

FRISCO INDEPENDENT SCHOOL DISTRICT

Parameter Bond Sale Review

March 8, 2010



Parameter Bond Sale Review

- Districts can issue School Building Bonds (“New Money”) via Board Delegated Parameter Authority if:
 - 1) The Total (Combined) of Outstanding and/or Voted but Unissued Bonds is Greater than or Equal to \$100,000,000, or
 - 2) Average Daily Attendance Greater than or Equal to 50,000

- Examples of Parameters Established and Approved by the Board may include:
 - 1) Aggregate Principal Amount Not to Exceed \$_____,
 - 2) Final Maturity of the Bonds Not to Exceed February/August 15, 20___,
 - 3) True Interest Cost Not to Exceed ____%,
 - 4) Delegated Authority for a Maximum Term of ___ Months

- Agenda Item Example: Adopt the Order Authorizing the Issuance of \$____,000,000 of School Building Bonds, Series 2010 and Delegating Authority to the Administration to Execute Documents Related to the Sale of the Bonds.

- All Refunding Bond Issues are Eligible for Board Delegated Parameter Authority.



Parameter Bond Sale Review

- A Parameter Bond Sale allows the District to enter the bond market at any time subject to meeting or exceeding the established parameters. This methodology provides pricing flexibility but does not eliminate daily interest rate risk.
- One Board meeting required to review the plan of finance and established parameters. The Board would then take action to adopt the Bond Order authorizing the financial advisor to proceed with completing the financing subject to meeting the established parameters while delegating authority to the staff to execute the final pricing documents.
- The Board adopted Bond Order typically provides a 6-month time period to complete the financing. Failure to complete within 6-months would require the Board to repeat the process of taking action to delegate the authority to issue the bonds.
- Establishing aggressive parameters may limit the District's ability to complete the financing in time to meet construction schedules.
- Establishing conservative parameters provide for a broader range and are typically set above current market conditions so as to allow for the bonds to be issued in a timely fashion to meet construction demand.

