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December 8, 2014

Dr. James Monaco
Chief Financial Officer
Aubrey Independent School District
415 Tisdell Lane
Aubrey, Texas 76227

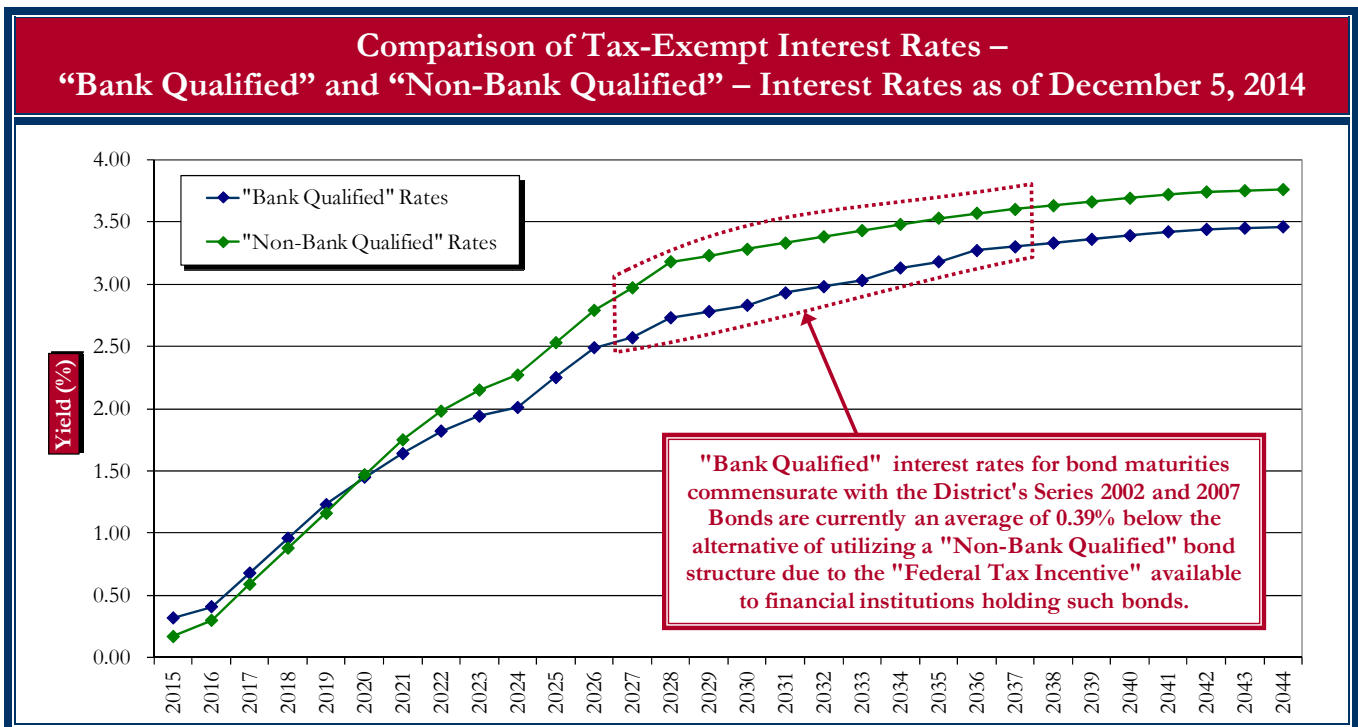
Re: Aubrey Independent School District – Summary of Refunding Opportunity (December 2014)

Dear Dr. Monaco:

This letter summarizes the savings potentially available to Aubrey Independent School District (the “District”) by completing a refunding of its existing Unlimited Tax School Building and Refunding Bonds, Series 2002 and 2007 (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.

Use of “Bank Qualified” Financing Structure – Providing Lower Interest Rate

As prudently utilized for its successful refunding program in April 2014, the District may once again commit to issue less than \$10.0 million of bonds during the upcoming calendar year and designate such bonds as “Bank Qualified.” The benefit of a “Bank Qualified” structure is the interest rates are approximately 0.39% lower due to the “Federal Tax Incentive” available to financial institutions holding such bonds – which increases the District’s potential savings.



Financing Structure

The financing structure for the refunding program is identical to the District's bond refunding completed in April 2014 that produced a savings of \$1,041,226 for taxpayers.

- The District sells its refunding bonds at a lower interest rate (the "Refunding Bonds");
- The proceeds of the Refunding Bonds are used to fully repay the District's Bonds to be Refunded through their date of redemption and to fully pay the costs associated with the refunding program; and
- Once completed, the District has essentially replaced the Bonds to be Refunded with the lower interest rate Refunding Bonds.

