



Update of Potential “Taxable” Refunding Opportunities

Monday, October 5, 2020

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Savings from District's Debt Management Practices

❑ Denton Independent School District (“DISD” or the “District”) has actively deployed various debt management practices to lower the borrowing costs of taxpayers. Such actions have reduced the cost of voter-approved bonds and provided District taxpayers with more than \$207 million of direct savings since year 2005!

❖ \$161,665,997 – Bond Refundings/Prepayment of Bonds

❖ \$ 35,884,718 – Lower Interest Rates from Prudent Use of Variable Rate Put Bonds

❖ \$ 9,508,402 – Use of Synthetic Debt Structures

\$207,059,117 – Total Savings to Taxpayers



Savings from District's Debt Management Practices

- Variable Rate Debt:** The District has strategically incorporated variable rate put bonds within its debt portfolio since year 2012 – lowering its borrowing cost by more than \$33.2 million in comparison to the sale of fixed rate bonds. As summarized below, the District's current interest rates on its existing variable rate bonds are 0.41% and 1.53%.

Summary of District's Existing Variable Rate Put Bonds					
Issue Description	Principal Amount Outstanding	Current Interest Rate Term	Mandatory Tender Date	Current Interest Rate	Final Maturity
Variable Rate Unlimited Tax School Building Bonds, Series 2013	\$ 21,390,000	3.0 Years	08/01/2023	0.41%	08/01/2040
Variable Rate Unlimited Tax School Building Bonds, Series 2014-B	67,925,000	5.0 Years	08/01/2024	1.53%	08/01/2044
Totals	\$ 89,315,000	---	---	---	---

- Synthetic Debt Structures:** The District has implemented two “synthetic fixed rate debt structures” (i.e. Series 2005-A and 2006-B Bonds) to potentially reduce the District's interest cost – As of June 30, 2020, these structures have reduced the District's interest cost by more than \$9.5 million.



Savings from District's Debt Management Practices

- Bond Refundings and Prepayment of Bonds:** The District has implemented 9 refunding programs and prepaid \$58.14 million of existing bonds, generating more than \$161.6 million of savings.

Summary of Interest Cost Savings – Bond Refunding Programs / Prepayment of Bonds			
Issue / Description	Series Refunded / Redeemed	Par Amount Refunded / Redeemed	Total Savings
Unlimited Tax Refunding Bonds, Series 2005-C [March 2005]	1998, 1999, 2001	\$ 50,855,000	\$ 3,251,044
Unlimited Tax Refunding Bonds, Series 2006 [July 2006]	2002	48,329,192	12,125,000
Unlimited Tax Refunding Bonds, Series 2011 [June 2011]	1998, 1999, 2001, 2004	24,940,000	1,838,589
Unlimited Tax Refunding Bonds, Series 2012-B [May 2012]	2002, 2004, 2005-C	64,614,784	13,196,404
Unlimited Tax Refunding Bonds, Taxable Series 2012-C [November 2012]	2004, 2005-C	25,030,000	2,551,494
Unlimited Tax Refunding Bonds, Series 2012-D [November 2012]	2004	40,155,000	8,937,721
Unlimited Tax Refunding Bonds, Series 2014-C [December 2014]	2006-A	15,010,000	1,252,934
Unlimited Tax Refunding Bonds, Series 2015 [April 2015]	2007, 2008	125,110,000	17,203,964
Unlimited Tax Refunding Bonds, Series 2016 [May 2016]	2006, 2007, 2008, 2009	118,749,192	51,970,247
Total - Bond Refunding Programs at a Lower Interest Rate	---	\$ 512,793,168	\$ 112,327,397
Prepayment of Series 1995 Bonds [November 2005]	1995	\$ 1,315,000	\$ 362,625
Prepayment of Series 2000 Bonds [February 2009]	2000	625,000	609,375
Prepayment of Series 2012-A Bonds [August 2015]	2012-A	5,120,000	5,529,600
Prepayment of Series 2013 Bonds [August 2016]	2013	7,000,000	7,507,600
Prepayment of Series 2012-A Bonds [February 2017]	2012-A	8,800,000	7,937,000
Prepayment of Series 2012-A Bonds [February 2018]	2012-A	17,700,000	13,962,000
Prepayment of Series 2012-A Bonds [August 2018]	2012-A	7,860,000	5,216,800
Prepayment of Series 2013 Bonds [February 2020]	2013	9,720,000	8,213,600
Total - Prepayment of Bonds Prior to Scheduled Maturity	---	\$ 58,140,000	\$ 49,338,600
Totals	---	\$ 570,933,168	\$ 161,665,997



Summary of the District's Outstanding Callable Bonds

- Denton ISD currently has \$1,166,880,000 of existing bonds eligible to be repaid or refinanced prior to maturity, as summarized in the table below.

