



**Birdville Independent School District**

**Preliminary Financing Plan – 2006 Bond Program**

**Wednesday, December 13, 2006**



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## Current Market Review

**The Bond Buyer  
Tax-Exempt General Obligation Bond Yield Index  
January 1, 1997 To The Present**



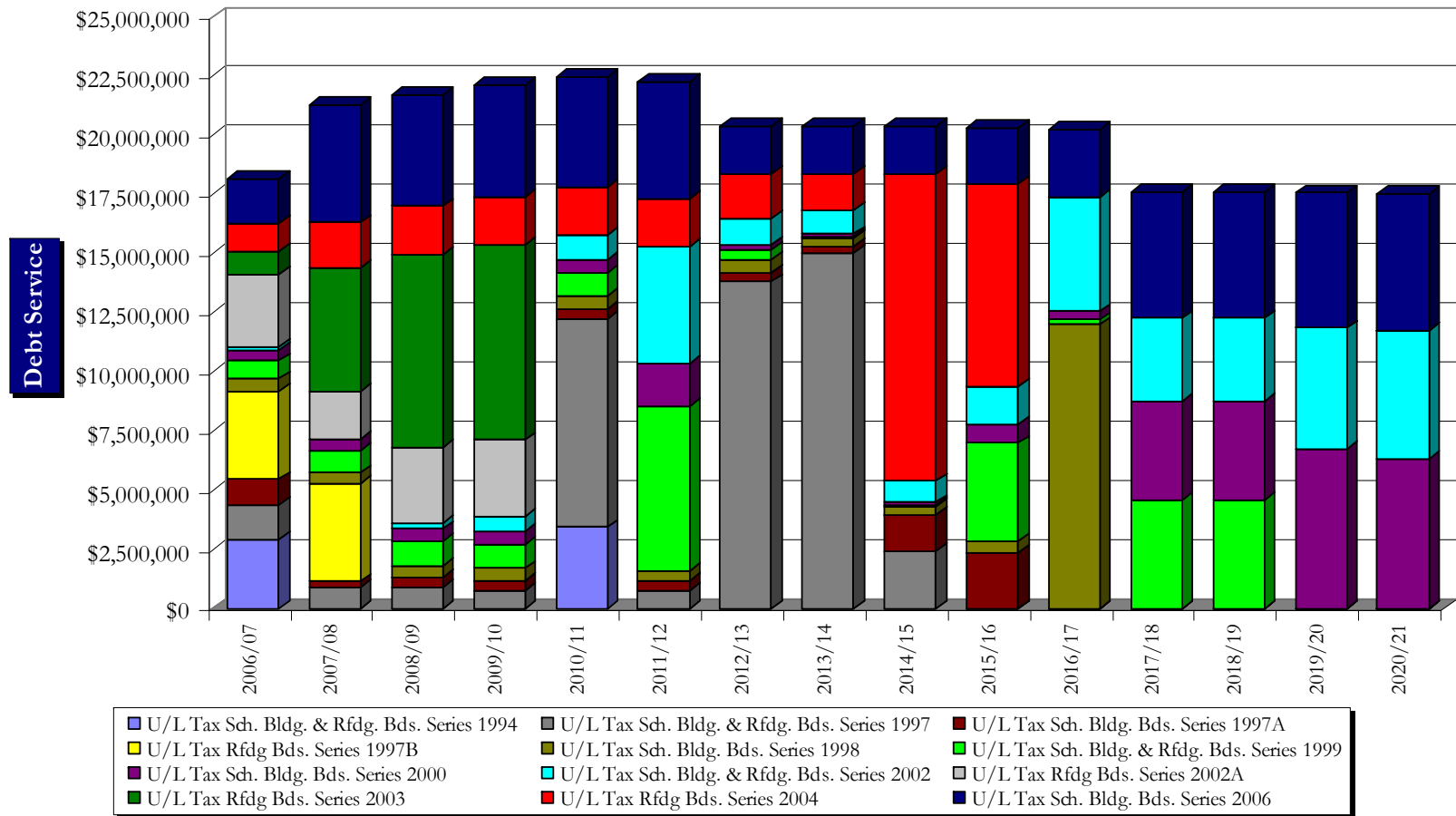
Based upon a \$128.60 million bond sale, a 0.25% interest rate change results in an interest cost differential of approximately \$5,800,000.



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## Outstanding Unlimited Tax Debt Service

