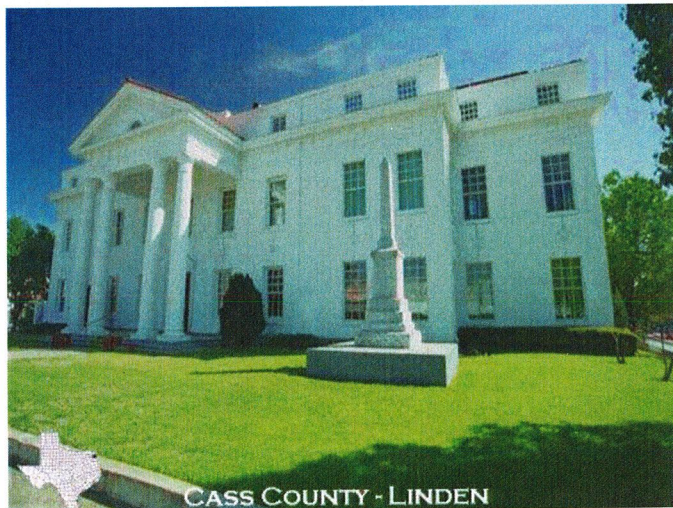


**\$5,540,000 Cass County, Texas
Limited Tax Refunding Bonds,
Series 2015**

FINAL PRICING



Prepared by:

Wells Nelson & Associates

May 1, 2015



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Appendix A - Standard & Poor's Credit Rating Report



I. Overview and Original Savings Projection

In March of 2006, the County issued \$7,500,000 Certificates of Obligation, Series 2006 (the “**Series 2006 Bonds**”). The proceeds of the Series 2006 Bonds were used to: (i) construct and equip jail facilities, (ii) construct, renovate and equip other County buildings, and (iii) to pay the costs of issuance of the Series 2006 Bonds. The Series 2006 Bonds have an interest cost of 4.33%. The Series 2006 Bonds may be pre-paid with cash, the proceeds of refinancing bonds or a combination of both.

On Thursday, February 19, 2015, we attended a Commissioner’s Court workshop wherein we suggested that the County should consider refinancing the Series 2006 Bonds. We provided a set of financial projections illustrating the economic savings that could be obtained through refinancing (see **Table 1** on the following page). Based on prevailing market conditions at that time, it was our opinion that the County could save approximately \$457,800 (projected net present value savings) by authorizing and issuing new refinancing bonds (the “**Series 2015 Bonds**”). The proceeds of the new Series 2015 Bonds would then be used to pay off the outstanding Series 2006 Bonds. The projected savings from refinancing is made possible because interest rates on the Series 2006 Bonds is 4.33% while rates on the proposed Series 2015 Bonds is projected to be 2.75%.

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Table 1 - Projected Savings from Refinancing*

Date	Projected New Debt Svc	Old Debt Svc	Projected Savings
09/30/2015	67,458.33	124,425.63	56,967.30
09/30/2016	468,800.00	516,976.26	48,176.26
09/30/2017	457,650.00	518,938.76	61,288.76
09/30/2018	456,500.00	516,401.26	59,901.26
09/30/2019	460,200.00	518,332.51	58,132.51
09/30/2020	458,750.00	519,213.76	60,463.76
09/30/2021	457,200.00	519,241.88	62,041.88
09/30/2022	458,800.00	518,820.00	60,020.00
09/30/2023	458,450.00	518,070.00	59,620.00
09/30/2024	457,800.00	517,005.00	59,205.00
09/30/2025	460,837.50	520,000.00	59,162.50
09/30/2026	457,537.50	517,047.50	59,510.00
09/30/2027	458,800.00	518,342.50	59,542.50
09/30/2028	458,500.00	518,777.50	60,277.50
09/30/2029	456,600.00	518,110.00	61,510.00
09/30/2030	459,000.00	521,220.00	62,220.00
Total	\$6,952,883.33	\$7,900,922.56	\$948,039.23

PV Analysis Summary (Net to Net)

