

**Order Authorizing the Remarketing of Outstanding Bonds of the
Denton Independent School District
Variable Rate Unlimited Tax School Building Bonds, Series 2014-B
May 28, 2019**

SUMMARY:

The purpose of this request is to authorize the remarketing of outstanding bonds of the Denton ISD Variable Rate Unlimited Tax School Building Bonds, Series 2014-B, with an outstanding aggregate principal balance of \$69,075,000.

BOARD GOAL:

Growth & Management... In pursuit of excellence, we will:

- Demonstrate effective and efficient management of District resources
- Provide leadership and/or oversight to ensure District meets all fiscal, legal and regulatory requirements

PREVIOUS BOARD ACTION:

The Series 2014-B bonds were issued on June 19, 2014.

BACKGROUND INFORMATION:

The Series 2014-B Bonds were issued and currently remain in the Initial Rate Period. The current interest rate is 1.59% and expires on July 31, 2019.

SIGNIFICANT ISSUES:

Based upon current market conditions, certain economic indicators, historical interest rates and the composition of the District's debt portfolio, the District's financial advisor recommends that the District continue to maintain the Series 2014-B Bonds in a variable rate structure and utilize a 5-year interest rate term for the next interest period. This will:

- Provide the District with interest cost certainty for the next 5 years, through July 31, 2024
- Lock-in an attractive interest rate of approximately 2.14%
- Diversify the District's debt portfolio

FISCAL IMPLICATIONS:

Remarketing the 2014-B Bonds will reduce the District's interest cost by an additional \$5.5 million over the next 5 years (in comparison to the original fixed rate alternative).

BENEFIT OF ACTION:

This action will provide a more efficient use of the District's funds in support of the Bond Program.

PROCEDURAL AND REPORTING IMPLICATIONS:

Designate the authority for the Superintendent and Assistant Superintendent of Administrative Services to independently authorize and finalize the terms of remarketing the Series 2013 Bonds.

SUPERINTENDENT'S RECOMMENDATION:

Recommend approval of the Order Authorizing the Remarketing of Outstanding Bonds of the Denton Independent School District Variable Rate Unlimited Tax School Building Bonds, Series 2014-B; delegating authority for the Superintendent and Assistant Superintendent of Administrative Services to independently authorize and finalize the terms of remarketing the Series 2014-B Bonds within the following parameters:

1. The new interest rate (i.e. "yield") may not exceed 3.00%; and
2. The Term Rate Period into which the Series 2014-B Bonds are converted shall expire no earlier than July 31, 2020 and no later than July 31, 2027; and
3. The Stepped Rate shall not exceed the Maximum Interest Rate; and
4. The final maturity of the Series 2014-B Bonds shall not be extended; and
5. The delegation given to the Pricing Officer shall not have expired.

STAFF PERSONS RESPONSIBLE:

Debbie Monschke, Assistant Superintendent of Administrative Services
Jennifer Stewart, Director of Budget

ATTACHMENT:

- Order Authorizing the Remarketing of Outstanding Bonds of the Denton Independent School District Variable Rate Unlimited Tax School Building Bonds, Series 2014-B
- Letter - BOK Financial Securities

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Signature of Divisional Assistant Superintendent: _____