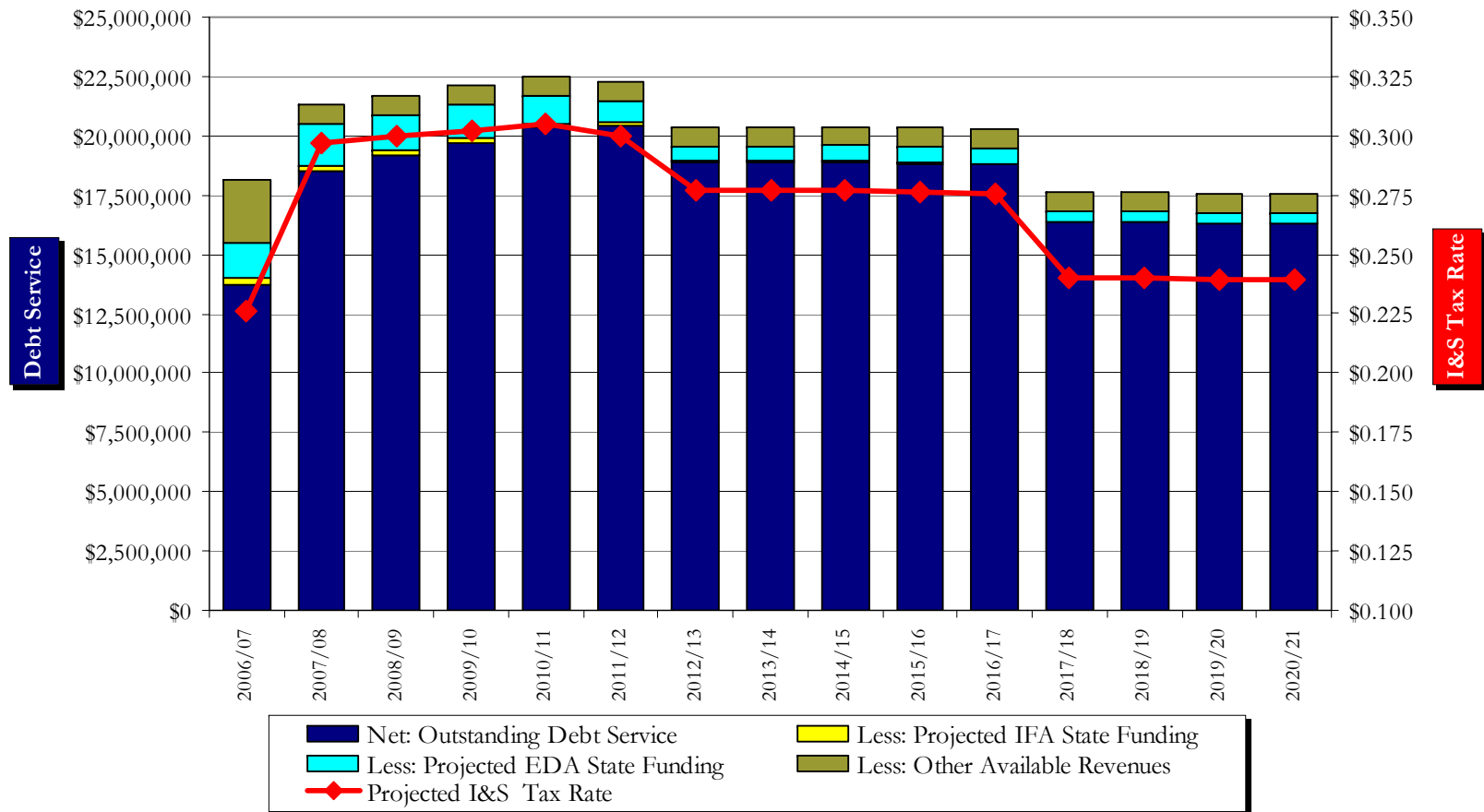
### Outstanding Unlimited Tax Debt Service By Series



Note: Debt service payments reflect payments from September 1 through August 31.

**The District has outstanding a total principal amount of bonds equal to \$172,843,323.40 as of November 1, 2006.**

## Outstanding Unlimited Tax Debt Service - Net Of Projected State Funding



\* Debt service payments reflect payments from September 1 through August 31. Projected Interest & Sinking Fund tax rates are based upon certain assumptions. The District's actual Interest & Sinking Fund tax rates will be set by the Board of Trustees in each year based upon prevailing taxable assessed valuations and other revenues available at such time.

\* Year 2007/08 projected tax rate includes debt service from District's 2005 Bond Program - Proposition No. 2.



### Outstanding Unlimited Tax Debt Service – Net Of Projected State Funding

A	B	C	D	E	F	G	H
Fiscal Year	Gross Annual Debt Service Requirements	Less: Projected IFA State Funding	Less: Projected EDA State Funding	Less: Other Available Revenues	Net Annual Debt Service Requirements	Actual/Projected Taxable Assessed Valuation	Actual/Projected I&S Tax Rate
2006/07	\$18,156,363	\$307,266	\$1,517,391	\$2,641,255 <sup>(A)</sup>	\$13,690,451	\$6,208,123,392	\$0.226
2007/08	21,305,861	231,624	1,755,070	800,000	18,519,167	6,358,123,392	0.297 <sup>(B)</sup>
2008/09	21,699,921	230,667	1,526,366	800,000	19,142,888	6,508,123,392	0.300
2009/10	22,118,789	195,184	1,408,949	800,000	19,714,657	6,658,123,392	0.302
2010/11	22,502,223	160,033	1,186,142	800,000	20,356,048	6,808,123,392	0.305
2011/12	22,273,164	123,917	901,308	800,000	20,447,938	6,958,123,392	0.300
2012/13	20,379,453	98,627	605,609	800,000	18,875,216	6,958,123,392	0.277
2013/14	20,379,248	83,804	620,678	800,000	18,874,766	6,958,123,392	0.277
2014/15	20,383,581	98,627	607,186	800,000	18,877,768	6,958,123,392	0.277
2015/16	20,331,795	68,070	621,576	800,000	18,842,149	6,958,123,392	0.276
2016/17	20,261,830	0	654,119	800,000	18,807,711	6,958,123,392	0.276
2017/18	17,628,080	0	471,388	800,000	16,356,692	6,958,123,392	0.240
2018/19	17,627,590	0	471,388	800,000	16,356,202	6,958,123,392	0.240
2019/20	17,576,850	0	455,283	800,000	16,321,567	6,958,123,392	0.239
2020/21	17,564,800	0	452,252	800,000	16,312,548	6,958,123,392	0.239
<b>Total</b>	<b>\$300,189,546</b>	<b>\$1,597,819</b>	<b>\$13,254,705</b>	<b>\$13,841,255</b>	<b>\$271,495,767</b>		

- (A) Includes \$1,841,225 of Capitalized Interest associated with outstanding Series 2006 Bonds.
- (B) Year 2007/08 projected tax rate includes debt service from District's 2005 Bond Program – Proposition No. 2.
- ✓ Projected I&S tax rates are based upon certain assumptions. The District's actual I&S tax rates will be set by the Board of Trustees in each year based upon prevailing taxable assessed valuations and other revenues available at such time.
- ✓ Debt service payments reflect payments from September 1 through August 31.

State Funding Percentage Projected – Year 2006/07	
State Percentage	10.05%
District Percentage	89.95%

State Funding Percentage Projected – Year 2006/07 – 2020/21	
State Percentage	4.95%
District Percentage	95.05%



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**Refunding For Savings – Current Savings Available**



## Refunding For Savings – Current Savings Available

### Summary Of Assumptions

- ✓ Based upon current market conditions, the District can refinance a portion of its outstanding Unlimited Tax School Building and Refunding Bonds, Series 1997 and Unlimited Tax School Building Bonds, Series 2000 (collectively, the “Refunded Bonds”) at an interest cost savings. Pursuant to Federal Tax law, the District was prohibited from refunding the outstanding Series 1997 Bonds prior to October 2006.
- ✓ The concept/structure used to refund a portion of the District’s outstanding bonds is very similar to the refundings previously completed by the District as summarized below.