Net PV Cashflow Savings @ 2.757%	773,357.97
Total Cash contribution	(315,615.00)
Contingency or Rounding Amount	124.04
Net Present Value Benefit	\$457,867.01
Net PV Benefit / \$5,720,000 Refunded Principal	8.005%

*Projected based on prevailing market conditions on February 19, 2015

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II. Final Pricing and Actual Savings

Subsequent to the Commissioner’s Court workshop on Thursday, February 19, 2015, the Commissioner’s Court met on Monday, February 23, 2015 and formally adopted a parameters bond order authorizing the refinancing subject to, among other conditions, that the refinancing produce at least four percent (4%) net present value economic savings.

The Series 2015 Bonds were sold by the underwriter on Tuesday, March 24, 2015 and the interest rates were locked at approximately 2:00pm that afternoon. The actual savings achieved through the issuance of the Series 2015 Bonds is set forth in Table 2 below:

Table 2 - Actual Savings from Refinancing

Date	Actual New Debt Svc	Old Debt Svc	Actual Savings
09/30/2015	44,348.89	124,425.63	80,076.74
09/30/2016	449,450.00	516,976.26	67,526.26
09/30/2017	453,150.00	518,938.76	65,788.76
09/30/2018	451,700.00	516,401.26	64,701.26
09/30/2019	455,100.00	518,332.51	63,232.51
09/30/2020	453,350.00	519,213.76	65,863.76
09/30/2021	451,500.00	519,241.88	67,741.88
09/30/2022	454,500.00	518,820.00	64,320.00
09/30/2023	452,350.00	518,070.00	65,720.00
09/30/2024	453,200.00	517,005.00	63,805.00
09/30/2025	456,875.00	520,000.00	63,125.00
09/30/2026	450,250.00	517,047.50	66,797.50
09/30/2027	453,325.00	518,342.50	65,017.50
09/30/2028	455,425.00	518,777.50	63,352.50
09/30/2029	451,612.50	518,110.00	66,497.50
09/30/2030	457,312.50	521,220.00	63,907.50
Total	\$6,843,448.89	\$7,900,922.56	\$1,057,473.67

PV Analysis Summary (Net to Net)

Net PV Cashflow Savings @ 2.114%(Bond Yield)	909,333.77
Transfers from Prior Issue Debt Service Fund	(315,615.00)
Net Present Value Benefit	\$593,718.77
Net PV Benefit / \$5,720,000 Refunded Principal	10.380%
Refunding Dated Date	4/23/2015
Refunding Delivery Date	4/23/2015



Cass County, Texas

A comparison of Table 1 projections to Table 2 actual results shows that we were able to exceed our original net present value savings projections by \$135,852 or 2.38%. This result was due primarily to continued favorable market interest rate conditions at the time of the bond sale. The County's credit rating of AA- was also an important factor in the final results. The County is to be commended for its continued prudent operations and financial management practices.

III. Sources and Uses of Funds; Debt Service Schedule and Bond Pricing

Table 3 below provides a schedule of the final sources and uses of funds for the Series 2015 Bonds, Table 4 provides a semi-annual debt service schedule for the Series 2015 Bonds and Table 5 provides a bond pricing summary for the Series 2015 Bonds.

Table 3 - Sources & Uses of Funds

Dated 04/23/2015 Delivered 04/23/2015	
Sources Of Funds	
Par Amount of Bonds	\$5,540,000.00
Reoffering Premium	236,066.90
Transfers from Prior Issue Debt Service Funds	315,615.00
Total Sources	\$6,091,681.90
Uses Of Funds	
Total Underwriter's Discount (0.720%)	39,867.44
Costs of Issuance	90,790.00
Deposit to Net Cash Escrow Fund	5,958,977.65
Rounding Amount	2,046.81
Total Uses	\$6,091,681.90



