director
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 26 Years Experience

Quantitative Support

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 Analyst
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 1 Years Experience

Credit Support

Ted Chapman
 Credit Analyst
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 25 Years Experience

Structured Products

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 Head of DCM Structuring
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 30 Years Experience

Advice on Pricing

Bill Evans
 Managing Director
 Head of Municipal Underwriting
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 william.evans@hilltopsecurities.com
 20+ Years Experience

Continuing Disclosure

Lou Ann Heath
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 Continuing Disclosure
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 30 Years Experience

Arbitrage Rebate

Brian Helming
 Managing Director
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 28 Years Experience

Melissa Pauling
 Assistant Vice President
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 Phone: (214) 953-8719
 melissa.pauling@hilltopsecurities.com
 18 Years Experience

Vice President



Contact Information:

777 Main Street

Suite 1525

Fort Worth, Texas 76102

Telephone: 817.348.5863

dan.mahoney@hilltopsecurities.com

Area of Focus

- Specializes in providing public finance services for independent school districts, counties, other local government issuers and specialty districts

Profile

- Joined the Firm in 2022, 8 years of Public Finance experience
- Has advised on more than \$29 billion in short- and long-term financings
- Provides expertise on credit, structuring, cash flow analysis, legal document review, credit enhancement, and general financing management.

Education

- Bachelor of Business Administration- Finance Concentration, University of Richmond
- Chartered Financial Analyst (CFA) Charterholder, CFA Institute

Current Affiliations

- CFA Institute
- CFA Society of Dallas/Fort Worth

Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
 - General Securities Representative, Series 7
 - Municipal Advisor Representative, Series 50
 - Municipal Securities Representative, Series 52
 - Uniform Securities Agent, Series 63

Senior Managing Director



Contact Information:

777 Main Street

Suite 1525

Fort Worth, Texas 76102

Telephone: 817.332.9710

laura.alexander@hilltopsecurities.com

Area of Focus

- Specializes in providing public finance services for local government issuers and non-for-profits including hospitals, higher education institutions, cultural institutions, and independent schools

Profile

- Joined the Firm in 1996
- Manager of Fort Worth office
- Has advised on more than \$40 billion in financings
- Provides structuring expertise as well as credit and cash flow analyses, reviews legal documentation, obtains credit enhancement and oversees the general processing of financings

Education

- Bachelor of Arts in Mathematics, University of Richmond
- Master of Business Administration, Stanford University
- Master of Arts in Education, Stanford University

Current Affiliations

- Government Finance Officers Association of Texas
- National Association of College and University Business Officers

Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
 - General Securities Representative, Series 7
 - Municipal Advisor Representative, Series 50
 - Municipal Securities Principal, Series 53
 - Municipal Advisor Principal, Series 54
 - Uniform Securities Agent, Series 63
 - Investment Banking Representative, Series 79

Analyst



Contact Information:

777 Main Street
Suite 1525
Fort Worth, Texas 76102

Telephone: 817.332.9710

Robert.spears@hilltopsecurities.com

Areas of Focus

- Specializes in Public Finance advisory and underwriting

Profile

- Joined the firm in 2021 after spending three years in mortgage banking
- Supports senior bankers with both negotiated and competitive transactions on a taxable and tax-exempt basis
- Experience includes interpreting legal documents and providing financial analysis, such as tax-rate impacts and bond sizing, to Cities, Counties, School Districts and Special Districts

Education

- Bachelors of Business Administration in Finance with Minor in Economics, Texas Christian University

Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
 - Securities Industry Professional, SIE
 - Municipal Advisor Representative, Series 50
 - Municipal Securities Representative, Series 53
 - Uniform Securities Agent, Series 63

Managing Director, Head of Municipal Underwriting



Areas of Focus

- Long-term underwriting of municipal bonds

Profile

- Over 20 years' experience as a Municipal Bond Underwriter
- Responsible for both negotiated and competitive underwriting efforts on a taxable and tax-exempt basis
- Experience includes, but not limited to, executing on behalf of large national issuers as well as higher education, housing and high yield transactions

Education

- Executive Master of Business Administration, Fordham University
- BSBA in Finance & Accounting, Northeastern University

Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
 - General Securities Representative, Series 7
 - Municipal Advisor Representative, Series 50
 - Municipal Securities Principal, Series 53
 - Uniform Securities Agent, Series 63
 - National Commodities Futures, Series 3

Contact Information:

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Dallas, Texas 75201

Telephone: 214.859.9421

william.evans@hilltopsecurities.com



ADDITIONAL DETAILS



FINANCIAL STATEMENT

FINANCIAL STATEMENT (As of August 31, 2021)

Table with 2 columns: Description, Amount. Rows include Net Taxable Assessed Valuation, GO Debt payable, and Net Debt.

(a) Texas School Districts may receive funds from the State of Texas to offset capital debt expenses. The District expects to receive 29.36% of the 2021-2022 annual debt service requirement from State Aid.

Net Debt Per Net Taxable Assessed Valuation - 4.83%
Net Debt Per Sq mile - \$358,208.55
Net Debt Per Capita - \$2,570.00
Net Debt Per ADA - \$11,950.30

Net Taxable Assessed Valuation Per Capita - \$53,215.79
Net Taxable Assessed Valuation Per ADA - \$247,449.59
2009-2010 ADA-2,185; 2021 Pop Est-9,562
2021-2022 ADA-2,373; 2022 Pop Est-11,032
Area: 79.15 Sq mile

PAYMENT RECORD

Never defaulted.

TAX DATA

Table with 6 columns: Tax Year, A.V., Tax Rate, Adjusted Levy, % Collected within FY, Total % Collected as of 08/31/2021*. Rows for years 2016-2021.

* Delinquent tax collections are allocated to the respective years in which the taxes are levied.

Table with 5 columns: Tax Rate Distribution, 2021, 2020, 2019, 2018. Rows include Maintenance and Operations, Interest and Sinking, and Totals.

TAX RATE LIMITATION

MAINTENANCE TAX LIMITATION: The District is authorized to levy an M&O tax rate pursuant to the approval of the voters of the District at an election held on November 22, 1969, in accordance with Section 45.003, Texas Education Code, as amended.

district is the sum of \$0.17 and the school district's Maximum Compressed Tax Rate (MCR). A school district's MCR is, generally, inversely proportional to the change in taxable property values both within the school district and the State, and is subject to recalculation annually.

DETAILS OF OUTSTANDING DEBT

Details of Unlimited Tax Debt (Outstanding 8/31/2021)

U/L Tax Ref Bds 2013

Tax Treatment: Bank Qualified
Original Issue Amount \$9,280,000.00
Dated Date: 08/01/2013
Sale Date: 08/08/2013
Delivery Date: 09/19/2013
Sale Type: Negotiated
Record Date: MSRB
Bond Form: BE
Denomination \$5,000
Interest pays Semi-Annually: 08/15, 02/15
1st Coupon Date: 02/15/2014

Paying Agent: U.S. Bank Trust Company, National Association, Dallas, TX
Bond Counsel: McCall Parkhurst & Horton L.L.P.
Financial Advisor: Southwest Securities, Dallas, TX
Lead Manager: RBC Capital Markets
Underwriter's Counsel: Kelly Hart & Hallman LLP

Insurance: PSF

Use of Proceeds: Refunding.