<b>Summary Of Savings Achieved By The District – Recent Refunding Programs</b>				
<u>ISSUE</u>	<u>SALE DATE</u>	<u>PRINCIPAL AMOUNT REFUNDED</u>	<u>SERIES REFUNDED</u>	<u>TOTAL DEBT SERVICE SAVINGS</u>
Unlimited Tax Refunding Bonds, Series 2002A	November 5, 2002	\$ 22,725,000.00	1994 & 1996	\$ 808,893.74
Unlimited Tax Refunding Bonds, Series 2003	October 20, 2003	20,247,778.52	1994	1,647,364.59
Unlimited Tax Refunding Bonds, Series 2004	March 25, 2004	25,701,185.72	1994, 1997 & 1997A	1,157,110.00
<b>Totals</b>	---	<b>\$ 68,673,964.24</b>	---	<b>\$ 3,613,368.33</b>



- ✓ The collective interest rate on the Refunded Bonds is 6.51%, while the interest rate on the new refunding bonds would be approximately 4.42%. This interest rate differential would reduce the District's interest cost as summarized in the table below.

<b>Summary Of Debt Service Savings</b>	
<b>DESCRIPTION</b>	<b>FINDING</b>
<b>Total Principal Amount Of The Refunded Bonds</b>	<b>\$ 9,805,565</b>
<b>Total Maturity Value Of The Refunded Bonds</b>	<b>\$ 23,400,000</b>
<b>True Interest Rate On The Refunded Bonds</b>	<b>6.51%</b>
<b>True Interest Rate On New Series 2007 Refunding Bonds</b>	<b>4.42%</b>
<b>Total Debt Service Savings</b>	<b>\$ 3,247,575</b>
<b>Average Annual Savings (i.e. Years 2007/08 – 2020/21)(14-Years)</b>	<b>\$ 231,970</b>
<b>Present Value Debt Service Savings</b>	<b>\$ 2,220,205</b>
<b>Total Debt Service Savings As A Percentage Of Total Debt Service On The Refunded Bonds</b>	<b>12.36%</b>
<b>Please note, the refunding for savings will only be completed if the interest cost savings generated equals at least \$2,500,000.</b>	



### Level Debt Service Savings During Years 2007/08 – 2020/21 (14-Years)

(1) FISCAL YEAR	(2) OUTSTANDING UNLIMITED TAX DEBT SERVICE	(3) LESS: REFUNDED BONDS	(4) PLUS: REFUNDING BONDS	(5) TOTAL NEW DEBT SERVICE	(6) ANNUAL SAVINGS (COLUMN 2-5)
2006/07	\$ 18,156,363	\$ 131,390	\$ 131,390	\$ 18,156,363	\$ 0
2007/08	21,305,861	262,780	108,250	21,151,331	154,530
2008/09	21,699,921	262,780	108,250	21,545,391	154,530
2009/10	22,118,789	262,780	108,250	21,964,259	154,530
2010/11	22,502,223	262,780	108,250	22,347,693	154,530
2011/12	22,273,164	262,780	108,250	22,118,634	154,530
2012/13	20,379,453	262,780	108,250	20,224,923	154,530
2013/14	20,379,248	262,780	108,250	20,224,718	154,530
2014/15	20,383,581	2,600,440	2,219,125	20,002,266	381,315
2015/16	20,331,795	128,100	0	20,203,695	128,100
2016/17	20,261,830	128,100	0	20,133,730	128,100
2017/18	17,628,080	4,173,100	3,790,000	17,244,980	383,100
2018/19	17,627,590	4,173,100	3,790,000	17,244,490	383,100
2019/20	17,576,850	6,748,100	6,365,000	17,193,750	383,100
2020/21	17,564,800	6,349,050	5,970,000	17,185,750	379,050
<b>TOTAL</b>	<b>\$ 300,189,546</b>	<b>\$ 26,270,840</b>	<b>\$23,023,265</b>	<b>\$296,941,971</b>	<b>\$3,247,575</b>

Note: Debt service payments reflect payments from September 1 through August 31.

Please note, the savings presented herein do not consider the impact on the District's State funding from the Existing Debt Allotment ("EDA") and Instructional Facilities Allotment ("IFA") Programs. For year 2006/07, the District is projected to receive EDA and IFA State assistance totaling 14.50% of the Refunded Bonds annual debt service requirement. As such, the savings referenced above may be reduced by 14.50% given the District's existing wealth per student.



### Summary Of Bonds To Be Refunded

<u>SERIES</u>	<u>MATURITIES TO BE REFUNDED</u>	<u>PRINCIPAL AMOUNT TO BE REFUNDED</u>	<u>MATURITY AMOUNT TO BE REFUNDED</u>	<u>TRUE INTEREST RATE</u>	<u>REDEMPTION DATE</u>	<u>REDEMPTION PRICE</u>
Unlimited Tax School Building & Refunding Bonds, Series 1997 [Current Interest Bonds]	02/15/2015	\$ 2,405,000.00	\$ 2,405,000	5.60%	05/01/2007	Par
Unlimited Tax School Building Bonds, Series 2000 [Current Interest Bonds]	02/15/2021	2,135,000.00	2,135,000	6.00%	02/15/2010	Par
Unlimited Tax School Building Bonds, Series 2000 [Capital Appreciation Bonds]	02/15/2018 – 2021	5,265,564.80	18,860,000	6.74%	02/15/2010	Par
	<u>TOTAL</u>	<u>\$ 9,805,564.80</u>	<u>\$ 23,400,000</u>	<u>6.51%</u>		



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## Preliminary Financing Plan – 2006 Bond Program



## Potential State Funding Assistance Available

### Overview Of The Existing Debt Allotment (“EDA”) Program

- ✓ Based upon the District’s assumed “Wealth Per Student,” the District’s 2005 and 2006 Bond Programs could potentially receive funding from the EDA Program equal to an average of approximately \$348,037 per year or a total of \$8,700,920 over the life of the bond programs. This equates to an equivalent Interest & Sinking Fund tax rate of approximately 0.5 cents per year.
- ✓ Both “instructional and “non-instructional” purposes potentially qualify for assistance.
- ✓ Most likely, the District will not know if EDA State funding will be received until June/July 2007.
- ✓ Based upon current State funding regulations, the District would not receive any additional State funding assistance from the EDA Program until year 2009/10, should the bond programs qualify for such assistance.