Cass County, Texas

Table 4 - Semi-Annual Debt Service Schedule with Fiscal Yr Totals

Date	Principal	Interest	Total P+I	Fiscal Total
04/23/2015	-	-	-	-
08/15/2015	-	44,348.89	44,348.89	-
09/30/2015	-	-	-	44,348.89
02/15/2016	310,000.00	71,275.00	381,275.00	-
08/15/2016	-	68,175.00	68,175.00	-
09/30/2016	-	-	-	449,450.00
02/15/2017	320,000.00	68,175.00	388,175.00	-
08/15/2017	-	64,975.00	64,975.00	-
09/30/2017	-	-	-	453,150.00
02/15/2018	325,000.00	64,975.00	389,975.00	-
08/15/2018	-	61,725.00	61,725.00	-
09/30/2018	-	-	-	451,700.00
02/15/2019	335,000.00	61,725.00	396,725.00	-
08/15/2019	-	58,375.00	58,375.00	-
09/30/2019	-	-	-	455,100.00
02/15/2020	340,000.00	58,375.00	398,375.00	-
08/15/2020	-	54,975.00	54,975.00	-
09/30/2020	-	-	-	453,350.00
02/15/2021	345,000.00	54,975.00	399,975.00	-
08/15/2021	-	51,525.00	51,525.00	-
09/30/2021	-	-	-	451,500.00
02/15/2022	355,000.00	51,525.00	406,525.00	-
08/15/2022	-	47,975.00	47,975.00	-
09/30/2022	-	-	-	454,500.00
02/15/2023	360,000.00	47,975.00	407,975.00	-
08/15/2023	-	44,375.00	44,375.00	-
09/30/2023	-	-	-	452,350.00
02/15/2024	370,000.00	44,375.00	414,375.00	-
08/15/2024	-	38,825.00	38,825.00	-
09/30/2024	-	-	-	453,200.00
02/15/2025	385,000.00	38,825.00	423,825.00	-
08/15/2025	-	33,050.00	33,050.00	-
09/30/2025	-	-	-	456,875.00
02/15/2026	390,000.00	33,050.00	423,050.00	-
08/15/2026	-	27,200.00	27,200.00	-
09/30/2026	-	-	-	450,250.00
02/15/2027	405,000.00	27,200.00	432,200.00	-
08/15/2027	-	21,125.00	21,125.00	-
09/30/2027	-	-	-	453,325.00
02/15/2028	420,000.00	21,125.00	441,125.00	-
08/15/2028	-	14,300.00	14,300.00	-
09/30/2028	-	-	-	455,425.00
02/15/2029	430,000.00	14,300.00	444,300.00	-
08/15/2029	-	7,312.50	7,312.50	-
09/30/2029	-	-	-	451,612.50
02/15/2030	450,000.00	7,312.50	457,312.50	-
09/30/2030	-	-	-	457,312.50
Total	\$5,540,000.00	\$1,303,448.89	\$6,843,448.89	\$6,843,448.89



Cass County, Texas

Table 5 - Bond Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	YTM	Call Date	Call Price	Dollar Price
02/15/2016	Serial Coupon	2.000%	0.450%	310,000.00	101.253%	-	-	-	313,884.30
02/15/2017	Serial Coupon	2.000%	0.750%	320,000.00	102.243%	-	-	-	327,177.60
02/15/2018	Serial Coupon	2.000%	1.050%	325,000.00	102.624%	-	-	-	333,528.00
02/15/2019	Serial Coupon	2.000%	1.300%	335,000.00	102.593%	-	-	-	343,686.55
02/15/2020	Serial Coupon	2.000%	1.500%	340,000.00	102.311%	-	-	-	347,857.40
02/15/2021	Serial Coupon	2.000%	1.600%	345,000.00	102.210%	-	-	-	352,624.50
02/15/2022	Serial Coupon	2.000%	1.800%	355,000.00	101.275%	-	-	-	359,526.25
02/15/2023	Serial Coupon	2.000%	1.900%	360,000.00	100.721%	-	-	-	362,595.60
02/15/2024	Serial Coupon	3.000%	2.000%	370,000.00	108.039%	-	-	-	399,744.30
02/15/2025	Serial Coupon	3.000%	2.100%	385,000.00	107.940%	-	-	-	415,569.00
02/15/2026	Serial Coupon	3.000%	2.200%	390,000.00	107.023%	c 2.264%	02/15/2025	100.000%	417,389.70
02/15/2027	Serial Coupon	3.000%	2.300%	405,000.00	106.114%	c 2.402%	02/15/2025	100.000%	429,761.70
02/15/2030	Term 1 Coupon	3.250%	2.600%	1,300,000.00	105.594%	c 2.786%	02/15/2025	100.000%	1,372,722.00
Total	-	-	-	\$5,540,000.00	-	-	-	-	\$5,776,066.90

