



UNITED INDEPENDENT SCHOOL DISTRICT AGENDA ACTION ITEM

TOPIC: Presentation and Approval of Plan of Finance for the \$100,000,000 Unlimited Tax School Building Bonds, Series 2014

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

APPROVED FOR TRANSMITTAL TO SCHOOL BOARD: _____

DATE ASSIGNED FOR BOARD CONSIDERATION: May 21, 2014

RECOMMENDATION:

Administration is recommending approval of the Plan of Finance for the upcoming sale of bonds in summer 2014.

RATIONALE:

The District's Financial Advisors, Estrada, Hinojosa & Co. will present a plan of Finance addressing the expected uses of bond proceeds, the potential tax rate impact, the time table to sell bonds and the professional participants who will assist the District with the bond sale.

BUDGETARY INFORMATION:

No impact.

BOARD POLICY REFERENCE AND COMPLIANCE:

N/A

May 8, 2014

United Independent School District



Plan of Finance
\$100,000,000 Unlimited Tax School Building Bonds, Series 2014*

ESTRADA • HINOJOSA
INVESTMENT BANKERS

Dallas • Austin • Chicago • Houston • Miami • New York City • San Antonio • San Diego

* Par Amount Preliminary, subject to change.

Proposed Sources and Uses of Bond Proceeds

Sources	
Phase I Series 2014 Bonds	\$ 100,000,000
Phase II Series 2015 Bonds	125,000,000
Phase III Series 2016 Bonds	100,000,000
Phase IV Series 2017 Bonds	83,712,549
Total Sources:	<u><u>\$ 408,712,549</u></u>

Uses:	
New Schools	\$ 341,669,787
Safety and Security	10,995,101
Technology	22,023,377
Additions & Renovations	30,026,745
Bond Issuance Costs & Fees	3,997,539
Total Uses:	<u><u>\$ 408,712,549</u></u>

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P		
UNITED INDEPENDENT SCHOOL DISTRICT																	
1	Tax Rate Impact		TIC:	CM+50BPS	CM+75BPS	CM+100BPS	CM+125BPS									PRE-2014	
2	COLLECTIONS RATE: 99.90%			4.99%	5.32%	5.49%	5.75%										
3	Dated Date:			8/15/2014	8/15/2015	8/15/2016	8/15/2017									=SUM([I]:[L])	= [M]
4	Par Amount:															5-YR I&S Tax Rate Increase	0.0000
5																	
6	[NAV]			2014	2015	2016	2017										
7	Net Assessed		NAV	U/L Tax Sch	U/L Tax Sch	U/L Tax Sch	U/L Tax Sch										
8	Growth		Growth	Bldg Bonds	Bldg Bonds	Bldg Bonds	Bldg Bonds										
9	8/31		8/31	Debt Service	Debt Service	Debt Service	Debt Service										
10	2013	\$11,500,679,292	\$ 25,804,493					Total Debt	Less: Projected	Less: Projected	Less: District	Total Net Debt	Required	Marginal			
11	2014	12,650,747,221	24,725,825						EDA Aid on	EDA Aid on	Contribution	Requirements	Tax Rate	I&S Tax			
12	2015	13,662,806,999	22,671,969						Series 2014-	Series 2016			Increase				
13	2016	14,755,831,559	20,362,219						2016	2016							
14	2017	15,936,298,084	20,310,219														
15	2018	17,211,201,930	18,528,569														
16	2019	18,588,098,085	18,525,419														
17	2020	18,588,098,085	18,555,369														
18	2021	18,588,098,085	18,568,569														
19	2022	18,588,098,085	18,560,619														
20	2023	18,588,098,085	18,573,519														
21	2024	18,588,098,085	14,715,069														
22	2025	18,588,098,085	14,716,719														
23	2026	18,588,098,085	12,790,931														
24	2027	18,588,098,085	9,887,119														
25	2028	18,588,098,085	8,596,406														
26	2029	18,588,098,085	8,830,719														
27	2030	18,588,098,085	8,827,181														
28	2031	18,588,098,085	8,833,544														
29	2032	18,588,098,085	8,834,425														
30	2033	18,588,098,085	8,831,975														
31	2034	18,588,098,085	8,832,600														
32	2035	18,588,098,085	4,420,350														
33	2036	18,588,098,085	-														
34	2037	18,588,098,085	-														
35	2038	18,588,098,085	-														
36	2039	18,588,098,085	-														
37	2040	18,588,098,085	-														
38	2041	18,588,098,085	-														
39	2042	18,588,098,085	-														
40	2043	18,588,098,085	-														
41	2044	18,588,098,085	-														
42	2045	18,588,098,085	-														
43	2046	18,588,098,085	-														
44	2047	18,588,098,085	-														
45	2048	18,588,098,085	-														
46	Total		\$ 343,303,824	\$ -	\$ -	\$ -	\$ -	\$ 343,303,824	\$ (13,738,952)	\$ -	\$ (3,711,262)	\$ 325,853,610	0.0000				
47																	
48	(1) Collection Rate - 99.90%																
49																	

