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January 13, 2015

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

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

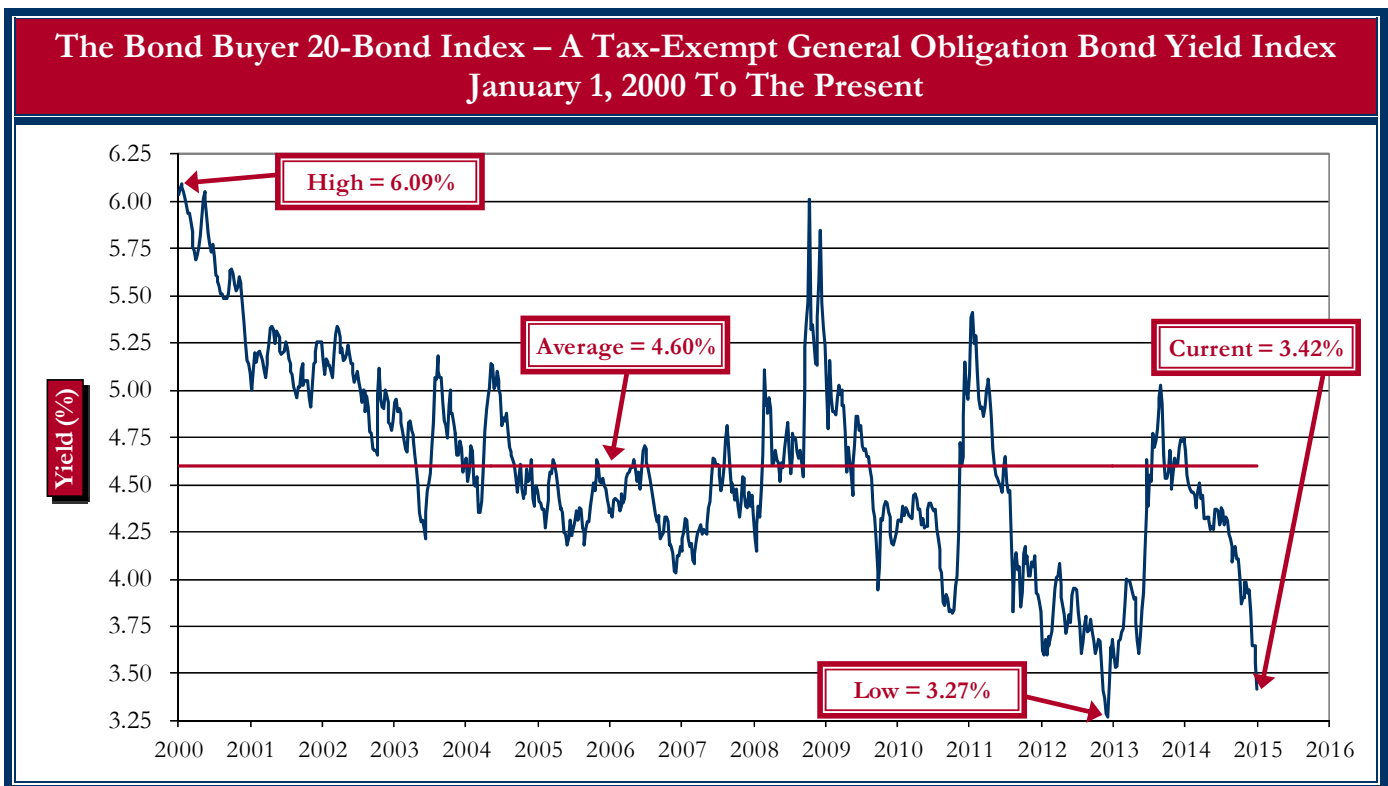
**Re: Denton Independent School District – Summary of Refunding Opportunity (January 2015)**

Dear Dr. Wilson and Debbie:

This letter summarizes the savings potentially available to Denton Independent School District (the “District”) by completing a refunding of its existing Unlimited Tax School Building Bonds, Series 2007 and 2008 (collectively, the “Bonds to be Refunded”) at a lower interest rate. For your review and consideration, we have included herein the preliminary financing plan and timetable to realize such savings for the District’s taxpayers, if deemed appropriate.

