



Teamwork | Pride | Excellence



Northwest

INDEPENDENT SCHOOL DISTRICT

Post-Pricing Information – Unlimited Tax School Building Bonds, Series 2015

Wednesday, August 19, 2015



Post-Pricing Summary – Series 2015 Bonds

- ❑ **Introduction:** This material provides a summary of the sale results for Northwest Independent School District's (the "District") Unlimited Tax School Building Bonds, Series 2015 (the "Series 2015 Bonds") issued to fund capital improvements authorized within the District's 2012 Bond Program.
- **Summary of Bond Sale Results:**
 - ❖ Given the prevailing favorable municipal market conditions, on Tuesday, August 18, 2015, the District successfully sold its Series 2015 Bonds to investors at a True Interest Rate of 4.067%. The District's actual interest rate is 0.33% below the projected 4.40% interest rate communicated to the Board of Trustees during the August 10, 2015 meeting.
 - ❖ Based upon this interest rate differential and the prudent actions of the District and its financial advisor, **the District's actual bond payments on the Series 2015 Bonds are \$6,843,980 less than previously anticipated.**
 - ❖ The proceeds of the Series 2015 Bonds (totaling \$75,000,000) are scheduled to be delivered to the District's Construction Fund on Thursday, August 27, 2015.
 - ❖ By taking action to sell the Series 2015 Bonds prior to September 1, 2015, the District has qualified the bonds to be "held harmless" from the proposed increase in the residential homestead exemption – A potential \$1,500,000 benefit for taxpayers.
- **Overview of Municipal Market Conditions – Sale Date:**
 - ❖ Since the sale of the District's Unlimited Tax Refunding Bonds, Series 2015A on July 30, 2015, municipal interest rates have remained relatively stable and favorable. This is documented by the "Bond Buyer 20-Bond Index", which was 0.87% below the historical average and within 0.42% of a historical low at the time of sale.



Financing Plan Results and Sources and Uses of Funds

Summary of Actual Financing Plan – Series 2015 Bonds

Description	Preliminary Financing Plan (August 10, 2015)	Actual Financing Plan (August 18, 2015)	Difference
Funds Available for Capital Improvements within the District	\$ 75,000,000	\$ 75,000,000	---
True Interest Rate – Series 2015 Bonds	4.400%	4.067%	0.33%
Projected Total Bond Payments – Series 2015 Bonds	\$ 148,984,245	\$ 142,140,265	\$ 6,843,980
Final Maturity – Series 2015 Bonds – 30-Years	2045	2045	---

Sources and Uses of Funds – Series 2015 Bonds

Sources of Funds:

Principal Amount of Bond Sale	\$ 67,435,000.00
Net Original Premium on Bond Sale	<u>8,158,172.55</u>
Total Sources of Funds	<u>\$ 75,593,172.55</u>

Uses of Funds:

Deposit to Construction Fund	\$ 75,000,000.00
Estimated Costs of Issuance	242,250.00
Underwriters' Discount – Distribution of Bonds to Investors	350,813.73
Rounding Amount/Contingency	<u>108.82</u>
Total Uses of Funds	<u>\$ 75,593,172.55</u>



Summary of Bond Underwriting Process

- ❑ As the largest bond sale in the Texas municipal market and with the District's high bond ratings, Northwest ISD was once again the "Prettiest Girl at the Dance" at the time of sale.
- ❑ With the structure, size and quality of the District's bond sale and in light of the relatively low competition for investors seeking "high grade" bonds, the bond underwriting strategy was to be aggressive with the initial pricing levels.
- ❑ This aggressive strategy proved to be the proper strategy as \$105,230,000 of investor orders were generated during the "order period" – BOSC, Inc. generated \$104,030,000 (98.9%) of such orders (see Page 4 herein).
- ❑ As a result of the investor interest for the District's Series 2015 Bonds, as Senior Manager BOSC, Inc. was able to successfully lower the District's interest rates by 0.01% - 0.05% in most maturities (see Page 5 herein) – Thereby lowering the District's borrowing cost.
- ❑ The District's Series 2015 Bonds were sold to a diverse investor base of 26 institutional investors within the capital markets. Such investors included:
 - Wells Fargo Bank Portfolio
 - State Farm Insurance Companies
 - RBC Bank Portfolio
 - Wasmer Schroeder
 - Eaton Vance - TABS
 - Hanley Capital Management
 - Lord Abbett
 - Bessemer Trust
 - North Carolina Farm Bureau Insurance
 - Columbia Trust



