



UNITED INDEPENDENT SCHOOL DISTRICT INFORMATIONAL ITEM

TOPIC: Plan of Finance – Unlimited Tax Refunding Bonds, Series 2013

SUBMITTED BY: Laida P. Benavides, CPA **OF:** Division of Finance

APPROVED FOR TRANSMITTAL TO SCHOOL BOARD: _____

DATE ASSIGNED FOR BOARD CONSIDERATION: December 19, 2012

Informational Item:

A plan of finance for an unlimited tax refunding bonds opportunity will be presented by UISD financial advisors, Estrada Hinojosa Investment Bankers.

December 11, 2012



United Independent School District

Plan of Finance- Unlimited Tax Refunding Bonds, Series 2013

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INVESTMENT BANKERS

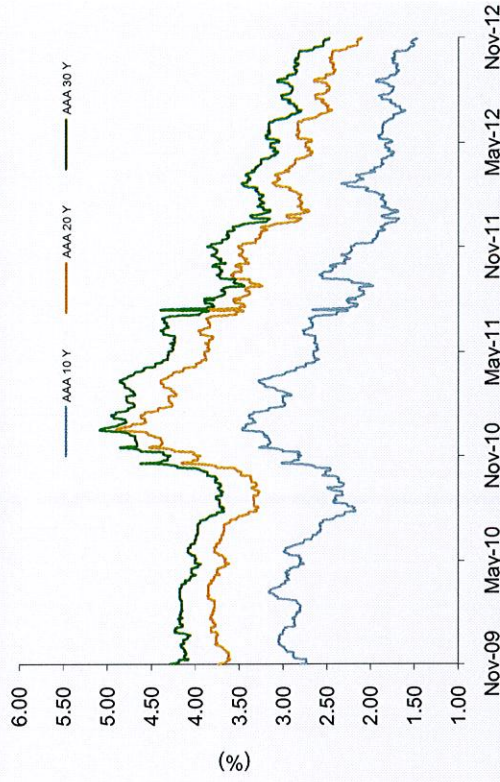
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Tax-Exempt and Treasury Spreads: 3 Year History

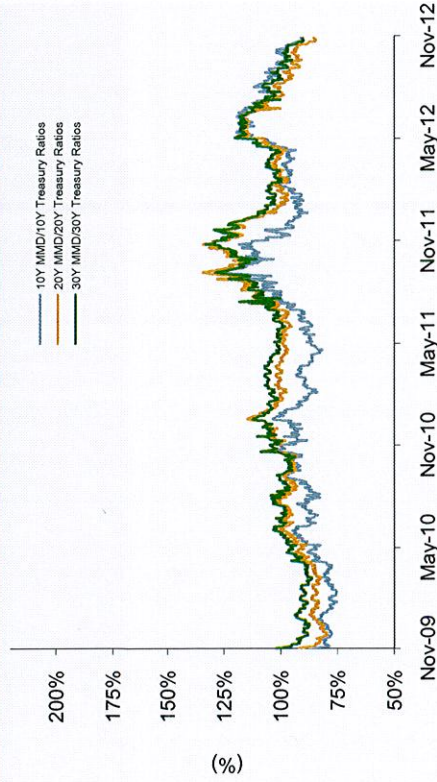
Commentary for the week of December 3rd

- The municipal market ended last week on a steady note after a big rally that brought yields to new record lows.
- Traders attribute last week's rally, and the month of November, to the anticipation of tax increases expected next year as well as a general risk off trade over fears about the fiscal cliff.
- On Friday, the 10-year MMD ended steady after a week-long rally, closing at the record low set Wednesday 1.47%, while the 30-year also finished steady at its record low of 2.47%.
- The Treasury yield curve steepened Friday afternoon as yields on the short end fell while yields on the long end rose.
- The two-year Treasury yield fell two basis points to 0.25% while the 30-year yield jumped two basis points to 2.81%, and the 10-year yield finished flat at 1.62%.

