

**Order Authorizing the Remarketing of Outstanding Bonds of the
Denton Independent School District
Variable Rate Unlimited Tax School Building Bonds, Series 2013
May 10, 2016**

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 2013, with an outstanding aggregate principal balance of \$39,815,000.

BOARD GOAL:

- VI. Growth, Change & Fiscal Responsibility... In pursuit of excellence, the District will:
- b. create and continuously modify strategies to mitigate increasing stresses on our children, our schools and our community.
 - e. demonstrate effective and efficient management of District resources
 - f. provide leadership and/or oversight to ensure District meets all fiscal, legal and regulatory requirements

PREVIOUS BOARD ACTION:

On August 13, 2013, The Board adopted an order authorizing the issuance of the Denton ISD Variable Rate Unlimited Tax School Building Bonds, Series 2013.

BACKGROUND INFORMATION:

The Series 2013 Bonds were issued and currently remain in the Initial Rate Period bearing interest at the per annum rate of 2% and which Initial Rate Period expires on July 31, 2016. The 2013 Bond Order requires the Issuer to remarket the Series 2013 Bonds at the expiration of the Initial Rate Period.

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 2013 Bonds in a variable rate structure and utilize a 4-year interest rate term for the next interest period. This will:

- Provide the District with interest cost certainty for the next 4-years, through July 31, 2020
- Lock-in an attractive interest rate of approximately 1.70%
- Diversify the District's variable rate bond portfolio

FISCAL IMPLICATIONS:

Remarketing the 2013 Bonds will reduce the District's interest cost by an additional \$4.79 million over the next 4-years (in comparison to fixed rate alternative), and provide a cumulative savings of \$8.48 million.

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 2013; 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 within the following parameters:

1. The new interest rate (i.e. "yield") may not exceed 2.50%; and
2. The Term Rate Period into which the Series 2013 Bonds are converted shall expire no earlier than July 31, 2017 and no later than July 31, 2024; and
3. The Stepped Rate shall not exceed the Maximum Interest Rate; and
4. The final maturity of the Series 2013 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, Budget Coordinator

ATTACHMENT:

Order Authorizing the Remarketing of Outstanding Bonds of the Denton Independent School District Variable Rate Unlimited Tax School Building Bonds, Series 2013
BOSC Memo

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Signature of Divisional Assistant Superintendent: _____