

MEMORANDUM

Date: October 25, 2011

To: Mr. Glynn Walker  
Assistant Superintendent  
College Station ISD

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

**Re: Refinancing Update for the Series 2004 Bonds**

Below, please find an update for the District's Series 2004 bond issue, reflecting current bond market conditions. As the District's Financial Advisors, we have historically recommended that the District should only pursue refundings with a minimum target of 4.00%. We feel that this is a better, more conservative, measure to use because districts are limited by the U.S. Treasury Department as to how many times a bond may be refunded. As noted below, the refunding is still producing a PV Savings Ratio above 4%.

	School Bonds <u>Series 2004</u>	<u>September 14, 2011</u> Refunding Bonds <u>Series 2012 (BQ)</u>	<u>October 25, 2011</u> Refunding Bonds <u>Series 2012 (BQ)</u>
Issue			
Amount	\$8,220,000	\$8,220,000	\$8,220,000
Interest Rate	4.15%	2.50%	2.44%
Net Savings <sup>1</sup>		\$433,640	\$487,633
Average Annual Savings		\$33,357	\$33,357
Present Value Savings		\$379,629	\$428,823
Present Value Saving Ratio <sup>2</sup>		4.61%	5.21%

Footnotes:

(1) Net savings amount to the District after costs of issuance.

(2) Industry practice is to target a minimum Present Value Saving Ratio of 3%, however the District has historically targeted a minimum PV savings ratio of 4%.

I look forward to seeing you on Tuesday, November 15<sup>th</sup>. The intent of that meeting will be to present this refinancing idea to the Board of Trustees. If they are interested in pursuing this refinancing, they will be asked to consider a Refinancing Plan that I will present to them. The Board's positive action would allow us to lock-in a favorable interest rate, subject to minimum savings targets being met, in December 2011 and close the transaction in January 2012.

In the meantime, if you have any questions or concerns, please call me at (800) 292-0237.