Refunding Notes: This bond refunded maturities from the following issues:

Table with 4 columns: U/L Tax Sch Bldg, Refunded Amount, Mat Date, Sched Call, Price. Rows for Bds Ser 2005.

Table with 4 columns: U/L Tax Sch Bldg, Refunded Amount, Mat Date, Sched Call, Price. Rows for Bds Ser 2006.

Table with 4 columns: Maturity, Amount, Coupon, Orig Reoffering Price/Yield. Rows for various maturity dates from 08/15/2022 to 08/15/2034.

Call Option: Bonds maturing on 08/15/2024 to 08/15/2034 callable in whole or in

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part on any date beginning 08/15/2023 @ par.

U/L Tax Sch Bldg & Ref Bds Ser 2015

Tax Treatment: Bank Qualified
Original Issue Amount \$2,903,059.00
Dated Date: 02/15/2015
Sale Date: 02/19/2015
Delivery Date: 03/17/2015
Sale Type: Negotiated
Record Date: MSRB
Bond Form: BE
Denomination \$5,000
Interest pays (CIBs) Semi-Annually: 08/15, 02/15
1st Coupon Date: (CIBs) 02/15/2016

Paying Agent: U.S. Bank Trust Company, National Association, Dallas, TX
Bond Counsel: McCall, Parkhurst & Horton
Financial Advisor: Southwest Securities, Dallas, TX
Lead Manager: RBC Capital Markets
Underwriter's Counsel: Kelly Hart & Hallman LLP

Insurance: PSF

Use of Proceeds: Refunding, School Building.

Refunding Notes: This bond refunded maturities from the following issues:

Table with 5 columns: U/L Tax Sch Bldg Bds Ser 2005, Refunded Amount, Mat Date, Coupon, Price, Sched Call. Rows include 180,000.00 and 190,000.00.

U/L Tax Sch Bldg Bds Ser 2006

Table with 5 columns: Refunded Amount, Mat Date, Coupon, Price, Sched Call. Rows include 290,000.00, 310,000.00, and 620,000.00.

Premium Capital Appreciation Bonds

Table with 5 columns: Maturity, Mat Value, Coupon, Orig Reoffering Price/Yield, Original Principal. Row for 08/15/2027 with value \$54,341.00.

Capital Appreciation Bonds

Table with 5 columns: Maturity, Mat Value, Coupon, Orig Reoffering Price/Yield, Original Principal. Rows from 08/15/2028 to 08/15/2035.

Call Option: Current Interest Bonds: Non callable
Premium Capital Appreciation Bonds: Bonds maturing on 08/15/2027 callable in whole or in part on any date beginning 08/15/2024 @ accreted value.
Capital Appreciation Bonds: Bonds maturing on 08/15/2028 to 08/15/2035 callable in whole or in part on any date beginning 08/15/2024 @ accreted value.

U/L Tax Ref Bds Ser 2017

Tax Treatment: Bank Qualified
Original Issue Amount \$4,684,743.00
Dated Date: 07/15/2017

Sale Date: 07/17/2017
Delivery Date: 08/10/2017
Sale Type: Negotiated
Record Date: MSRB
Bond Form: BE
Denomination \$5,000
Interest pays Semi-Annually: 08/15, 02/15
1st Coupon Date: 02/15/2018

Paying Agent: U.S. Bank Trust Company, National Association, Dallas, TX
Bond Counsel: McCall, Parkhurst & Horton L.L.P., Dallas, TX
Financial Advisor: George K. Baum & Company, Dallas, TX
Lead Manager: Hilltop Securities Inc.
Underwriter's Counsel: Kelly Hart & Hallman LLP, Fort Worth, TX

Insurance: PSF

Use of Proceeds: Refunding.

Refunding Notes: This bond refunded maturities from the following issues:

Table with 5 columns: U/L Tax Sch Bldg Bds Ser 2007, Refunded Amount, Mat Date, Coupon, Price, Sched Call. Rows include 567,030.30, 570,329.10, 578,256.05, 568,370.70, 542,443.00, 518,103.60, 442,840.00, 463,989.50, and 438,526.00.

Table with 4 columns: Maturity, Amount, Coupon, Orig Reoffering Price/Yield. Rows include 08/15/2022, 08/15/2023, 08/15/2024, 08/15/2025, and 08/15/2026.

Call Option: Non Callable

U/L Tax Sch Bldg & Ref Bds Ser 2018

Tax Treatment: Tax Exempt
Original Issue Amount \$15,245,000.00
Dated Date: 06/01/2018
Sale Date: 06/01/2018
Delivery Date: 06/26/2018
Sale Type: Negotiated
NIC: 4.4799%
Record Date: MSRB
Bond Form: BE
Denomination \$5,000
Interest pays Semi-Annually: 02/15, 08/15
1st Coupon Date: 08/15/2018

Paying Agent: UMB Bank, N.A., Dallas, TX
Bond Counsel: McCall, Parkhurst & Horton L.L.P., Dallas, TX
Financial Advisor: George K. Baum & Company, Dallas, TX
Purchaser: UMB Bank
Underwriter's Counsel: Kelly Hart & Hallman LLP, Fort Worth, TX

Insurance: PSF

Use of Proceeds: Refunding, School Building.

Refunding Notes: This bond refunded maturities from the following issues:

U/L Tax Ref Bds Ser 2011

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Refunded Amount	Mat Date	Coupon	Price	Sched Call
465,000.00	08/15/2019	2.500	Par	08/15/2018
470,000.00	08/15/2020	3.000	Par	08/15/2018
490,000.00	08/15/2021	3.000	Par	08/15/2018
505,000.00	08/15/2022	3.500	Par	08/15/2018
520,000.00	08/15/2023	3.500	Par	08/15/2018
535,000.00	08/15/2024	4.000	Par	08/15/2018
560,000.00	08/15/2025	4.000	Par	08/15/2018
585,000.00	08/15/2026	4.000	Par	08/15/2018
605,000.00	08/15/2027	4.000	Par	08/15/2018
630,000.00	08/15/2028	4.000	Par	08/15/2018
650,000.00	08/15/2029	4.000	Par	08/15/2018
680,000.00	08/15/2030	4.000	Par	08/15/2018
710,000.00	08/15/2031	4.000	Par	08/15/2018
2,300,000.00	08/15/2034	4.125	Par	08/15/2018

Maturity	Amount	Coupon	Orig Reoffering Price/Yield
08/15/2022	405,000.00	5.0000%	2.070%
08/15/2023	425,000.00	5.0000%	2.170%
08/15/2024	435,000.00	5.0000%	2.300%
08/15/2025	465,000.00	5.0000%	2.420%
08/15/2026	495,000.00	5.0000%	2.550%
08/15/2027	1,255,000.00	5.0000%	2.610%
08/15/2028	1,320,000.00	5.0000%	2.660%
08/15/2029	1,380,000.00	5.0000%	2.700%
08/15/2030	1,455,000.00	5.0000%	2.740%
08/15/2031	1,530,000.00	4.0000%	3.010%
08/15/2032	1,580,000.00	4.0000%	3.100%
08/15/2033	1,650,000.00	4.0000%	3.140%
08/15/2034	1,720,000.00	4.0000%	3.190%
-----\$14,115,000.00			

Call Option: Bonds maturing on 08/15/2027 to 08/15/2034 callable in whole or in part on any date beginning 08/15/2026 @ par.

