

Order Authorizing Refunding Bonds

May 10, 2011

SUMMARY:

Consider and take action on an order authorizing the issuance of Denton Independent School District Unlimited Tax Refunding Bonds; establishing procedures for the sale and delivery of the bonds; levying an annual ad valorem tax for the payment of said bonds; providing an effective date; and enacting other provisions relating to the subject.

BOARD GOAL:

VI. Growth, Change & Fiscal Responsibility... In pursuit of excellence, the district will:

- Demonstrate effective and efficient management of district resources

PREVIOUS BOARD ACTION:

On August 24, 2010 the Board of Trustees approved the sale of bonds to refund a portion of outstanding bonds at a lower interest rate if certain parameters could be met.

BACKGROUND INFORMATION:

On August 10, 2010 Mr. Bill Gumbert discussed with the Board an opportunity to realize a savings by refunding a portion of outstanding bonds at a lower interest rate:

- Unlimited Tax School Building and Refunding Bonds, Series 1998
- Unlimited Tax School Building and Refunding Bonds, Series 1999
- Unlimited Tax School Building and Refunding Bonds, Series 2001
- Unlimited Tax School building and Refunding Bonds, Series 2004

This approval was valid for the 6-month period of September 2010 – March 2011. The District was not able to achieve the established minimum savings level of \$1,000,000 due to a subsequent increase of municipal interest rates.

SIGNIFICANT ISSUES:

The total amount of bonds to be refunded at a lower interest rate total \$24,940,000.

FISCAL IMPLICATIONS:

The proceeds of the refunding bonds would be used to repay the District's bonds to be refunded on their earliest redemption dates and to pay the costs of issuance associated with the refunding program. Total Debt Service savings are projected to be at least \$1,000,000.

BENEFIT OF ACTION:

Allow the District to realize a savings of \$1,000,000 in the bond program.

PROCEDURAL AND REPORTING IMPLICATIONS:

The Board of Trustees would designate the ability to approve the issuance of Refunding Bonds to the District's Administration, so long as certain parameters included within the Bond Order approved by the Board of Trustees are met.

SUPERINTENDENT'S RECOMMENDATION:

Recommend approval of the Order Authorizing the Issuance of the Denton Independent School District Unlimited Tax Refunding Bonds, Series 2011 with the following parameters:

1. The District achieves at least \$1,000,000 of savings.
2. A maximum of \$24,940,000 (principal amount) of Refunding Bonds may be issued.
3. The interest rate (federal arbitrage yield) on the Refunding Bonds may not exceed 3%.
4. The refunding program is completed prior to November 30, 2011.

STAFF PERSONS RESPONSIBLE:

Debbie Monschke, Executive Director of Administrative Services

ATTACHMENT:

Memo from Bill Gumbert and Joshua McLaughlin
Order Authorizing the Issuance of the Refunding Bonds

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Signature of Divisional Assistant Superintendent: _____

Signature of Superintendent: _____