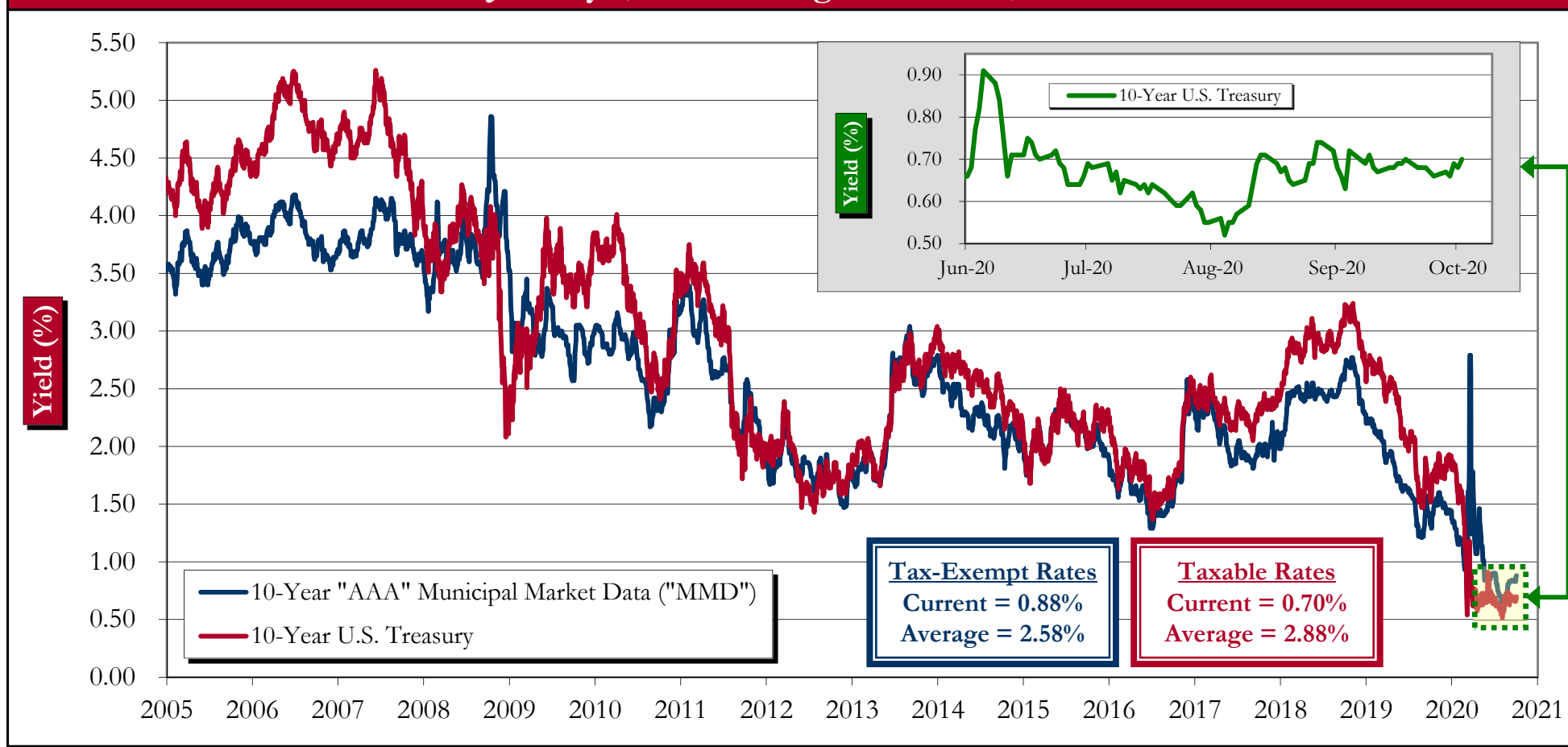
Denton ISD - Summary of Callable Bonds Outstanding - As of August 31, 2020						
Issue Description	Call Date	Principal Amount Outstanding	Principal Amount Callable	Callable Maturities	Final Maturity	Coupons: Callable Maturities
Unlimited Tax Refunding Bonds, Series 2011	Any Date	\$ 3,085,000	\$ 3,085,000	2021	2021	5.000%
Unlimited Tax Refunding Bonds, Series 2012-B	08/15/2022	53,975,000	50,225,000	2023-25; 2029-33	2033	3.125% - 5.000%
Unlimited Tax Refunding Bonds, Series 2012-D	08/15/2022	39,205,000	39,205,000	2026 - 2033	2033	2.850% - 5.000%
Variable Rate Unlimited Tax School Building Bonds, Series 2013	08/01/2023	21,390,000	21,390,000	2034 - 2040	2040	Variable Rate
Variable Rate Unlimited Tax School Building Bonds, Series 2014-B	08/01/2024	67,925,000	67,925,000	2038 - 2044	2044	Variable Rate
Unlimited Tax School Building Bonds, Series 2014-A	08/15/2024	63,020,000	55,655,000	2025 - 2038	2038	4.000% - 5.000%
Unlimited Tax Refunding Bonds, Series 2015	02/15/2025	105,900,000	80,560,000	2025 - 2033	2033	4.000% - 5.000%
Unlimited Tax School Building Bonds, Series 2015-A	08/15/2025	154,880,000	145,475,000	2026 - 2045	2045	5.000%