### Overview Of The Instructional Facilities Allotment (“IFA”) Program

- ✓ Currently, there are no funds appropriated for the IFA Program. Based upon the District’s current “Wealth Per Student” of \$299,258, if such funds are appropriated, it is unlikely the District would receive any IFA funding for the 2005 and 2006 Bond Programs. For year 2005/06, only districts with a “Wealth Per Student” below \$108,205 qualified for funding from the IFA Program.

## Preliminary Financing Plan – 2006 Bond Program

Scenario Presented – Issue \$128.60 Million Of Bonds From The 2006 Bond Program.

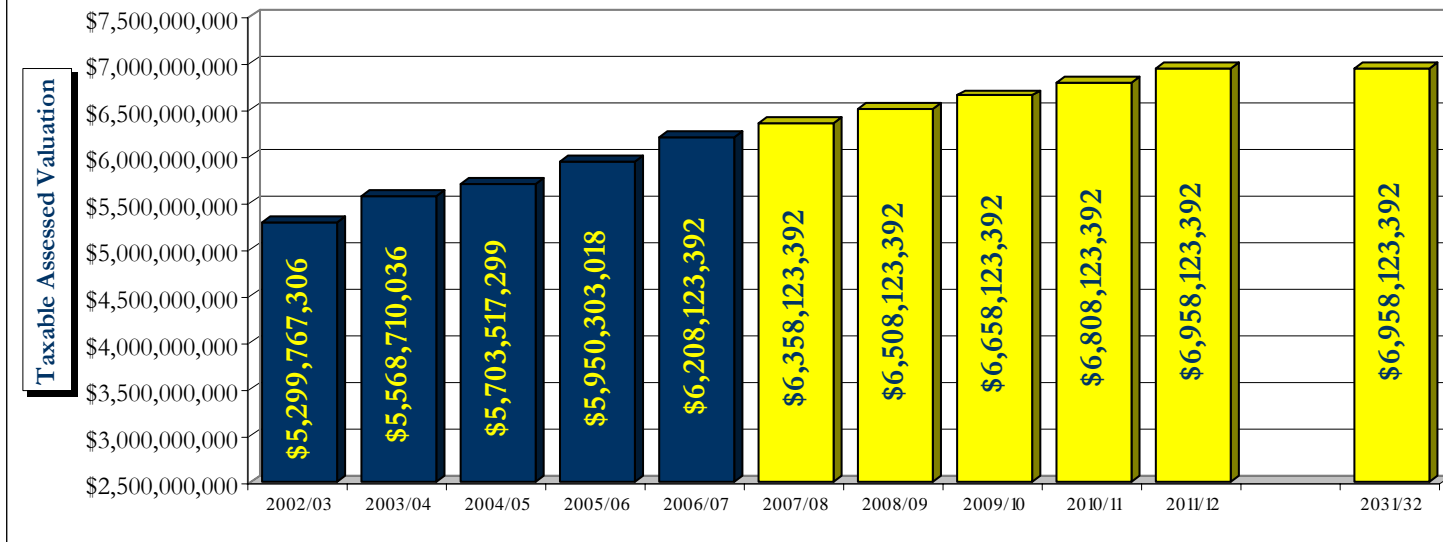
### Summary Of Assumptions

- ✓ **The projected cost is based upon the assumptions summarized below:**
  - ❖ The 2006 Bond Program is sold in two installments: \$90.00 million in January 2007 and \$38.60 million in August 2008.
  - ❖ For the January 2007 sale, assumes the bonds are to be sold at an assumed fixed rate of 4.45%, while the bonds sold in January 2008 are sold at an assumed rate of 5.00%. Current market rates are approximately 4.25%.
  - ❖ The 2006 Bond Program is structured to phase-in the applicable Interest & Sinking Fund tax rate increase in year 2007/08.
  - ❖ In addition, the financing plan incorporates a reduction in the District's debt service and corresponding Interest & Sinking Fund tax rate in year 2021/22 and thereafter, in order to accommodate the District's potential future debt needs.

## Summary Of Assumptions (Continued)

- ❖ Bonds are amortized over a 25-year period.
- ❖ Tax collection rate is 98.0%.
- ❖ The District will have \$800,000 of other available revenues on an annual basis that may be used to subsidize the District's I&S tax rate. These consist of funds to be derived from interest earnings on I&S tax collections, delinquent tax collections, frozen I&S Fund tax collections, I&S Fund balance and other available revenues.
- ❖ The District's 2006/07 ADA is assumed to be 21,000 and increases by 100 students for the next 5-years and remains constant thereafter.
- ❖ Assumes the District will not receive any State funding assistance from the EDA and/or IFA Programs for the 2005 and 2006 Bond Programs.
- ❖ The preliminary financing plan includes the impact of the refunding for interest cost savings included within Tab 3 herein.

### Historical And Projected Taxable Assessed Valuations - Net Of Frozen Levy



Fiscal Year	2002/03	2003/04	2004/05	2005/06	2006/07	Average Annual Increase 2003/04 – 2006/07
Taxable Assessed Valuation	\$5,299,767,306	\$5,568,710,036	\$5,703,517,299	\$5,950,303,018	\$6,208,123,392	---
Percentage Change	---	5.07%	2.42%	4.33%	4.33%	4.03%
Dollar Change	\$---	\$268,942,730	\$134,807,263	\$246,785,719	\$257,820,374	\$227,089,022

Fiscal Year	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13 & Thereafter	Average Annual Increase 2007/08 – 2011/12
Taxable Assessed Valuation	\$6,358,123,392	\$6,508,123,392	\$6,658,123,392	\$6,808,123,392	\$6,958,123,392	\$6,958,123,392	---
Percentage Change	2.42%	2.36%	2.30%	2.25%	2.20%	---	2.31%
Dollar Change	\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$150,000,000	\$---	\$150,000,000

## Components Of Financing Plan – January 2007 Bond Sale – \$102,255,904.37

### Component No. 1 – “New Bonds” \$90,000,000.00



- ✓ The Series 2007 Bonds will be comprised of \$90.00 million of “new” bonds to fund capital improvements pursuant to the 2006 Bond Program.
- ✓ Allows the District to “lock-in” historically favorable fixed rates of interest given the District’s projected construction expenditures and Federal Tax law restrictions.

