



MEMORANDUM

Date: June 28, 2007

To: Mike Ball
College Station Independent School District

From: Victor Quiroga, Jr.
J. Steve Elliott
Southwest Securities

Re: Agenda Language and Financing Plan Presentation for the July 24, 2007 Board of Trustees Meeting

On July 24, 2007, the Board of Trustees will consider and act upon a Financing Plan to issue \$67,420,000 Unlimited Tax School Building Bonds, Series 2007. Please use the following agenda language:

“Consideration and possible approval of a Financing Plan to issue \$67,420,000 Unlimited Tax School Building Bonds, Series 2007; authorizing staff and consultants to proceed with document preparation.”

For your review, please find our Financing Plan presentation for this respective meeting summarizing the terms, parameters and bond sale method. By considering and acting on the respective Financing Plan, the Board of Trustees is simply allowing us to move forward with document preparation for a bond sale. Interest rates will be locked-in on the bond sale date scheduled for August 21, 2007.

Please note that with respect to a competitive sale method, the District does have the option of structuring the bonds to purposefully produce a premium to recapture the cost of issuance related to the bond sale. We are conservatively estimating that the cost of issuance will be \$222,000. The net effect of producing a premium to recapture the cost of issuance is to maximize the bond proceeds delivered to the District’s construction fund (please see last page of the Financing Plan for an illustration).

For instance, instead of subtracting the cost of issuance from the bond par amount of \$67,420,000, and receiving \$67,198,000 in the construction fund, many Texas school districts generate a premium to recapture the cost of issuance. The premium generated is essentially amortized over the life of the bond issue. The Texas Attorney General began allowing school districts to use this bond structuring method in 2004 and has been widely used since that time. However, please note that as your Financial Advisors, we are only listing the bond structuring options available to the District and not recommending a particular option. We hope to receive the District’s preference on these two options.

If you have any questions, please do not hesitate to call at (800) 292-0237.

College Station ISD

*Financing Plan
for
\$67,420,000
Unlimited Tax School Building Bonds,
Series 2007*

July 24, 2007



**SOUTHWEST
SECURITIES**

Member of SWS Group

TERM SHEET
FOR
\$67,420,000
COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
(BRAZOS COUNTY, TEXAS)
UNLIMITED TAX SCHOOL BUILDING BONDS,
SERIES 2007

Sale Date: August 21, 2007

Dated: September 15, 2007

Delivery Date: September 19, 2007

Term: 20 years

Interest Rate: Fixed Rate to be locked in on the Sale Date

Interest Payment Dates: Semi-annually on 2-15 and 8-15 of each year, first payment on 2-15-2008

Principal Payment Dates: Annually on 8-15 of each year, first payment on 8-15-2008

Special Repayment Structure: Of the total bond amount, \$2.6 million representing technology equipment purchases will be repaid in the first 10 years.

Call Date: 8-15-2017 @ par

Security: Unlimited Ad Valorem Tax Pledge

Ratings: Anticipate a "AAA" with Permanent School Fund (PSF) Guarantee from Texas Education Agency by Moody's Rating Service and Standard & Poor's.

Sale Method: Competitive

Purchaser:

*Victor Quiroga, Jr.
J. Steve Elliott
Southwest Securities
Financial Advisors
(800) 292-0237*



**SOUTHWEST
SECURITIES**
Member of SWS Group

July 2007

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

August 2007

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

September 2007

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

\$67,420,000

**College Station Independent School District
Unlimited Tax School Building Bonds, Series 2007
(Brazos County, Texas)**

Timetable of Events

<u>Date</u>	<u>Event</u>
May 2007	Request TEA for PSF Guarantee.
Tuesday, July 24, 2007	Board authorizes staff and consultants to proceed with document preparation and all related matters.
Wednesday, July 25, 2007	Distribution of Draft of Preliminary Official Statement ("POS") to Bond Counsel; Request ratings from Moody's & Standard and Poor's ("S&P").
Wednesday, August 1, 2007	Receive Comments on POS.
Thursday, August 2, 2007	POS to Distribution List.
Thursday, August 9, 2007	Receive comments on POS.
Monday, August 13, 2007	Post POS.
Tuesday, August 14, 2007	Receive rating from Moody's and S&P.
Tuesday, August 21, 2007	Sale of the Bonds at a Regular Board Meeting.
Wednesday, September 19, 2007	Delivery of the Bonds and the Receipt of Proceeds.

College Station Independent School District

Competitive Sale Method

Bond Structuring Options

	Option 1:	Option 2:
	<u>No Premium Generated</u>	<u>Premium Generated</u>
<i>Sources of Funds:</i>		
Par Amount of Bonds	\$67,420,000	\$67,420,000
Premium		222,000
Total Sources	<u>\$67,420,000</u>	<u>\$67,642,000</u>
 <i>Uses of Funds:</i>		
Deposit to Construction Fund	\$67,198,000	\$67,420,000
Cost of Issuance	222,000	222,000
Total Uses:	<u>\$67,420,000</u>	<u>\$67,642,000</u>

Prepared by:
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