**Recent Decline in Interest Rates**

In general and as represented by “The Bond Buyer 20-Bond Index” in the graph below, municipal interest rates are currently 1.18% below the historical average experienced since year 2000 and have declined by approximately 0.69% since September 2014.



## Financing Structure

The financing structure to complete the Refunding Program is identical to the District's prior refunding bond sales summarized below – Which have generated \$43,153,186 of savings for District taxpayers since year 2005.

Summary of Interest Cost Savings Achieved By The District – Since Year 2005			
Issue	Series Refunded	Principal Amount Refunded	Total Savings
Unlimited Tax Refunding Bonds, Series 2005-C	1998, 1999 & 2001	\$ 50,855,000	\$ 3,251,044
Unlimited Tax Refunding Bonds, Series 2006	2002	48,329,192	12,125,000
Unlimited Tax Refunding Bonds, Series 2011	1998, 1999, 2001 & 2004	24,940,000	1,838,589
Unlimited Tax Refunding Bonds, Series 2012-B	2002, 2004 & 2005-C	64,614,784	13,196,404
Unlimited Tax Refunding Bonds, Taxable Series 2012-C	2004 & 2005-C	25,030,000	2,551,494
Unlimited Tax Refunding Bonds, Series 2012-D	2004	40,155,000	8,937,721
Unlimited Tax Refunding Bonds, Series 2014-C	2006-A	15,010,000	1,252,934
<b>Totals</b>	<b>---</b>	<b>\$ 268,933,976</b>	<b>\$ 43,153,186</b>

## Savings Available

Based upon current market conditions, the table below summarizes the savings potentially available to the District. Please note, the savings are net of all costs associated with the Refunding Program.

Summary of Savings Available	
Description	Total
Principal Amount of the Bonds to be Refunded	\$ 125,110,000
Interest Rate on the Bonds to be Refunded	4.93%
Interest Rate on the Refunding Bonds (All-In TIC)	2.95%
Escrow Yield	0.78%
Total Debt Service Savings	\$ 16,714,866
Average Annual Savings (Years 2015/16 – 2032/33) (i.e. 18-Years)	928,604
Present Value Debt Service Savings (@ All-In TIC)	12,469,869
Present Value Savings as a Percentage of the Principal Amount of the Bonds to be Refunded	9.97%
Opportunity Cost of Advance Refunding (i.e. “Negative Arbitrage”)	\$ 4,996,173

**Summary of District's Bond Payments**

As shown below, the Refunding Program is anticipated to provide savings over the same repayment period of the District's existing Bonds to be Refunded.

<b>Refunding Program – Annual Savings</b>					
<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
<b>Fiscal Year</b>	<b>Existing Bond Payments</b>	<b>Less: Bond Payments – Series 2007 Bonds to be Refunded</b>	<b>Plus: Bond Payments – Refunding Bonds</b>	<b>Bond Payments – After Refunding Program</b>	<b>Savings<sup>(A)</sup> (Col. B – E)</b>
2014/15	\$58,537,656	\$3,049,626	\$3,049,626	\$58,537,656	\$ ---
2015/16	54,404,618	6,099,251	5,689,250	53,994,616	410,001
2016/17	55,794,968	6,099,251	5,689,250	55,384,967	410,001
2017/18	53,606,035	10,169,251	9,174,250	52,611,034	995,001
2018/19	54,992,430	10,180,051	9,185,000	53,997,378	995,051
2019/20	55,706,650	10,176,001	9,181,500	54,712,148	994,501
2020/21	55,702,776	10,170,770	9,179,000	54,711,006	991,770
2021/22	55,704,655	12,215,080	11,222,000	54,711,575	993,080
2022/23	55,897,740	12,526,730	11,532,750	54,903,760	993,980
2023/24	55,893,741	12,474,730	11,482,250	54,901,261	992,480
2024/25	55,895,290	12,485,000	11,492,000	54,902,290	993,000
2025/26	55,860,517	12,479,250	11,483,250	54,864,517	996,000
2026/27	55,862,092	12,488,250	11,496,000	54,869,842	992,250
2027/28	55,852,150	12,505,250	11,513,250	54,860,150	992,000
2028/29	55,838,456	12,508,750	11,513,750	54,843,456	995,000
2029/30	55,867,241	12,513,250	11,522,250	54,876,241	991,000
2030/31	55,869,166	10,812,500	9,817,250	54,873,916	995,250
2031/32	55,863,193	10,815,500	9,823,250	54,870,943	992,250
2032/33	55,863,733	10,815,000	9,822,750	54,871,483	992,250
2033/34	43,312,860	---	---	43,312,860	---
2034/35	43,315,741	---	---	43,315,741	---
2035/36	32,360,900	---	---	32,360,900	---
2036/37	32,360,800	---	---	32,360,800	---
2037/38	32,357,250	---	---	32,357,250	---
2038/39	21,756,800	---	---	21,756,800	---
2039/40	21,753,400	---	---	21,753,400	---
2040/41	21,756,800	---	---	21,756,800	---
2041/42	16,635,600	---	---	16,635,600	---
2042/43	16,483,600	---	---	16,483,600	---
2043/44	16,484,000	---	---	16,484,000	---
<b>Totals</b>	<b>\$1,357,590,855</b>	<b>\$200,583,492</b>	<b>\$183,868,626</b>	<b>\$1,340,875,989</b>	<b>\$16,714,866</b>
<sup>(A)</sup> At this time, the District receives approximately \$1,072,000 for each 1-cent of I&S tax effort.					

