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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 – Redemption of Bonds – A Debt Management Strategy

Dear Dr. Wilson and Ms. Monschke:

Given Denton Independent School District’s (the “District”) Interest & Sinking (“I&S”) Fund tax rate for fiscal year 2014/15, this letter provides a summary of the bonds the District may prepay prior to stated maturity and the corresponding cost savings to the District and its taxpayers.

Redemption of Bonds – A Debt Management Strategy

Pursuant to the District’s Debt Management Policy and State law, Denton ISD may utilize its’ I&S Fund balance and/or current year I&S revenues to “prepay” a portion of its existing bonds prior to stated maturity. The benefit of “prepaying” bonds is the District’s interest cost is reduced as such bonds become fully repaid and cease to accrue interest.

Currently, the District’s Unlimited Tax School Building and Refunding Bonds, Series 2004 and Series 2005-B and Variable Rate Unlimited Tax School Building Bonds, Series 2012-A may be prepaid (without penalty) during fiscal year 2014/15.

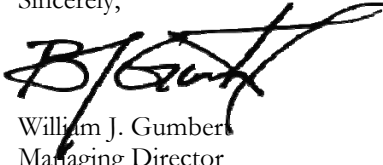
Based upon the assumptions listed within the table to the right, the District may prepay approximately \$8,180,000 of its Series 2004, 2005-B and 2012-A Bonds during fiscal year 2014/15 from an I&S tax rate of 50.0 cents. The prepayment of these bonds from current year revenues will result in a reduction of the District’s interest cost by approximately \$5,892,025 – A direct savings to taxpayers.

Pro Forma FY 2014/15 Interest & Sinking Fund Budget	
Description	Assumption
Projected I&S Tax Collections at 50.0 Cents: ^(A)	\$ 53,018,734
Projected I&S Frozen Tax Collections: ^(B)	5,211,417
“Other Available Revenues” for Debt Service: ^(C)	790,991
Total Revenues	\$ 59,021,142
Originally Scheduled Bond Payments and Expenses	\$ 50,842,780
Prepayment of Series 2004, 2005-B and 2012-A Bonds	8,180,000
Total Expenditures	\$ 59,022,780
^(A) Assumes a 2014 Taxable Assessed Valuation (net of frozen values) of \$10,726,023,542 and a tax collection percentage of 98.86%.	
^(B) Assumes a total frozen tax levy of \$16,236,257, an Interest & Sinking Fund tax rate of \$0.50, a Maintenance and Operations tax rate of \$1.04 and a tax collection percentage of 98.86%.	
^(C) “Other Available Revenues” include delinquent I&S tax collections, penalties and interest and interest income.	

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