Summary of Orders for District's Series 2015 Bonds

- The following provides a summary of the bond orders submitted by the underwriting syndicate during the “order period” for the District’s Series 2015 Bonds.

Northwest ISD - Summary of Orders by Maturity - Series 2015 Bonds (End of Initial Order Period)									
Maturity Date	Principal Amount	BOSC, Inc.		Raymond James		RBC Capital Markets		Total Priority Orders	Total Orders
		Priority Net Designated Orders	Member / Stock Orders	Priority Net Designated Orders	Member / Stock Orders	Priority Net Designated Orders	Member / Stock Orders		
2/15/2016	\$ 2,000,000	\$ -	\$ 12,000,000	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -	\$ 16,000,000
2/15/2017	2,000,000	11,050,000	-	-	-	-	-	11,050,000	11,050,000
2/15/2018	1,000,000	2,530,000	-	-	-	-	-	2,530,000	2,530,000
2/15/2019	1,000,000	1,050,000	-	-	-	-	-	1,050,000	1,050,000
2/15/2020	1,500,000	2,990,000	-	-	1,250,000	-	-	2,990,000	4,240,000
2/15/2021	500,000	1,760,000	-	200,000	500,000	-	-	1,960,000	2,460,000
2/15/2022	500,000	1,400,000	-	-	-	-	-	1,400,000	1,400,000
2/15/2023	500,000	1,400,000	-	-	-	-	-	1,400,000	1,400,000
2/15/2024	500,000	1,585,000	-	-	-	-	-	1,585,000	1,585,000
2/15/2025	500,000	1,230,000	-	-	-	-	-	1,230,000	1,230,000
2/15/2026	500,000	590,000	500,000	-	500,000	-	-	590,000	1,590,000
2/15/2027	500,000	1,000,000	500,000	-	500,000	-	-	1,000,000	2,000,000
2/15/2028	500,000	1,010,000	500,000	-	500,000	-	-	1,010,000	2,010,000
2/15/2029	500,000	510,000	500,000	-	500,000	-	-	510,000	1,510,000
2/15/2030	500,000	1,510,000	500,000	-	500,000	-	-	1,510,000	2,510,000
2/15/2031	500,000	2,550,000	500,000	-	500,000	-	-	2,550,000	3,550,000
2/15/2032	500,000	1,500,000	500,000	-	-	-	-	1,500,000	2,000,000
2/15/2033	500,000	770,000	500,000	-	-	-	-	770,000	1,270,000
2/15/2034	500,000	1,000,000	500,000	500,000	-	-	-	1,500,000	2,000,000
2/15/2035	500,000	2,475,000	500,000	500,000	-	-	-	2,975,000	3,475,000
2/15/2040	10,685,000	23,370,000	2,000,000	-	5,000,000	-	10,680,000	23,370,000	41,050,000
2/15/2045	41,750,000	42,750,000	3,000,000	-	15,000,000	-	15,000,000	42,750,000	75,750,000
Totals	\$ 67,435,000	\$ 104,030,000	\$ 22,000,000	\$ 1,200,000	\$ 26,750,000	\$ -	\$ 27,680,000	\$ 105,230,000	\$ 181,660,000



