

South San Antonio Independent School District



SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES

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Background Information:

- On May 24, 2022, the District closed on the issuance of Maintenance Tax Notes, Series 2022
- The transaction generated project proceeds in the amount of \$5,000,000
- The Notes are scheduled to be paid off on August 15, 2041
- The “call date” on the Notes is August 15, 2031
- Remaining principal balance is \$4,965,000
- The debt repayment source is the District’s General Fund (M&O Tax Fund)

Defeasance Option:

- Of the \$5,000,000 borrowing amount, the District has not spent approximately \$3,700,000
- The District is interested in using the unspent proceeds to pay down the outstanding principal through the approval of a “Defeasance Resolution” to achieve cash flow savings in the M&O Fund

Preliminary Impact of the Partial Defeasance of the Maintenance Tax Notes, Series 2022:

- By contributing the unspent proceeds of approximately \$3,500,000, the District would achieve the following:
 - Reduce the outstanding principal from \$4,965,000 to \$1,315,000
 - Save total interest cost of \$1,960,510
 - Reduce M&O cash flow requirements of \$148,050 per year from 2025 to 2032, then an average annual amount of \$500,000 per year from 2033 through 2041

Annual M&O Debt Service Comparison									
FYE 8/31:	S-2022 Existing Payment Schedule			S-2022 New Payment Schedule			M&O Fund Cash Flow Savings		
	Principal	Interest *	Debt Service	Principal	Interest **	Debt Service	Principal	Interest	Debt Service
2024	\$ 65,000	\$ 99,113	\$ 164,113	\$ 65,000	\$ 119,052	\$ 184,052	\$ -	\$ (19,940)	\$ (19,940)
2025	65,000	196,275	261,275	65,000	48,225	113,225	-	148,050	148,050
2026	70,000	194,325	264,325	70,000	46,275	116,275	-	148,050	148,050
2027	70,000	192,225	262,225	70,000	44,175	114,175	-	148,050	148,050
2028	70,000	190,125	260,125	70,000	42,075	112,075	-	148,050	148,050
2029	75,000	188,025	263,025	75,000	39,975	114,975	-	148,050	148,050
2030	80,000	185,775	265,775	80,000	37,725	117,725	-	148,050	148,050
2031	330,000	183,275	513,275	330,000	35,225	365,225	-	148,050	148,050
2032	340,000	172,550	512,550	340,000	24,500	364,500	-	148,050	148,050
2033	355,000	155,550	510,550	150,000	7,500	157,500	205,000	148,050	353,050
2034	375,000	137,800	512,800	-	-	-	375,000	137,800	512,800
2035	390,000	122,800	512,800	-	-	-	390,000	122,800	512,800
2036	405,000	107,200	512,200	-	-	-	405,000	107,200	512,200
2037	420,000	91,000	511,000	-	-	-	420,000	91,000	511,000
2038	435,000	74,200	509,200	-	-	-	435,000	74,200	509,200
2039	455,000	56,800	511,800	-	-	-	455,000	56,800	511,800
2040	475,000	38,600	513,600	-	-	-	475,000	38,600	513,600
2041	490,000	19,600	509,600	-	-	-	490,000	19,600	509,600
	\$4,965,000	\$2,405,238	\$ 7,370,238	\$1,315,000	\$444,727	\$ 1,759,727	\$ 3,650,000	\$ 1,960,510	\$ 5,610,510

(*) Does not include interest payment due 2/15/24.

(**) Includes interest due on 8/15/24 of 25,087.50 plus defeasance costs and accrued interest due to Escrow Fund due on 2/16/24.

Steps Necessary for a Successful Defeasance

January 24th – Board of Trustees approves a Defeasance Resolution

February 15th – District wires unspent proceeds to the Escrow Fund

February 16th – Closing; Defeased principal amounts are removed from the District financials