

# **BRAZOSPORT INDEPENDENT SCHOOL DISTRICT**

## **Regular Meeting of the Board of Trustees**

August 18, 2025



BOARD: Action

SUBJECT: Resolution to Amend and Restate the Prior Authorization of the Defeasance and Redemption of Certain Outstanding Bonds and Authorize The Defeasance and Redemption of Certain Additional Outstanding Bonds and Containing Related Matters

BOARD POLICY: CCA (Legal)

DISTRICT GOAL: Brazosport ISD will exercise fiscal responsibility to ensure financial strength and provide the resources to equip and maintain quality facilities and educational programming

FISCAL NOTE: Potential net present value savings of \$4.1 million for 2026 Defeasance

### Background Information:

- Chapter 1207 of the Texas Government Code authorizes the Board of Trustees to defease outstanding bonds by depositing directly with a paying agent the available funds of the District into an escrow fund in an amount sufficient to provide for the payment, redemption or defeasance a portion of the defeased bonds. After such deposit, the defeased bonds will no longer be regarded as outstanding.
- The District made a commitment to taxpayers to maintain a flat and stable Interest and Sinking (I&S) tax rate when seeking approval for the 2014 and 2019 bond funds.
- Annual debt obligations are set at the time the bonds are issued by structuring the debt using a repayment schedule based on projected I&S values and tax collections using the I&S rate of 0.2153 per \$100 of valuation. Actual values and available tax collections will fluctuate based on certified values calculated by the appraisal district.
- In August 2024, the District anticipated I&S tax collections of \$45.45 million with current year debt obligations of \$34.44 million and worked with Hunton Andrews Kurth to prepare a resolution (exhibit A in attachment) to authorize the District to utilize up to \$11 million of surplus revenue to defease and redeem certain outstanding bonds ahead of their scheduled maturity.
- The state included a hold harmless funding provision for lost I&S tax revenues for the increase in homestead exemption (40,000 to 100,000), which is approximately \$1.5 million of state revenue for Brazosport ISD. The District also generated investment earnings of approximately

***Our Vision: Brazosport ISD ... Setting the Standard for Educational Excellence.***

\$750,000.

- As of August 2025, the District will have an additional \$1.5 million of surplus funds from the 2024-2025 debt service funds that are available to defease certain outstanding debt.

Administrative Considerations:

- The resolution includes amending and restating the prior authorization of \$9 million, approved by the board in August 2023 (for the 2024 budget year) to \$10 million. The debt that will be defeased using available cash will be from the 2019 Bond Program, Series Issuance 2019. The net present value savings will be \$4,129,000.
- The resolution also includes the authorization of \$10 million for the 2026 budget year.
- The administration recommends that the Board of Trustees approve the certificate for resolution to amend and restate the prior authorization of the defeasance and redemption of certain outstanding bonds and authorize the defeasance and redemption of certain outstanding bonds and that the Superintendent and Chief Financial Officer be designated as the authorized officer to identify the specific bonds to be defeased and to take such actions as may be required and necessary to effectuate such defeasance.

Communication Deployment:

- Board Meeting Minutes
- Copy to US Capital Advisors and Bond Legal Counsel

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Respectfully submitted,

Ludivina Cansino  
Chief Financial Officer