Bid Information

Par Amount of Bonds	\$5,540,000.00
Reoffering Premium or (Discount)	236,066.90
Gross Production	\$5,776,066.90
Total Underwriter's Discount (0.720%)	\$(39,867.44)
Total Purchase Price	\$5,736,199.46

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IV. Continuing Disclosure Obligations

Annual Financial Reporting

Pursuant to federal regulations related to the issuance of debt obligations by municipal issuers, the County agreed in the bond order to provide certain updated financial information and operating data and timely notice of specified events to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system ("EMMA"). Such financial information is currently contained in the County's annual audited financial statements. The County has agreed to update and provide this information within nine months after the end of each fiscal year.

Notice of Certain Events

The County is also required to provide timely notice (not in excess of ten (10) business days after the occurrence of the event) of any of the following events with respect to the Series 2015 Bonds. Some events are not applicable to the Series 2015 Bonds and are so noted in the list below:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties [*not applicable to the Series 2015 Bonds*];
- (4) unscheduled draws on credit enhancements reflecting financial difficulties [*not applicable to the Series 2015 Bonds*];
- (5) substitution of credit or liquidity providers, or their failure to perform [*not applicable to the Series 2015 Bonds*];
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;



Cass County, Texas

- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership, or similar event of the County;
- (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) the appointment of a successor or additional Paying Agent/Registrar or the change of name of a Paying Agent/Registrar, if material.

Wells Nelson & Associates Continuing Disclosure Services

As a supplement to our financial advisory services practice, Wells Nelson also provides Continuing Disclosure Services for its clients under a separate continuing disclosure services agreement. Should the County desire to have Wells Nelson assist the County with this obligation, please contact us.

APPENDIX A

Standard and Poor's Credit Rating Report

RatingsDirect®

Summary:

Cass County, Texas; General Obligation

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Credit Profile

US\$5.405 mil ltd tax rfdg bnds ser 2015 dtd 03/15/2015 due 02/15/2030

Long Term Rating AA-/Stable New

Cass Cnty

Unenhanced Rating AA-(SPUR)/Stable Affirmed

Many issues are enhanced by bond insurance.

Rationale

Standard & Poor's Ratings Services assigned its 'AA-' rating to Cass County, Texas' series 2015 limited-tax refunding bonds. At this same time, Standard & Poor's affirmed its 'AA-' long-term rating and underlying rating (SPUR) on the county's general obligation (GO) debt outstanding. The outlook is stable.

An annual ad valorem tax levied against all taxable property in the county secures the bonds.

The rating reflects our assessment of the following factors for the county, specifically its:

- Very weak economy as a result of low wealth and income levels;
- Very strong budgetary flexibility with 2013 audited reserves at 29.3% of general fund expenditures;
- Strong budgetary performance, indicated by surplus operations in both the general fund and total governmental funds;
- Very strong liquidity providing very strong cash levels to cover both debt service and expenditures;
- Adequate management conditions with adequate policies and practices;
- Very strong debt and contingent liabilities position, reflecting overall net debt burden below 3% of market value; and
- Strong institutional framework.

