

# Order Authorizing Refunding Bonds

August 24, 2010

## SUMMARY:

Consider and take action on an order authorizing the issuance of Denton Independent School District Unlimited Tax Refunding Bonds; establishing procedures 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... In pursuit of excellence, the district will:

- Demonstrate effective and efficient management of district resources

## PREVIOUS BOARD ACTION:

None

## BACKGROUND INFORMATION:

On August 10, 2010 Mr. Bill Gumbert discussed with the Board an opportunity to realize a savings by refunding a portion of outstanding bonds at a lower interest rate:

- 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
- Unlimited Tax School building and Refunding Bonds, Series 2004

## SIGNIFICANT ISSUES:

The total amount of bonds to be refunded at a lower interest rate total \$24,940,000 at a current interest rate of 5.09%.

## FISCAL IMPLICATIONS:

The proceeds of the refunding bonds would be used to repay the District's bonds to be refunded on their earliest redemption dates and to pay the costs of issuance associated with the refunding program. Total Debt Service savings are projected to be \$1,880,733.

## BENEFIT OF ACTION:

Allow the District to realize a savings of \$1,880,733 in the bond program.

## PROCEDURAL AND REPORTING IMPLICATIONS:

The Board of Trustees would designate the ability to approve the issuance of 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, Series 2010 with the following parameters:

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%.
4. The refunding program is completed prior to February 28, 2011.

## STAFF PERSONS RESPONSIBLE:

Debbie Monschke, Executive Director of Administrative Services

## ATTACHMENT:

Memo from Bill Gumbert  
Order Authorizing the Issuance of the Refunding Bonds

## APPROVAL:

Signature of Staff Member Proposing Recommendation: \_\_\_\_\_

Signature of Divisional Assistant Superintendent: \_\_\_\_\_

Signature of Superintendent: \_\_\_\_\_