### Component No. 2 – “Refunding For Restructuring Purposes” \$2,450,339.57



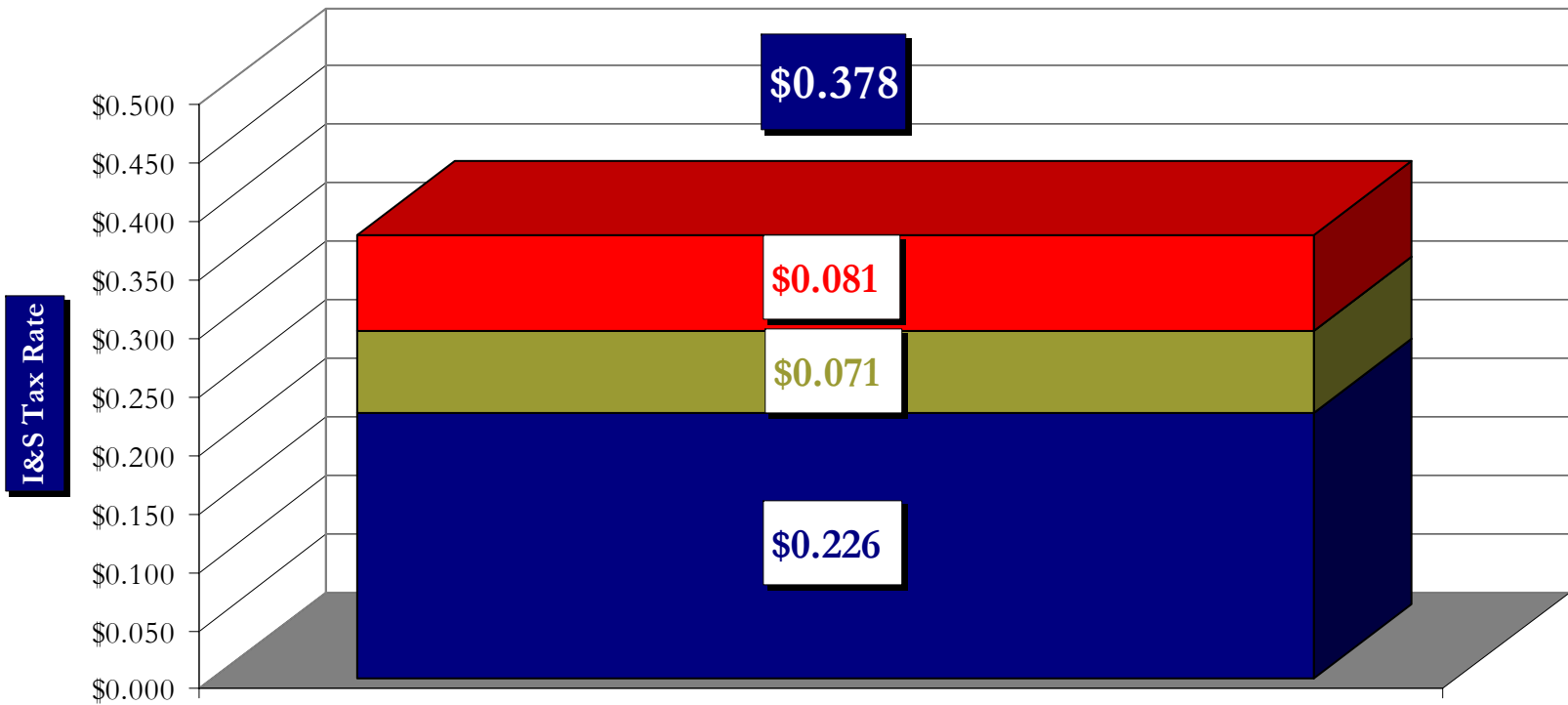
- ✓ The Series 2007 Bonds will also include a restructuring of approximately \$2.45 million of the District’s outstanding bonds that are scheduled to mature in years 2008/09 - 2011/12.
- ✓ The restructuring permits the District to issue more lower yielding, Current Interest Bonds (i.e. bonds that pay interest every six months) versus Capital Appreciation Bonds (i.e. zero-coupon bonds – bonds that pay interest only at maturity) which currently demand approximately 0.30%-0.80% higher interest rates than comparable Current Interest bonds.
- ✓ Without the restructuring, the District would have to issue an estimated \$28.47 million of Capital Appreciation Bonds at an additional interest cost of approximately \$650,000.

### Component No. 3 – “Refunding For Interest Cost Savings” \$9,805,564.80



- ✓ The Series 2007 Bonds will also include a refunding of approximately \$9.80 million of the District’s outstanding, higher interest rate bonds to lower the District’s interest rate and corresponding interest cost.
- ✓ Currently, the refunding provides \$3,247,575 of debt service savings (net of allocated costs). **It is important to emphasize that the refunding for savings will only be implemented if the savings generated equals at least \$2,500,000.**