U/L Tax Ref Bds Ser 2020

Tax Treatment: Bank Qualified
Original Issue Amount \$2,170,000.00
Dated Date: 08/01/2020
Sale Date: 07/20/2020
Delivery Date: 08/13/2020
Sale Type: Negotiated
NIC: 1.8514%
Record Date: MSRB
Bond Form: BE
Denomination \$5,000
Interest pays Semi-Annually: 02/15, 08/15
1st Coupon Date: 08/15/2020

Paying Agent: UMB Bank, N.A., Dallas, TX
Bond Counsel: McCall, Parkhurst & Horton L.L.P., Dallas, TX
Financial Advisor: Stifel Nicolaus & Company, Inc., Dallas, TX
Lead Manager: Estrada Hinojosa & Company, Inc.
Underwriter's Counsel: Kelly Hart & Hallman LLP, Fort Worth, TX

Insurance: PSF

Use of Proceeds: Refunding.

Refunding Notes: This bond refunded maturities from the following issues:

U/L Tax Sch Bldg Bds Ser 2010

Refunded Amount	Mat Date	Coupon	Price	Sched Call
130,000.00*	08/15/2022	3.000	Par	09/12/2020
295,000.00	08/15/2024	4.000	Par	09/12/2020
310,000.00	08/15/2026	4.000	Par	09/12/2020
305,000.00	08/15/2028	4.000	Par	09/12/2020
200,000.00	08/15/2029	4.000	Par	09/12/2020
280,000.00	08/15/2030	4.000	Par	09/12/2020

980,000.00	08/15/2034	4.000	Par	09/12/2020

2,500,000.00				

* Partial Maturity

Maturity	Amount	Coupon	Orig Reoffering Price/Yield
08/15/2022	60,000.00	3.0000%	0.420%
08/15/2023	95,000.00	4.0000%	0.460%
08/15/2024	160,000.00	4.0000%	0.520%
08/15/2025	130,000.00	4.0000%	0.610%
08/15/2026	140,000.00	4.0000%	0.750%
08/15/2027	130,000.00	4.0000%	0.860%
08/15/2028	130,000.00	4.0000%	0.940%
08/15/2030T	430,000.00	4.0000%	1.070%
08/15/2032T	415,000.00	4.0000%	1.190%
08/15/2034T	450,000.00	4.0000%	1.320%

\$2,140,000.00			

Call Option: Term bonds maturing on 08/15/2030 and 08/15/2032 and 08/15/2034 callable in whole or in part on any date beginning 08/15/2028 @ par.

Term Call: Term bonds maturing on 08/15/2030 subject to mandatory redemption as follows:

Redemption Date	Principal Amount
08/15/2029	\$175,000
08/15/2030	\$255,000

	\$430,000

Term bonds maturing on 08/15/2032 subject to mandatory redemption as follows:

Redemption Date	Principal Amount
08/15/2031	\$205,000
08/15/2032	\$210,000

	\$415,000

Term bonds maturing on 08/15/2034 subject to mandatory redemption as follows:

Redemption Date	Principal Amount
08/15/2033	\$220,000
08/15/2034	\$230,000

	\$450,000

Grand Total =====> \$28,998,058.65

Bond Debt Service

Period Ending	Principal	Interest	Debt Service
08/31/22	1,895,000.00	1,140,800.00	3,035,800.00
08/31/23	1,995,000.00	1,067,600.00	3,062,600.00
08/31/24	2,045,000.00	995,275.00	3,040,275.00
08/31/25	2,175,000.00	920,300.00	3,095,300.00
08/31/26	2,270,000.00	841,125.00	3,111,125.00
08/31/27	2,159,341.00	839,209.00	2,998,550.00
08/31/28	2,285,332.10	715,067.90	3,000,400.00
08/31/29	2,327,294.75	622,105.25	2,949,400.00
08/31/30	2,347,614.40	533,585.60	2,881,200.00
08/31/31	2,193,586.25	463,263.75	2,656,850.00
08/31/32	2,255,250.00	389,200.00	2,644,450.00
08/31/33	2,347,068.80	306,543.70	2,653,612.50
08/31/34	2,436,642.05	222,082.95	2,658,725.00
08/31/35	265,929.30	319,070.70	585,000.00

	28,998,058.65	9,375,228.85	38,373,287.50

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COMPUTED ON BASIS OF MANDATORY REDEMPTION

CAPITAL APPRECIATION DEBT SERVICE REQUIREMENTS SHOWN ON NON-ACCREDITED BASIS. SEE APPENDIX FOR ACCRETION TABLE(S).

Debt Amortization Rates

Table with 3 columns: Period Ending, Principal, % of Principal Retired. Rows show data from 08/31/2022 to 08/31/2035.

DEBT SERVICE FUND MANAGEMENT INDEX

Table showing G.O. Debt Service Requirements for fiscal year-ending 08/31/2022, I&S Fds all G.O. issues 08/31/2021, 2021 I&S Fund Tax Levy @ 90%, Tier III, IFA, and Total.

OPERATING STATEMENT

STATEMENT OF NET POSITION

Table comparing Governmental Activities for 08/31/2021 and 08/31/2020. Categories include ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, and NET POSITION.

AUTHORIZED BUT UNISSUED

GENERAL OBLIGATION BONDS AUTHORIZED BUT UNISSUED None

PENSION FUND LIABILITY

The District participates in a cost-sharing multi-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas ("TRS").

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information.

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

The 86th Legislature adopted Senate Bill 12 which increased contribution rates for the State, employers, and the members in a phase-in schedule that will end in Fiscal Year 2025. The State's base rate of 6.80% in Fiscal Year 2019 will increase to 7.50% in Fiscal Year 2020 and phase-in to 8.25% by Fiscal Year 2024.

Table showing Contribution Rates Plan Fiscal Year for 2021 and 2020 for Member, State, and Employer.

