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September 7, 2016

Mr. Thomas Crowe
Superintendent of Schools
Ector County Independent School District
802 N. Sam Houston
Odessa, Texas 79761

Mr. David Harwell
Chief Financial Officer
Ector County Independent School District
802 N. Sam Houston
Odessa, Texas 79761

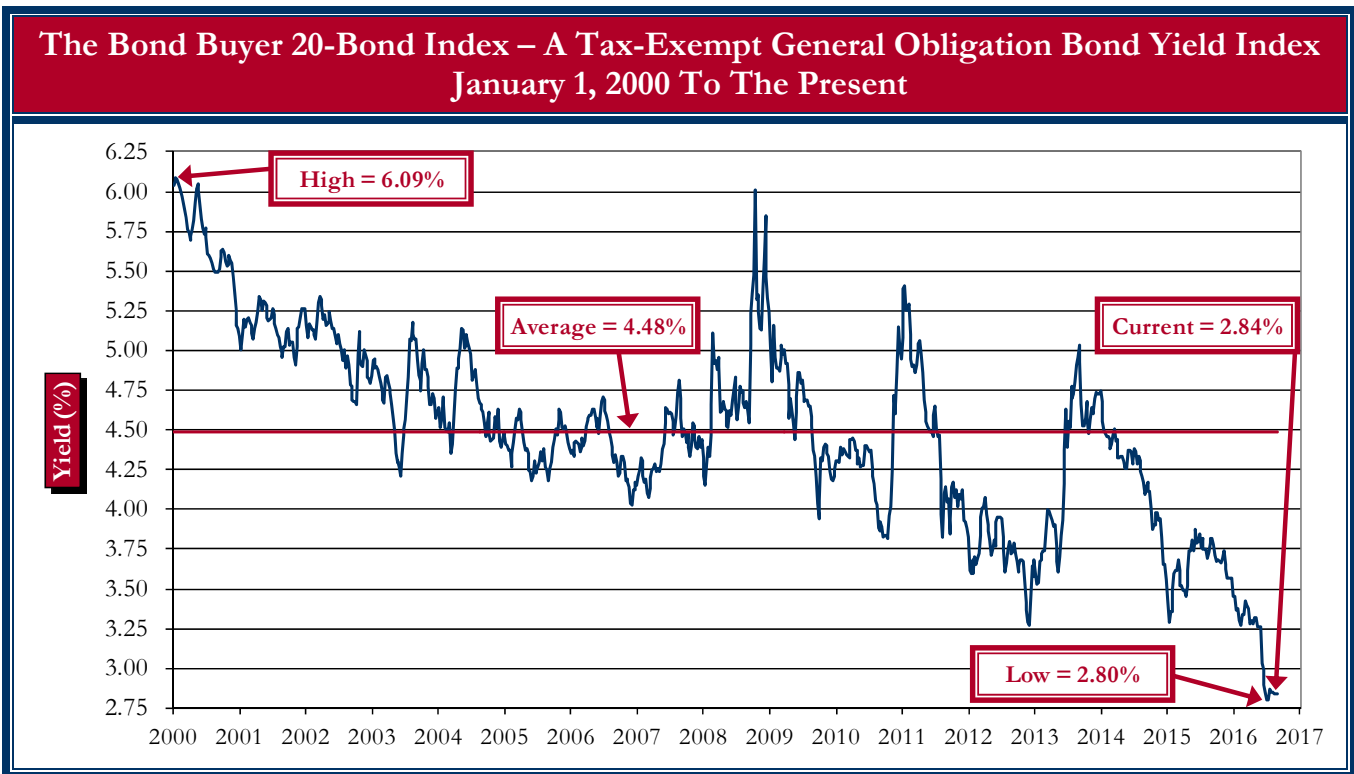
Re: Ector County ISD – Summary of Potential Bond Refunding Plan

Dear Mr. Crowe and Mr. Harwell:

This letter updates the savings potentially available to Ector County Independent School District (the “District”) by refunding its existing Unlimited Tax Refunding Bonds, Series 2007 (the “Series 2007 Bonds”) at a lower interest rate. Given the Series 2007 Bonds were originally issued to refund a portion of the District’s prior bonds (at a savings of \$3,167,672), the District may complete the sale of refunding bonds in October 2016 or thereafter in accordance with Federal Tax law. For your review and consideration, we have included herein the preliminary financing plan and timetable to realize such savings for the District’s taxpayers.

Current Interest Rates

As represented by “The Bond Buyer 20-Bond Index” in the graph below, municipal interest rates trended lower over the last 6-months. Primarily in response to the results of the Brexit vote and continued global economic uncertainty, the Index is currently within 0.04% of an historical low and 1.64% below the historical average experienced since year 2000.



Savings Available

■ **Historical Savings – District’s Prior Refunding Programs**

The financing structure to complete the Refunding Program is identical to the District’s prior refunding bond sales summarized below – Which have generated \$5,056,759 of savings for District taxpayers.

Summary of Interest Cost Savings Achieved By The District			
Issue	Series Refunded	Principal Amount Refunded	Total Savings
Unlimited Tax Refunding Bonds, Series 2003	1995	\$ 12,430,000	\$ 1,201,685
Unlimited Tax Refunding Bonds, Series 2007	1993, 2001, 2003A	56,380,113	3,167,672
Unlimited Tax Refunding Bonds, Series 2012	2001, 2003, 2003A	4,770,000	687,402
Totals	---	\$ 73,580,113	\$ 5,056,759

■ **Bonds to be Refunded**

The following table summarizes the District’s outstanding Series 2007 Bonds to be refunded at a lower interest rate.