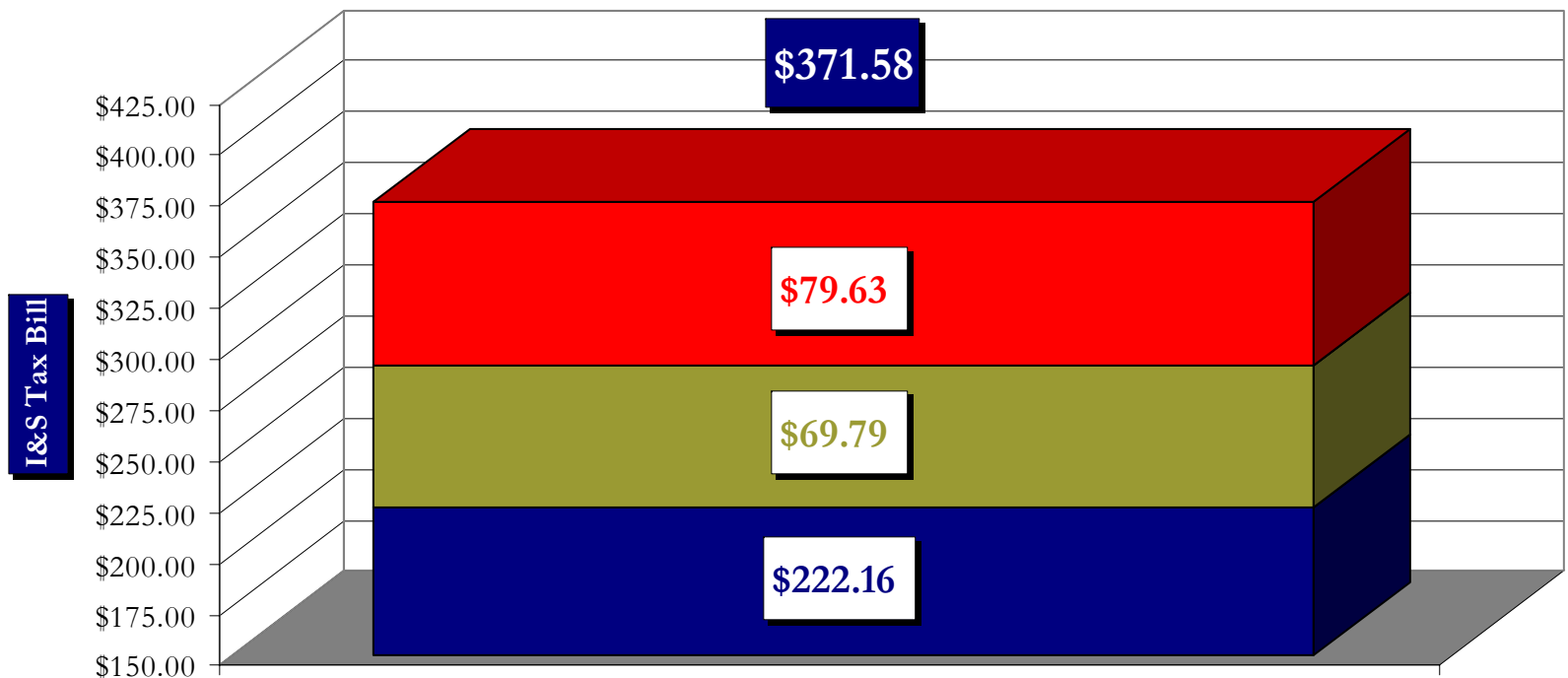
### Summary Of Findings - Projected Maximum Interest & Sinking Fund Tax Rate



Scenario Presented - \$128.60 Million 2006 Bond Program

- Projected I&S Fund Tax Rate Increase - Year 2007/08 - 2006 Bond Program
- Projected I&S Fund Tax Rate Increase - Year 2007/08 - 2005 Bond Program
- Actual I&S Fund Tax Rate - Year 2006/07

**Summary Of Findings - Estimated Total Interest & Sinking Fund Tax Increase Per \$113,302 Average Market Home Value <sup>(A)</sup>**