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 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 & Refunding Bonds, Series 2002	\$ 130,000	02/15/2027 – 2033	5.50%	03/23/2015	100.0%
Unlimited Tax School Building & Refunding Bonds, Series 2007	9,285,000	02/15/2030 – 2037	4.50%	02/15/2016	100.0%
Totals	\$ 9,415,000	---	4.51%	---	---

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 Bonds to be Refunded	\$ 9,415,000
Interest Rate on the Bonds to be Refunded	4.51%
Interest Rate on the Refunding Bonds	2.92%
Total Debt Service Savings	\$1,418,313
Average Annual Debt Service Savings (Years 2015/16 – 2036/37) (22-Years)	64,469
Total Debt Service Savings as a Percentage of the Debt Service on the Bonds to be Refunded	8.22%

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.

Refunding Program – Annual 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 ^(A) (Col. B – E)
2014/15	\$3,225,615	\$212,488	\$212,488	\$3,225,615	\$ ---
2015/16	3,600,615	424,975	363,800	3,539,440	61,175
2016/17	3,854,715	424,975	363,800	3,793,540	61,175
2017/18	3,858,815	424,975	363,800	3,797,640	61,175
2018/19	3,858,815	424,975	363,800	3,797,640	61,175
2019/20	3,850,309	424,975	363,800	3,789,134	61,175
2020/21	3,853,690	424,975	363,800	3,792,515	61,175
2021/22	3,858,609	424,975	363,800	3,797,434	61,175
2022/23	3,859,043	424,975	363,800	3,797,868	61,175
2023/24	3,853,406	424,975	363,800	3,792,231	61,175
2024/25	3,859,949	424,975	363,800	3,798,774	61,175
2025/26	3,858,524	424,975	363,800	3,797,349	61,175
2026/27	3,854,790	429,838	363,800	3,788,753	66,038
2027/28	3,853,390	444,150	363,800	3,773,040	80,350
2028/29	3,859,978	443,050	363,800	3,780,728	79,250
2029/30	3,854,662	1,292,375	1,226,200	3,788,487	66,175
2030/31	3,919,090	1,550,263	1,485,000	3,853,828	65,263
2031/32	3,915,318	1,545,163	1,481,900	3,852,056	63,263
2032/33	3,920,068	1,547,563	1,481,900	3,854,405	65,663
2033/34	3,919,803	1,522,925	1,460,300	3,857,178	62,625
2034/35	3,914,710	1,526,163	1,462,000	3,850,548	64,163
2035/36	3,919,288	1,521,588	1,456,600	3,854,300	64,988
2036/37	3,918,203	536,813	469,200	3,850,590	67,613
2037/38	3,836,408	---	---	3,836,408	---
2038/39	3,832,888	---	---	3,832,888	---
2039/40	3,832,138	---	---	3,832,138	---
2040/41	3,834,413	---	---	3,834,413	---
2041/42	3,834,375	---	---	3,834,375	---
Totals	\$107,411,623	\$17,247,100	\$15,828,788	\$105,993,310	\$1,418,313
(A) At this time, the District receives approximately \$59,700 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 refunding program completed in April 2014, the District’s Board of Trustees may adopt a “Parameters Bond Order” to complete the sale of the Refunding Bonds. The following is a representative listing of parameters we recommend the District utilize for its refunding program.

- 1.) The District achieves savings of at least \$1,000,000;
- 2.) The maximum principal amount of Refunding Bonds that may be issued is \$10,000,000;
- 3.) The maximum interest rate (federal arbitrage yield) on the Refunding Bonds is 3.50%;
- 4.) The final maturity of the Refunding Bonds may not exceed February 15, 2037 – The same final maturity as the existing bonds to be refunded; and
- 5.) The Refunding Program must be completed prior to June 15, 2015.

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

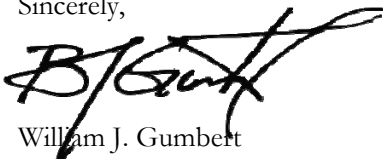
The preliminary timetable for the sale of the Refunding Bonds is listed below.

Preliminary Timetable – Refunding Bonds	
Date	Action Necessary
December 17, 2014	Board Meeting – Discuss Refunding Program and Consider “Parameters Bond Order” authorizing issuance of Refunding Bonds.
January 16, 2015	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 June 15, 2015	Closing – The Refunding Program is completed and the District begins paying the lower interest rate on the Refunding Bonds.

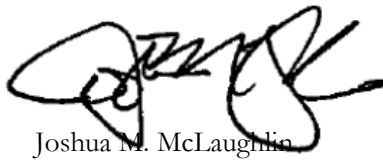
Closing

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