



William J. Gumbert
 Managing Director
 Phone: (214) 576-0880
 Facsimile: (214) 576-0890
bgumbert@boscinc.com

August 7, 2012

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

Ms. Debbie Monschke
 Executive Director of Administrative Services
 Denton Independent School District
 1307 North Locust
 Denton, Texas 76201

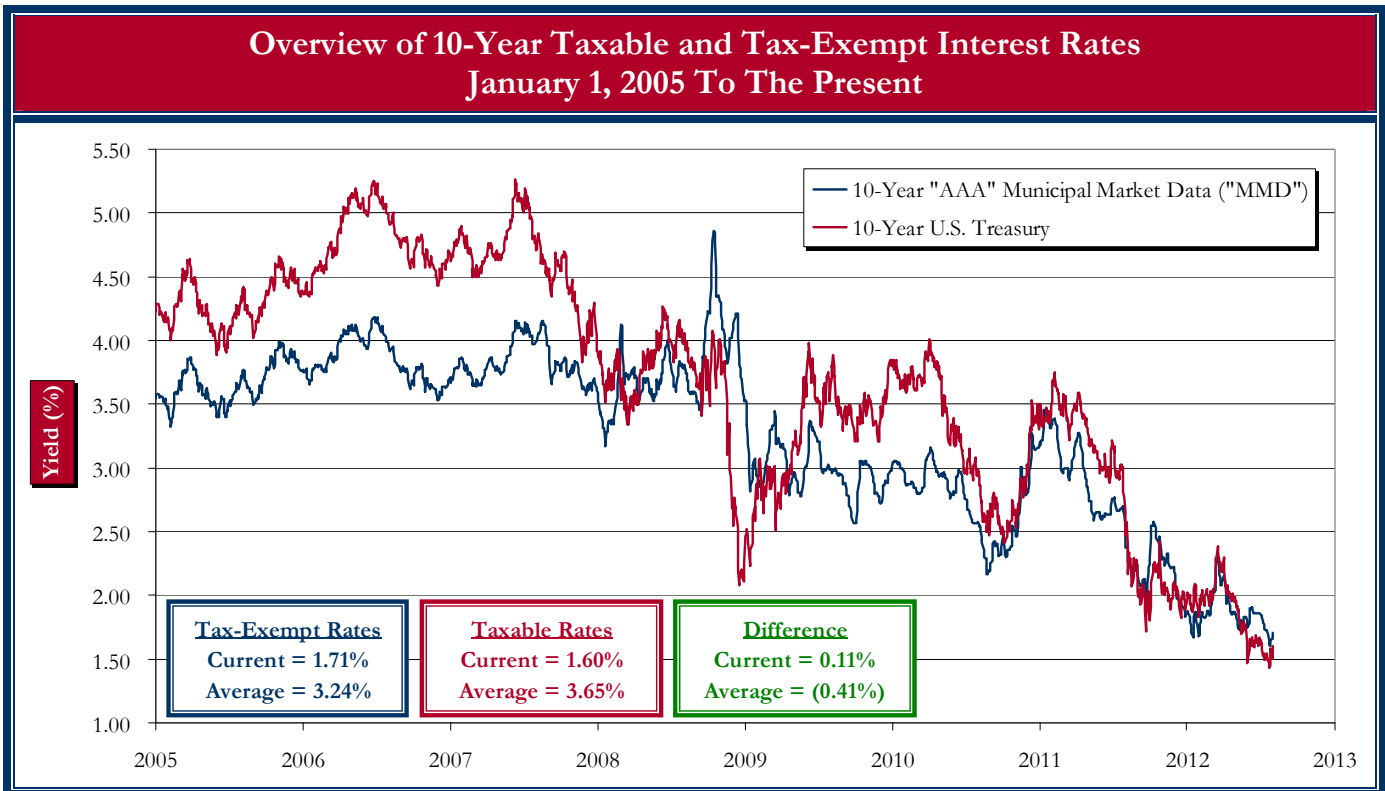
Re: Denton Independent School District – Refunding Summary

Dear Dr. Wilson and Ms. Monschke:

