

July 25, 2016



Webb County

Refunding and New Money Considerations

ESTRADA • HINOJOSA
INVESTMENT BANKERS

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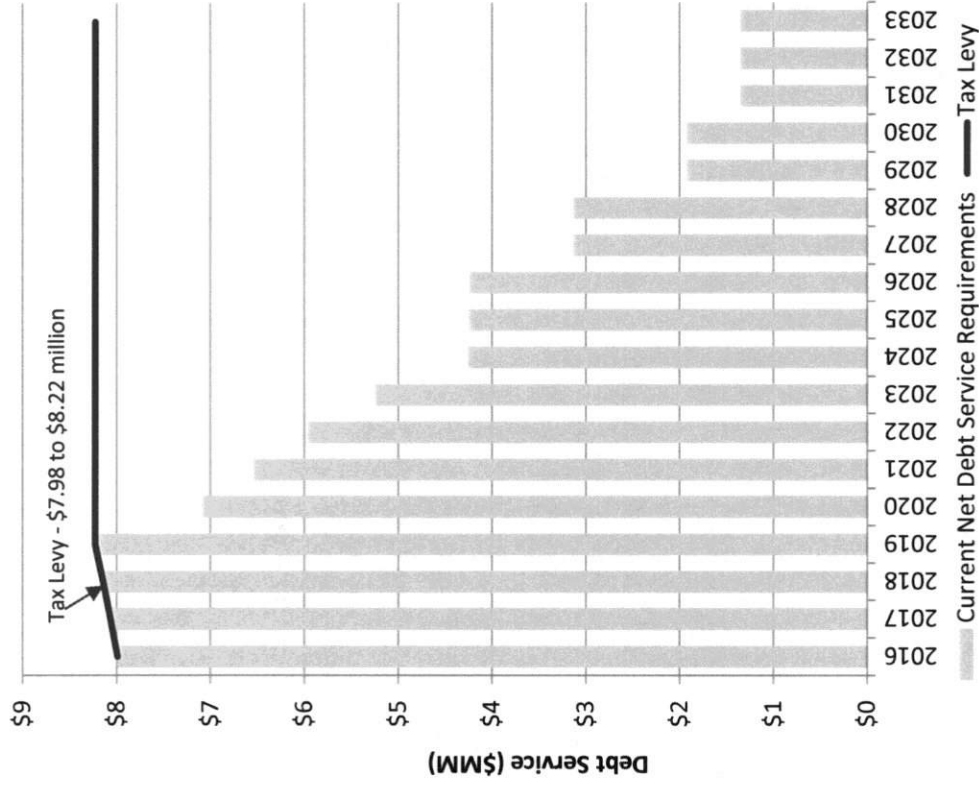
Summary of Debt Currently Outstanding

| Series | Outstanding Par |
|-------------------------------------|----------------------|
| Ltd Tax Ref Bds Ser 2014 | \$ 9,550,000 |
| C/O Ser 2013 | 16,705,000 |
| Ltd Tax Ref Bds Ser 2012 | 8,210,000 |
| C/O Ser 2010 | 5,490,000 |
| Ltd Tax Ref Bds Ser 2010 | 16,095,000 |
| Comb Tax & Surplus Rev C/O Ser 2008 | 518,000 |
| Ltd Tax Ref Bds Ser 2007 | 6,715,000 |
| TOTAL | \$ 63,283,000 |

Future Tax Levy Required

| Fiscal Year | I&S Tax Rate |
|-------------|--------------|
| 2016 | 0.0406 |
| 2017 | 0.0467 |
| 2018 | 0.0472 |
| 2019 | 0.0477 |

Existing D/S Schedule



County Tax Rate Impact – Current

Webb County Tax Rate Impact Analysis

$$(E)=(D)/(A)/100 \text{ *}$$

98% Collections Rate

$$(D) = (B+C)$$

(A)

(B)

(C)