Final Pricing Results – Series 2015 Bonds

Final Pricing Scale - Series 2015 Bonds						
Issuer/State:		Northwest Independent School District, Texas				
Principal Amount:		\$67,435,000				
Sale Date:		Tuesday, August 18, 2015				
Settlement Date:		Thursday, August 27, 2015				
Optional Redemption Feature:		Bonds Are Callable February 15, 2025 @ Par				
Ratings:		Moody's: "Aaa" / "Aa2" Fitch: "AAA" / "AA"				
Maturity Date	Principal Amount	Coupon	Final Yield	Preliminary Marketing Yield	Priority Order Book - After Initial Order Period	Yield Adjustments
2/15/2016	\$2,000,000	1.000	0.210	Sealed Bid	Sealed Bid	Sealed Bid
2/15/2017	2,000,000	5.000	0.590	0.640	5.53x	(0.05)
2/15/2018	1,000,000	5.000	0.920	0.940	2.53x	(0.02)
2/15/2019	1,000,000	1.150	1.170	1.170	1.05x	---
2/15/2020	1,500,000	2.250	1.450	1.460	1.99x	(0.01)
2/15/2021	500,000	2.500	1.730	1.750	3.92x	(0.02)
2/15/2022	500,000	5.000	1.980	2.000	2.80x	(0.02)
2/15/2023	500,000	5.000	2.180	2.200	2.80x	(0.02)
2/15/2024	500,000	5.000	2.300	2.320	3.17x	(0.02)
2/15/2025	500,000	5.000	2.420	2.430	2.46x	(0.01)
2/15/2026	500,000	4.000	2.640	2.640	1.18x	---
2/15/2027	500,000	4.000	2.800	2.810	2.00x	(0.01)
2/15/2028	500,000	4.000	2.990	3.000	2.02x	(0.01)
2/15/2029	500,000	4.000	3.140	3.140	1.02x	---
2/15/2030	500,000	4.000	3.240	3.260	3.02x	(0.02)
2/15/2031	500,000	4.000	3.320	3.360	5.10x	(0.04)
2/15/2032	500,000	4.000	3.390	3.410	3.00x	(0.02)
2/15/2033	500,000	4.000	3.460	3.460	1.54x	---
2/15/2034	500,000	4.000	3.480	3.500	3.00x	(0.02)
2/15/2035	500,000	4.000	3.500	3.540	5.95x	(0.04)
2/15/2040	10,685,000	5.000	3.260	3.270	2.19x	(0.01)
2/15/2045	41,750,000	5.000	3.330	3.330	1.02x	---

Based upon the investor interest in the District's Series 2015 Bonds, interest rates were lowered by 0.01% to 0.05%.