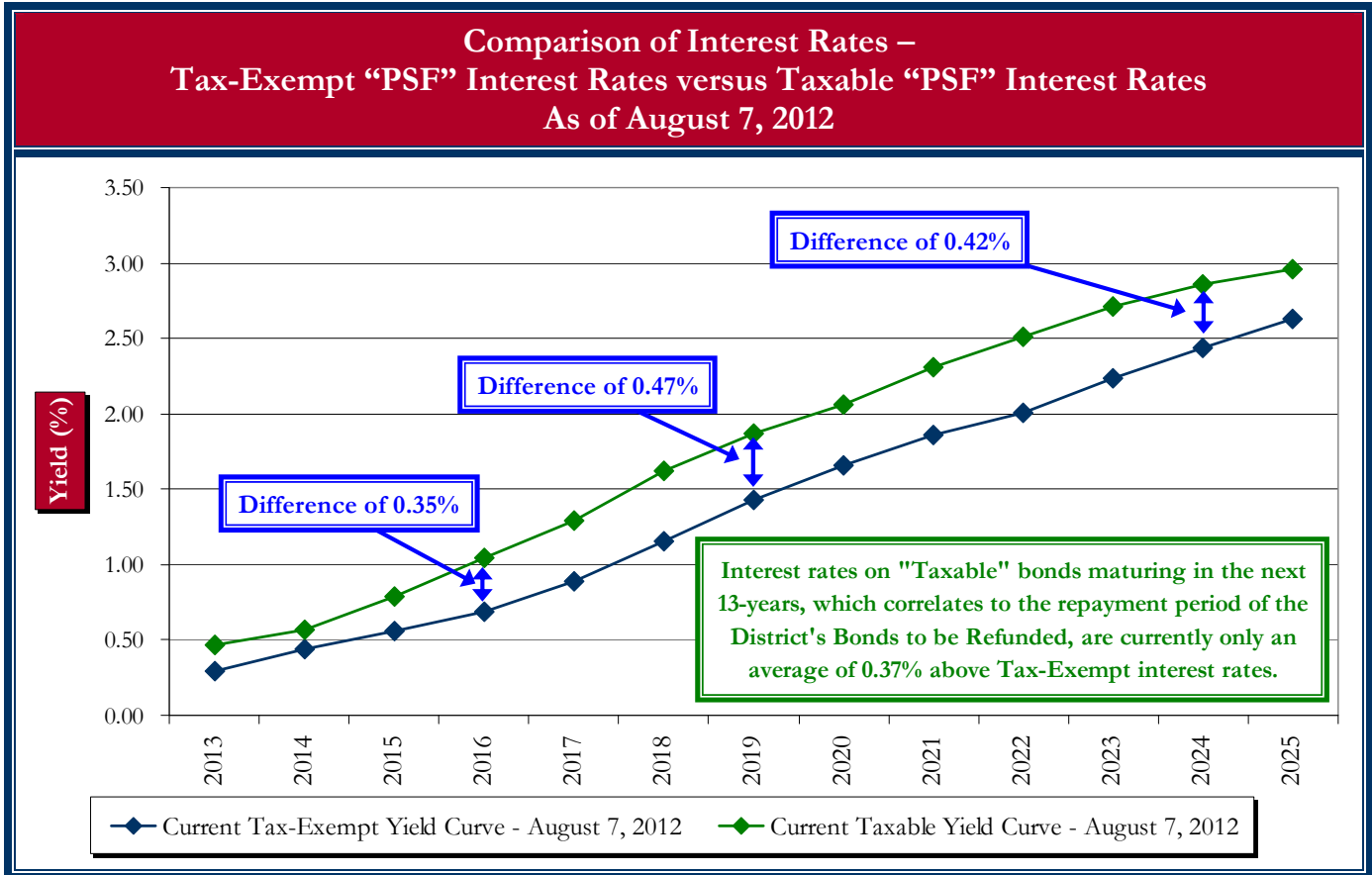
For your review, this letter summarizes the savings potentially available to Denton Independent School District (the “District”) by refunding its Series 2004 and 2005-C Bonds (collectively, the “Bonds to be Refunded”) at a lower interest rate and the preliminary financing plan to realize such savings for the District and its taxpayers. Pursuant to Federal Tax Law, the District cannot “advance refund” the outstanding Series 2004 and 2005-C Bonds on a “tax-exempt” basis as these bond sales constituted the District’s one opportunity to complete an “advancing refunding.” However, the District may “advance refund” the Bonds to be Refunded on a “taxable” basis at this time and lock-in the savings presented herein.