Unlimited Tax Refunding Bonds, Series 2016	02/15/2026	117,716,088	112,705,000	2026-31; 2034-38	2038	3.000% - 5.000%
Unlimited Tax School Building Bonds, Series 2018 [2027 Call]	08/15/2027	307,430,000	272,890,000	2028 - 2048	2048	3.000% - 5.000%
Unlimited Tax School Building Bonds, Series 2018 [2028 Call]	08/15/2028	75,000,000	75,000,000	2044 - 2048	2048	4.000%
Unlimited Tax School Building Bonds, Series 2020	08/15/2029	278,025,000	175,705,000	2030 - 2048	2048	1.750% - 5.000%
Variable Rate Unlimited Tax School Building Bonds, Series 2005-A	Swapped	37,060,000	37,060,000	2021 - 2035	2035	Synthetic Structure
Variable Rate Unlimited Tax School Building Bonds, Series 2006-B	Swapped	30,000,000	30,000,000	2023 - 2035	2035	Synthetic Structure
Unlimited Tax School Building & Refunding Bonds, Series 2001	Non-Callable	6,100,000	---	---	2021	---
Unlimited Tax Refunding Bonds, Taxable Series 2012-C	Non-Callable	3,090,000	---	---	2021	---
Unlimited Tax Refunding Bonds, Series 2014-C	Non-Callable	3,975,000	---	---	2022	---
Totals	---	\$ 1,367,776,088	\$ 1,166,880,000	---	---	---



