



BOSC, Inc.

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May 5, 2011

Dr. Ray Braswell
Superintendent of Schools
Denton Independent School District
1307 North Locust
Denton, Texas 76201

Ms. Debbie Monschke
Executive Director of Administrative Services
Denton Independent School District
1307 North Locust
Denton, Texas 76201

Re: Refunding of the District's Outstanding Bonds at a Lower Interest Rate

Dear Dr. Braswell and Ms. Monschke:

In September 2010, Denton Independent School District (the "District") approved the sale of bonds to refund its Unlimited Tax School Building and Refunding Bonds, Series 1998, Unlimited Tax School Building and Refunding Bonds, Series 1999, Unlimited Tax School Building and Refunding Bonds, Series 2001 and Unlimited Tax School Building and Refunding Bonds, Series 2004 (collectively, the "Bonds to be Refunded") at a lower interest rate, if certain parameters could be met. This approval was valid for the 6-month period of September 2010 – March 2011. However, the District was not able to achieve the established minimum savings level of \$1,000,000 due to a subsequent increase of municipal interest rates. The good news is interest rates have been declining and the savings available to the District are improving. This memorandum updates the previously approved financing plan to position the District to realize the savings for its taxpayers in the event interest rates continue to decline in the near future. The current savings available to the District is approximately \$965,000.

Recommendation

We recommend the District approve another "Parameters Order" to provide the opportunity to complete the refunding program within the next 6-months. Pursuant to the order, the District's Board of Trustees will delegate the authority to approve the sale of the Refunding Bonds to the District's Superintendent and Executive Director of Administrative Services, if certain parameters are met. We recommend the District utilize the same parameters previously approved in September 2010 for the District's Refunding Program.

- 1.) The District achieves at least \$1,000,000 of savings;
- 2.) A maximum of \$24,940,000 (principal amount) of Refunding Bonds may be issued;
- 3.) The interest rate (federal arbitrage yield) on the Refunding Bonds may not exceed 3.00%; and
- 4.) The refunding program is completed prior to November 30, 2011.

Preliminary Timetable

The preliminary timetable for the sale of the Refunding Bonds is listed below.

Preliminary Timetable – Refunding Bonds	
Date	Action Necessary
May 10, 2011	Board Meeting – Discuss Refunding Program and consider “Parameters Order” authorizing issuance of Refunding Bonds.
May 20, 2011	Completion of all actions necessary to complete the Refunding Program.
TBD	Pricing – Negotiated sale of the Refunding Bonds within the specified parameters – Savings locked-in at this time.
1-Business Day After Pricing	The District’s Administration approves sale of Refunding Bonds.
On or Prior to November 30, 2011	Closing – The Refunding Program is completed and the Bonds to be Refunded are no longer outstanding.

Closing

We hope this information is helpful as you manage the District’s financial position. Should any questions arise or additional information is needed, please do not hesitate to contact Josh McLaughlin or myself. Hope all is well and we look forward to visiting with you soon.



William J. Gumbert
Managing Director



Joshua M. McLaughlin
Investment Banker