Comparison of Taxable and Tax-Exempt Interest Rates

As shown by the graph of the tax-exempt and taxable indices compared below, tax-exempt and taxable interest rates have been closely correlated over the last 4-years and both are near historical lows.



In addition, as shown below taxable interest rates are currently only an average of 0.37% above tax-exempt interest rates for bonds maturing in the next 13-years – Which is the repayment period of the District’s Bonds to be Refunded at a lower interest rate.



Bonds to be Refunded

The following table provides the District’s outstanding bonds that produce a savings by refunding at a lower interest rate. Please note, these are the only bonds within the District’s existing debt portfolio that are cost-effective to refund for a savings at this time.

Summary of the 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 and Refunding Bonds, Series 2004	\$ 270,000	08/15/2015 – 2025	5.00%	08/15/2014	100.0%
Unlimited Tax Refunding Bonds, Series 2005-C	24,760,000	08/15/2015 – 2021	4.96%	08/15/2014	100.0%
Totals	\$ 25,030,000	---	4.96%	---	---

Financing Structure

The financing structure for the refunding program is identical to the historical bond refundings the District has completed to reduce the interest cost on its outstanding bonds. As summarized below, the refunding programs have generated \$30,411,037 of savings for District taxpayers over the last 7-years.

Summary of Savings Achieved By The District's Bond Refunding Programs			
Issue	Principal Amount Refunded	Series Refunded	Total Savings
Unlimited Tax Refunding Bonds, Series 2005-C	\$ 50,855,000	1998, 1998 & 2001	\$ 3,251,044
Unlimited Tax Refunding Bonds, Series 2006	48,329,192	2002	12,125,000
Unlimited Tax Refunding Bonds, Series 2011	24,940,000	1998, 1998, 2001 & 2004	1,838,589
Unlimited Tax Refunding Bonds, Series 2012-B	64,614,784	2002, 2004 & 2005-C	13,196,404
Totals	\$188,738,976	---	\$ 30,411,037

Savings Currently Available

Based upon current market conditions, the table below summarizes the District's savings (net of all costs) from the bond refunding program to be considered. As show, the interest rate on the District's "Taxable Refunding Bonds" equals 1.86%.

Summary of Savings Available	
Description	Summary Of Results
Principal Amount of the Bonds to be Refunded	\$ 25,030,000
Interest Rate on the Bonds to be Refunded	4.96%
Interest Rate on Refunding Bonds	1.86%
Escrow Yield	0.30%
Total Debt Service Savings	\$ 1,922,140
Average Annual Savings (Years 2012/13 – 2024/25)(i.e. 13-Years)	147,857
Present Value Debt Service Savings	1,764,188
Present Value Savings as a Percentage of the Principal Amount of the Bonds to be Refunded	7.05%

Summary of District's Projected Bond Payments – Upon Completion of Refunding Program

As shown below, the refunding program would provide annual savings over the same repayment period of the existing Bonds to be Refunded.

