



*Building what you value.*

MEMORANDUM

Date: July 14, 2011

To: Mr. Glynn Walker  
Deputy Superintendent for Human Resources and Business Services  
College Station Independent School District

From: Victor Quiroga, Jr.  
Senior Vice President  
Southwest Securities

Re: Agenda Language and Financing Plan Presentation for the July 19, 2011 Board of Trustees Meeting

On July 19, 2011, the Board of Trustees will consider and act upon a Financing Plan to issue \$41,700,000 Unlimited Tax School Building Bonds, Series 2011. Please use the following agenda language:

“Consideration and possible approval of a Financing Plan to issue \$41,700,000 Unlimited Tax School Building Bonds, Series 2011; 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 16, 2011.

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 not exceed \$198,000. The purpose of producing a premium to recapture the cost of issuance is to maximize the bond proceeds delivered to the District's construction fund at closing.

For instance, instead of subtracting the cost of issuance from the bond par amount of \$41,700,000, and receiving \$41,502,000 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. In 2007, 2009 and 2010, when the District sold bonds, the choice was made to generate a premium to recapture the cost of issuance and maximize the construction fund.

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

# College Station ISD

*Financing Plan  
for  
\$41,700,000  
Unlimited Tax School Building Bonds,  
Series 2011*

July 19, 2011

TERM SHEET  
FOR

\$41,700,000  
COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
(BRAZOS COUNTY, TEXAS)  
UNLIMITED TAX SCHOOL BUILDING BONDS,  
SERIES 2011

Sale Date: August 16, 2011

Dated: September 1, 2011

Delivery Date: September 14, 2011

Tax Status: Tax-Exempt

Term: 25 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 2-15-2012

Principal Payment Dates: Annually on 8-15 of each year, first payment on 8-15-2012

Call Date: 8-15-2021 @ par

Security: Unlimited Ad Valorem Tax Pledge

Credit Enhancement: Application submitted for the Permanent School Fund (PSF) Bond Guarantee program from the Texas Education Agency which is rated "AAA" by all rating agencies.

Ratings: Current underlying ratings are "AA+", "Aa2" and "AA-" by Fitch, Moody's Investors Corporation and Standard & Poor's, respectively. Applications to each rating agency will be submitted for this issuance.

Sale Method: Competitive

Purchaser: \_\_\_\_\_

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

BOND DEBT SERVICE

\$41,700,000\*  
 COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
 Unlimited Tax School Building Bonds, Series 2011  
 Competitive Bid Structure: Current Market Scale +30bps