Final Pricing Comparison

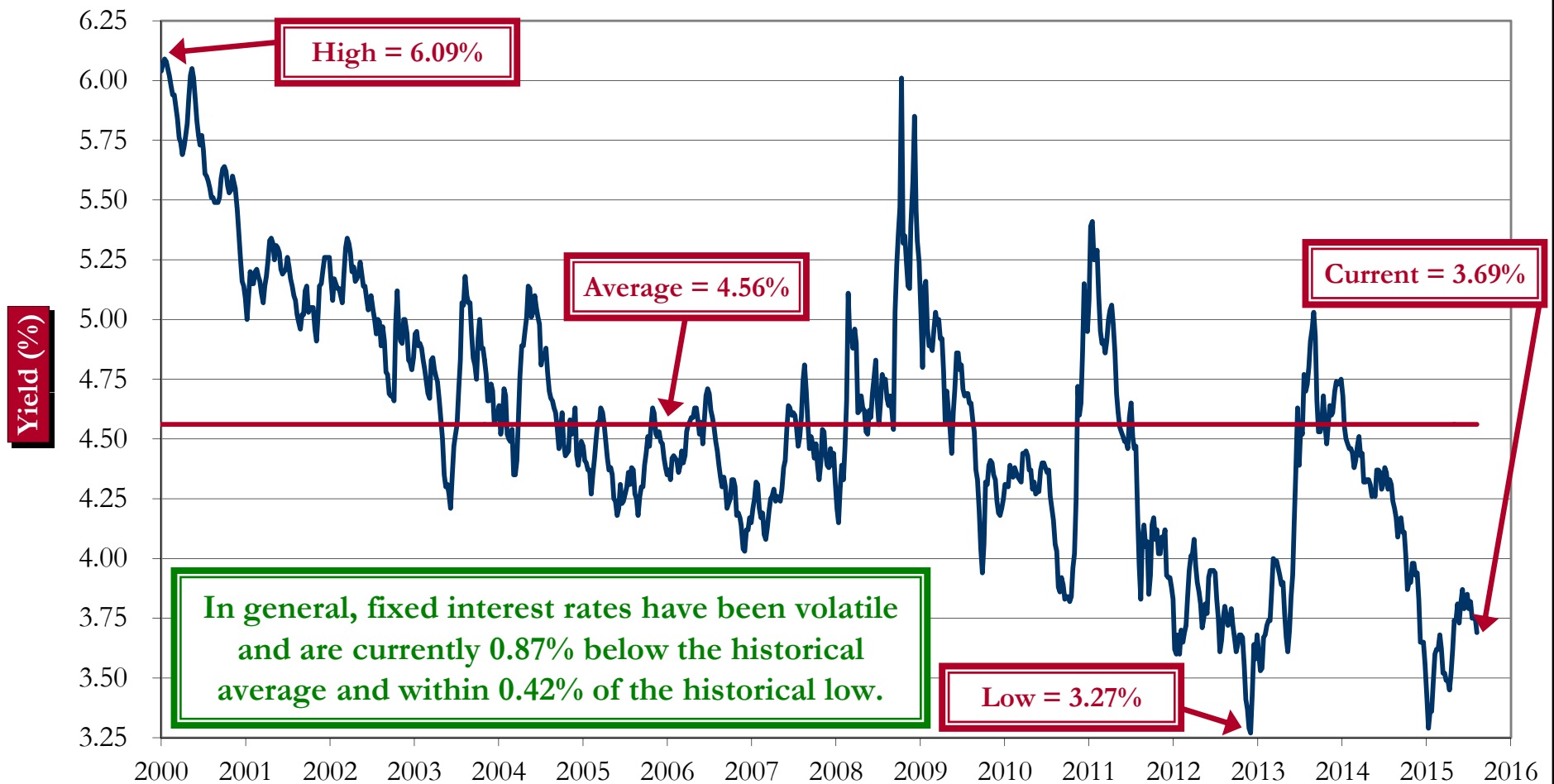
- ❑ The table below compares the final interest rates for Northwest ISD's Series 2015 Bonds with the Lancaster ISD bond sale completed on Wednesday, August 19th.
- ❑ Although both were PSF Guaranteed, with the District's higher bond ratings and other factors, Northwest ISD's interest rates were an average of 0.08% lower than Lancaster ISD's interest rates.

