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Graham

Independent School District



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Prospective Parameter Refunding of Series 1998 & 2002 Bond Issue

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Topics for Discussion

- Parameter Refunding Order
- Series 1998 Bond Issue
- Series 2002 Bond Issue
- Refunding Information
- Bank Qualified vs. Non-Bank Qualified
- Proposed Parameters

Parameter Bond Refunding Order

Allowed Under Section 1207 Texas Government Code

- ❑ Board delegates final pricing authority to Board selected Pricing Officer (*usually Superintendent &/or CFO*)
- ❑ Board establishes and approves bond sale parameters within Parameter Order:
 - Maximum Interest Rate
 - Minimum Savings Threshold for Refundings
 - Maximum Aggregate Principal Amount of Issue
 - Final Maturity Date
 - Expiration of Delegated Authority
- ❑ Pricing Officer can only approve sale if Board parameters are met



Parameter Bond Refunding Order

Reason for Parameter Bond Sale = FLEXIBILITY

Market Timing – Bond issue is in ‘Day-to-Day’ mode meaning that bonds can be priced at any time and in an interest rate environment that is advantageous to GISD rather than being locked into pricing on the date of a Board meeting.



Series 1998 Bond Issue

Bond Issue to be Refunded

- ❑ Aggregate Callable Principal Amount: **\$340,000**
- ❑ Principal Maturity Dates: **2012 through 2014**
- ❑ Interest Rates: **4.50%**
- ❑ Call Date: **Anytime**
- ❑ Final Maturity Date: **February 15, 2014**



Series 2002 Bond Issue

Bond Issue to be Refunded

- ❑ Aggregate Callable Principal Amount: **\$5,025,000**
- ❑ Principal Maturity Dates: **2013 through 2027**
- ❑ Interest Rates: **4.00% – 4.80%**
- ❑ Call Date: **February 15, 2012**
- ❑ Final Maturity Date: **February 15, 2027**



Refunding Information

Debt Service Savings*

Graham Independent School District, Texas

U/L Tax Refunding Bonds, Series 2011

<u>1</u> Fiscal Year	<u>2</u> Old Debt Service	<u>3</u> New Debt Service	<u>4</u> Savings*
8/31/2011	\$ 127,760	\$ 126,700	\$ 1,060
8/31/2012	577,758	552,475	25,283
8/31/2013	582,708	558,275	24,433
8/31/2014	582,820	558,625	24,195
8/31/2015	459,961	433,650	26,311
8/31/2016	464,031	440,175	23,856
8/31/2017	462,341	436,400	25,941
8/31/2018	464,831	437,400	27,431
8/31/2019	466,366	443,025	23,341
8/31/2020	466,876	442,863	24,013
8/31/2021	466,370	441,550	24,820
8/31/2022	469,830	443,500	26,330
8/31/2023	472,160	448,900	23,260
8/31/2024	473,440	448,600	24,840
8/31/2025	473,760	447,700	26,060
8/31/2026	478,000	451,100	26,900
8/31/2027	476,160	448,800	27,360
	7,965,171	7,559,737	\$ 405,434

REFUNDING RESULTS*:

- ❑ Par Amount of Refunded Bonds: **\$5,365,000**
- ❑ Total Savings*: **\$405,434**
- ❑ Net PV Savings*: **\$307,139**
- ❑ PV Savings as a % of Refunded Principal: **5.7250%**
- ❑ True Interest Cost: **3.3415%**
- ❑ Average Interest Rate on Refunded Bonds: **4.6833%**
- ❑ Final Maturity NOT Extended on either issue
- ❑ Savings are AFTER any and all transaction costs (*i.e. no 'out of pocket' costs*)

Net PV Savings*: \$ 307,139
 PV Savings as a Percentage of Bonds being Refunded: 5.7250%

* - PSF Interest Rate Scale as of April 19, 2011



Bank Qualified vs. Non-Bank Qualified

Interest Rate Comparison

Bank Qualified: Issuers who issue no more than \$10 million of tax exempt bonds in a calendar year can designate their issues as being 'bank qualified' (BQ). BQ affords banks the ability to purchase tax exempt bonds and deduct 80% of their carrying cost and thereby realize the benefit of a tax exempt security. They are unable to do this on Non-BQ tax exempt bond issues.

* - FSC Internal Permanent School Fund Interest Rate Scales as of April 18; subject to change

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PSF Bank Qualified vs. Non-Bank Qualified Interest Rate Scales *

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
<u>Maturity</u>	<u>Bank Qualified</u>	<u>Non-Bank Qualified</u>	<u>DIFFERENCE</u>
2011	0.40%	0.40%	0.00%
2012	0.50%	0.50%	0.00%
2013	0.73%	0.75%	-0.02%
2014	1.07%	1.10%	-0.03%
2015	1.49%	1.51%	-0.02%
2016	1.86%	1.88%	-0.02%
2017	2.18%	2.24%	-0.06%
2018	2.43%	2.67%	-0.24%
2019	2.67%	2.98%	-0.31%
2020	2.87%	3.22%	-0.35%
2021	2.98%	3.40%	-0.42%
2022	3.15%	3.64%	-0.49%
2023	3.27%	3.82%	-0.55%
2024	3.37%	3.95%	-0.58%
2025	3.47%	4.10%	-0.63%
2026	3.60%	4.20%	-0.60%
2027	3.71%	4.30%	-0.59%
2028	3.80%	4.45%	-0.65%
2029	3.91%	4.47%	-0.56%



Proposed Parameters

Included in Parameter Order for Board Consideration/Action

- ❑ Delegated Pricing Officer: **Superintendent &/or CFO**
- ❑ Maximum True Interest Cost: **4.00%**
- ❑ Minimum Savings Threshold: **5.00% PV Savings**
- ❑ Maximum Principal Amount: **\$5,365,000**
- ❑ Final Maturity Date: **February 15, 2027**
- ❑ Expiration of Parameter Authority: **180 Days**