Very weak economy

We consider Cass County's economy very weak. The county has projected per capita effective buying income at 73% of the U.S. level. Per capita market value for the county was \$49,920 for fiscal 2015. The county, in northeast Texas, serves a population of 30,331 and has a total assessed value (AV) of \$1.51 billion for fiscal 2015. AV has grown by a cumulative 10% over the last three fiscal years, which management attributes to reappraisal activity in the area. The county's top 10 taxpayer concentration is currently 34% of AV. We believe tax base concentration greater than 35% of AV is a negative credit factor. Traditionally, county unemployment has tracked higher than the state and the nation but was below 10%. According to the Bureau of Labor Statistics, the Cass County unemployment rate (2013) was 9.2%, above both the state (6.3%) and national (7.4%) averages.

Very strong budgetary flexibility

In our opinion, the county's budgetary flexibility is very strong. Cass County added \$425,000 to reserves in fiscal 2013, bringing total available fund balance to \$2.1 million, or 29.3% of expenditures. Fiscal 2014 unaudited actual results indicate the county added roughly \$337,000 to available reserves, equal to 32.1% of that year's expenditures. We consider available fund balance above 30% of expenditures a positive credit factor. Strong financial performance has grown the county's fund balance by nearly 12% over the past three fiscal years. Management expects to continue to build to reserves in fiscal 2015 and maintain very strong flexibility from now on.

Strong budgetary performance

Cass County's budgetary performance has been strong overall, in our view. Through conservative budgeting practices, the county historically adopts balanced budgets. However, its actual performance generally finishes better than budgeted expectations. The county had a 3.8% operating surplus in the total governmental funds for fiscal 2013. In the general fund, it posted an operating surplus of 5.8% for 2013. Fiscal 2014 unaudited actual results indicate similar results from the previous fiscal year's very strong performance, with surplus operations of 4.3% in the general fund and 4.8% in total governmental funds. For fiscal 2015, the county has adopted balanced budgets for both the general fund and total governmental funds. Based on historical performance, we expect the county's operations will likely remain better than budgeted expectations.

Very strong liquidity

Supporting the county's finances is what we consider very strong liquidity. As of fiscal year-end 2013, the county had cash on hand equal to 44% of total governmental fund expenditures and 876% of total governmental fund debt service. Unaudited actual results indicate the county finished fiscal 2014 with \$5.28 million of total governmental fund liquidity, equal to a very strong 42% of total governmental fund expenditures. Based on budgeted expectations, we expect the county to maintain very strong liquidity in the near term. Additionally, we believe it has strong access to external liquidity, having issued bonds twice over the past 10 years.

Adequate management conditions

In our view, Cass County's management conditions are adequate with "standard" financial practices under our Financial Management Assessment methodology, indicating the government maintains adequate policies in some, but not all, key areas. Strengths of the assessment, in our opinion, include strong oversight in terms of monitoring progress against the budget during the year, strong investment management policies, and maintaining an informal reserve target of 25% of expenditures.

Very strong debt and contingent liability profile

In our opinion, the county's debt and contingent liability profile is very strong, with total governmental funds debt service comprising 5% of total governmental funds expenditure in the 2013 audited results. Net direct debt is at 46.4% of revenue. Overall net debt, including overlapping debt, is 2.3% of the county's market value, which we believe is a positive credit factor. Cass County has no plans to issue additional GO debt within the next two years.

The county provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, defined-benefit plan in the statewide Texas Municipal Retirement System (TMRS). It has contributed 100% of the annual required contribution (ARC) in each of the past three years. The ARC pension for fiscal 2013 was 3.8% of expenditures and is unlikely to increase substantially in the near term. The county does not offer other

postemployment benefits.

Strong institutional framework

We consider the Institutional Framework score for Texas counties strong.

Outlook

The stable outlook reflects our expectation that Cass County will maintain very strong budgetary flexibility and liquidity concurrent with at least adequate budgetary performance. We could raise the rating if the county's economic expansion resulted in a more diversified tax base and higher incomes and wealth, although we do not expect this scenario to develop within the two-year outlook period. Conversely, deterioration of the county's financial position or a significant increase in debt could lead to a lowering of the rating.

Related Criteria And Research

Related Criteria

- USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Institutional Framework Overview: Texas Local Governments

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