“Taxable” Vs. “Tax-Exempt” Interest Rates

- Both tax-exempt and taxable interest rates continue to hover around their historical lows, primarily due to the economic uncertainty caused by the COVID-19 pandemic, potentially providing an opportunity for Denton ISD to complete a refunding of its existing bonds at a lower interest rate.

**Overview of 10-Year Tax-Exempt and Taxable Interest Rates
January 1, 2005 Through October 2, 2020**





Refunding Considerations

❑ “Tax-Exempt” Versus “Taxable” Refundings

■ Definitions:

- **Advance Refunding:** For purposes of certain tax and securities laws and regulations, a refunding in which the refunded issue remains outstanding (within a designated escrow account) for a period of more than 90 days after the issuance of the new refunding bonds.
- **Current Refunding:** A refunding transaction where the municipal securities being refunded will all mature or be redeemed within 90 days or less from the date of issuance of the new refunding bonds.

- As a direct result of “The Tax Cuts and Jobs Act of 2017,” Denton ISD may no longer complete a so-called advance refunding of its outstanding bonds on a “tax-exempt” basis, limiting the District’s ability to lock-in today’s interest rates.
- In lieu of a “tax-exempt” advance refunding, DISD may complete a “taxable” advance refunding of its bonds or, alternatively, wait to complete a “tax-exempt” current refunding.
- Based upon the District’s existing debt portfolio, except for the Series 2011 Bonds, a refunding of Denton ISD’s existing fixed rate, callable bonds must be completed on a “taxable” basis.



Refunding Considerations

❑ State-Mandated “Par-to-Par” Test and Capital Appreciation Bonds

- Pursuant to existing State law, Denton ISD may not issue new bonds in a “par amount” that exceeds the “par amount” of the bonds being refunded.
- In order to comply with this State mandate and based upon the coupon structure of “taxable” securities demanded by potential investors, a “taxable” refunding may require the use of Capital Appreciation Bonds (“CABs”), something the District has historically tried to avoid given the higher cost associated with such bonds.

❑ Opportunity Cost of Advance Refundings (i.e. “Negative Arbitrage”)

- As previously experienced with “tax-exempt” advance refundings, there are inefficiencies in the escrow account to repay DISD’s refunded bonds until their redemption date since short-term investment rates generate less investment income than is permitted under Federal tax law (i.e. “Negative Arbitrage”).
- Please note, “Negative Arbitrage” does not change the savings summarized herein as it is not an “actual” cost – It is solely an opportunity cost.



“Taxable Refunding Monitor” – Callable Bonds Next 5 Years

- On the next several pages, we have examined potential refunding candidates within Denton ISD’s existing debt portfolio that have a call date on or prior to August 15, 2025 (i.e. the next 5 years).

Summary of Savings and Negative Arbitrage by Maturity									
Bond Series	Refunded Maturity	Coupon	Bonds Eligible to be Refunded	Call Date	Present Value Savings (Dollars)	Present Value Savings (Percent)	Estimated Negative Arbitrage	Negative Arbitrage as a Percentage of Savings	Savings Efficiency Percentage
Series 2012-B	8/15/2023	5.000%	\$ 3,405,000	8/15/2022	\$ 104,709	3.08%	\$ 18,781	17.94%	84.79%
Series 2012-B	8/15/2024	5.000%	3,575,000	8/15/2022	244,659	6.84%	30,650	12.53%	88.87%
Series 2012-B	8/15/2025	5.000%	3,755,000	8/15/2022	396,493	10.56%	38,922	9.82%	91.06%
Series 2012-B	8/15/2029	3.125%	75,000	8/15/2022	5,774	7.70%	1,690	29.28%	77.35%
Series 2012-B	8/15/2030	3.250%	220,000	8/15/2022	19,969	9.08%	5,343	26.76%	78.89%
Series 2012-B	8/15/2031	3.250%	1,555,000	8/15/2022	147,184	9.47%	40,026	27.19%	78.62%
Series 2012-B	8/15/2032	5.000%	18,360,000	8/15/2022	4,593,849	25.02%	513,303	11.17%	89.95%
Series 2012-B	8/15/2033	5.000%	19,280,000	8/15/2022	5,195,144	26.95%	555,674	10.70%	90.34%
			\$ 50,225,000						
Series 2012-D	8/15/2026	4.000%	\$ 3,765,000	8/15/2022	\$ 349,685	9.29%	\$ 54,886	15.70%	86.43%
Series 2012-D	8/15/2027	5.000%	3,920,000	8/15/2022	631,584	16.11%	64,719	10.25%	90.71%
Series 2012-D	8/15/2028	5.000%	4,970,000	8/15/2022	866,321	17.43%	105,566	12.19%	89.14%
Series 2012-D	8/15/2029	4.000%	7,635,000	8/15/2022	1,016,025	13.31%	173,714	17.10%	85.40%
Series 2012-D	8/15/2030	2.850%	4,490,000	8/15/2022	277,632	6.18%	108,578	39.11%	71.89%
Series 2012-D	8/15/2031	4.000%	4,620,000	8/15/2022	715,477	15.49%	119,884	16.76%	85.65%
Series 2012-D	8/15/2032	4.000%	4,805,000	8/15/2022	779,846	16.23%	132,909	17.04%	85.44%
Series 2012-D	8/15/2033	3.000%	5,000,000	8/15/2022	391,639	7.83%	141,044	36.01%	73.52%
			\$ 39,205,000						

Notes:

- Highlighted maturities produce at least 3% present value savings and have a “Negative Arbitrage to Present Value Savings” ratio of less than 60%.
- Savings Efficiency Percentage equals present value savings/(present value savings + negative arbitrage).



