

Order Authorizing Issuance of Unlimited Tax School Building Bonds, Series 2014-A

March 25, 2014

SUMMARY:

Consider and act upon adoption of an order authorizing the issuance of Unlimited Tax School Building 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; authorizing the execution of agreements with a paying agent/registrars for the 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:

The Board authorized the bond election for November 5, 2013. The voters approved authorization of \$312,000,000 with 5,984 votes "For" and 2,798 votes "Against".

BACKGROUND INFORMATION:

On February 25, 2014, Mr. Bill Gumbert presented a review of the preliminary financing plan for the initial \$156,000,000 bond sale from the 2013 Bond Program.

SIGNIFICANT ISSUES:

The district will utilize a combination of fixed and variable rates of interest with \$86,000,000 (Series-A) in fixed rate bonds and \$70,000,000 in variable rate bonds (Series 2014-B)

FISCAL IMPLICATIONS:

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 bond repayment period of 30 years; 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, as taxable values increase in the future.

BENEFIT OF ACTION:

This bond sale will fund the construction of High School #4, Elementary #23, the purchase of land and other projects from the 2013 Bond Program.

PROCEDURAL AND REPORTING IMPLICATIONS:

The Board of Trustees would designate the ability to approve the issuance of the Series 2014-A Bonds to the District's Administration, as 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 Denton Independent School District Unlimited Tax School Building Bonds, Series 2014A with the following parameters:

1. A maximum of \$86,000,000 (principal amount) may be issued;
2. The true interest rate on the Series 2014A Bonds does not exceed 5%;
3. The final maturity of the Series 2014A Bonds must not exceed August 15, 2044; and
4. The District must complete the sale on or prior to September 21, 2014 (i.e. 180 days after the "Parameters Bond Order" is adopted).

STAFF PERSONS RESPONSIBLE:

Debbie Monschke, Assistant Superintendent of Administrative Services

ATTACHMENT:

Draft - Order Authorizing the Issuance of Denton Independent School District Unlimited Tax School Building Bonds
BOSC, Inc. – Preliminary Financing Plan

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Signature of Divisional Assistant Superintendent: _____

Signature of Superintendent: _____