

Order Authorizing Issuance of Unlimited Tax Refunding Bonds

February 23, 2016

SUMMARY:

Consider and act upon 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:
e. demonstrate effective and efficient management of District resources
f. provide leadership and/or oversight to ensure District meets all fiscal, legal and regulatory requirements

PREVIOUS BOARD ACTION:

None

BACKGROUND INFORMATION:

Municipal interest rates have declined over the 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:

The financing structure will result in a reduction in maturity amount of Capital Appreciation Bonds within the debt portfolio.

FISCAL IMPLICATIONS:

Assuming current rates of interest prevail at the time of the refunding, the total debt service savings are projected to be \$44,487,925.

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 Unlimited Tax Refunding 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 with the following parameters:

1. The District achieves a savings of at least \$25,000,000;
2. The maximum principal amount of Refunding Bonds that may be issued is \$118,749,192;
3. The maximum interest rate (All-In TIC) on the Refunding Bonds is 4.00%;
4. The final maturity of the Refunding Bonds may not exceed August 15, 2038 – the same final maturity as the existing Bonds to be Refunded; and
5. The refunding program is completed prior to August 21, 2016.

STAFF PERSONS RESPONSIBLE:

Debbie Monschke, Assistant Superintendent of Administrative Services
Jennifer Stewart, Budget Coordinator

ATTACHMENT:

Draft - Order Authorizing the Issuance of Denton Independent School District Unlimited Tax Refunding Bonds
BOSC Letter – Summary of Refunding Opportunity (February 2016)

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Signature of Divisional Assistant Superintendent: _____

Signature of Superintendent: _____