“Taxable Refunding Monitor” – Callable Bonds Next 5 Years

Summary of Savings and Negative Arbitrage by Maturity

Bond Series	Refunded Maturity	Coupon	Bonds Eligible to be Refunded	Call Date	Present Value Savings (Dollars)	Present Value Savings (Percent)	Estimated Negative Arbitrage	Negative Arbitrage as a Percentage of Savings	Savings Efficiency Percentage
Series 2014-A	8/15/2025	4.000%	\$ 1,955,000	8/15/2024	\$ 8,978	0.46%	\$ 36,348	404.85%	19.81%
Series 2014-A	8/15/2026	5.000%	2,005,000	8/15/2024	78,344	3.91%	57,637	73.57%	57.61%
Series 2014-A	8/15/2027	5.000%	2,170,000	8/15/2024	150,237	6.92%	70,986	47.25%	67.91%
Series 2014-A	8/15/2028	5.000%	2,965,000	8/15/2024	244,391	8.24%	128,210	52.46%	65.59%
Series 2014-A	8/15/2029	5.000%	2,535,000	8/15/2024	266,921	10.53%	119,489	44.77%	69.08%
Series 2014-A	8/15/2030	5.000%	2,680,000	8/15/2024	336,272	12.55%	136,710	40.65%	71.10%
Series 2014-A	8/15/2031	5.000%	2,820,000	8/15/2024	404,005	14.33%	153,075	37.89%	72.52%
Series 2014-A	8/15/2032	5.000%	2,970,000	8/15/2024	470,225	15.83%	172,551	36.70%	73.16%
Series 2014-A	8/15/2033	5.000%	3,130,000	8/15/2024	555,803	17.76%	187,801	33.79%	74.74%
Series 2014-A	8/15/2034	5.000%	6,945,000	8/15/2024	1,305,932	18.80%	443,044	33.93%	74.67%
Series 2014-A	8/15/2035	5.000%	7,155,000	8/15/2024	1,402,786	19.61%	483,470	34.46%	74.37%
Series 2014-A	8/15/2036	5.000%	8,190,000	8/15/2024	1,651,970	20.17%	584,219	35.37%	73.87%
Series 2014-A	8/15/2037	5.000%	8,400,000	8/15/2024	1,675,733	19.95%	641,036	38.25%	72.33%
Series 2014-A	8/15/2038	5.000%	1,735,000	8/15/2024	363,084	20.93%	135,641	37.36%	72.80%
			\$ 55,655,000						

Notes:

- 1.) Highlighted maturities produce at least 3% present value savings and have a “Negative Arbitrage to Present Value Savings” ratio of less than 60%.
- 2.) Savings Efficiency Percentage equals present value savings/(present value savings + negative arbitrage).



“Taxable Refunding Monitor” – Callable Bonds Next 5 Years

Summary of Savings and Negative Arbitrage by Maturity

Bond Series	Refunded Maturity	Coupon	Bonds Eligible to be Refunded	Call Date	Present Value Savings (Dollars)	Present Value Savings (Percent)	Estimated Negative Arbitrage	Negative Arbitrage as a Percentage of Savings	Savings Efficiency Percentage
Series 2015	8/15/2025	5.000%	\$ 7,830,000	2/15/2025	\$ (55,830)	(0.71%)	\$ 150,026	---	---
Series 2015	8/15/2026	5.000%	8,215,000	2/15/2025	149,826	1.82%	249,356	166.43%	37.53%
Series 2015	8/15/2027	5.000%	8,635,000	2/15/2025	417,913	4.84%	301,226	72.08%	58.11%
Series 2015	8/15/2028	5.000%	9,085,000	2/15/2025	559,537	6.16%	426,096	76.15%	56.77%
Series 2015	8/15/2029	5.000%	9,540,000	2/15/2025	805,730	8.45%	489,801	60.79%	62.19%
Series 2015	8/15/2030	4.000%	10,025,000	2/15/2025	571,539	5.70%	547,075	95.72%	51.09%
Series 2015	8/15/2031	4.000%	8,725,000	2/15/2025	583,307	6.69%	507,946	87.08%	53.45%
Series 2015	8/15/2032	4.000%	9,075,000	2/15/2025	674,166	7.43%	566,913	84.09%	54.32%
Series 2015	8/15/2033	4.000%	9,430,000	2/15/2025	809,869	8.59%	609,071	75.21%	57.08%
			<u>\$ 80,560,000</u>						

Notes:

- 1.) Highlighted maturities produce at least 3% present value savings and have a “Negative Arbitrage to Present Value Savings” ratio of less than 60%.
- 2.) Savings Efficiency Percentage equals present value savings/(present value savings + negative arbitrage).