PENSION FUND LIABILITY

Table showing Pension Fund Liability for Reporting Year* 08-31-2021 and 08-31-2020. Categories include Net Pension Liability, Beginning of Year, Additional Contributions, Total Pension Expense, and Total Deferred Outflows.

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Total Deferred Inflows	\$1,550,407	\$2,025,997
This Year's Contributions	\$580,774	\$475,974
Net Pension Liability		
End of Year	\$7,538,746	\$7,069,076

	Contributions Required and Made
2021 Member (Employee)	\$1,548,152
Contributing Agency (State)	\$1,124,002
2021 Employer	\$664,629

For the year ended August 31, 2021, the District recognized pension expense of \$1,754,870 and revenue of \$1,754,870 for support provided by the State.

	08-31-2021	08-31-2020
District's Proportion of the Net Pension Liability	0.01400000%	0.01400000%
District's Proportion Share of the Net Pension Liability	\$7,538,746	\$7,069,076
State's Proportion Share of the District's Net Pension Liability	\$14,590,143	\$13,349,622
Total	\$22,128,889	\$20,418,698
District's Covered-Employee Payroll	\$19,186,204	\$17,110,611
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Employee Payroll	39.29%	41.31%
TRS net position as a percentage of the total pension liability	75.54%	75.24%
Plan's net pension liability as a percentage of covered - employee payroll	115.34%	119.33%

* Based on measurement period of the previous fiscal year.

Fiscal Year	2021	2020
Contractually Required Contributions	\$664,629	\$556,409
Contributions in Relation to the Contractual Required Contributions	(\$664,629)	(\$556,409)
Contributions Deficiency (Excess)	\$0	\$0
District's Covered Employee Payroll	\$20,105,859	\$19,186,204
Contributions as a Percentage of Covered Employee Payroll	3.31%	2.90%

PENSION FUND OPEB LIABILITY

OTHER POST-EMPLOYMENT BENEFITS

Ferris ISD participates in the Texas Public School Retired Employees Group Insurance Program (TRSCare). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It was established in 1986 and is administered in accordance with the Texas Insurance Code, Chapter 1575.

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Contributions Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and

contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

The General Appropriations Act passed by The 86th Legislature included funding to maintain TRS Care premiums at their current level through 2021. The 86th Legislature also passed SB 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures.

	Contribution Rates	
	2021	2020
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Current Fiscal Year Employer Contributions	\$179,053	\$163,835
Current Fiscal Year Member Contributions	\$130,690	\$124,712
Measurement Year NECE On-Behalf Contributions	\$226,773	\$199,999

For the year ended August 31, 2021, the District recognized OPEB expense of \$78,755 and revenue of \$78,755 for support provided by the State.

Reporting Period Ended*	08/31/2021	08/31/2020
District's proportion share of the net OPEB liability (asset)	0.02200000%	0.02100000%
District's proportionate share of the net OPEB liability (asset)	\$8,440,547	\$10,029,850
State's proportionate share of the net OPEB liability (asset) associated with the District	\$11,342,072	\$13,327,427
Total	\$19,782,619	\$23,357,277
District's covered-employee payroll	\$19,186,204	\$17,110,611
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	58.62%	58.62%
Plan fiduciary net position as a percentage of the total OPEB liability	4.99%	2.66%

* Based on measurement of the previous fiscal year.

Fiscal year Ended	08/31/2021	08/31/2020
Contractually required contribution	\$179,053	\$163,835
Contributions in relation to the contractually required contribution	(\$179,053)	(\$163,835)
Contribution deficiency (excess)	\$0	\$0
District's covered-employee payroll	\$20,105,859	\$19,186,204
Contribution as a percentage of covered-employee payroll	0.89%	0.85%

Source: Ferris ISD's Annual Financial Report dated August 31, 2021.

NON FUNDED DEBT

NON-FUNDED DEBT PAYABLE (As of August 31, 2021)

The District reports additional debt in the principal amount of \$17,208,054 under Govt Activities as follows:

	Amount Outstanding	Int Rate	Next Year's Requirements	Reported Under
Pension Liability*	\$7,538,746	N/A		N/A Govt Activities

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OPEB Liability*	\$8,440,547	N/A	N/A Govt Activities
Compensated Absences	\$579,761	N/A	N/A Govt Activities
Note	\$649,000	1.618%	\$70,501 Govt Activities

* See PENSION FUND LIABILITY section for details of this obligation.

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount
Internal Service Fund	\$39,557

Remarks
The District will correct this deficit in the next fiscal year.

OVERLAPPING DEBT

Taxing Body	Debt Amount	As Of	%Ovlp	Ovlp Amt
Dallas Co	\$116,665,000	* 03/31/22	0.01	\$11,667
Dallas Co CCD	118,575,000	* 03/31/22	0.01	11,858
Dallas Co Hosp Dist	556,450,741	12/31/21	0.01	55,645
Dallas Co Schools	5,708,013	* 03/31/22	0.01	571
Ellis Co	28,755,000	* 03/31/22	3.03	871,277
Ferris, City of	9,475,000	* 03/31/22	100.00	9,475,000
Lancaster, City of	50,966,980	09/30/21	0.01	5,097
Red Oak, City of	23,033,000	07/31/21	1.71	393,864
Total Overlapping Debt:				\$10,824,977
Ferris ISD		08/31/21		\$28,352,207
Total Direct and Overlapping Debt:				\$39,177,184
Total Direct and Overlapping Debt % of A.V.:				6.67%
Total Direct and Overlapping Debt per Capita:				\$3,551

* Gross Debt

MATERIAL EVENTS AND OTHER FILINGS

This section contains excerpt(s) from or a summary of filings made by or on behalf of the issuer. The information below is an extract or summary only. The complete filing should be viewed on the Texas MAC website (www.mactexas.com) or the Electronic Municipal Market Access (EMMA) System of the Municipal Securities Rulemaking Board (https://emma.msrb.org/). See TMR disclaimer at the bottom of this page.

08/31/2019 - Annual Financial Report

"In October 2019, the District sustained a tornado loss of \$415,938. This amount, less the District's deductible of \$150,000 and a depreciation adjustment of \$72,946, resulted in a net settlement of \$192,992 to be received by the District for the loss. There was also a water damage loss of \$57,071, less a deductible of \$10,000 for a net settlement of \$47,071 with this incident. The depreciation amount of \$72,946 will also be recoverable if the District incurs this amount during the course of repairs."

ECONOMIC BACKGROUND

TEXAS PUBLIC SCHOOL FINANCE SYSTEM For information on the Texas Public School Finance System, visit the Publications area of the MAC website at www.mactexas.com.

ECONOMIC BACKGROUND

Ferris ISD is a productive farming area located 20 miles south of Dallas on

Interstate Highway 45. The District is located within Ellis County, extending partially into Dallas County and includes the City of Ferris. The City's 2020 population was 2,788, a 14.45% increase since 2010.

