

**LEVELLAND INDEPENDENT SCHOOL DISTRICT  
BOARD OF EDUCATION**

Date: 7/19/2012 Presented By: Kelly Baggett  
Subject: Bond Refunding Finance Update Related Page(s) none

**INFORMATION**

**BACKGROUND INFORMATION**

At the May 17, 2012 Board meeting, Mr. Vince Vialle of Specialized Public Finance presented information to the Board concerning savings that could be recognized by refinancing (refunding) a portion of the outstanding bonds for the District. You may recall we had a similar opportunity in the fall of 2011 and were able to garner some significant savings for the taxpayers. Mr. Vialle noted that the District could save a significant amount of money over the life of the bond issue by refinancing.

In addition, Mr. Vialle recommended that the Board approve using a Parameters order which would provide administrative authority to the Superintendent and the CFO to execute the necessary transactions for the refunding process.

“The Parameters Order is approved by the Board at the beginning of the issue. Once approved, we monitor the market, and when rates allow us to meet or exceed or minimum criteria, we execute the issue in the market. The Parameters Order also has a Delegation clause in it, whereby the Board designates the Superintendent and you as the Pricing Officers on the Refunding. The Pricing Officers must approve of the results before the transaction can be accepted, and this happens only after we have established the interest rates on the refunding and they meet or exceed the criteria established in the Parameters Order.”

“This mechanism gives us much more flexibility in marketing the refunding bonds, hopefully giving us a better chance of getting the lowest interest rate possible.”

Mr. Vialle sent an e-mail on June 26, 2012, describing the final results of the refinancing process showing that the District would save over \$1,810,000. The presentation to the Board on May 17, 2012, detailed a savings of \$1,369,425. The District has a present value savings of 14.372%. The original presentation had a savings of 10.647%. The interest rates went from 5.12% on the Series 2004 and 4.70% on the Series 2005 bonds to 3.03% on the Series 2012 Refunding Bonds. The original presentation had an interest rate on the Refunding Bonds of 3.280%. The original presentation showed an average annual savings of \$59,540 per year and the new average annual net savings is over \$76,000 per year.

The final result of Refunding the District's Series 2004 and Series 2005 Bonds exceeded the original presentation that was made to the Board. By decreasing the interest rate on the previous issues, the District will realize substantial savings over the life of the bonds.