(D) = (B+C)

| Fiscal Year | County Taxable Assessed Value | AV Growth | Existing GO Debt DS | Less: Other Transfers In ⁽²⁾ | Total GO Debt DS | % of Principal Payout | Calculated I&S Tax Rate | Annual Increase in I&S Tax Rate | Fiscal Year |
|-------------|-------------------------------|-----------|---------------------|---|------------------|-----------------------|-------------------------|---------------------------------|-------------|
| 2016 | 18,980,986,235 | n/a | \$8,296,815 | (\$311,405) | 7,985,410 | | 0.040583 | | 2016 |
| 2017 | 17,600,000,000 | -7.3% | 8,373,047 | (312,800) | 8,060,247 | | 0.0467 | 0.0061 | 2017 |
| 2018 | 17,600,000,000 | 0.0% | 8,448,232 | (310,689) | 8,137,543 | | 0.0472 | 0.0004 | 2018 |
| 2019 | 17,600,000,000 | 0.0% | 8,533,290 | (309,005) | 8,224,285 | | 0.0477 | 0.0005 | 2019 |
| 2020 | 17,600,000,000 | 0.0% | 7,399,832 | (310,306) | 7,089,526 | | 0.0411 | 0.0000 | 2020 |
| 2021 | 17,600,000,000 | 0.0% | 6,854,680 | (305,673) | 6,549,007 | 48% | 0.0380 | 0.0000 | 2021 |
| 2022 | 17,600,000,000 | 0.0% | 6,216,371 | (252,796) | 5,963,575 | | 0.0346 | 0.0000 | 2022 |
| 2023 | 17,600,000,000 | 0.0% | 5,499,780 | (250,668) | 5,249,112 | | 0.0304 | 0.0000 | 2023 |
| 2024 | 17,600,000,000 | 0.0% | 4,358,079 | (101,948) | 4,256,131 | | 0.0247 | 0.0000 | 2024 |
| 2025 | 17,600,000,000 | 0.0% | 4,348,166 | (101,763) | 4,246,403 | | 0.0246 | 0.0000 | 2025 |
| 2026 | 17,600,000,000 | | 4,345,665 | (102,313) | 4,243,352 | 80% | 0.0246 | 0.0000 | 2026 |
| 2027 | 17,600,000,000 | | 3,136,416 | | 3,136,416 | | 0.0182 | 0.0000 | 2027 |
| 2028 | 17,600,000,000 | | 3,140,624 | | 3,140,624 | | 0.0182 | 0.0000 | 2028 |
| 2029 | 17,600,000,000 | | 1,923,451 | | 1,923,451 | | 0.0112 | 0.0000 | 2029 |
| 2030 | 17,600,000,000 | | 1,926,319 | | 1,926,319 | | 0.0112 | 0.0000 | 2030 |
| 2031 | 17,600,000,000 | | 1,359,894 | | 1,359,894 | 96% | 0.0079 | 0.0000 | 2031 |
| 2032 | 17,600,000,000 | | 1,361,078 | | 1,361,078 | | 0.0079 | 0.0000 | 2032 |
| 2033 | 17,600,000,000 | | 1,359,094 | | 1,359,094 | 100% | 0.0079 | 0.0000 | 2033 |
| 2034 | 17,600,000,000 | | | | 0 | | 0.0000 | 0.0000 | 2034 |
| 2035 | 17,600,000,000 | | | | 0 | | 0.0000 | 0.0000 | 2035 |
| 2036 | 17,600,000,000 | | | | 0 | | 0.0000 | 0.0000 | 2036 |

TOTAL \$86,880,833 (\$2,669,366) \$84,211,467

County Tax Rate Impact - Proposal

- Three transactions proposed:
 - 2016 Refunding (Oct delivery): refunding 2010COs and 2010Ref Bonds, using savings to keep tax rate the same
 - 2016 New Money (Oct delivery) funding \$15mm project fund, with back loaded level debt service
 - 2016 Refunding (Nov delivery) – refunding 2007Ref Bonds, using savings to keep tax rate the same

