

Resolution Authorizing Restructuring of Denton Independent School District Unlimited Tax Refunding Bonds, Taxable Series 2020-A Escrow Fund

January 16, 2024

SUMMARY:

Consider and act upon adoption of an order authorizing restructuring of Denton Independent School District Unlimited Tax Refunding Bonds, Series 2020-A Escrow Fund.

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 previously adopted an order authorizing the issuance of Denton ISD's Unlimited Tax Refunding Bonds, Taxable Series 2020-A (the "Series 2020-A Bonds") on October 13, 2020.

BACKGROUND INFORMATION:

On December 17, 2020, Denton ISD issued its Series 2020-A Bonds to refund a portion of DISD's existing Unlimited Tax Refunding Bonds, Series 2012-B and Series 2012-D and Unlimited Tax School Building Bonds, Series 2014-A and Series 2015-A (collectively, the "Refunded Bonds"). This refunding program reduced the District's future interest cost by \$67,124,217.

As part of the refunding program, proceeds from the Series 2020-A Bonds were deposited into an escrow account (the "Escrow Fund") and used to purchase governmental securities, through a competitive bidding process, to pay off the Refunded Bonds on their respective redemption dates. The Escrow Fund for the Series 2020-A Bonds has a final maturity of August 15, 2025.

Based upon prevailing market conditions, Denton ISD may restructure the Escrow Fund by selling some of the inefficient governmental securities and purchasing new securities, which will still accomplish the goal of paying off the Refunded Bonds, while allowing the District to withdraw "excess" cash from the Escrow Fund and deposit such funds into Denton ISD's Interest & Sinking Fund. It is currently anticipated that the "cash release" from the Escrow Fund will be approximately \$1 million.

SIGNIFICANT ISSUES:

None. The escrow restructuring will allow the District to more efficiently pay off the Refunded Bonds, while providing a "cash release" in excess of \$1 million based upon prevailing market conditions.

FISCAL IMPLICATIONS:

None. This restructuring will be completed at no financial cost to the District. Rather, this escrow restructuring will provide additional funds in the District's existing Interest & Sinking Fund.

BENEFIT OF ACTION:

Again, this restructuring will provide additional funds in the District's existing Interest & Sinking Fund, which may be used in the future to either subsidize the Interest & Sinking Fund tax rate and/or pay off existing bonds prior to scheduled maturity, saving future interest costs.

PROCEDURAL AND REPORTING IMPLICATIONS:

Designate the authority for the Superintendent and Deputy Superintendent to complete the restructuring of the Escrow Fund for the Series 2020-A Bonds.

SUPERINTENDENT'S RECOMMENDATION:

Recommend approval of the Resolution Authorizing the Restructuring of Denton Independent School District Unlimited Tax Refunding Bonds, Taxable Series 2020-A Escrow Fund.

PERSONS RESPONSIBLE:

Dr. Jeremy Thompson, Deputy Superintendent
Jennifer Stewart, Executive Director of Budget

ATTACHMENT:

- Order Authorizing the Restructuring of Denton Independent School District Unlimited Tax Refunding Bonds, Taxable Series 2020-A Escrow Fund
- Engagement Letter for BLX Group LLC to serve as Bidding Agent for the proposed restructuring

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Signature of Divisional Assistant Superintendent: _____