Refunding Program – Estimated Savings					
A	B	C	D	E	F
Fiscal Year	Existing Bond Payments	Less: Bond Payments – Bonds to be Refunded	Plus: Bond Payments – Refunding Bonds	Bond Payments – After Refunding Program	Savings (Col. B-E)
2011/12	\$46,480,293	\$ ---	\$ ---	\$46,480,293	\$ ---
2012/13	47,139,971	1,240,500	1,056,558	46,956,029	183,942
2013/14	47,143,696	1,240,500	1,038,673	46,941,869	201,827
2014/15	46,913,440	5,875,500	5,674,209	46,712,149	201,291
2015/16	48,063,840	4,193,750	3,995,709	47,865,799	198,041
2016/17	47,972,478	4,054,500	3,852,810	47,770,788	201,691
2017/18	47,957,895	4,080,250	3,877,338	47,754,983	202,913
2018/19	47,940,640	3,951,250	3,748,972	47,738,361	202,279
2019/20	47,917,585	3,910,250	3,707,969	47,715,303	202,282
2020/21	47,912,211	3,722,750	3,524,624	47,714,085	198,126
2021/22	47,905,090	30,750	---	47,874,340	30,750
2022/23	47,902,275	34,500	---	47,867,775	34,500
2023/24	47,891,066	33,000	---	47,858,066	33,000
2024/25	47,885,298	31,500	---	47,853,798	31,500
2025/26	47,868,725	---	---	47,868,725	---
2026/27	47,808,459	---	---	47,808,459	---
2027/28	47,120,638	---	---	47,120,638	---
2028/29	47,703,396	---	---	47,703,396	---
2029/30	47,689,843	---	---	47,689,843	---
2030/31	47,683,821	---	---	47,683,821	---
2031/32	47,672,318	---	---	47,672,318	---
2032/33	47,660,068	---	---	47,660,068	---
2033/34	28,349,530	---	---	28,349,530	---
2034/35	28,336,081	---	---	28,336,081	---
2035/36	16,533,500	---	---	16,533,500	---
2036/37	16,537,500	---	---	16,537,500	---
2037/38	16,537,750	---	---	16,537,750	---
2038/39	5,627,750	---	---	5,627,750	---
2039/40	5,626,250	---	---	5,626,250	---
2040/41	5,628,250	---	---	5,628,250	---
2041/42	5,628,000	---	---	5,628,000	---
Totals	\$1,177,037,655	\$32,399,000	\$30,476,860	\$1,175,115,515	\$1,922,140

Use of a “Parameters Bond Order” for Approval of Refunding Bond Sale

Like many of the District’s prior bond sales, the Board of Trustees may adopt a “Parameters Bond Order” to complete the sale of the Refunding Bonds. A “Parameters Bond Order” allows the Board of Trustees to designate the ability to approve the issuance of the Refunding Bonds to the District’s Superintendent and/or Executive Director of Administrative Services, if the terms of the Refunding Bonds are within the “parameters” approved by the Board of Trustees. The primary benefit of a “Parameters Bond Order” is the District has additional flexibility to time the sale of the Refunding Bonds during favorable market conditions and thereby, maximize the savings available. The following is a representative listing of parameters we recommend for the refunding program.

- 1.) The District achieves at least \$1,500,000 of savings;
- 2.) A maximum of \$25,030,000 (principal amount) of Refunding Bonds may be issued – The same dollar amount of Series 2004 and 2005-C Bonds to be refunded at a lower rate;
- 3.) The true interest rate on the Refunding Bonds may not exceed 2.00%;
- 4.) The final maturity of the Refunding Bonds may not exceed August 15, 2025 – The same final maturity as the Bonds to be Refunded; and
- 5.) The refunding program is completed prior to February 1, 2013.

Unless each parameter listed above is achieved, the Refunding Bonds would not be issued until additional direction was received from the Board of Trustees.

Preliminary Timetable


The preliminary timetable for the sale of the Refunding Bonds is listed below.

Preliminary Timetable	
Date	Action Necessary
August 14, 2012	Board Meeting – Discuss Refunding Program and Consider “Parameters Order” authorizing issuance of Refunding Bonds.
August 31, 2012	Completion of all actions necessary to complete the Refunding Program.
TBD	Pricing – Negotiated sale of the Refunding Bonds within the specified parameters – Savings locked-in at this time.
1-Business Day After Pricing	The District’s Administration approves sale of Refunding Bonds.
On or Prior to February 1, 2013	Closing – The Refunding Program is completed and the District begins paying the lower interest rate on the Refunding Bonds.

Closing

We hope this information is helpful as you manage the District’s financial and debt position. Should any questions arise, additional material is preferred or we may be of any assistance, please let us know. We look forward to visiting with you soon and hope all is well!

Sincerely,



William J. Gumbert
Managing Director