

Order Authorizing Issuance of Unlimited Tax Refunding Bonds

January 20, 2015

SUMMARY:

Consider and act upon an order authorizing the issuance of 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 declined significantly 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:

Based upon current municipal interest rates, the District has an opportunity to reduce its interest cost by refunding a portion of its existing bonds at a lower interest rate.

FISCAL IMPLICATIONS:

Assuming current rates of interest prevail at the time of the refunding, the total debt service savings are projected to be \$16,714,866.

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 present value debt service savings of at least 7.5%;
2. The maximum principal amount of Refunding Bonds that may be issued is \$174,225,000 – The same dollar amount of Series 2007 and 2008 Bonds eligible to be refunded at a lower rate;
3. The maximum interest rate (All-In TIC) on the Refunding Bonds is 3.75%;
4. The final maturity of the Refunding Bonds may not exceed August 15, 2038 – the same final maturity as the 2008 Bonds; and
5. The refunding program is completed prior to July 19, 2015.

STAFF PERSONS RESPONSIBLE:

Debbie Monschke, Assistant Superintendent of Administrative Services

ATTACHMENT:

Draft - Order Authorizing the Issuance of Denton Independent School District Unlimited Tax Refunding Bonds
BOSC Letter – Summary of Refunding Opportunity (January 2015)

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Signature of Divisional Assistant Superintendent: _____

Signature of Superintendent: _____