“Taxable Refunding Monitor” – Callable Bonds Next 5 Years

Summary of Savings and Negative Arbitrage by Maturity

Bond Series	Refunded Maturity	Coupon	Bonds Eligible to be Refunded	Call Date	Present Value Savings (Dollars)	Present Value Savings (Percent)	Estimated Negative Arbitrage	Negative Arbitrage as a Percentage of Savings	Savings Efficiency Percentage
Series 2015-A	8/15/2026	5.000%	\$ 2,105,000	8/15/2025	\$ (6,770)	(0.32%)	\$ 68,779	---	---
Series 2015-A	8/15/2027	5.000%	2,210,000	8/15/2025	59,545	2.69%	83,484	140.20%	41.63%
Series 2015-A	8/15/2028	5.000%	2,330,000	8/15/2025	93,514	4.01%	119,518	127.81%	43.90%
Series 2015-A	8/15/2029	5.000%	2,460,000	8/15/2025	154,989	6.30%	138,466	89.34%	52.82%
Series 2015-A	8/15/2030	5.000%	2,550,000	8/15/2025	212,120	8.32%	156,188	73.63%	57.59%
Series 2015-A	8/15/2031	5.000%	2,680,000	8/15/2025	270,610	10.10%	175,366	64.80%	60.68%
Series 2015-A	8/15/2032	5.000%	2,820,000	8/15/2025	327,217	11.60%	198,285	60.60%	62.27%
Series 2015-A	8/15/2033	5.000%	2,970,000	8/15/2025	401,789	13.53%	216,049	53.77%	65.03%
Series 2015-A	8/15/2034	5.000%	7,835,000	8/15/2025	1,141,942	14.57%	607,887	53.23%	65.26%
Series 2015-A	8/15/2035	5.000%	8,220,000	8/15/2025	1,263,961	15.38%	677,363	53.59%	65.11%
Series 2015-A	8/15/2036	5.000%	7,840,000	8/15/2025	1,249,817	15.94%	683,637	54.70%	64.64%
Series 2015-A	8/15/2037	5.000%	8,230,000	8/15/2025	1,293,770	15.72%	769,821	59.50%	62.70%
Series 2015-A	8/15/2038	5.000%	8,645,000	8/15/2025	1,443,544	16.70%	829,148	57.44%	63.52%
Series 2015-A	8/15/2039	5.000%	10,870,000	8/15/2025	1,907,014	17.54%	1,068,273	56.02%	64.10%
Series 2015-A	8/15/2040	5.000%	11,415,000	8/15/2025	2,084,542	18.26%	1,148,781	55.11%	64.47%
Series 2015-A	8/15/2041	5.000%	11,980,000	8/15/2025	2,307,054	19.26%	1,222,575	52.99%	65.36%
Series 2015-A	8/15/2042	5.000%	11,830,000	8/15/2025	2,385,406	20.16%	1,223,964	51.31%	66.09%
Series 2015-A	8/15/2043	5.000%	12,570,000	8/15/2025	2,637,597	20.98%	1,318,242	49.98%	66.68%
Series 2015-A	8/15/2044	5.000%	13,200,000	8/15/2025	2,866,733	21.72%	1,402,886	48.94%	67.14%
Series 2015-A	8/15/2045	5.000%	12,715,000	8/15/2025	2,844,307	22.37%	1,369,207	48.14%	67.50%
			\$ 145,475,000						

Notes:

- 1.) Highlighted maturities produce at least 3% present value savings and have a “Negative Arbitrage to Present Value Savings” ratio of less than 60%.
- 2.) Savings Efficiency Percentage equals present value savings/(present value savings + negative arbitrage).