COUNTY CHARACTERISTICS

Ellis County, located in northeast Texas, was created in 1849 from Navarro County and named after the president of the Convention of 1836, Richard Ellis. The county is traversed by Interstate Highways 35E and 45, and bordered by the Trinity River to the east.

COUNTY SEAT: Waxahachie

2020 census: 192,455 increasing 28.6% since 2010
2010 census: 149,610 increasing 34.3% since 2000
2000 census: 111,360

ECONOMIC BASE

Mineral: sand, gravel, gas and cement.

Industry: warehousing, steel production, government, distribution center and cement.

Agricultural: nursery crops, hay, cotton, corn and cattle.

OIL AND GAS - 2021

The county ranks 206 out of all the counties in Texas for oil production. The gas production for this county accounts for 0.04% of the total state production. The county ranks 100 out of all the counties in Texas for gas production.

OIL PRODUCTION (Texas Railroad Commission)

Year	Description	Volume	% Change From Previous Year
2018	Oil	9 BBL	-94.08
2019	Oil	0 BBL	-100.00
2020	Oil	32 BBL	
2021	Oil	3 BBL	-90.63

CASINGHEAD (Texas Railroad Commission)

Year	Description	Volume	% Change From Previous Year
2018	Casinghead	11 MCF	10.00
2019	Casinghead	11 MCF	
2020	Casinghead	12 MCF	9.09
2021	Casinghead	11 MCF	-8.33

GAS WELL PRODUCTION (Texas Railroad Commission)

Year	Description	Volume	% Change From Previous Year
2018	GW Gas	2,569,257 MCF	-10.49
2019	GW Gas	2,127,606 MCF	-17.19
2020	GW Gas	2,453,483 MCF	15.32
2021	GW Gas	2,067,790 MCF	-15.72

RETAIL SALES & EFFECTIVE BUYING INCOME (The Nielsen Company)

Year	2018	2017	2016
Retail Sales	\$4.0B	\$2.2B	\$2.4B
Effective Buying Income (EBI)	\$4.6B	\$3.9B	\$3.7B
County Median Household Income	\$62,747	\$55,363	\$53,988
State Median Household Income	\$61,175	\$57,227	\$55,352
% of Households with EBI below \$25K	13.8%	17.8%	8.9%
% of Households with EBI above \$25K	72.4%	70.3%	69.3%

EMPLOYMENT DATA (Texas Workforce Commission)

	2021		2020		2019	
	Employed	Earnings	Employed	Earnings	Employed	Earnings
1st Q:	54,137	\$659.7M	52,847	\$615.5M	51,979	\$585.2M
2nd Q:	55,155	\$688.3M	50,449	\$607.2M	52,541	\$594.3M
3rd Q:	56,111	\$705.7M	52,170	\$615.0M	52,248	\$589.6M
4th Q:	N/A	N/A	53,930	\$710.4M	53,719	\$645.9M

MAJOR COLLEGES AND UNIVERSITIES: Texas State Technical Colleges North Texas, Southwestern Assemblies of God College

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COLLEGES AND UNIVERSITIES

Year	Total	Fall Enrollment
2020	2	2,461
2019	2	2,377
2018	2	2,417
2017	2	2,479
2016	2	2,352
2015	1	1,975
2014	1	1,984
2013	1	2,012
2012	1	2,030
2011	1	2,023
2010	1	2,064
2009	1	2,013
2008	1	1,891

Phone: 972-825-5150
 Fax: 972-825-5151
 richard.rozier@co.ellis.tx.us

Chief Appraiser
 Kathy Rodrigue
 Ellis County Appraisal District
 400 Ferris Ave.
 Waxahachie, TX 75165
 Phone: 972-937-3552
 Fax: 972-937-1618
 kathy@elliscad.com

Chief Appraiser
 Ken Nolan
 Dallas Central Appraisal District
 2949 North Stemmons Freeway
 Dallas, TX 75247
 Phone: 214-631-0520
 nolank@dcad.org

TOP TAXPAYERS

Principal Taxpayers	2021 A.V.	% of A.V.
1. Waste Management of Texas Inc. Utility - Trash/Landfill Utility	\$26,952,710	4.59%
2. Oncor Electric Delivery Co. Utility - Electric Utility/Power Plant	11,598,130	1.98%
3. Trinity Valley Reclamation Inc. Utility - Water & Sewer Utility	8,224,040	1.40%
4. ATCO Products Inc. Industrial - Industrial Manufacturing	6,435,370	1.10%
5. USAR LLC Commercial - Commercial Land	5,714,460	0.97%
6. Union Pacific Railroad Co. Utility - Railroad	4,493,010	0.77%
7. East Texas Pinnacle Properties Inc Commercial - Commercial Building	3,478,350	0.59%
8. HSM Shaw Creek Ranch II LLC Residential - Developer	3,350,200	0.57%
9. Atmos Energy/Mid-Tex Pipeline Industrial - Oil & Gas Pipeline	3,340,290	0.57%
10. Xtreme Race Holdings LLC Commercial - Race Track	2,801,480	0.48%
Total:	\$76,388,040	13.02%

WC

FINANCE CONNECTED OFFICIALS

Board President
 Ricardo Rodriguez
 303 E 5th St.
 Ferris, TX 75125
 Phone: 972-544-3858

Superintendent of Schools
 James Hartman
 303 E 5th St.
 Ferris, TX 75125
 Phone: 972-544-3858 Ext: 1102
 jhartman01@ferrisisd.org

Business Manager
 Lavina Straley
 303 E 5th St.
 Ferris, TX 75125
 Phone: 972-544-3858 Ext: 1138
 lastrale@ferrisisd.org

Tax Assessor/Collector
 Richard Rozier
 Ellis County Tax Office
 109 S. Jackson St.
 Waxahachie, TX 75165

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RatingsDirect®

Summary:

Ferris Independent School District, Texas; School State Program

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Summary:

Ferris Independent School District, Texas; School State Program

Credit Profile

US\$2.35 mil unlted tax rfdg bnds ser 2020 dtd 08/01/2020 due 08/15/2034

<i>Long Term Rating</i>	AAA/Stable	New
<i>Underlying Rating for Credit Program</i>	A+/Stable	New
Ferris Indpt Sch Dist PSF/CRS		
<i>Long Term Rating</i>	AAA/Stable	Current
<i>Underlying Rating for Credit Program</i>	A+/Stable	Affirmed
Ferris Indpt Sch Dist PSF/CRS		
<i>Long Term Rating</i>	AAA/Stable	Current
<i>Underlying Rating for Credit Program</i>	A+/Stable	Affirmed

Rating Action

S&P Global Ratings assigned its 'AAA' long-term (program) rating and 'A+' underlying rating to Ferris Independent School District (ISD), Texas' \$2.4 million unlimited-tax refunding bonds, series 2020.