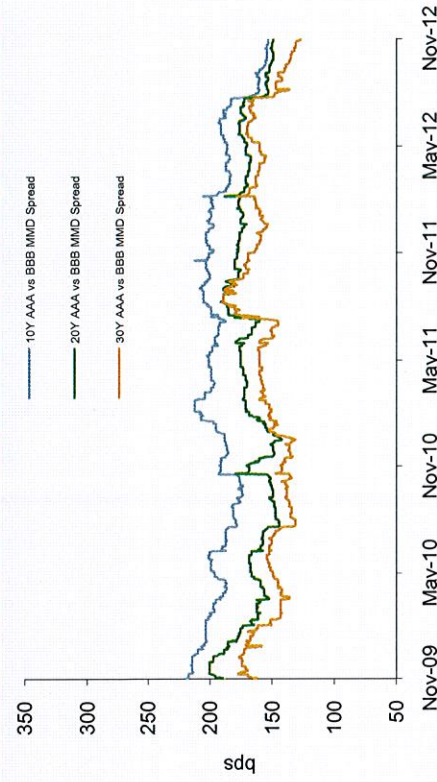
MMD Rates



MMD to Treasury Ratios

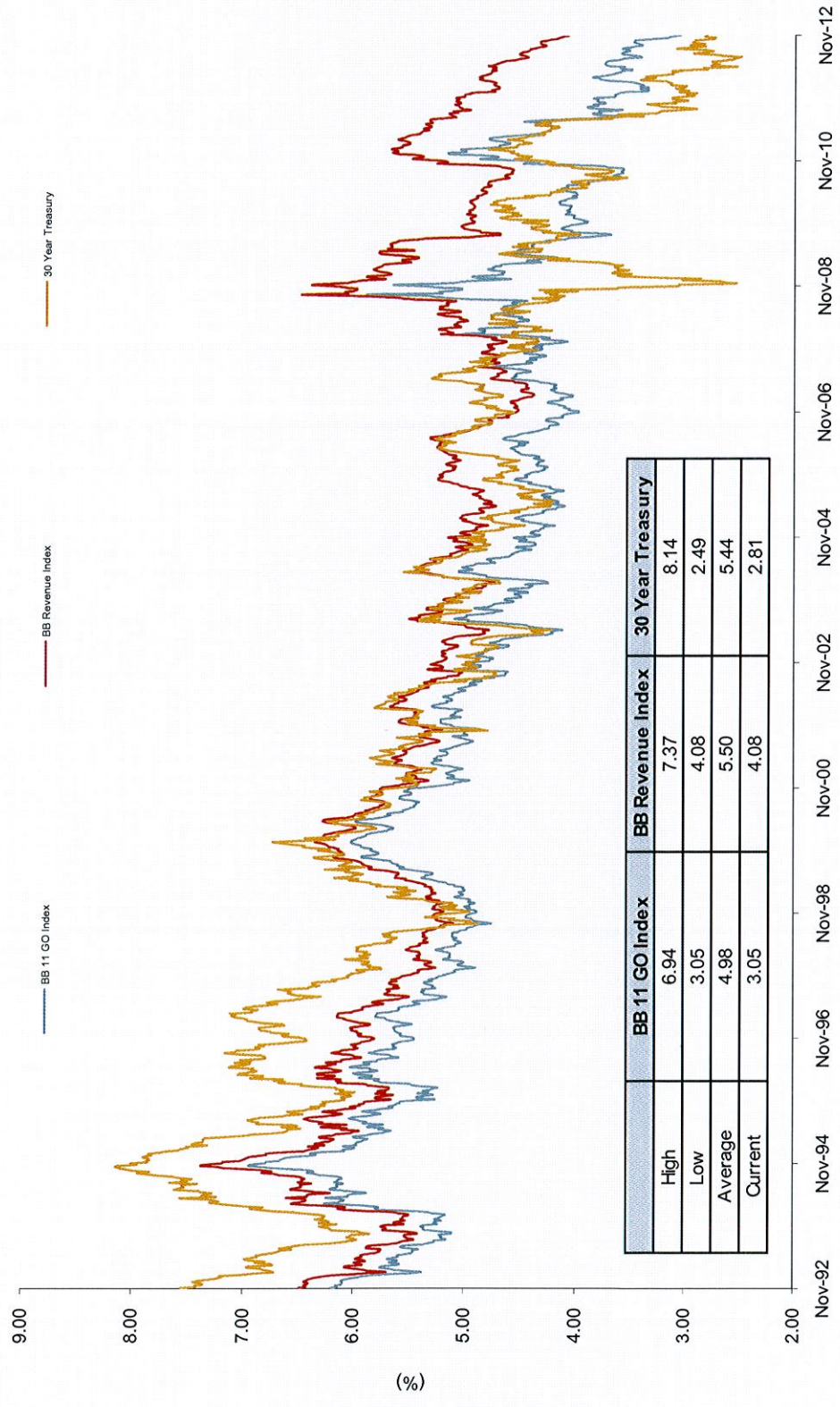


AAA MMD to BBB MMD Spreads



Source: Municipal Market Data
Thomson Reuters TM3

Bond Buyer Indices vs. 30 Year Treasury: 20 Year History



Source: Bond Buyer

Summary of Previous Refundings

United Independent School District Bond Savings Transaction Table, 2004-2012

Year	2004	2005	2006	2008	2011	2012	Summary
Par Amount	\$ 50,064,951	\$ 45,394,989	\$ 7,934,996	\$ 4,295,000	\$ 34,000,000	\$ 45,890,000	\$ 187,579,936
Gross Savings	2,018,020	2,550,687	681,999	324,061	3,002,551	4,587,630	\$ 13,164,949
NPV Savings	1,913,769	1,731,019	468,598	196,172	2,411,370	3,280,027	\$ 10,000,954
Old Interest Rate	5.00%	5.32%	5.13%	5.07%	4.86%	4.52%	Average: 4.98%
New Interest Rate	3.34%	4.21%	4.18%	2.85%	2.85%	3.48%	Average: 3.49%

Eligible Bonds to be Refunded

- As shown in the table below, current rates offer significant savings on a maturity-by-maturity basis versus the existing interest rates.

Eligible Bonds to be Refunded

Series	Maturity Date	Existing Coupon	Par Amount	Call Date	Call Price	Current Rates	Rate Difference
U/L Tax School Building Bonds, Series 2005							
	8/15/2020	5.000%	\$2,095,000	8/15/2015	100%	1.290%	3.710%
