



BOARD OF SCHOOL TRUSTEES

KELLER INDEPENDENT SCHOOL DISTRICT

9E. Action

Date: April 22, 2010

SUBJECT: **CONSIDER ADOPTION OF AN ORDER AUTHORIZING THE ISSUANCE OF UNLIMITED TAX REFUNDING BONDS, ESTABLISHING SALE PARAMETERS, AUTHORIZING THE EXECUTION OF A BOND PURCHASE CONTRACT AND AN ESCROW AGREEMENT; APPROVING AN OFFICIAL STATEMENT; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT**

BOARD GOAL: All systems in the Keller Independent School District will be effective, efficient and accountable in support of the district's mission.

FISCAL NOTE: Reduce future bond payments for outstanding 2000 bond issue
ANTICIPATED

Background Information:

- Opportunities in the Bond market arise to allow savings for the taxpayers for the refinancing of pre-existing bond obligations.
- A refunding issues bonds to buy U.S. government securities that are held in a closed escrow account and used to pay the original bond holders at the payment dates for the original district issued bonds.
- The bonds issued for the refunding will be the new obligation of the district to repay at lower interest rates while the maturing U.S. government obligations will be paying the old bond holders.
- The difference in the interest payments for the new bonds and the initially issued bonds creates the savings to the district.

Administrative Considerations:

- The action sought is identical in process to the last refunding in April and October of last year.

- The current market has presented a window for savings to the district. The analysis presented as of March 31st reflected an approximate 13.76% present value cash flow savings (PVS) to the district which is approximately \$1.9 million dollars in interest payments on \$8.5 million in bonds.
- The actual savings will be determined at the time of the sale of the refunding bonds.
- The minimum savings will be set for 10% Present Value Savings (PVS) level.
- An order that will be presented by Bond Counsel, if approved, would give authorization to the Deputy Superintendent or Chief Financial Officer to be the district's Pricing Officer to execute the refunding if certain savings could be realized by the district. The order will also include all other items that the Board will need to approve for the refunding.
- In addition, prior to any sale the preliminary offering statement must be produced and all necessary communications with the bond rating companies will be made.
- The final analysis of the refunding from the Series 2000 will be presented to the Board for approval after the negotiated sale has been made.
- This transaction will be reviewed by the district's Financial Advisor, First Southwest Company.
- The District's Bond Attorney, McCall, Parkhurst & Horton L.L.P., will present the Order Authorizing the Issuance of Unlimited Tax Refunding Bonds, Establish Sale Parameters, Authorizing the Execution of a Bond Purchase Contract and Escrow Agreement; Approving an Official Statement; and enacting Other Provisions Relating to the Subject.

Communication Deployment:

- Board Meeting Minutes
- Bond Trade Publications and Web sites
- Municipal Advisory Council of Texas

+++++

The administration recommends that the Board of Trustees approve the Order Authorizing the Issuance of Unlimited Tax Refunding Bonds, Establishing Sale Parameters, Authorizing the Execution of a Bond Purchase Contract and Escrow Agreement; Approving an Official Statement; and enacting Other Provisions Relating to the Subject.

Respectfully submitted,

Kent V. Morrison, III
Chief Financial Officer