



BOARD OF SCHOOL TRUSTEES

KELLER INDEPENDENT SCHOOL DISTRICT

7C. Report

Date: May 8, 2006

SUBJECT: REFUNDING OF BONDS

BOARD GOAL: All systems in the Keller Independent School District will be effective, efficient and accountable in support of the district's mission.

FISCAL NOTE: Reduce future tax rate for current bonds outstanding

Background Information:

- The Board authorized through an order the refunding of some of the Series 1993, 1996A, 1997A and 2001 bonds provided certain criteria was achieved through the refunding.
- The order approved by the board also authorized the Superintendent or the Chief Financial Officer to be the district's Pricing Officer. The Pricing Officer executes the refunding for the district.
- The criteria for present value savings was 3% or approximately \$4.7 million in interest payments on \$90 million of bonds.
- The district applied for the state guarantee for the refunding. This will give the issue an automatic AAA rating and allow for the most favorable interest rates.

Administrative Considerations:

- The refunding was able to exceed all parameters of the order set by the Board.
- The present value savings achieved are 3.365% or more than \$5.2 million dollars in savings.
- These savings will be between \$207,000 to \$212,000 per year.
- The district through the district's financial advisor, First Southwest Company, was able to secure the state AAA rating.
- During the course of the rating process, Moody's rating agency upgraded the district's "underlying" rating from A2 to A1. This is a significant upgrade to the district since this was accomplished during the uncertainty with school finance that was occurring during the rating review.
- Attached is the "savings" schedule.

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Respectfully submitted,

Kent V. Morrison, III
Chief Financial Officer