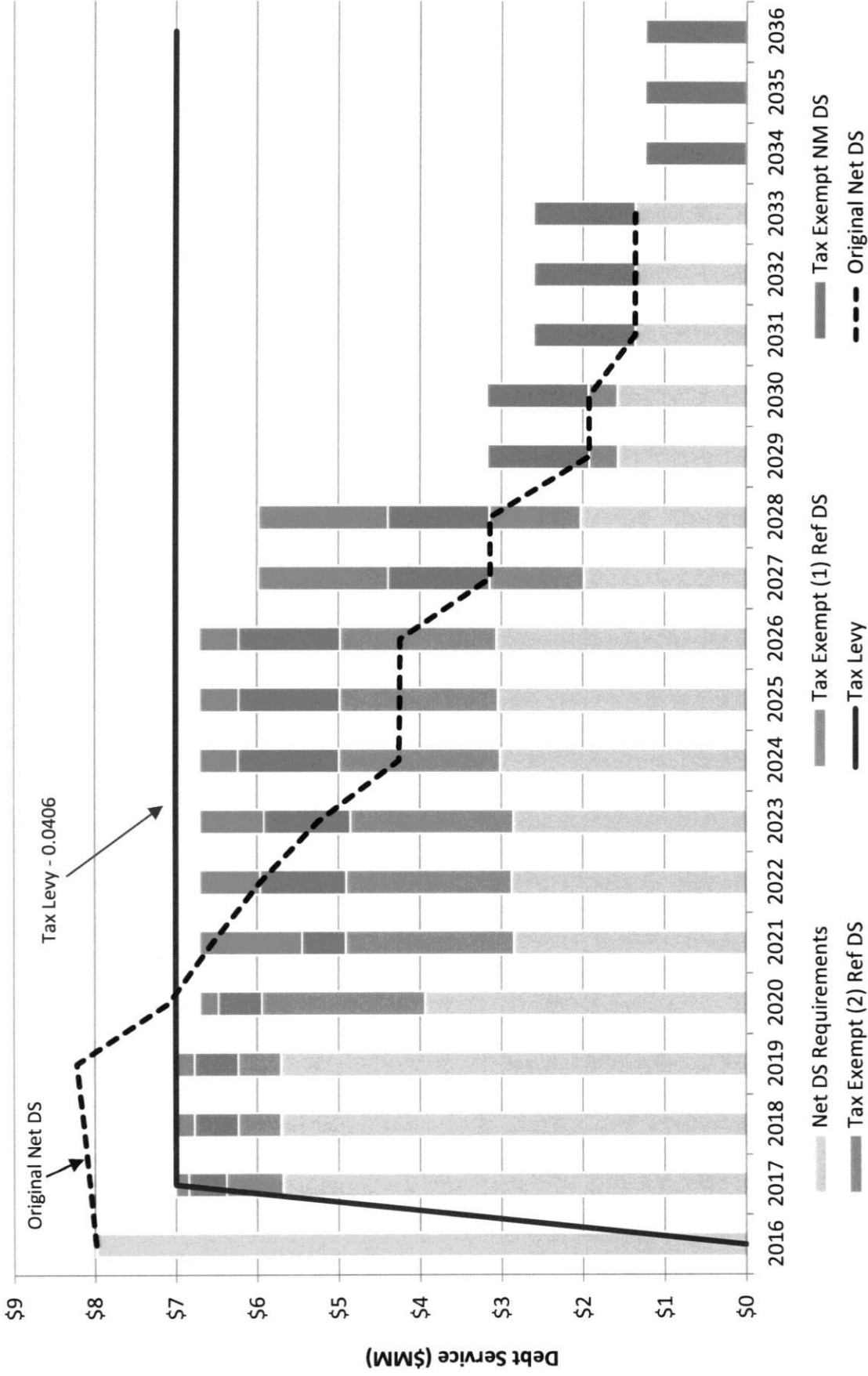
Webb County Tax Rate Impact Analysis

| Fiscal Year | (A) County Taxable Assessed Value | (B) AV Growth | 2016 Refunding (1) | | 2016 New Money | | 2016 Refunding (2) | | (D) Less: Other Transfers In | (E) Less: Add. Issuer Contribution | (F) = (B+C+D+E) Total GO Debt DS | % of Principal Payout | Calculated I&S Tax Rate | Annual Increase in I&S Tax Rate | Fiscal Year |
|--------------|--------------------------------------|------------------|----------------------|------------------|---------------------|------------------|--------------------|--------------------|---------------------------------|---------------------------------------|-------------------------------------|-----------------------|-------------------------|---------------------------------|-------------|
| | | | DS Savings | Debt Service | DS Savings | DS Savings | | | | | | | | | |
| | | | PAR AMOUNT | \$13,705,000 | \$6,300,000 | | | | | | | | | | |
| | | | PV SAVINGS \$ | n/a | \$205,665 | | | | | | | | | | |
| | | | PV SAVINGS % | 0.49% | n/a | 3.08% | | | | | | | | | |
| | | | ESCROW/PROJ DELIVERY | \$16,054,556 | \$15,000,000 | \$6,808,659 | | | | | | | | | |
| | | | TIC | 2.11% | 2.96% | 2.36% | | | | | | | | | |
| | | | RATES | 7/14+20bps | 7/14+20bps | 7/14+25bps | | | | | | | | | |
| 2016 | 18,980,986,235 | n/a | \$8,296,815 | | | | | | | | | | | | |
| 2017 | 17,600,000,000 | -7.3% | 8,373,047 | \$462,761 | (\$98,353) | | | | | | | | | | |
| 2018 | 17,600,000,000 | 0.0% | 8,448,232 | 537,400 | (70,751) | | | | | | | | | | |
| 2019 | 17,600,000,000 | 0.0% | 8,533,290 | 537,400 | (74,256) | | | | | | | | | | |
| 2020 | 17,600,000,000 | 0.0% | 7,399,832 | 537,400 | (1,567,277) | | | | | | | | | | |
| 2021 | 17,600,000,000 | 0.0% | 6,854,680 | 537,400 | (1,112,611) | | | | | | | | | | |
