

# Order Authorizing Issuance of Denton Independent School District Unlimited Tax School Building Bonds, Series 2023

June 13, 2023

## 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/registrant 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 March 28, 2023 to be held on May 6, 2023.

## BACKGROUND INFORMATION:

On May 6, 2023, the voters authorized \$1,418,481,928 for the purpose of designing, constructing, renovating, improving, upgrading, updating, modernizing, acquiring, and equipping school facilities (and any necessary or related removal of existing facilities); the purchase of the necessary sites for school facilities; the purchase of new school buses and security devices for school buses; and acquiring, updating, improving, modernizing, and installing school technology improvements, all in accordance with and subject to the election propositions authorizing such bonds, to pay capitalized interest on the Bonds, and to pay costs of issuance of the Bonds.

## SIGNIFICANT ISSUES:

The goals of the 2023 Bond Program are:

- Meet or exceed expectations of taxpayers – Fully implement the 2023 Bond Program within the projected cost communicated to voters at the time of the May 6, 2023 bond election;
  - Pursuant to the voter education material used for the May 2023 bond election, neither Proposition A nor Proposition B would generate a tax rate increase – Current I&S tax rate of 48 cents will remain constant.
- Maximize the District's future bond capacity for capital improvements;
- Maintain a bond repayment period of 30 years or less;
- Short-Term Projects: Fully repay bonds issued for certain short-term projects over their useful lives;
- As the District has previously utilized to strategically lower its borrowing costs, the use of variable rate bonds is limited to no more than 25% of the District's total debt portfolio;
- Incorporate ongoing flexibility to prepay outstanding bonds to reduce the interest cost of taxpayers; and
- Structure repayment of bonds to comply with the State-mandated "50-Cent Debt" limitation and to minimize the use of Capital Appreciation Bonds ("CABs").

## FISCAL IMPLICATIONS:

According to our Financial Advisors, based upon the \$311,256,975 of savings generated from the Debt Management Strategies deployed by the District over the last 18 years, current market rates of interest and the growth of the District's tax base, the District has bond capacity to sell \$1,036,485,000 of its 2023 authorized bonds at this time without a Debt Service tax increase.

## BENEFIT OF ACTION:

The issuance of a maximum of \$1,036,845,000 of bonds authorized from the 2023 Bond Program will fund construction and capital improvements to meet the needs of the District's student population.

## PROCEDURAL AND REPORTING IMPLICATIONS:

Designate the authority for the Superintendent and Deputy Superintendent to approve the issuance of the Series 2023 Bonds, 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 2023 with the following parameters:

1. The maximum principal amount of the Bonds shall not exceed \$1,036,485,000;
2. The final maturity of the Bonds shall not be later than August 15, 2053;
3. The maximum "All-In" true interest rate of the Bonds shall not exceed 5.50%; and
4. The delegation shall expire if not exercised by the Pricing Officer on or before June 12, 2024 (i.e. one year).

**STAFF PERSONS RESPONSIBLE:**

Dr. J. Scott Niven, Deputy Superintendent  
Jennifer Stewart, Executive 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: \_\_\_\_\_