Final Pricing Comparison										
Issuer:		Northwest ISD				Lancaster ISD (Series 2015-A)				Northwest ISD Vs. Lancaster ISD - Spread To Interpolated MMD Difference
Pricing Date:		Tuesday, August 18, 2015				Wednesday, August 19, 2015				
Par Amount:		\$67,435,000				\$48,110,000				
Maturity Dates:		February 15				February 15				
Call Date:		February 15, 2025				February 15, 2025 (Mat. 2045 Callable Aug. 15, 2018)				
Insurance:		Permanent School Fund Guarantee				Permanent School Fund Guarantee				
Enhanced Ratings:		Aaa / AAA / NAF				Aaa / AAA / NAF				
Unenhanced Ratings:		Aa2 / AA / NAF				A2 / A / NAF				
Maturity:	Par Amount	Coupon	Yield	Spread To Int. MMD	Par Amount	Coupon	Yield	Spread To Int. MMD		
2016	\$ 2,000,000	1.00%	0.21%	0.07%	\$ 1,170,000	2.00%	0.34%	0.20%	(0.13%)	
2017	2,000,000	5.00%	0.59%	0.10%	710,000	2.00%	0.67%	0.18%	(0.08%)	
2018	1,000,000	5.00%	0.92%	0.15%	480,000	2.00%	1.00%	0.23%	(0.08%)	
2019	1,000,000	1.15%	1.17%	0.17%	460,000	2.00%	1.25%	0.25%	(0.08%)	
2020	1,500,000	2.25%	1.45%	0.22%	665,000	2.00%	1.51%	0.27%	(0.05%)	
2021	500,000	2.50%	1.73%	0.22%	580,000	2.00%	1.81%	0.29%	(0.07%)	
2022	500,000	5.00%	1.98%	0.23%	595,000	3.00%	2.06%	0.30%	(0.07%)	
2023	500,000	5.00%	2.18%	0.25%	465,000	3.00%	2.27%	0.33%	(0.08%)	
2024	500,000	5.00%	2.30%	0.26%	480,000	3.00%	2.39%	0.34%	(0.08%)	
2025	500,000	5.00%	2.42%	0.27%	490,000	3.00%	2.51%	0.35%	(0.08%)	
2026	500,000	4.00%	2.64%	0.38%	505,000	4.00%	2.72%	0.45%	(0.07%)	
2027	500,000	4.00%	2.80%	0.44%	520,000	4.00%	2.89%	0.52%	(0.08%)	
2028	500,000	4.00%	2.99%	0.54%	550,000	N/C	N/C	N/C	---	
2029	500,000	4.00%	3.14%	0.60%	565,000	N/C	N/C	N/C	---	
2030	500,000	4.00%	3.24%	0.63%	465,000	N/C	N/C	N/C	---	
2031	500,000	4.00%	3.32%	0.64%	480,000	4.00%	3.43%	0.73%	(0.09%)	
2032	500,000	4.00%	3.39%	0.66%	500,000	4.00%	3.48%	0.73%	(0.07%)	
2033	500,000	4.00%	3.46%	0.68%	525,000	N/C	N/C	N/C	---	
2034	500,000	4.00%	3.48%	0.66%	540,000	N/C	N/C	N/C	---	
2035	500,000	4.00%	3.50%	0.64%	200,000	N/C	N/C	N/C	---	
2036	---	---	---	---	---	---	---	---	---	
2037	---	---	---	---	---	---	---	---	---	
2038	---	---	---	---	---	---	---	---	---	
2039	---	---	---	---	---	---	---	---	---	
2040	10,685,000	5.00%	3.26%	0.26%	16,365,000	5.00%	3.37%	0.35%	(0.09%)	
2041	---	---	---	---	---	---	---	---	---	
2042	---	---	---	---	---	---	---	---	---	
2043	---	---	---	---	11,920,000	5.00%	3.41%	0.35%	---	
2044	---	---	---	---	---	---	---	---	---	
2045	41,750,000	5.00%	3.33%	0.27%	8,880,000	N/C	N/C	N/C	---	