### Bonds to be Refunded

The following table provides the District's existing bonds that are contemplated to be refunded at a lower interest rate.

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 Bonds, Series 2007	\$ 19,310,000	08/15/2018 – 2030	4.83%	08/15/2017	100.0%
Unlimited Tax School Building Bonds, Series 2008	105,800,000	08/15/2018 – 2033	4.94%	08/15/2017	100.0%
Totals	\$ 125,110,000	---	4.93%	---	---

### Use of a "Parameters Bond Order" for Approval of Refunding Bond Sale

As previously utilized for the sale of the District's prior refunding programs, the District's Board of Trustees may adopt a "Parameters Bond Order" to complete the sale of the Refunding Bonds. In order to potentially maximize the District's savings based upon prevailing market conditions at the time of the bond sale, the following is a representative listing of parameters we recommend the District utilize for its refunding program.

- 1.) The District achieves at a present value debt service savings of at least 7.5%;
- 2.) The maximum principal amount of Refunding Bonds that may be issued is \$174,225,000 – The same dollar amount of Series 2007 and 2008 Bonds eligible to be refunded at a lower rate;
- 3.) The maximum interest rate (All-In TIC) on the Refunding Bonds is 3.75%;
- 4.) The final maturity of the Refunding Bonds may not exceed August 15, 2038 – The same final maturity as the existing Series 2008 Bonds; and
- 5.) The Refunding Program must be completed prior to July 19, 2015 (i.e. 180 days after the "Parameters Bond Order" is adopted).

Unless each parameter listed above is achieved, the Refunding Bonds would not be issued unless additional direction is received from the District's Board of Trustees.

### Preliminary Timetable

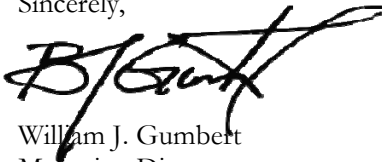
The preliminary timetable for the sale of the Refunding Bonds is listed below.

Preliminary Timetable – Refunding Bonds	
Date	Action Necessary
January 20, 2015	Board Meeting – Discuss Refunding Program and Consider “Parameters Bond Order” authorizing issuance of Refunding Bonds.
<b>February 13, 2015</b>	<b>Completion of all actions necessary to complete the Refunding Program.</b>
TBD	Pricing – 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 July 19, 2015	Closing – The Refunding Program is completed and the District begins paying the lower interest rate on the Refunding Bonds.

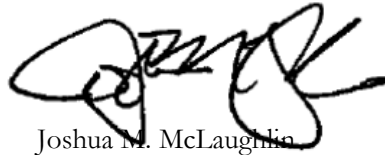
### Closing

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



Joshua M. McLaughlin  
Managing Director