Revenue from unlimited-ad valorem taxes on all taxable property within the district secures the GO bonds. We understand that proceeds will refund a portion of the district's debt outstanding for interest savings. Inclusive of the series 2020 issuance, the district will have approximately \$18.6 million of net direct debt.

The 'AAA' program rating reflects our view of the district's eligibility for the Texas Permanent School Fund (PSF) bond guarantee program. The program provides the security of a permanent fund of assets that the district could use to meet debt service on bonds guaranteed by the program. (For more information on the program rating, see our report published June 25, 2020, on RatingsDirect.)

Credit overview

Located 20 miles outside of Dallas, Ferris is a rural, agricultural community near a broad and diverse MSA. Demand in the area has prompted multiple large scale residential projects. With a significant number of houses added to its tax base in 2020, AV rose a substantial, 47%. The district has a high reliance on state aid. However, the governor has yet to announce any budget cuts for school districts as a result of the COVID-19 pandemic. (see "The U.S. Faces A Longer And Slower Climb From The Bottom," published June 25, 2020 on RatingsDirect). Should the duration of the recession increase beyond current expectations, or if spikes in COVID-19 cases cause additional statewide business closures, future school district budget cuts could follow. We will continue to monitor the effects of the recession on the district, but view the credit as stable. We believe its high level of reserves will provide flexibility in the short term and that management will adjust budgets as necessary to maintain budgetary stability.

In our opinion, the district's general credit strengths include its:

- Access to the Dallas-Fort Worth metropolitan statistical area (MSA), contributing to population and tax base growth;
- Generally strong financial performance and maintenance of very strong reserves; and
- Moderate debt with a fairly rapid amortization schedule and manageable carrying charges.

Partially offsetting these strengths is the districts adequate, but below-average market value per capita and limited agricultural centered economy.

Environmental, social, and governance (ESG) factors

We analyzed the district's environmental, social, and governance risks relative to its economy, management, financial measures, and debt and liability profile. We determined that all are in line with our view of the sector standard. Our rating incorporates our view regarding the health and safety risks posed by the COVID-19 pandemic, which, if sustained, could weaken the district's economy, liquidity, and budget performance. Absent the implications of COVID-19; we consider the district's social risks to be in line with those of the sector.

Stable Outlook

The stable outlook on the underlying reflects our opinion that the district's stable operating performance and very strong reserves will provide flexibility in the event revenues were to decline as a result of COVID-19 and resultant recession. The stable outlook on the program rating reflects our assessment of the Texas PSF's strength and liquidity.

Downside scenario

If the district's financial performance worsens, leading to a significant decline in reserves, we could consider a lower rating.

Upside scenario

Should the district's tax base substantially expand, increasing local income and wealth to levels that we consider commensurate with those of higher-rated peers, we could consider raising the rating.

Credit Opinion

Economy

Ferris Independent School District serves an estimated population of 10,242. In our opinion, median household effective buying income (EBI) is good at 104% of the national level, but per capita EBI is adequate at 86%. The district's total \$527 million market value in fiscal 2020 is adequate, in our view, at \$51,492 per capita. Net taxable assessed value (AV) grew by a total of 47.9% since fiscal 2018 to \$527.4 million in fiscal 2020. Roughly 10.2% of net taxable AV comes from the 10 leading taxpayers, representing a very diverse tax base, in our opinion. Unemployment rose significantly in April to 10.9%, which reflects the severity of the current recession. We note this is below the reported national unemployment rate of 14.7%.

The district is located 20 miles south of Dallas, primarily in Ellis County, with a small portion extending into Dallas County. The district's tax base is largely residential, and the local economy is based on agriculture. However, residents also have access to the diverse Dallas-Fort Worth metropolitan statistical area for employment opportunities. The district's tax base experienced significant growth in 2020, increasing 47% from 2019 levels. A significant number of residential properties were completed during the year and were added to the tax base in 2020, aiding the growth. Demand in the Dallas-Fort Worth area and continued construction of residential properties should lead to continued growth over the coming years. Management notes a current development of roughly 600 homes is underway, and future plans include an additional project for between 1,500 and 2,000 homes. With the current and future construction planned, management conservatively estimates AV growth of 5% over the coming years.

Officials note the economy has experienced minimal slow down as a result of the COVID-19 pandemic. Residential construction continues as it was before COVID-19, and officials note that none of its significant taxpayers or employers have required widespread layoffs. Leading employers include Waste Management (115 employees), Atco Products, an auto parts store (75), and Trinity products, a seller of sand, and gravel (30). With cases across the state rising, there is a risk that the recent easing of lockdown restrictions could reverse and cause economic deterioration. We will continue to monitor the situation and its effects on the district's economic fundamentals.

Finances

A wealth-equalization formula, based on property values and average daily attendance (property wealth per student), determines state funding for all school districts. Therefore, increases or decreases in average daily attendance (enrollment) can lead to increases or decreases, respectively, in the amount of state revenue a district receives. In fiscal 2020, enrollment was 2,680 students.

The district operates five educational facilities: two elementary schools, an intermediate school, a junior high school, and a high school. Historically, enrollment has generally trended upward but has experienced a slight decrease since 2018 of just under 1%. The decline was simply due to large graduating classes, and expectations are for enrollment to continue its upward trend over the coming years. We anticipate that the significant amount of new construction in the district will support their expectations.

Consecutive surplus results and surpluses in three of the last five fiscal years have helped the district maintain healthy reserves. The two deficits in 2016 and 2017 primarily resulted from planned capital spending of \$2.9 million over the two years, and officials have a demonstrated track record of prudent spending, often leading to results better than reflected in its budgets. The district's available fund balance was very strong, in our view, at \$10.8 million, or 45% of general fund expenditures, at fiscal year-end (Aug. 31) 2019. The 2019 surplus of \$3.2 million was equal to roughly 14% of expenditures. For general fund revenue, the district depends primarily on state aid (79.3%).

The district's 2020 budget reflects balanced operations; however, consistent with its conservative budgeting practices, officials anticipate a surplus of roughly \$1 million. Current reports indicate no decreases in state funding for school districts through the 2021 fiscal year and provided the importance of state aid as a revenue source; we will closely monitor state announcements of potential changes. Given current expectations, we do not anticipate any material decline to the district's budgets in the near term. House Bill 3, a school finance bill passed by the state in 2019, will significantly increase the amount of state funding the district receives. Although the bill requires compression to the

district's maintenance and operations rate, it provides additional state funding for economically disadvantaged students. Officials report an anticipated increase of \$2.1 million in revenue in 2020 directly as a result of the legislation.

The current total property tax rate of \$1.45 per \$100 of AV includes a \$1.07 maintenance and operations levy and 38 cents for debt service.

Management

We consider the district's management practices standard under our Financial Management Assessment (FMA) methodology, indicating our view that the finance department maintains adequate policies in some but not all key areas.

