

\$35.645mm Alice ISD – Lead Managed Case Study



\$35,645,000 Unlimited Tax School Building Bonds, Series 2024

Alice Independent School District

Cabrera's Role: Lead Manager

Sale Date: 8/12/2024

Aaa (Moody's PSF Insured), A2 Moody's Underlying

Transaction Highlights

- The muni market the week prior to pricing exhibited tremendous volatility due to a weak Jobs report resulting in a **reduction of almost 19-25bps in MMD over the course of a couple days, followed by a subsequent increase of 8-15bps in MMD the following few days.**
- Additionally, **the week prior to pricing was the 2nd heaviest negotiated calendar of the year with almost \$13 billion that priced.**
- The Friday before pricing, while premarketing the transaction, **Cabrera's sales team received a reverse inquiry from an investor requesting an acceleration of the sale to that Friday. If Cabrera accelerated the sale, the investor committed to purchase the entire transaction.** The MA & Cabrera decided to stick with the scheduled pricing on Monday to preserve a wider investor audience for the District's financing.
- During the order period, **Cabrera secured \$134 million in priority orders from 28 different investors** for the \$35 million transaction, of which the majority were non-current publicly reported investors of the District.
- Cabrera provided optionality for the District and investors with a **9-year call and a multiple coupon 5%/4% structure with a bifurcated 2049 term. The 9-year call did not cost the issuer in spread and Cabrera priced through similarly rated transactions.**

Transaction Results

- The True Interest Cost (TIC) was 4.10% and the final maturities were there was one bifurcated terms in 2049.
- Proceeds will be used for the purpose of (1) designing, constructing, renovating, improving, upgrading, modernizing, acquiring, relocating, and equipping school stadium facilities and related infrastructure (as well as any necessary or related removal of existing facilities), and (2) pay cost of issuance of the Bonds.
- The District secured an A2 underlying rating, as well as a PSF Aaa rating from Moody's.
- After the initial order period, **the transaction was 4x oversubscribed and Cabrera lowered spreads for the benefit of the issuer's pricing levels.**