

Action Sheet

MEETING DATE:

January 20, 2021

AGENDA ITEM:

An Order Authorizing the Issuance of Galveston Independent School District Unlimited Tax Refunding Bonds, Taxable Series 2021; Providing for the Award of the Sale Thereof in Accordance with Specified Parameters; Levying a Tax and Providing for the Security and Payment Thereof; And Enacting Other Provisions Relating Thereto.

The District has been working with its financial advisor, Lewis Wilks - U.S. Capital Advisors, related to a refunding opportunity that is currently available assuming a taxable transaction. Based on the current taxable market, the District can refund the Series 2011 bonds (current refunding) and the Series 2013 bonds (advance refunding) and save almost \$2 million in interest cost. Presently we are estimating Present Value (PV) savings of \$1,842,443 or 5.52% and cash flow savings of \$1,911,058. The savings estimates above include negative arbitrage on \$425,734 due to the refunding of the Series 2013 bonds prior to the call date of 2/1/2023. The District is paying an interest rate of 3.88% on these outstanding bonds and the current market is approximately 1.00%, on a taxable basis.

The District's bond counsel, Jonathan Frels – Bracewell, has prepared a "delegated" bond order which if approved authorizes the Superintendent and/or Assistant Superintendent of Business and Operations to approve the final issuance of the bonds if certain parameters have been met:

- Maximum par amount - \$33,500,000
- Minimum PV savings – 5.00%
- Maximum Interest Rate – 2.50%

RECOMMENDATION: I move the board adopt an Order Authorizing the Issuance of Galveston Independent School District Unlimited Tax Refunding Bonds, Taxable Series 2021; Providing for the Award of the Sale Thereof in Accordance with Specified Parameters; Levying a Tax and Providing for the Security and Payment Thereof; And Enacting Other Provisions Relating Thereto



Kelli Moulton
Superintendent



Connie Morgenroth
Assistant Superintendent of Business & Operations