Current Market Review – Interest Rates

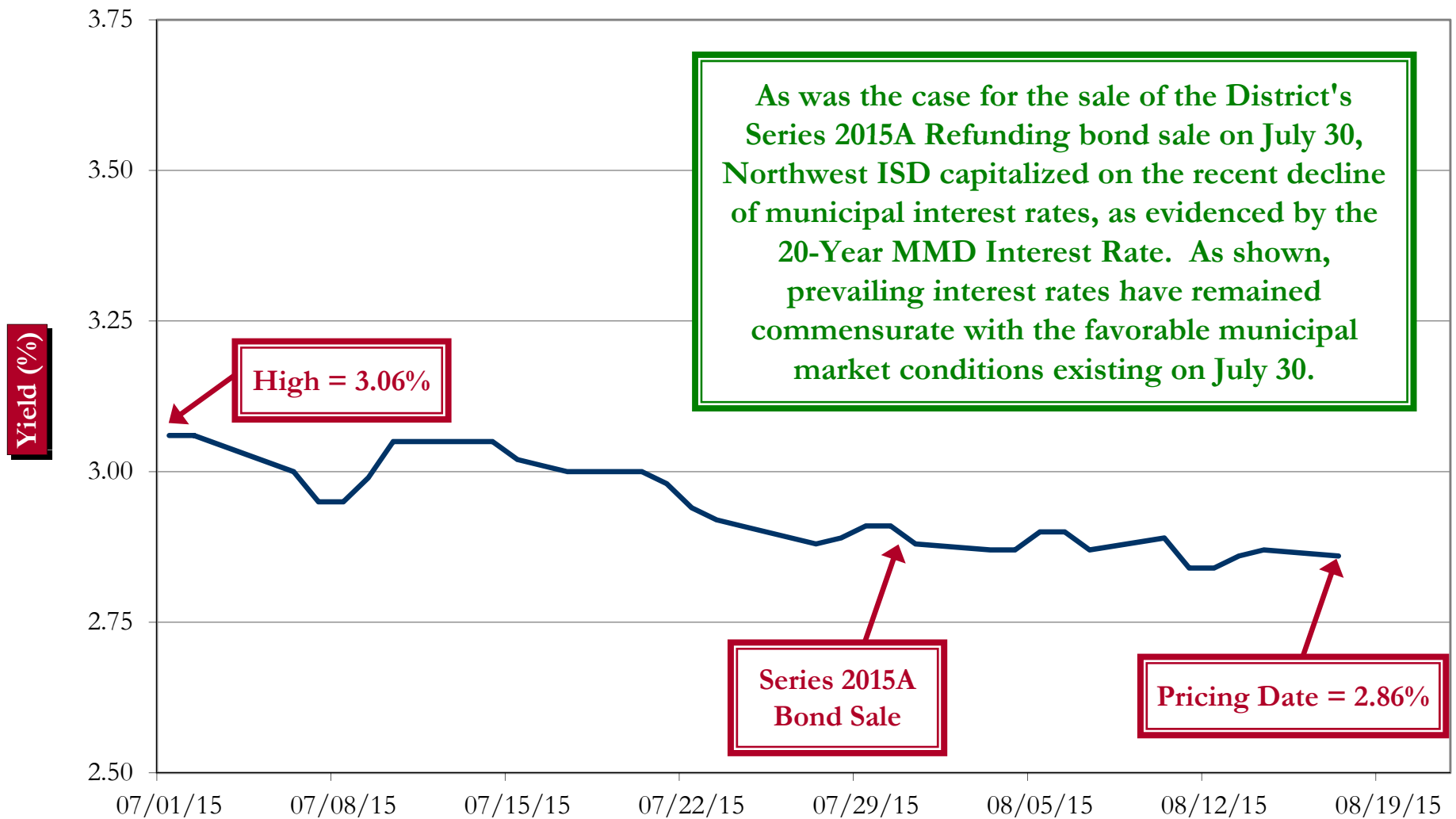
The Bond Buyer 20-Bond Index – A Tax-Exempt General Obligation Bond Yield Index January 1, 2000 To The Present





Current Market Review – Interest Rates

Municipal Market Data “AAA” 20-Year Maturity July 1, 2015 To The Present





Overview of Financing Team Members – Series 2015 Bonds

Overview of Financing Team Members – Series 2015 Bonds

Method of Sale:	Negotiated Sale – Underwriting syndicate is selected by the District to distribute bonds to potential investors.
Issuer:	Northwest Independent School District
Financial Advisor:	First Southwest Company, LLC
Bond Counsel:	McCall, Parkhurst & Horton L.L.P.
Paying Agent:	Regions Bank
Rating Agencies:	Moody’s Investors Service, Inc. Fitch Ratings, Inc.
Underwriters:	
■ Senior Manager:	BOSC, Inc.
■ Co-Manager:	Raymond James
■ Co-Manager:	RBC Capital Markets
Underwriters’ Counsel:	Norton Rose Fulbright US LLP