

\$45.985mm Banquete ISD – Lead Managed Case Study



\$45,985,000 Unlimited Tax School Building Bonds, Series 2024
Banquete Independent School District
Cabrera's Role: Lead Manager
Sale Date: 8/21/2024
Aaa (Moody's PSF Insured), A2 Moody's Underlying

Transaction Highlights

- August had been a very busy month in Texas for ISD's with volume at it's highest point YTD. The week of the BISD deal saw \$10 billion in total volume for the week, which **included 17 Texas ISD transactions.**
- **After well over a year of an inverted yield curve, the muni yield curve has begun to uninvert;** over the past month before the BISD transaction, rates within 1-5 years have decreased anywhere from 29-34 basis points and rates from 10-30 years have decreased by 7 basis points.
- During premarketing, Cabrera received positive feedback from investors regarding both 5% and 4% coupons and the shorter 9-year call.
- During the order period, **Cabrera secured \$188 million in total priority orders from 27 different investors for the \$46 million transaction,** of which nearly all 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 the same week.**

Transaction Results

- The True Interest Cost (TIC) was 4.04% and the final maturity was a term in 2049.
- Proceeds will be used for the (1) construction, renovation, acquisition, and equipment of school building with priority given to the construction and equipment of a new junior high school, and (2) pay costs of issuance of the Bonds.
- The District secured an A2 underlying rating, as well as a PSF Aaa rating from Moody's.