

Approval of Extension of Standby Bond Purchase Agreement

June 26, 2012

SUMMARY:

This item requests approval of a thirty (30) day extension of the current Standby Bond Purchase Agreement for the District's Variable Rate Unlimited Tax School Building Bonds, Series 2006-B with Bank of America.

BOARD GOAL:

VI. Growth & Change... In pursuit of excellence, the District will:

- Review and adjust policies and procedures effectively to address the challenges of rapid growth and changing demographic characteristics while maintaining and enhancing our strong sense of community.

PREVIOUS BOARD ACTION:

On June 12, 2012 the board approved an order Authorizing the Execution and Delivery of a Substitute Standby Bond Purchase Agreement and delegated the authority to the Superintendent and the Executive Director of Administrative Services to approve the final terms and conditions, upon consultation with BOSC, Inc. and McCall, Parkhurst & Horton L.L.P., the District's bond counsel.

BACKGROUND INFORMATION:

Pursuant to the original documents authorizing the issuance of the District's Variable Rate Unlimited Tax School Building Bonds, Series 2006-B (the "Bonds") and rating agency requirements, the District is required to maintain a Standby Bond Purchase Agreement provider for the Bonds.

Bank of America, N.A., the Standby Bond Purchase Agreement Provider for Denton Independent School District's (the "District") Variable Rate Unlimited Tax School Building Bonds, Series 2006-B (the "Bonds"), has elected to terminate the existing Standby Bond Purchase Agreement associated with the District's Bonds, effective July 27, 2012.

SIGNIFICANT ISSUES:

As the termination date presents a substantial time restraint on the District, Bank of America has agreed to offer a thirty (30) day extension to our current contract. The extension will allow the district to remain compliant with the Bond and rating agency requirements.

BENEFIT OF ACTION:

The extension will allow the District to maintain the Bonds in a variable rate mode and benefit from a reduced interest rate while continuing to pursue an alternate provider and secure a new contract.

SUPERINTENDENT'S RECOMMENDATION:

Recommend approval of a thirty (30) day extension of the current Standby Bond Purchase Agreement for the District's Variable Rate Unlimited Tax School Building Bonds, Series 2006-B with Bank of America.

STAFF PERSONS RESPONSIBLE:

Debbie Monschke, Executive Director of Administrative Services

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Signature of Divisional Assistant Superintendent: _____

Signature of Superintendent: _____