	8/15/2021	5.000%	\$2,200,000			1.510%	3.490%
	8/15/2022	5.000%	\$2,310,000			1.690%	3.310%
	8/15/2023	5.000%	\$2,425,000			1.810%	3.190%
	8/15/2024	5.000%	\$2,545,000			1.880%	3.120%
	8/15/2025	5.000%	\$2,675,000			1.930%	3.070%
	8/15/2026	5.000%	\$2,805,000			1.980%	3.020%
	8/15/2027	5.000%	\$2,950,000			2.040%	2.960%
	8/15/2028	5.000%	\$3,095,000			2.100%	2.900%

\$23,100,000 Total Bonds to be Refunded

Savings Summary

FYE 8/31	Prior Debt Service	Refunding Debt Service	Savings	Present Value Savings FYE8/31
2013	\$1,155,000	\$1,152,860	\$2,140	\$6,134
2014	1,155,000	992,450	162,550	158,468
2015	1,155,000	992,450	162,550	155,585
2016	1,155,000	992,450	162,550	152,755
2017	1,155,000	992,450	162,550	149,977
2018	1,155,000	992,450	162,550	147,249
2019	1,155,000	992,450	162,550	144,570
2020	3,250,000	2,947,450	302,550	263,629
2021	3,250,250	2,949,250	301,000	257,407
2022	3,250,250	2,947,850	302,400	253,787
2023	3,249,750	2,948,250	301,500	248,313
2024	3,248,500	2,948,250	300,250	242,745
2025	3,251,250	2,947,750	303,500	240,864
2026	3,247,500	2,946,500	301,000	234,491
2027	3,252,250	2,949,250	303,000	231,709
2028	3,249,750	2,950,500	299,250	224,633
	\$37,334,500	\$33,642,610	\$3,691,890	\$3,112,317

