

**Order Authorizing the Remarketing of Outstanding Bonds of the  
Denton Independent School District  
Variable Rate Unlimited Tax School Building Bonds, Series 2012-A  
June 23, 2015**

**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 2012-A, with an outstanding aggregate principal balance of \$40,000,000.

**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.

**PREVIOUS BOARD ACTION:**

On January 24, 2012, The Board adopted an order authorizing the issuance of the Denton ISD Variable Rate Unlimited Tax School Building Bonds, Series 2012-A (the "Series 2012-A Bonds").

**BACKGROUND INFORMATION:**

The Series 2012-A Bonds were issued and currently remain in the Initial Rate Period bearing interest at the per annum rate of 1.10% and which Initial Rate Period expires on July 31, 2015. The 2012-A Bond Order requires the Issuer to remarket the Series 2012-A 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 would continue to maintain the Series 2012-A Bonds in a variable rate structure and utilize a 3-year interest rate term for the next interest period. This will:

- Provide the District with interest cost certainty for the next 3-years, through July 31, 2018
- Lock-in an attractive interest rate of approximately 1.57%
- Diversify the District's variable rate bond portfolio

**FISCAL IMPLICATIONS:**

Remarketing the 2012-A Bonds will reduce the District's interest cost by an additional \$2.05 million over the next 3-years, which will lock-in a cumulative savings of \$5.35 million.

**BENEFIT OF ACTION:**

This action will provide a more efficient use of the District's funds in payment 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 2012-A 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 2012-A; designate the authority for the Superintendent and Assistant Superintendent of Administrative Services to independently authorize and finalize the terms of remarketing the Series 2012-A 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 2012-A Bonds are converted shall expire no earlier than July 31, 2016 and no later than July 31, 2023; and
3. The Stepped Rate shall not exceed the Maximum Interest Rate; and
4. The final maturity of the Series 2012-A 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:**

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**APPROVAL:**

Signature of Staff Member Proposing Recommendation: \_\_\_\_\_

Signature of Divisional Assistant Superintendent: \_\_\_\_\_