| 2022 | 17,600,000,000 | 0.0% | 6,216,371 | 1,059,450 | (1,048,281) | | | | | | | | | | |
| 2023 | 17,600,000,000 | 0.0% | 5,499,780 | 1,063,250 | (334,717) | | | | | | | | | | |
| 2024 | 17,600,000,000 | 0.0% | 4,358,079 | 1,244,900 | 471,700 | | | | | | | | | | |
| 2025 | 17,600,000,000 | 0.0% | 4,348,166 | 1,244,100 | 483,600 | | | | | | | | | | |
| 2026 | 17,600,000,000 | 0.0% | 4,345,665 | 1,247,000 | 484,700 | | | | | | | | | | |
| 2027 | 17,600,000,000 | 0.0% | 3,136,416 | 5,500 | 1,597,500 | | | | | | | | | | |
| 2028 | 17,600,000,000 | 0.0% | 3,140,624 | 5,300 | 1,591,200 | | | | | | | | | | |
| 2029 | 17,600,000,000 | 0.0% | 1,923,451 | 200 | 1,247,700 | | | | | | | | | | |
| 2030 | 17,600,000,000 | 0.0% | 1,926,319 | 5,100 | 1,245,000 | | | | | | | | | | |
| 2031 | 17,600,000,000 | 0.0% | 1,359,894 | 1,245,800 | 1,245,800 | | | | | | | | | | |
| 2032 | 17,600,000,000 | 0.0% | 1,361,078 | 1,245,000 | 1,245,000 | | | | | | | | | | |
| 2033 | 17,600,000,000 | 0.0% | 1,359,094 | 1,247,500 | 1,247,500 | | | | | | | | | | |
| 2034 | 17,600,000,000 | 0.0% | | 1,243,300 | 1,243,300 | | | | | | | | | | |
| 2035 | 17,600,000,000 | 0.0% | | 1,247,300 | 1,247,300 | | | | | | | | | | |
| 2036 | 17,600,000,000 | 0.0% | | 1,244,400 | 1,244,400 | | | | | | | | | | |
| TOTAL | | | \$86,880,833 | \$460,617 | \$20,924,561 | \$322,455 | \$2,669,366 | (\$106,696) | \$105,812,404 | | | | | | |

(G)=(F)/(A)/100) *
98% Collections Rate

Notes:
 (1) This finance plan contemplates two tax exempt refundings. The first will price on 9/12 and close on 10/5.
 (2) The second refunding will also price on 9/12, but will have a delayed closing on 11/22/2023 since the second refunding will be a current refunding, and within 90 days of the call date.

