

**ORDER AUTHORIZING REDEMPTION OF
THE DENTON INDEPENDENT SCHOOL DISTRICT VARIABLE RATE UNLIMITED TAX
SCHOOL BUILDING BONDS, SERIES 2013, AND A PORTION OF
DENTON INDEPENDENT SCHOOL DISTRICT VARIABLE RATE UNLIMITED TAX
SCHOOL BUILDING BONDS, SERIES 2014-B**

September 27, 2022

SUMMARY:

The purpose of this request is to authorize the redemption of the Denton Independent School District Variable Rate Unlimited Tax School Building Bonds, Series 2013, and a portion of Denton Independent School District Variable Rate Unlimited Tax School Building Bonds, Series 2014-B.

BOARD GOAL:

- Growth & Management
- 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 Board is presented with tax savings opportunities as they arise, and as market conditions allow for such transactions.

BACKGROUND INFORMATION:

The District has actively deployed various debt management practices to lower the borrowing costs to taxpayers. Such actions have reduced the cost of voter-approved bonds and provided District taxpayers with more than \$311.2 million of direct savings since 2005.

To date, the District has implemented 13 refunding programs and prepaid \$98.335 million of existing bonds, generating more than \$265.1 million of savings.

These savings are inclusive of the proposed prepayment of the 2013 bonds and a portion of the 2014-B bonds.

SIGNIFICANT ISSUES:

Pursuant to State law, DISD may annually manage its tax rate by utilizing current year debt service tax collections and other lawfully available funds to “prepay” existing bonds prior to maturity by either:

- Repaying such bonds on their call date (if the call date is within the current fiscal year); or
- Placing sufficient funds in an escrow account to repay such bonds on their call date (if the call date is in a subsequent fiscal year).

FISCAL IMPLICATIONS:

This is an opportunity for Denton ISD to prepay as follows:
\$21,390,000 of its Variable Rate Unlimited Tax School Building Bonds, Series 2013 and \$9,615,000 (a portion) of its Variable Rate Unlimited Tax School Building Bonds, Series 2014-B on February 1, 2023, saving taxpayers \$19,510,000 in future interest costs.

BENEFIT OF ACTION:

The benefits of prepaying bonds are:

- The District’s future interest cost is eliminated on such bonds
- The Denton ISD’s future bond capacity, for no tax rate increase, correspondingly grows by the dollar amount of bonds prepaid.

PROCEDURAL AND REPORTING IMPLICATIONS:

Designate the authority for the Superintendent and Deputy Superintendent to independently authorize and finalize the terms of the redemption of Denton Independent School District Variable Rate Unlimited Tax School Building Bonds, Series 2013 and a portion of Denton Independent School District Variable Rate Unlimited Tax School Building Bonds, Series 2014-B.

SUPERINTENDENT’S RECOMMENDATION:

Recommend Approval of the Order Authorizing Redemption of the Denton Independent School District Variable Rate Unlimited Tax School Building Bonds, Series 2013, and a Portion of Denton Independent School District Variable Rate Unlimited Tax School Building Bonds, Series 2014-B.

STAFF PERSONS RESPONSIBLE:

Dr. J. Scott Niven, Deputy Superintendent
Jennifer Stewart, Executive Director of Budget

ATTACHMENT:

Order Authorizing Redemption of the Denton Independent School District Variable Rate Unlimited Tax School Building Bonds, Series 2013, and a Portion of Denton Independent School District Variable Rate Unlimited Tax School Building Bonds, Series 2014-B

BOSC Presentation

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Signature of Divisional Assistant Superintendent: _____