When preparing the budget, management considers enrollment growth, tax base trends, and state aid based on data and projections from local and state sources; it also considers two to three years of historical data analysis. The school board reviews budget reports monthly and amends the budget as needed. The district does not currently have formal long-term financial or capital plans; however, management discusses plans and needs with the board as needed. The district has formal debt- and investment-management policies and provides quarterly reports on investment holdings and earnings to the board. The district does not currently have a formal reserve policy; however, it informally maintains reserves equal to the state-recommended three months' operations.

Debt

Overall net debt is 4.5% of market value and \$2,319 per capita, which we believe to be moderate. With 63% of the district's direct debt scheduled to be retired within 10 years, amortization is fairly rapid. Debt service carrying charges were 11.0% of total governmental fund expenditures, excluding capital outlay in fiscal 2019, which we consider moderate.

The district plans to issue an additional \$12 million of general obligation bonds in 2021 for various campus improvements and new athletic facilities. Despite the planned issuance, we anticipate its debt burden will remain manageable and in line with similarly rated peers. We understand that the district does not have any privately placed or direct purchase agreements that could pose a risk to its liquidity.

Pension and other postemployment benefit (OPEB) liabilities

We do not view pension and OPEB liabilities as an immediate source of credit pressure, as required contributions account for a small portion of total governmental expenditures and are not likely to materially increase in the next few years. Under a special funding situation, the state pays a sizable share of the employer contribution and carries responsibility for its proportionate share of the unfunded liability.

The district participates in the following plans:

- Teacher Retirement System (TRS), 75.2% funded with a proportional share of the net pension liability equal to \$7.7 million; and
- Texas Public School Retired Employees Group Insurance Program (TRS-Care), which provides health insurance coverage to members of the TRS pension plan. TRS-Care is 2.7% funded, and the district has a proportionate share of the net OPEB liability of \$10.7 million.

Summary: Ferris Independent School District, Texas; School State Program

In 2019, the district recognized a pension expense of \$2.6 million and revenue of \$1.4 million for support provided by the state. Given that contributions are made on a statutory basis that is typically lower than the actuarially determined contribution (ADC), fiscal 2019 contributions were materially below both static funding and minimal funding progress. Furthermore, based on plan assumptions, funding progress could slow even if actual contributions met ADC, and the 6.9% discount rate could lead to some contribution volatility.

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Obligor Profile

Issuer: Ferris ISD TX
Obligor: Ferris ISD TX

Obligor: Ferris ISD TX

Obligor Profile

As of: 07/07/2022 11:59 AM EDT

Geo Location

School District	City/Town	County	State
Ferris ISD	Ferris City	Ellis	Texas

News Links

Location	Newspaper
Ferris City	Ellis County Press
Texas	Bond Buyer

DIVER Geo Score: Ellis (County), TX



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Disclosures

No Filings Exist since 06/01/2009.

Credit Ratings

Moody's Underlying Rating

Rating	Watch	Action Date
A2	Not on Watch	04/23/2010
Baa2	Not on Watch	12/12/2005
Baa2	Not on Watch	09/24/2004

S&P Underlying Rating

Rating	Outlook or Watch	Action Date
A+	Stable Outlook	07/14/2020
A+	Stable Outlook	05/23/2018

Rating	Outlook or Watch	Action Date
A+	Stable Outlook	07/11/2017
A+	Stable Outlook	02/05/2015
A+	Stable Outlook	07/31/2013
A+	Stable Outlook	08/12/2011

Economic Data

Dataset	As Of	Ferris	USA
Distress			
Poverty (%) (5 Year)	2016 - 2020	11.10%	12.80%
Income			
Household Income Quintile Upper Limits - Fourth Quintile	2016 - 2020	\$107,034	\$130,545
Household Income Quintile Upper Limits - Lower Limit of Top 5 Percent	2016 - 2020	\$153,692	\$247,124
Household Income Quintile Upper Limits - Lowest Quintile	2016 - 2020	\$33,969	\$26,685
Household Income Quintile Upper Limits - Second Quintile	2016 - 2020	\$60,866	\$51,136
Household Income Quintile Upper Limits - Third Quintile	2016 - 2020	\$91,478	\$81,496
Income Per Capita (5 Year)	2016 - 2020	\$26,174	\$35,384
Median Household Income (5 Year)	2016 - 2020	\$76,563	\$64,994
Population			
Population	2021	2,857	331,893,745
Population Change	2020 - 2021	2.47%	0.13%

Sources:

US Census Bureau

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III. Other Municipal Advisor or Underwriting Relationships. The Firm serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of other clients. For example, the Firm serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to all its municipal advisory clients. These other clients may, from time to time and depending on the specific circumstances, have competing interests, such as accessing the new issue market with the most advantageous timing and with limited competition at the time of the offering. In acting in the interests of its various clients, the Firm could potentially face a conflict of interest arising from these competing client interests. In other cases, as a broker-dealer that engages in underwritings of new issuances of municipal securities by other municipal entities, the interests of the Firm to achieve a successful and profitable underwriting for its municipal entity underwriting clients could potentially constitute a conflict of interest if, as in the example above, the municipal entities that the Firm serves as underwriter or municipal advisor have competing interests in seeking to access the new issue market with the most advantageous timing and with limited competition at the time of the offering. None of these other engagements or relationships would impair the Firm's ability to fulfill its regulatory duties to any specific client.

IV. Secondary Market Transactions in Client's Securities. The Firm, in connection with its sales and trading activities, may take a principal position in securities, including securities of its clients, and therefore the Firm could have interests in conflict with a client with respect to the value of the client's securities while held in inventory and the levels of mark-up or mark-down that may be available in connection with purchases and sales thereof. In particular, the Firm or its affiliates may submit orders for and acquire a municipal advisory client's securities issued in an issue under a municipal advisory agreement from members of the underwriting syndicate, either for its own account or for the accounts of its customers. This activity may result in a conflict of interest with the client in that it could create the incentive for the Firm to make recommendations to the client that could result in more advantageous pricing of the client's bond in the marketplace. Any such conflict is mitigated by means of such activities being engaged in on customary terms through units of the Firm that operate independently from the Firm's municipal advisory business, thereby reducing the likelihood that such investment activities would have an impact on the services provided by the Firm to any client under a municipal advisory agreement.

V. Broker-Dealer and Investment Advisory Business. The Firm is dually registered as a broker-dealer and an investment advisor that engages in a broad range of securities-related activities to service its clients, in addition to serving as a municipal advisor or underwriter. Such securities-related activities, which may include but are not limited to the buying and selling of new issue and outstanding securities and investment advice in connection with such securities, including securities of the firm's municipal advisory clients, may be undertaken on behalf of, or as counterparty to, the client, personnel of the client, and current or potential investors in the securities of the client. These other clients may, from time to time and depending on the specific circumstances, have interests in conflict with those of the Firm's municipal advisory clients, such as when their buying or selling of the municipal advisory client's securities may have an adverse effect on the market for municipal advisory client's securities, and the interests of such other clients could create the incentive for the Firm to make recommendations to the municipal advisory client that could result in more advantageous pricing for the other clients. Furthermore, any potential conflict arising from the firm effecting or otherwise assisting such other clients in connection with such transactions is mitigated by means of such activities being engaged in on customary terms through units of the Firm that operate independently from the Firm's municipal advisory business, thereby reducing the likelihood that the interests of such other clients would have an impact on the services provided by the Firm to its municipal advisory clients.