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1	UNITED INDEPENDENT SCHOOL DISTRICT														
2	Tax Rate Impact														
3	COLLECTIONS RATE: 99.90%	TIC: 4.99%	CM+508BPS	CM+758BPS	CM+1000BPS	CM+125BPS									
4		Dated Date: 8/15/2014	5.32%	8/15/2015	5.49%	8/15/2016	5.75%								
5		Par Amount: \$ 100,000,000	\$ 125,000,000	\$ 100,000,000	\$ 100,000,000	\$ 83,700,000	\$ 83,700,000	\$ 408,700,000							
6															
7	[NAV]														
8	Net Assessed Valuation	NAV Growth	Existing Debt	U/L Tax Sch Bldg Debt Service	U/L Tax Sch Bldg Debt Service	U/L Tax Sch Bldg Debt Service	U/L Tax Sch Bldg Debt Service	Total Debt	Less: Projected Aid on Existing Debt	Less: Projected EDA Aid on Series 2014-2016	Less: District Contribution	Total Net Debt Service Requirements	Required Tax Rate (1)	Marginal I&S Tax Rate Increase	FYE 8/31
9	8/31														
10	\$11,500,679,292	10.0%	\$ 25,804,493	\$ -	\$ -	\$ -	\$ -	\$ 25,804,493	\$ (5,590,674)	\$ -	\$ (2,911,516)	\$ 17,302,303	0.1549	0.0928	2013
11	12,650,747,221	8.0%	24,725,825	4,899,092				24,725,825	(4,349,668)		(799,746)	19,576,411	0.1549	0.0000	2014
12	13,662,806,999	8.0%	22,671,969	4,899,092				27,571,061	(2,522,981)			25,048,080	0.1835	0.0286	2015
13	14,755,831,559	8.0%	20,362,219	6,544,062				31,805,373	(1,201,461)			30,603,912	0.2076	0.0241	2016
14	15,936,298,084	8.0%	20,310,219	4,899,092				37,151,181	(74,168)			37,077,013	0.2329	0.0253	2017
15	17,211,201,930	8.0%	18,528,569	6,874,092				44,272,236				44,272,236	0.2575	0.0246	2018
16	18,588,098,085	0.0%	18,525,419	6,875,342				45,996,086				45,996,086	0.2477	- 0.0098	2019
17	18,588,098,085	0.0%	18,555,369	6,876,592				47,411,286				47,411,286	0.2553	0.0076	2020
18	18,588,098,085	0.0%	18,568,569	6,873,492				47,426,136				47,426,136	0.2554		2021
19	18,588,098,085	0.0%	18,560,619	6,872,492				47,412,686				47,412,686	0.2554		2022
20	18,588,098,085	0.0%	18,573,519	6,872,995				47,425,363				47,425,363	0.2554		2023
21	18,588,098,085	0.0%	14,715,069	6,872,595				43,565,988				43,565,988	0.2346		2024
22	18,588,098,085	0.0%	14,716,719	6,872,907				43,575,701				43,575,701	0.2347		2025
23	18,588,098,085	0.0%	12,790,931	6,874,155				41,644,951				41,644,951	0.2243		2026
24	18,588,098,085	0.0%	9,887,119	6,875,523				38,745,671				38,745,671	0.2087		2027
25	18,588,098,085	0.0%	8,596,406	6,872,267				37,449,729				37,449,729	0.2017		2028
26	18,588,098,085	0.0%	8,830,719	6,876,995				37,683,389				37,683,389	0.2029		2029
27	18,588,098,085	0.0%	8,827,181	6,877,225				37,683,389				37,683,389	0.2029		2030
28	18,588,098,085	0.0%	8,833,544	6,877,014				37,694,356				37,694,356	0.2030		2031
29	18,588,098,085	0.0%	8,834,425	6,876,974				37,696,072				37,696,072	0.2030		2032
30	18,588,098,085	0.0%	8,831,975	6,876,689				37,690,541				37,690,541	0.2030		2033
31	18,588,098,085	0.0%	8,832,600	6,875,654				37,691,707				37,691,707	0.2030		2034
32	18,588,098,085	0.0%	4,420,350	6,873,528				33,278,314				33,278,314	0.1792		2035
33	18,588,098,085	0.0%	-	6,876,817				28,860,344				28,860,344	0.1554		2036
34	18,588,098,085	0.0%	-	6,873,990				28,858,761				28,858,761	0.1554		2037
35	18,588,098,085	0.0%	-	6,874,789				28,852,923				28,852,923	0.1554		2038
36	18,588,098,085	0.0%	6,873,438	6,873,438				28,857,754				28,857,754	0.1554		2039
37	18,588,098,085	0.0%	6,874,421	6,873,421				28,852,360				28,852,360	0.1554		2040
38	18,588,098,085	0.0%	6,871,679	6,873,179				28,850,867				28,850,867	0.1554		2041
39	18,588,098,085	0.0%	6,873,376	6,873,376				28,854,628				28,854,628	0.1554		2042
40	18,588,098,085	0.0%	6,873,420	6,873,420				28,854,201				28,854,201	0.1554		2043
41	18,588,098,085	0.0%	6,875,992	6,875,992				28,856,440				28,856,440	0.1554		2044
42	18,588,098,085	0.0%	6,875,992	6,875,992				21,983,482				21,983,482	0.1184		2045
43	18,588,098,085	0.0%	13,246,032	6,873,674				13,246,032				13,246,032	0.0713		2046
44	18,588,098,085	0.0%	6,128,317	6,128,317				6,128,317				6,128,317	0.0330		2047
45	18,588,098,085	0.0%	\$ 343,303,824	\$ 200,311,729	\$ 257,532,189	\$ 210,240,874	\$ 181,073,692	\$ 1,192,462,309	\$ (13,738,952)	\$ -	\$ (3,711,262)	\$ 1,175,012,095	0.0000		2048
46	Total														
47															
48	(1) Collection Rate - 99.90%														
49															