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/15/2012			738,208.33	738,208.33	
08/15/2012	1,080,000	2.500%	885,850.00	1,965,850.00	
08/31/2012					2,704,058.33
02/15/2013			872,350.00	872,350.00	
08/15/2013	1,070,000	2.750%	872,350.00	1,942,350.00	
08/31/2013					2,814,700.00
02/15/2014			857,637.50	857,637.50	
08/15/2014	1,105,000	3.000%	857,637.50	1,962,637.50	
08/31/2014					2,820,275.00
02/15/2015			841,062.50	841,062.50	
08/15/2015	1,135,000	3.000%	841,062.50	1,976,062.50	
08/31/2015					2,817,125.00
02/15/2016			824,037.50	824,037.50	
08/15/2016	1,170,000	3.000%	824,037.50	1,994,037.50	
08/31/2016					2,818,075.00
02/15/2017			806,487.50	806,487.50	
08/15/2017	1,205,000	3.000%	806,487.50	2,011,487.50	
08/31/2017					2,817,975.00
02/15/2018			788,412.50	788,412.50	
08/15/2018	1,245,000	3.000%	788,412.50	2,033,412.50	
08/31/2018					2,821,825.00
02/15/2019			769,737.50	769,737.50	
08/15/2019	1,280,000	4.000%	769,737.50	2,049,737.50	
08/31/2019					2,819,475.00
02/15/2020			744,137.50	744,137.50	
08/15/2020	1,330,000	4.000%	744,137.50	2,074,137.50	
08/31/2020					2,818,275.00
02/15/2021			717,537.50	717,537.50	
08/15/2021	1,385,000	4.000%	717,537.50	2,102,537.50	
08/31/2021					2,820,075.00
02/15/2022			689,837.50	689,837.50	
08/15/2022	1,440,000	4.000%	689,837.50	2,129,837.50	
08/31/2022					2,819,675.00
02/15/2023			661,037.50	661,037.50	
08/15/2023	1,495,000	4.000%	661,037.50	2,156,037.50	
08/31/2023					2,817,075.00
02/15/2024			631,137.50	631,137.50	
08/15/2024	1,555,000	4.000%	631,137.50	2,186,137.50	
08/31/2024					2,817,275.00
02/15/2025			600,037.50	600,037.50	
08/15/2025	1,620,000	4.500%	600,037.50	2,220,037.50	
08/31/2025					2,820,075.00
02/15/2026			563,587.50	563,587.50	
08/15/2026	1,690,000	4.500%	563,587.50	2,253,587.50	
08/31/2026					2,817,175.00
02/15/2027			525,562.50	525,562.50	
08/15/2027	1,770,000	4.500%	525,562.50	2,295,562.50	
08/31/2027					2,821,125.00
02/15/2028			485,737.50	485,737.50	
08/15/2028	1,850,000	4.500%	485,737.50	2,335,737.50	
08/31/2028					2,821,475.00
02/15/2029			444,112.50	444,112.50	
08/15/2029	1,930,000	4.500%	444,112.50	2,374,112.50	

BOND DEBT SERVICE

\$41,700,000\*  
 COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
 Unlimited Tax School Building Bonds, Series 2011  
 Competitive Bid Structure: Current Market Scale +30bps

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/31/2029					2,818,225.00
02/15/2030			400,687.50	400,687.50	
08/15/2030	2,020,000	4.750%	400,687.50	2,420,687.50	
08/31/2030					2,821,375.00
02/15/2031			352,712.50	352,712.50	
08/15/2031	2,115,000	4.750%	352,712.50	2,467,712.50	
08/31/2031					2,820,425.00
02/15/2032			302,481.25	302,481.25	
08/15/2032	2,215,000	4.750%	302,481.25	2,517,481.25	
08/31/2032					2,819,962.50
02/15/2033			249,875.00	249,875.00	
08/15/2033	2,320,000	5.000%	249,875.00	2,569,875.00	
08/31/2033					2,819,750.00
02/15/2034			191,875.00	191,875.00	
08/15/2034	2,435,000	5.000%	191,875.00	2,626,875.00	
08/31/2034					2,818,750.00
02/15/2035			131,000.00	131,000.00	
08/15/2035	2,555,000	5.000%	131,000.00	2,686,000.00	
08/31/2035					2,817,000.00
02/15/2036			67,125.00	67,125.00	
08/15/2036	2,685,000	5.000%	67,125.00	2,752,125.00	
08/31/2036					2,819,250.00
	41,700,000		28,660,470.83	70,360,470.83	70,360,470.83

Note: \*Preliminary subject to change.

# College Station Independent School District

## Competitive Sale Method

### Bond Structuring Options

	<b>Option 1:</b> <b><u>No Premium Generated</u></b>	<b>Option 2:</b> <b><u>Premium Generated</u></b>
<i>Sources of Funds:</i>		
Par Amount of Bonds	\$41,700,000	\$41,700,000
Premium		198,000
Total Sources	<u>\$41,700,000</u>	<u>\$41,898,000</u>
<i>Uses of Funds:</i>		
Deposit to Construction Fund	\$41,502,000	\$41,700,000
Cost of Issuance	198,000	198,000
Total Uses:	<u>\$41,700,000</u>	<u>\$41,898,000</u>

Prepared by:  
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