

Order Authorizing Issuance of Series 2012-C Refunding Bonds

August 14, 2012

SUMMARY:

Consider and take action on an order authorizing the issuance of Denton Independent School District Unlimited Tax Refunding Bonds; establishing procedures and delegating authority for the sale and delivery of the bonds; levying an annual ad valorem tax for the payment of said bonds; and enacting other provisions relating to the subject.

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:

None

BACKGROUND INFORMATION:

Long-term interest rates have continued to remain low over past few months providing the District with an opportunity to refinance a portion of its existing bonds at a lower rate, providing a debt service savings to the District and its taxpayers.

SIGNIFICANT ISSUES:

Pursuant to Federal Tax Law, the District may not "advance" refund certain of the outstanding Series 2004 and 2005-C Bonds on a "tax-exempt" basis as a portion of these bonds have already been "advance" refunded. However, the District may "advance refund" such bonds on a "taxable" basis at this time and lock-in the savings presented.

FISCAL IMPLICATIONS:

Assuming current rates of interest prevail at the time of the refunding, the total debt service savings are projected to be \$1,922,140.

BENEFIT OF ACTION:

The refunding program would reduce the interest cost for the District and its taxpayers, while generating capacity to issue additional bonds in the future.

PROCEDURAL AND REPORTING IMPLICATIONS:

The Board of Trustees would designate the ability to approve the issuance of the Series 2012-C Bonds to the District's Administration, so long as certain parameters included within the Bond Order approved by the Board of Trustees are met.

SUPERINTENDENT'S RECOMMENDATION:

Recommend approval of the Order Authorizing the Issuance of the Denton Independent School District Unlimited Tax Refunding Bonds, Series 2012-C with the following parameters:

1. The District achieves at least \$1,500,000 of savings;
2. A maximum of \$25,030,000 (principal amount) of the Refunding Bonds may be issued – The same dollar amount of Series 2004 and 2005-C Bonds to be refunded at a lower rate;
3. The true interest rate on the Refunding Bonds may not exceed 2.00%;
4. The final maturity of the Refunding Bonds may not exceed August 15, 2025 – The same final maturity as the Bonds to be refunded; and
5. The refunding program is completed prior to February 1, 2013.

STAFF PERSONS RESPONSIBLE:

Debbie Monschke, Executive Director of Administrative Services

ATTACHMENT:

Draft - Order Authorizing the Issuance of Denton Independent School District Unlimited Tax Refunding Bonds Letter – BOSC, Inc.

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Signature of Divisional Assistant Superintendent: _____

Signature of Superintendent: _____