Summary of Series 2007 Bonds to be Refunded					
Issue Outstanding	Principal Amount To Be Refunded	Maturities To Be Refunded	Interest Rate	Redemption Date	Redemption Price
Unlimited Tax Refunding Bonds, Series 2007	\$ 55,677,169	08/15/2018 – 2027	4.45%	02/15/2017	100.0%

■ **Summary of Savings**

Based upon current market conditions, the table below summarizes the savings (net of all costs) available to the District by refunding its outstanding Series 2007 Bonds at a lower interest rate.

Summary of Savings Available	
Description	Summary Of Results
Principal Amount of Series 2007 Bonds to be Refunded	\$ 55,677,169
Interest Rate on the Series 2007 Bonds to be Refunded	4.45%
“All-In” True Interest Cost on the Refunding Bonds (“All-In TIC”)	1.98%
Total Debt Service Savings	\$ 9,844,105
Average Annual Savings (i.e. Years 2017/18 – 2026/27) (10-Years)	984,411
Present Value Debt Service Savings (@ All-In TIC)	8,728,029
Present Value Savings as a Percentage of the Principal Amount/Accreted Value of the Series 2007 Bonds to be Refunded	15.20%

As shown below, the Refunding Program is anticipated to provide savings over the same repayment period of the District's existing Series 2007 Bonds.

Refunding Program – Estimated Annual Savings					
A	B	C	D	E	F
Fiscal Year	Existing Bond Payments	Less: Bond Payments – Series 2007 Bonds to be Refunded	Plus: Bond Payments – Refunding Bonds	Bond Payments – After Refunding Program	Savings^(A) (Col. B – E)
2016/17	\$ 14,154,629	\$ 2,431,810	\$ 2,431,810	\$ 14,154,629	\$ ---
2017/18	14,151,579	4,131,810	3,147,400	13,167,169	984,410
2018/19	14,152,779	5,321,810	4,339,450	13,170,419	982,360
2019/20	14,154,499	8,054,530	7,070,250	13,170,219	984,280
2020/21	14,150,549	8,047,280	7,060,750	13,164,019	986,530
2021/22	14,158,844	7,757,075	6,774,750	13,176,519	982,325
2022/23	14,154,794	8,070,425	7,085,500	13,169,869	984,925
2023/24	14,153,444	8,064,275	7,078,250	13,167,419	986,025
2024/25	14,082,019	8,085,300	7,102,500	13,099,219	982,800
2025/26	13,851,519	8,146,700	7,161,000	12,865,819	985,700
2026/27	13,853,569	8,151,000	7,166,250	12,868,819	984,750
2027/28	12,067,319	---	---	12,067,319	---
2028/29	12,065,569	---	---	12,065,569	---
2029/30	12,069,569	---	---	12,069,569	---
2030/31	12,068,069	---	---	12,068,069	---
2031/32	12,070,319	---	---	12,070,319	---
2032/33	12,070,069	---	---	12,070,069	---
2033/34	12,066,475	---	---	12,066,475	---
2034/35	12,065,625	---	---	12,065,625	---
2035/36	12,069,050	---	---	12,069,050	---
2036/37	12,066,300	---	---	12,066,300	---
2037/38	8,057,475	---	---	8,057,475	---
Totals	\$ 283,754,059	\$ 76,262,015	\$ 66,417,910	\$ 273,909,954	\$ 9,844,105

^(A) At this time, the District receives approximately \$1,185,000 for each 1-cent of I&S tax effort.

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

As previously utilized for the sale of the District’s bonds, the District’s Board of Trustees may adopt a “Parameters Bond Order” to complete the sale of the Refunding Bonds. The “Parameters Bond Order” authorizes the District’s Administration to approve the Refunding Bond sale if each of the following parameters is met.

- 1.) The District achieves savings of at least \$6,500,000;
- 2.) The maximum principal amount of Refunding Bonds that may be issued is \$55,677,168.50;
- 3.) The maximum interest rate (All-In TIC) on the Refunding Bonds is 3.00%;
- 4.) The final maturity of the Refunding Bonds may not exceed August 15, 2027 – The same final maturity as the existing Series 2007 Bonds; and
- 5.) The Refunding Program must be completed prior to March 19, 2017.

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

Summary of the Underwriting Team Members – Refunding Bonds

In anticipation of this proposed Refunding Program, the District issued its “Request for Qualifications for Bond Underwriting Services #16-01” and received 15 responses from financial institutions. Upon review and evaluation of the proposals, the following summarizes the underwriting team for the sale of the Refunding Bonds.

Summary of Underwriting Team Members
Raymond James & Associates, Inc. – Senior Manager Citigroup Global Markets Inc. – Co-Manager Estrada Hinojosa & Company, Inc. – Co-Manager

Preliminary Timetable

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

Preliminary Timetable – Refunding Bonds	
Date	Action Necessary
September 20, 2016	Board Meeting – Discuss Refunding Program and Consider “Parameters Bond Order” authorizing issuance of Refunding Bonds.
October 14, 2016	Completion of all actions necessary to complete the Refunding Program.
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 March 19, 2017	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. Gumber
Managing Director



Joshua M. McLaughlin
Managing Director



Mike Jolly
Investment Banker