GO Debt Service After the Refundings and New Money



NOTES:
 (1) This finance plan contemplates two tax exempt refundings. The first will price on 9/12 and close on 10/5.
 (2) The second refunding will also price on 9/12, but will have a delayed closing on 11/22 since the second refunding will be a current refunding, and within 90 days of the call date.

Bond and Refunding Statistics Summary

Results Summary

| Analysis | Tax Exempt Refunding (1) | New Money | Tax Exempt Refunding (2) |
|----------------------------------|--------------------------|--------------|--------------------------|
| Par Amount | \$14,625,000 | \$13,705,000 | \$6,300,000 |
| Delivery Date | 10/5/2016 | 10/5/2016 | 11/22/2016 |
| Rates as of | CM+20bps | CM+20bps | CM+25bps |
| Size of Escrow/Project Fund | \$16,054,556 | \$15,000,000 | \$6,808,659 |
| True Interest Cost | 2.11% | 2.96% | 2.36% |
| Average Life | 7.3 years | 13.3 years | 8.3 years |
| Total Interest | \$3,999,254 | \$7,219,561 | \$1,987,020 |
| Total Debt Service | \$18,624,254 | \$20,924,561 | \$8,287,020 |
| Average Annual Debt Service | \$1,330,304 | \$1,080,752 | \$690,585 |
| Maximum Annual Debt Service | \$2,061,850 | \$1,247,700 | \$1,597,500 |
| Tax Status | Tax Exempt | Tax Exempt | Tax Exempt |
| Refunding Type | Advanced | n/a | Current |
| Refunded Par Amount | \$14,725,000 | n/a | \$6,680,000 |
| Average Coupon of Refunded Bonds | 4.01% | n/a | 3.99% |
| Value of Negative Arbitrage | \$563,457 | n/a | \$28,910 |
| Avg. Annual Savings | (\$32,901) | n/a | (\$26,871) |
| Net PV Savings | \$72,359 | n/a | \$205,665 |
| NPV % Savings of refunded bonds | 0.49% | n/a | 3.08% |
| Refunding Efficiency | 11.4% | n/a | 87.7% |

Notes:

(1) This finance plan contemplates two tax exempt refundings. The first will price on 9/12 and close on 10/5.
 (2) The second refunding will also price on 9/12, but will have a delayed closing on 11/22 since the second refunding will be a current refunding, and within 90 days of the call date.

Financing Participants

| Issuer | Webb County |
|-----------------------------|------------------------------|
| Financial Advisor | Estrada Hinojosa & Co., Inc. |
| Bond Counsel | Winstead PC |
| Co-Bond Counsel | J. Cruz and Associates LLC |
| Approving Legal Opinion | Texas AG |
| Paying Agent | Bank of New York |
| Escrow Agent | Bank of New York |
| Verification Agent | The Arbitrage Group |
| Senior Managing Underwriter | SAMCO |
| Co-Managing Underwriter | Janney Stephens |

Financing Timetable

| ACTIVITY | DATE |
|---|----------------|
| • Presentation to Staff and Court Members | July 18 |
| • Finance Plan Presentation to Court | July 25 |
| • Court adopts order to publish notice of intent for COs | July 25 |
| • County publishes notice of intent for COs | July 31/Aug 14 |
| • Develop bond/offering documents | Early August |
| • Rating Presentation | W/O Aug 22 |
| • Receive Ratings | Sept 1 |
| • Post POS | Sept 1 |
| • Price bonds | Sept 12 |
| • County adopts order authorizing COs and Ref Bonds | Sept 12 |
| • Close bonds | Oct 6 |

Estrada Hinojosa is a Leader with a Growing National Footprint...