VI. Compensation-Based Conflicts. Fees that are based on the size of the issue are contingent upon the delivery of the Issue. While this form of compensation is customary in the municipal securities market, this may present a conflict because it could create an incentive for the Firm to recommend unnecessary financings or financings that are disadvantageous to its clients, or to advise clients to increase the size of the issue. This conflict of interest is mitigated by the general mitigations described above.

Fees based on a fixed amount are usually based upon an analysis by the client and the Firm of, among other things, the expected duration and complexity of the transaction and the scope of municipal services to be performed by the Firm. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, the Firm may suffer a loss. Thus, the Firm may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. This conflict of interest is mitigated by the general mitigations described above.

Hourly fees are calculated with, the aggregate amount equaling the number of hours worked by Firm personnel times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest if the client and the Firm do not agree on a reasonable maximum amount at the outset of the engagement, because the Firm does not have a financial incentive to recommend alternatives that would result in fewer hours worked. This conflict of interest is mitigated by the general mitigations described above.

PART B – Disclosures of Information Regarding Legal Events and Disciplinary History

MSRB Rule G-42 requires that municipal advisors provide to their clients certain disclosures of legal or disciplinary events material to its client's evaluation of the municipal advisor or the integrity of the municipal advisor's management or advisory personnel.

Accordingly, the Firm sets out below required disclosures and related information in connection with such disclosures.

I. Material Legal or Disciplinary Event. The Firm discloses the following legal or disciplinary events that may be material to Client's evaluation of the Firm or the integrity of the Firm's management or advisory personnel:

- For related disciplinary actions please refer to the Firm's BrokerCheck webpage.
- The Firm self-reported violations of SEC Rule 15c2-12: Continuing Disclosure. The Firm settled with the SEC on February 2, 2016. The firm agreed to retain independent consultant and adopt the consultant's finding. Firm paid a fine of \$360,000.
- The Firm settled with the SEC in matters related to violations of MSRB Rules G-23(c), G-17 and SEC rule 15B(c) (1). The Firm disgorged fees of \$120,000 received as financial advisor on the deal, paid prejudgment interest of \$22,400.00 and a penalty of \$50,000.00.
- The Firm entered into a Settlement Agreement with Rhode Island Commerce Corporation. Under the Settlement Agreement, the firm agreed to pay \$16.0 million to settle any and all claims in connection with The Rhode Island Economic Development Corporation Job Creation Guaranty Program Taxable Revenue Bond (38 Studios, LLC Project) Series 2010, including the litigation thereto. The case, filed in 2012, arose out of a failed loan by Rhode Island Economic Development Corporation. The firm's predecessor company, First Southwest Company, LLC, was one of 14 defendants. FirstSouthwest's engagement was limited to advising on the structure, terms, and rating of the underlying bonds. Hilltop settled with no admission of liability or wrongdoing.
- On April 30, 2019, the Firm entered into a Settlement Agreement with Berkeley County School District of Berkeley County, South Carolina. The case, filed in March of 2019, arose in connection with certain bond transactions occurring from 2012 to 2014, for which former employees of Southwest Securities, Inc., a predecessor company, provided financial advisory services. The Firm agreed to disgorge all financial advisory fees related to such bond transactions, which amounted to \$822,966.47, to settle any and all claims, including litigation thereto. Under the Settlement Agreement, the Firm was dismissed from the lawsuit with prejudice, no additional penalty, and with no admission of liability or wrongdoing.
- From July 2011 to October 2015, Hilltop failed to submit required MSRB Rule G-32 information to EMMA in connection with 122 primary offerings of municipal securities for which the Firm served as placement agent. During the period January 2012 to September 2015, the Firm failed to provide MSRB Rule G-17 letters to issuers in connection with 119 of the 122 offerings referenced above. From October 2014 to September 2015, the Firm failed to report on Form MSRB G-37 that it had engaged in municipal securities business as placement agent for 45 of these 122 offerings. This failure was a result of a misunderstanding by one branch office of Southwest Securities. Hilltop discovered these failures during the merger of FirstSouthwest and Southwest Securities and voluntarily reported them to FINRA. The Firm paid a fine of \$100,000 for these self-reported violations.
- In connection with a settlement on July 9, 2021, the U.S. Securities and Exchange Commission found that, between January 2016 and April 2018, the Firm bought municipal bonds for its own account from another broker-dealer and that, on occasion during that time period, the other broker-dealer mischaracterized the Firm's orders when placing them with the lead underwriter. The SEC found that, among other things, the Firm lacked policies and procedures with respect to how stock orders were submitted for new issues bonds to third parties, including the broker-dealer that mischaracterized the Firm's orders. The SEC found violations of MSRB Rules G-27, G-17, and SEC rule 15B(c)(1) and a failure to reasonably supervise within the meaning of Section 15(b)(4)(E) of the Securities Exchange Act of 1934. The Firm was censured and ordered to pay disgorgement of \$206,606, prejudgment interest of \$48,587 and a penalty of \$85,000.

II. How to Access Form MA and Form MA-I Filings. The Firm's most recent Form MA and each most recent Form MA-I filed with the SEC are available on the SEC's EDGAR system at [Forms MA and MA-I](#). The SEC permits certain items of information required on Form MA or MA-I to be provided by reference to such required information already filed by the Firms in its capacity as a broker-dealer on Form BD or Form U4 or as an investment adviser on Form ADV, as applicable. Information provided by the Firm on Form BD or Form U4 is publicly accessible through reports generated by BrokerCheck at <http://brokercheck.finra.org/>, and the Firm's most recent Form ADV is publicly accessible at the Investment Adviser Public Disclosure website at <http://www.adviserinfo.sec.gov/>. For purposes of accessing such BrokerCheck reports or Form ADV, click previous hyperlinks.

PART C – MSRB Rule G-10 Disclosure

MSRB Rule G-10 covers Investor and Municipal Advisory Client education and protection. This rule requires that municipal advisors make certain disclosures to all municipal advisory clients. This communication is a disclosure only and does not require any action by the firm's municipal advisory clients. The disclosures are noted below.

1. Hilltop Securities Inc. is registered with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board as a Municipal Advisor.
2. You can access the website for the Municipal Securities Rulemaking Board at www.msrb.org
3. The Municipal Securities Rulemaking Board has posted a municipal advisory client brochure. A copy of the brochure is attached to the memo. This link will take you to the electronic version [MA-Clients-Brochure](#).