Savings Summary

Net FV Savings from cash flow:	\$3,691,890
Net PV Savings from cash flow:	\$3,112,317
% Savings of Refunded Bonds:	13.473%
Avg. Annual Savings (FYE 2014-2028):	\$245,983
Negative Arbitrage:	\$996,913

Refunding Summary

- Based on current Non-BQ PSF insured market rates, significant NPV and annual savings can be realized by refunding the District's Unlimited Tax School Building Bonds, Series 2005.
- Assumes current market Non-BQ conditions exist at time of pricing.

Refunding Summary

Delivered:	12/26/2012
Par Amount of Refunding Bonds:	\$21,585,000
Par Amount of Refunded Bonds:	\$23,100,000
Net PV Savings:	\$3,112,317
% Savings of Refunded Bonds:	13.473%
Avg. Annual Savings (FYE 2014-2028):	\$245,983
Avg. Coupon of Refunded Bonds:	5.000%
True Interest Cost (TIC):	2.436%
Negative Arbitrage:	\$996,913
Rates as of:	11/26/2012

Timetable

UNITED INDEPENDENT SCHOOL DISTRICT

\$23,100,000*

Unlimited Tax Refunding Bonds, Series 2013

Timetable of Events

	DECEMBER							JANUARY							FEBRUARY							MARCH													
	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S							
December 6, 2012							1																												
December 11, 2012							8																												
December 18, 2012							15																												
December 18, 2012							22																												
January 8, 2013							29																												
January 9, 2013							30																												
January 10, 2013							31																												
January 17, 2013																																			
January 21, 2013																																			
Week of January 28th																																			
February 5, 2013																																			
February 6, 2013																																			
February 7, 2013																																			
February 12, 2013																																			
February 15, 2013																																			
February 28, 2013																																			
March 12, 2013																																			

December 6, 2012 (Thursday) Bond Council submits agenda language to District for Plan of Finance and Parameters Resolution Delegation Authority.

December 11, 2012 (Tuesday) Finance Committee meeting, discussion and possible action regarding Plan of Finance and Delegation Authority.

December 18, 2012 (Tuesday) Distribute first draft of Preliminary Official Statement (POS) to Bond Counsel & District.

December 18, 2012 (Tuesday) Submit PSF application to TEA.

January 8, 2013 (Tuesday) Receive comments on first draft of POS.

January 9, 2013 (Wednesday) Receive PSF bond insurance letter.

January 10, 2013 (Thursday) Distribute second draft of POS to Bond Counsel and District.

January 17, 2013 (Thursday) Receive comments on second draft of POS.

January 21, 2013 (Monday) Distribute third draft of POS to Bond Counsel, District, and Rating Agencies.

Week of January 28th Conference Calls with Rating Agencies, if necessary.

February 5, 2013 (Tuesday) Receive comments on third draft of POS.

February 6, 2013 (Wednesday) Receive ratings.

February 7, 2013 (Thursday) Print and distribute Refunding POS.

February 12, 2013 Price the Bonds.

February 15, 2013 (Friday) Submit documents to Texas Attorney General.

February 28, 2013 (Thursday) Obtain Attorney General's approval of Bonds.

March 12, 2013 (Tuesday) Close, District receives their funds.

*Preliminary, par amount and dates are subject to change.

Working Group Participants

Issuer	United Independent School District
Financial Advisor	Estrada Hinojosa & Co. Inc.
Bond Counsel	Escamilla, Poneck & Cruz
Underwriters	TBA
Underwriters Counsel	TBA
Paying Agent	Wells Fargo Bank, N.A.
Verification Agent	Grant Thornton

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