

CASE STUDY

FINANCING FOR K-12 SCHOOLS

FEBRUARY 6, 2024



\$150,504,750 | UNLIMITED TAX SCHOOL BUILDING BONDS | SERIES 2024

Fort Worth, Texas

FORT WORTH ISD

Client Profile

Fort Worth ISD (the “District”) serves as one of the largest school districts in Texas with nearly 75,000 students. The District was hit hard by the COVID-19 pandemic and is still recovering, losing over 14% of its enrollment to private and homeschooling. To help recapture some of this student population and also provide top-tier education to every student, the District, in conjunction with its Board of Education, approved a series of initiatives aimed at redesigning and revitalizing Fort Worth ISD schools.

The Project & Structure

In order to achieve these goals, the District put together a capital improvement program, which involved extensive work adding on to the high schools, including modern science labs, collaborative learning spaces, student career planning centers, and more. Additionally, the District also

sought to renovate many of its middle and elementary schools to help encourage students to stay within the District for their entire K-12 duration. The Series 2024 bonds, in particular, were aimed at renovating and equipping a few of the targeted middle schools.

The Bankers Team

Nancy Rocha, Stephen Bell, Evelyn Ortiz

Economic Backdrop

The days leading up to pricing saw increased volatility in the municipal market as investors grappled with potential rate cuts and mixed data on inflation and unemployment. Over the weekend before pricing, MMD increased by 10-12 basis points across the yield curve, signalling investor confidence in the state of the economy and a lower probability of near future rate cuts. The first week in February marked only the second time that year where bond funds recorded a net outflow.

This, coupled with municipal supply of \$9.7 billion, created a rocky environment for issuers as they fought to capture limited investor demand amidst falling prices.

The Stifel Difference

Stifel was confident in its due diligence to pre-market the Fort Worth ISD bonds and decided to open the order period without changing prices to reflect the softer market. Thanks to Stifel’s wide network and diverse class of investors, Stifel was able to generate orders totaling over 8x the par amount of the bonds from over 90 unique investor accounts. Stifel then used the sheer volume of orders to best position the issuer and was able to secure lower yields in every maturity by up to 16 basis points. As a comparison, Stifel was able to secure lower yields in almost every maturity over the similarly sized and rated Aldine ISD, which priced on the same day.

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