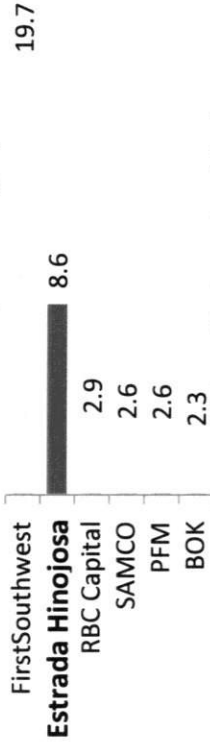
■ In 25 years the Firm has completed:

- ✓ Financial Advisory Services- 1,676 financings totaling \$105.2 billion
- ✓ Underwriting Services- 2,766 financings totaling \$280 billion

■ For calendar year ended 2015, the Firm completed:

- ✓ Financial Advisory Services- 115 financings totaling \$9.6 billion
- ✓ Underwriting Services- 227 financings totaling \$29.4 billion

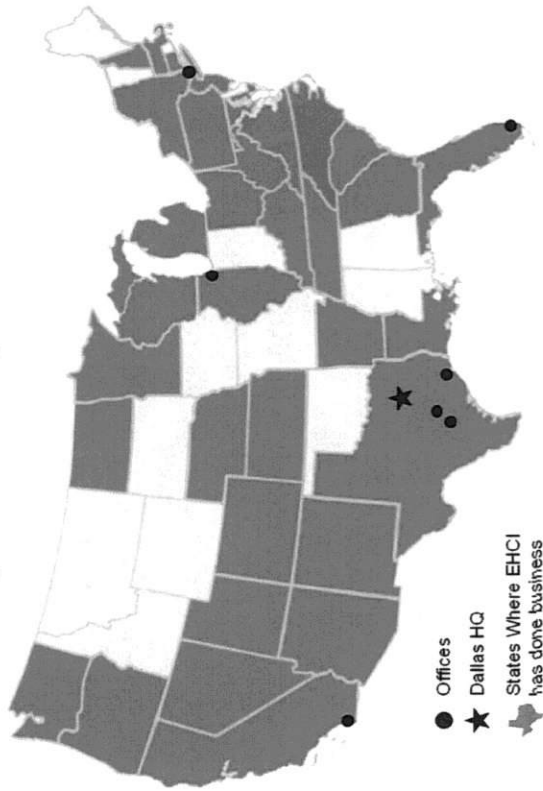
2015 Texas Financial Advisory Rankings (Par Amount)



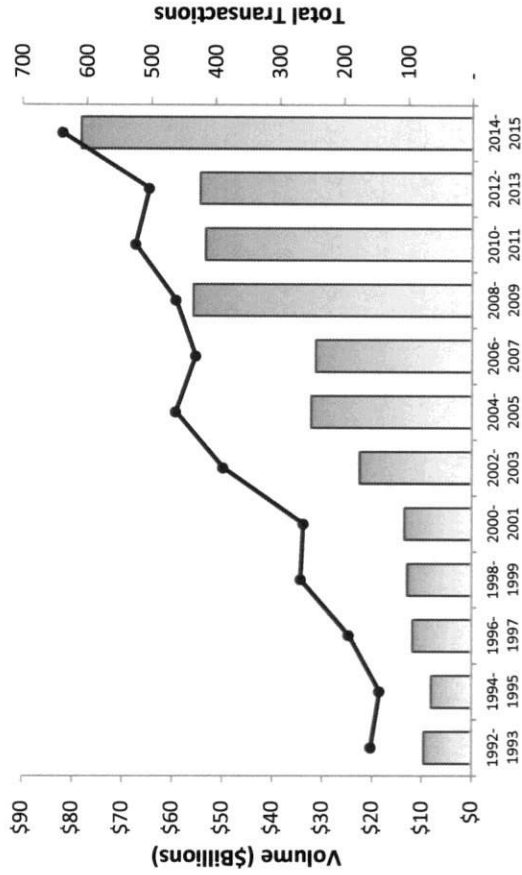
2015 U.S. Financial Advisory Rankings (Par Amount)



Map of Estrada Hinojosa Offices



Growth of FA and Underwriting Experience



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