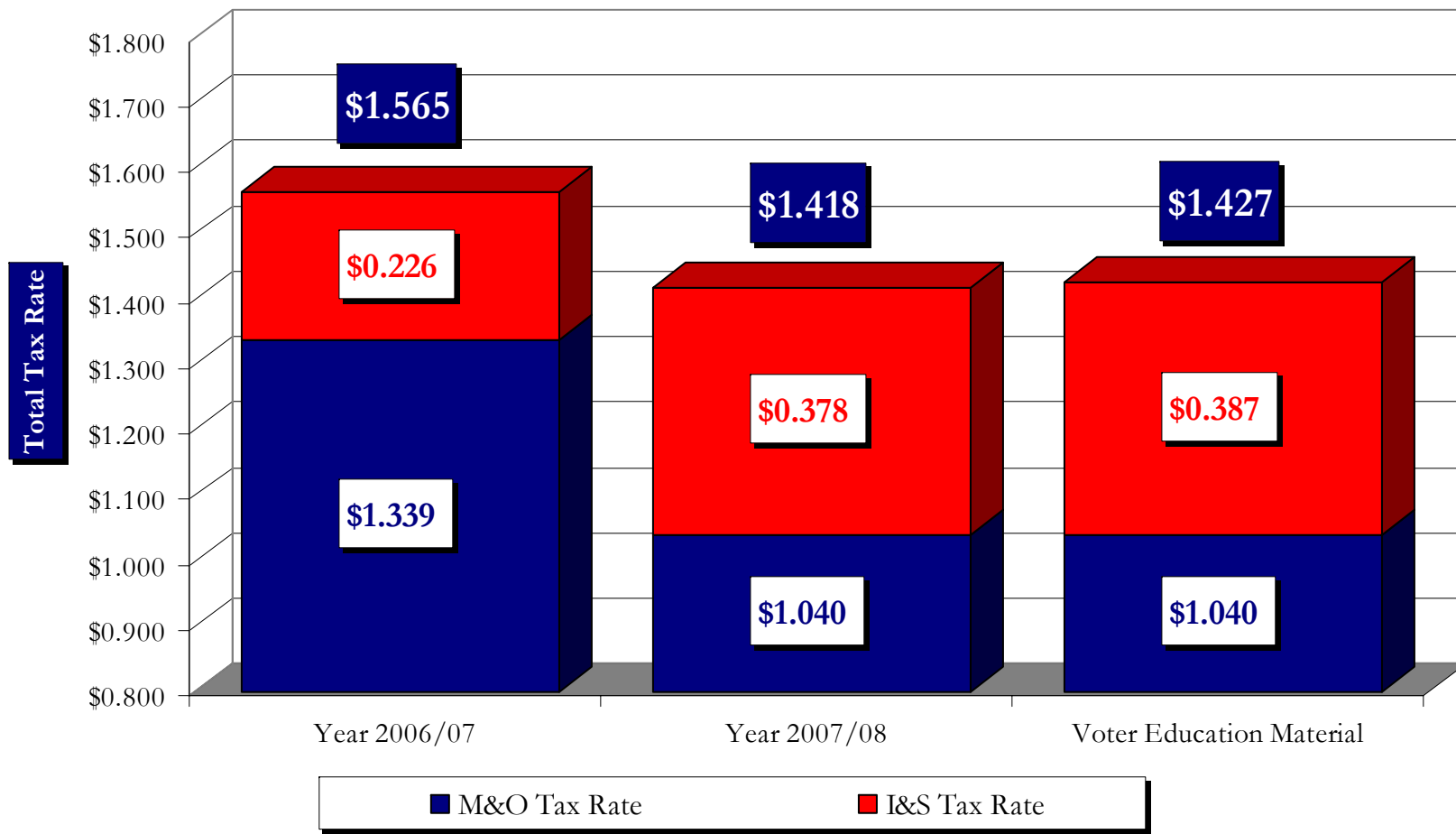


Scenario Presented - \$128.60 Million 2006 Bond Program

- Projected I&S Fund Tax Increase - Year 2007/08 - 2006 Bond Program
- Projected I&S Fund Tax Increase - Year 2007/08 - 2005 Bond Program
- Actual I&S Fund Tax Bill - Year 2006/07

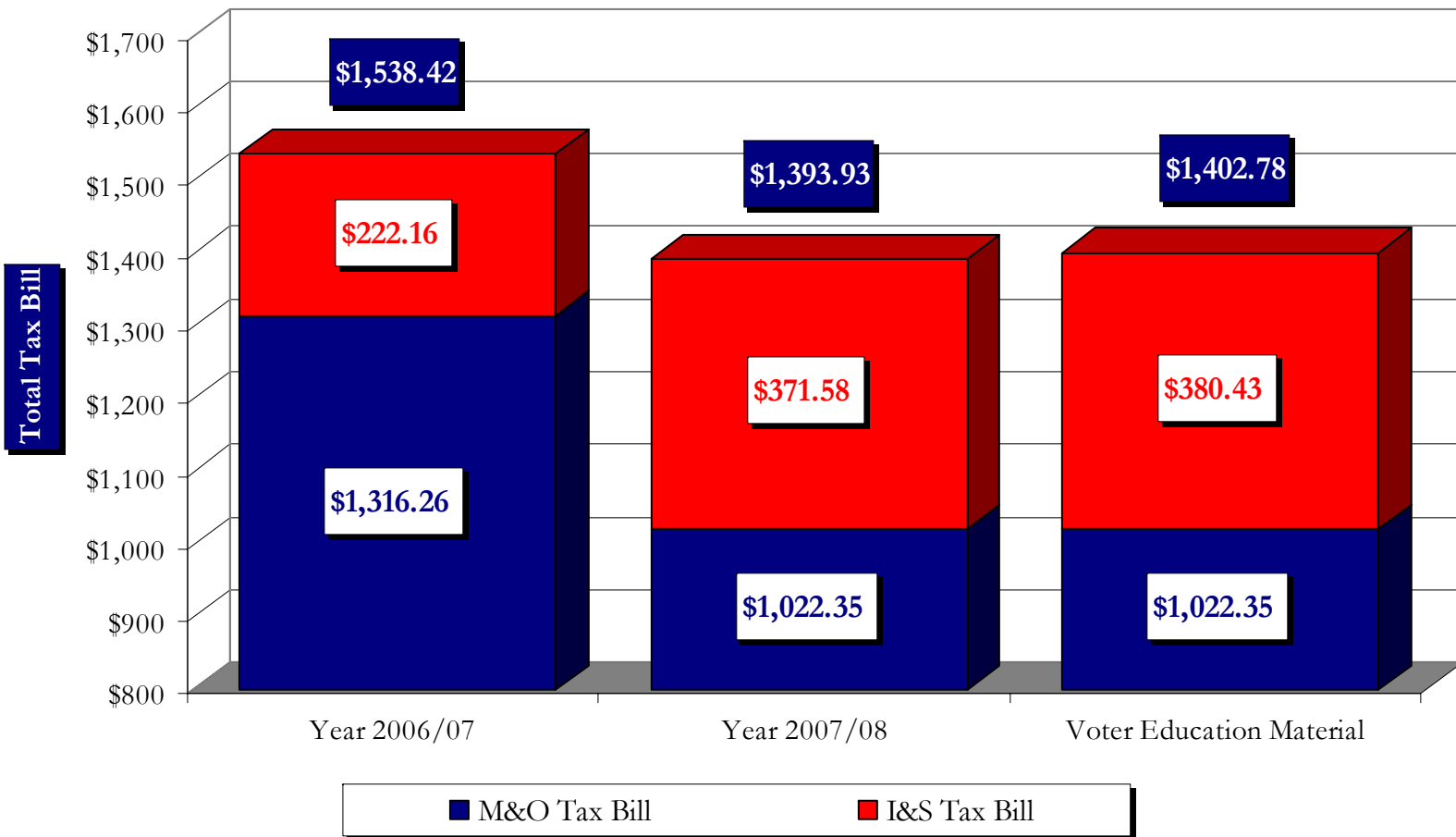
<sup>(A)</sup> Tax impact is net of District's \$15,000 State Mandated Residential Homestead Exemption.