Timetable

	MAY							JUNE							JULY							AUGUST						
	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
										</																		

Underwriter Submittal Overview

Based on the 27 RFPs received for Underwriting Services for United ISD, we have selected ten firms to constitute an underwriting pool for the District's upcoming bond issuances. We recommend the District uses at least 5 firms in each syndicate when UISD is issuing bonds, with a Senior and Co-Senior.

Underwriting Pool:

Wall Street Firms

Wells Fargo, Citigroup, JP Morgan

Mid-Market Out of State

Stifel Nicolaus, Raymond James, Stephens, Baird

Mid-Market In State

Southwest Securities, Frost Bank

Minority Firm

Stiebert Brandford & Shank

Co-managing underwriters will be rotated in and out based on previous performances and market conditions at the time transactions are contemplated. Our objective is to not only achieve the most favorable rates by insuring proper market penetration and distribution but to be fair in the economics to each of the underwriters selected

Underwriter Submissions

W	1	Wells Fargo	MO	28	Academy Securities
W	2	Citigroup	W	29	Barclays Capital
MO	3	Stifel Nicolaus	IS	30	Comerica Securities
IS	4	Southwest Securities	MO	31	Duncan-Williams
W	5	JP Morgan	MO	32	Fidelity Capital Markets
IS	6	FirstSouthwest	W	33	Goldman Sachs
MO	7	Raymond James	M	34	Loop Capital
MO	8	Baird	M	35	Rice Financial Products
MO	9	Stephens	M	36	Southwestern Capital Markets
W	10	RBC Capital Markets	IS	37	USCA Securities LLC
MO	11	BOSC			
W	12	Jefferies & Co.			
M	13	Stiebert Brandford & Shank			
MO	14	Cabrera Capital Markets			
IS	15	Frost Bank			
MO	16	Piper Jaffray			
W	17	BofA Merrill Lynch			
IS	18	SAMCO Capital Markets			
M	19	Ramirez & Co			
W	20	Morgan Stanley			
IS	21	Coastal Securities			
MO	22	Mesirov Financial			
M	23	Stern Brothers	W		Wall Street Firm
MO	24	George K. Baum	MO		Mid Market/Out of State
MO	25	Stern Agee	IS		Mid Market/In State
MO	26	Drexel Hamilton	M		Minority Firm
MO	27	Mischler Financial			Firms in italics did not respond.

Suggested Underwriters for Proposed Sales

\$100,000,000		\$125,000,000	
Phase I: 2014		Phase II: 2015	
Senior	Wells Fargo	Citigroup	
Co-Senior	Southwest Securities	Stifel Nicolaus	
Co-Managers	Frost Bank	Raymond James	
	Siebert	Stephens	
	Baird	J.P. Morgan	
\$100,000,000		\$83,712,549	
Phase III: 2016		Phase IV: 2017	
Senior	Southwest Securities	Stifel Nicolaus	
Co-Senior	J.P. Morgan	Baird	
Co-Managers	Raymond James	Stephens	
	Siebert	Frost	
	Wells Fargo	Citi	

Number of underwriters subject to change based on size of bond issue, respective performance, and firm organizational status at time of bond sales.

Participants

Issuer **United Independent School District**

Underwriters:

Senior

Wells Fargo Securities

Co-Senior

Southwest Securities

Co-Managers

Frost Bank

Siebert Brandford Shank & Co.

R. W. Baird

Financial Advisor

Estrada Hinojosa & Company, Inc.

Co-Bond Counsel

J. Cruz & Associates, LLC

Winstead PC

Underwriter's Counsel

TBA

Paying Agent/Escrow Agent

Bank of New York Mellon Trust Co., NA

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