

**RIVER ROAD INDEPENDENT SCHOOL DISTRICT
BOARD OF EDUCATION
AMARILLO, TEXAS**

Subject: Advance Refunding

Date: Monday, November 11, 2013

Presented By: Mike Hodgson
Business Manager

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ACTION

BACKGROUND INFORMATION:

As mentioned in October's Board meeting, it is the opinion of the staff of Specialized Public Finance, our bond financial advisors, that an opportunity exists for the school district to refund the remaining portion of the district's 2005 bonds at a lower interest rate to save the school district and the taxpayers money.

If acted on now, this would be an advance refunding because the bonds are not callable until August 15, 2015. An advance refunding requires the district to pay interest on the existing bonds until their call date. What the district must do, is try to determine the optimal time to refund the bonds. If rates stay the same or decrease, it would be advantageous to wait until closer to the call date, so that the amount of interest the district must pay on the existing bonds would be decreased. However, if rates increase, it would be best to do the refunding now because rates in the future could exceed the rates on the current bonds and result in no savings to the district. It is the opinion of Specialized Public Finance that we should begin the refunding as soon as possible. If the refunding is started now, the closing of the transaction would probably occur in January.

Staff from Specialized Public Finance will be at the November Board meeting to bring updated savings estimates, to answer any questions that the Board might have about the process, and to explain and answer any questions that about the documents that the Board must sign related to the advance refunding.

BOARD ACTION REQUESTED:

Approve the following resolution and sign the documents presented by the staff of Specialized Public Finance.

"The passage of an order authorizing the issuance and sale of River Road Independent School District Unlimited Tax Refunding Bonds, Series 2013, appointing a pricing officer and delegating to the pricing officer the authority to approve on behalf of the District the selection of bonds to be refunded, the sale of the bonds, the terms of the bonds and the offering documents for the bonds; establishing certain parameters for the approval of such matters by the pricing officer; providing for the approval by the pricing officer of the form of an escrow agreement and paying agent/registrar agreement; levying a tax and providing for the security and payment of the bonds; providing for the approval by the pricing officer of the official statement and purchase contract; and enacting other provisions relating thereto."