Potential “Taxable” Advance Refunding Opportunity

- Based upon prevailing market conditions and the “Taxable Refunding Monitor,” the table below summarizes Denton ISD’s outstanding bonds which generate sufficient savings based upon prevailing market conditions to be considered for a potential “taxable” refunding program.

Summary of Bonds to be Refunded					
Issue Outstanding	Principal Amount To Be Refunded	Maturities To Be Refunded	Interest Rate	Redemption Date	Redemption Price
Unlimited Tax Refunding Bonds, Series 2012-B	\$ 50,225,000	08/15/2023 – 2025; 08/15/2029 – 2033	4.93%	08/15/2022	100.0%
Unlimited Tax Refunding Bonds, Series 2012-D	39,205,000	08/15/2026 – 2033	3.89%	08/15/2022	100.0%
Unlimited Tax School Building Bonds, Series 2014-A	51,695,000	08/15/2027 – 2038	5.00%	08/15/2024	100.0%
Unlimited Tax School Building Bonds, Series 2015-A	128,320,000	08/15/2033 – 2045	5.00%	08/15/2025	100.0%
Totals	\$ 269,445,000	---	4.89%	---	---

- For purposes of this analysis, the following options have been prepared for your review.
- Option #1 – Refund the Series 2012-B and Series 2012-D Bonds;
 - Option #2 – Refund the Series 2012-B, Series 2012-D and Series 2014-A Bonds; and
 - Option #3 – Refund the Series 2012-B, Series 2012-D, Series 2014-A and Series 2015-A Bonds.



Option #1 – Refund the Series 2012-B and Series 2012-D Bonds

- The table below summarizes the savings currently available to DISD by refunding a portion of its existing Series 2012-B and Series 2012-D Bonds **ONLY** on a “taxable” basis (net of all costs).

Summary of Potential Savings Available – Series 2012-B and 2012-D Bonds Only	
Description	Summary Of Results
Principal Amount of Series 2012-B and 2012-D Bonds to be Refunded	\$ 89,430,000
Interest Rate on the Series 2012-B and 2012-D Bonds to be Refunded	4.49%
“All-In” True Interest Cost on the Refunding Bonds	1.80%
Escrow Yield	0.16%
Total Debt Service Savings	\$ 16,903,888
Average Annual Savings (Years 2021/22 – 2032/33) (i.e. 12 Years)	1,408,657
Present Value Debt Service Savings (@ All-In TIC)	14,949,753
Present Value Savings as a Percentage of the Principal Amount of the Series 2012-B and Series 2012-D Bonds to be Refunded	16.72%
Opportunity Cost of Advance Refunding (i.e. “Negative Arbitrage”)	\$ 2,406,381
“Negative Arbitrage” as a Percentage of Present Value Savings	16.10%
Maturity Amount of Capital Appreciation Bonds Needed (Fully Matures By August 15, 2021)	\$ 1,085,000
Current Refunding Alternative – Estimated Rate Movement to Provide Same Dollar Savings (August 15, 2022 Call Date – Series 2012-B and Series 2012-D Bonds Only)	0.94%



Option #2 – Refund the Series 2012-B, Series 2012-D and Series 2014-A Bonds

- The table below summarizes the savings currently available to DISD by refunding a portion of its existing Series 2012-B, Series 2012-D and Series 2014-A Bonds on a “taxable” basis (net of all costs).

Summary of Potential Savings Available – Series 2012-B, 2012-D and 2014-A Bonds	
Description	Summary Of Results
Principal Amount of Bonds to be Refunded	\$ 141,125,000
Interest Rate on the Bonds to be Refunded	4.72%
“All-In” True Interest Cost on the Refunding Bonds	1.89%
Escrow Yield	0.25%
Total Debt Service Savings	\$ 28,452,543
Average Annual Savings (Years 2021/22 – 2037/38) (i.e. 17 Years)	1,673,679
Present Value Debt Service Savings (@ All-In TIC)	23,959,033
Present Value Savings as a Percentage of the Principal Amount of the Bonds to be Refunded	16.98%
Opportunity Cost of Advance Refunding (i.e. “Negative Arbitrage”)	\$ 5,416,612
“Negative Arbitrage” as a Percentage of Present Value Savings	22.61%
Maturity Amount of Capital Appreciation Bonds Needed (Fully Matures By August 15, 2023)	\$ 8,640,000
Current Refunding Alternative – Estimated Rate Movement to Provide Same Dollar Savings (August 15, 2024 Call Date – Series 2014-A Bonds Only)	1.32%



Option #3 – Refund the Series 2012-B, Series 2012-D, Series 2014-A and Series 2015-A Bonds

- The table below summarizes the savings currently available by refunding a portion of its existing Series 2012-B, Series 2012-D, Series 2014-A and Series 2015-A Bonds on a “taxable” basis (net of all costs).