**Summary Of Findings - Projected Maximum Interest & Sinking Fund Tax Rate**



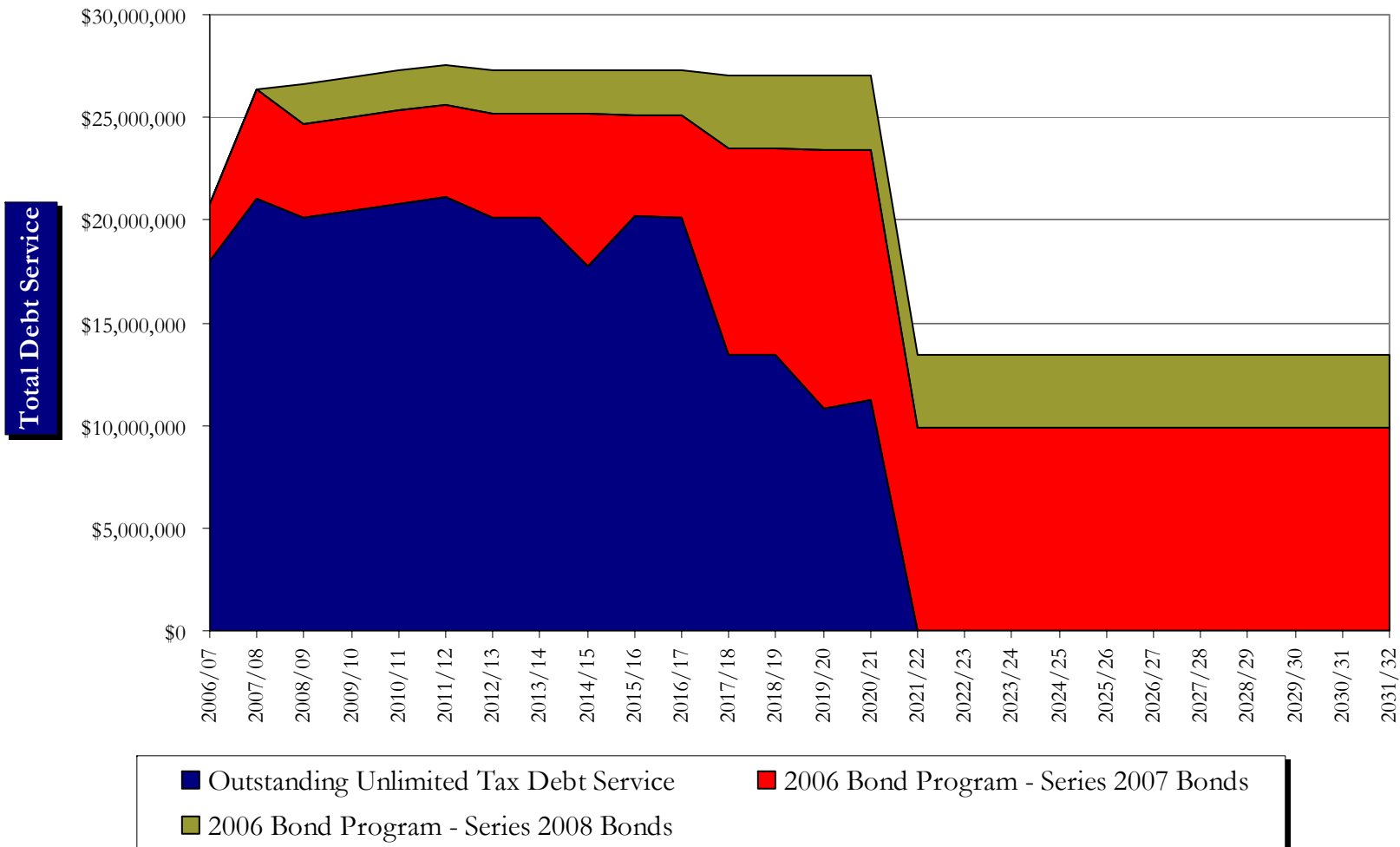
Note: The District's actual tax rates will be set by the Board of Trustees in each year based upon prevailing taxable assessed valuations and other revenues available at such time.

**Summary Of Findings - Comparison Of Taxes Per \$113,302 Average Market Home Value - Years 2006/07 And 2007/08**



Note: The District's actual tax rates will be set by the Board of Trustees in each year based upon prevailing taxable assessed valuations and other revenues available at such

### Summary Of Outstanding Debt Service And 2006 Bond Program





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## **Summary Of Financing Team Members & Preliminary Timetable**



## Summary Of Financing Team Members

<b>Sale Type:</b>	Negotiated Sale – District selects the underwriters to sell its Bonds. The underwriters will “market” the Bonds based upon prevailing market conditions and will adjust the District’s interest rates higher or lower based upon the demand for the District’s Bonds at such time. The District utilized a negotiated sale for the sale of its Unlimited Tax School Building Bonds, Series 2006.
<b>Underwriters:</b>	UBS Investment Bank – Senior Manager Banc Of America Securities LLC – Co-Manager First Southwest Company – Co-Manager Morgan Keegan & Company – Co-Manager Southwest Securities – Co-Manager
<b>Underwriters’ Counsel:</b>	Fulbright & Jaworski L.L.P.
<b>Financial Advisor:</b>	RBC Capital Markets
<b>Bond Counsel:</b>	McCall, Parkhurst & Horton L.L.P.
<b>Rating Agencies:</b>	Fitch Ratings Moody’s Investors Service Standard & Poor’s
<b>Bond Insurance:</b>	Permanent School Fund Guarantee Program of the State of Texas “AAA” Rating Expected – Highest Rating Available



## Preliminary Timetable

DECEMBER 2006						
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						

JANUARY 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			

FEBRUARY 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			

<u>DATE*</u>	<u>ACTION</u>
12/13/06	Board Meeting – Approve Preliminary Financing Plan
Week Of 01/15/07	Credit Rating Meetings – Meetings With Fitch Ratings, Moody’s Investors Service And Standard & Poor’s Ratings Services At District’s Administration Offices
01/23/07	Negotiated Sale – Pricing Of Unlimited Tax School Building And Refunding Bonds, Series 2007 (Interest Rates Locked-In)
01/25/07	Board Meeting – Formally Consider Order Authorizing Issuance Of Unlimited Tax School Building And Refunding Bonds, Series 2007
02/20/07	Closing – Transfer Of Funds – District Receives Proceeds of Series 2007 Bonds

\* Preliminary, subject to change based upon prevailing market conditions.