

Consider and Act Upon Adoption of an Order Authorizing the Issuance of Unlimited Tax School Building Bonds of the Denton Independent School District; 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; Authorizing the Execution of an Agreement with a Paying Agent/Registrar for the Bonds; and Enacting Other Provisions Relating to the Subject

June 23, 2020

SUMMARY:

Consider and act upon adoption of an order authorizing the issuance of unlimited tax school building bonds of the Denton Independent School District; 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; authorizing the execution of an agreement with a paying agent/registrar for the bonds; and enacting other provisions relating to the subject.

BOARD GOAL:

Growth & Management

- Demonstrate effective and efficient management of district resources
- Provide leadership and/or oversight to ensure District meets all fiscal, legal and regulatory requirements

PREVIOUS BOARD ACTION:

The Board called a bond election on February 13, 2018 to be held on May 5, 2018. The Board approved an order authorizing issuance of the 2018 Bonds on July 24, 2018.

BACKGROUND INFORMATION:

The voters authorized \$750,500,000 for the purpose of construction, renovation, acquisition and equipment of school buildings in the District, the purchase of the necessary sites for school buildings, the purchase of new school buses and the levying of the tax in payment thereof, including the costs of any credit agreements executed in connection with the bonds on May 5, 2018. To date, the District has issued one installment of bonds from the 2018 Bond Program in the amount of \$442,430,000 at an "All-In" True Interest Rate of 3.94%, leaving \$308,070,000 of bonds remaining to be sold.

SIGNIFICANT ISSUES:

The goals of the financing plan are to comply with the "50-Cent Debt Test" and meet the school facility needs of the District's growing student enrollment and the expectations of taxpayers; do not use costly Capital Appreciation Bonds (CABs); maintain I&S tax rate of 48 cents; minimize the District's total interest cost within approved Debt Management strategies; maximize the District future bond capacity for capital improvements; and provide flexibility to repay outstanding bonds prior to scheduled maturity, without penalty.

FISCAL IMPLICATIONS:

According to our Financial Advisors, based upon the \$204,324,195 of savings generated from the Debt Management Strategies deployed by the District over the last 15 years, current market rates of interest and the growth of the District's tax base, the District has bond capacity to sell \$308,070,000 of its remaining 2018 authorized bonds at this time without a Debt Service tax increase.

BENEFIT OF ACTION:

The issuance of a maximum of \$308,070,000 of bonds authorized from the 2020 Bond Program will fund construction and capital improvements to meet the needs of the District's student population, including Middle School #9, Elementary #25, renovations to the current Denton High School (to become Calhoun Middle School), the replacement/renovation of Newton Rayzor Elementary, program additions at LaGrone Advanced Technology Center, an Agriculture Science Center, Carrico Athletic Stadium, Fine Arts renovations, as well as various other renovations.

PROCEDURAL AND REPORTING IMPLICATIONS:

Designate the authority for the Superintendent and Chief Financial Officer to approve the issuance of the Series 2020 Bonds, as long as certain parameters included within the Bond Order approved by the Board of Trustees are met.

SUPERINTENDENT'S RECOMMENDATION:

Consider and act upon adoption of an order authorizing the issuance of unlimited tax school building bonds of the Denton Independent School District; 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; authorizing the execution of an agreement with a paying agent/registrar for the bonds; and enacting other provisions relating to the subject, within the following parameters:

1. The aggregate original principal amount of the Bonds shall not exceed \$308,070,000;
2. The final maturity of the Bonds shall not be later than August 15, 2048;
3. The true interest rate of the Bonds shall not exceed 4.00%; and
4. The delegation shall expire if not exercised by the Pricing Officer on or before December 20, 2020.

STAFF PERSONS RESPONSIBLE:

Dr. Scott Niven, Chief Financial Officer

Jennifer Stewart, Director of Budget

ATTACHMENT:

Order Authorizing the Issuance of Denton Independent School District Unlimited Tax School Building Bonds

BOK Financial Advisors – Preliminary Financing Plan

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Signature of Divisional Assistant Superintendent: _____