Summary of Potential Savings Available – Series 2012-B, 2012-D, 2014-A and 2015-A Bonds	
Description	Summary Of Results
Principal Amount of Bonds to be Refunded	\$ 269,445,000
Interest Rate on the Bonds to be Refunded	4.89%
“All-In” True Interest Cost on the Refunding Bonds	2.23%
Escrow Yield	0.32%
Total Debt Service Savings	\$ 61,496,721
Average Annual Savings (Years 2021/22 – 2044/45) (i.e. 24 Years)	2,562,363
Present Value Debt Service Savings (@ All-In TIC)	46,930,502
Present Value Savings as a Percentage of the Principal Amount of the Bonds to be Refunded	17.42%
Opportunity Cost of Advance Refunding (i.e. “Negative Arbitrage”)	\$ 18,000,289
“Negative Arbitrage” as a Percentage of Present Value Savings	38.36%
Maturity Amount of Capital Appreciation Bonds Needed (Fully Matures By August 15, 2027)	\$ 43,455,000
Current Refunding Alternative – Estimated Rate Movement to Provide Same Dollar Savings (August 15, 2025 Call Date – Series 2015-A Bonds Only)	1.35%



Use of a “Parameters Bond Order” for Approval of a Refunding Bond Sale

- ❑ As previously utilized for Denton ISD’s prior bond sales, the District’s Board of Trustees may adopt a “Parameters Bond Order” to complete the sale of its Unlimited Tax Refunding Bonds, Taxable Series 2020-A (the “Taxable Series 2020-A Bonds”). The “Parameters Bond Order” authorizes DISD’s Administration to approve the refunding bond sale if each of the established parameters is met.

- ❑ The following is a representative listing of the primary parameters we would currently recommend for the Taxable Series 2020-A Bonds:
 - 1) The District achieves a “Present Value Savings as a Percentage of the Principal Amount of Bonds to be Refunded” ratio of at least 15.0%;
 - 2) Maximum principal amount to be issued – \$269,445,000 (The principal amount of the Series 2012-B, Series 2012-D, Series 2014-A and Series 2015-A Bonds eligible to provide a savings);
 - 3) Maximum “All-In” True Interest Rate (must not exceed) – 2.50%;
 - 4) Final maturity of the Taxable Series 2020-A Bonds – August 15, 2045; and
 - 5) Sale must be completed prior to April 11, 2021 (i.e. 180 days).

- ❑ Unless each parameter listed above can be achieved, the Taxable Series 2020-A Bonds will not be issued until additional direction is received from the District.



Preliminary Timetable – Taxable Series 2020-A Bonds

- The preliminary timetable for the implementation of the proposed Taxable Series 2020-A Bonds is summarized below.

October 2020						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

November 2020						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December 2020						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

January 2021						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Board Meeting
 Closing – Receipt of Funds

Preliminary Timetable – Taxable Series 2020-A Bonds	
Date*	Action Necessary
October 13, 2020	Board Meeting – Discuss potential “Taxable” Refunding Program and consider “Parameters Bond Order” authorizing the issuance of Denton ISD’s Unlimited Tax Refunding Bonds, Taxable Series 2020-A (the “Taxable Series 2020-A Bonds”).
November 6, 2020	Completion of all actions necessary to complete the “Taxable” Refunding Program.
To Be Determined.	Bond Sale – Pricing of the Taxable Series 2020-A Bonds pursuant to specified parameters and the District’s Administration approves the necessary legal documents – Interest rates and savings locked-in at this time.
December 3, 2020	Closing – The “Taxable” Refunding Program is completed and Denton ISD begins paying the lower interest rate on the Taxable Series 2020-A Bonds.

* Preliminary, subject to change.



Questions

