

# Order Authorizing Issuance of Variable Rate Series 2012-A Bonds

January 24, 2012

## SUMMARY:

Consider and take action on an order authorizing the issuance of Denton Independent School District Unlimited Tax School Building Bonds; establishing procedures 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/Registrar, a Remarketing Agent and a Tender Agent with respect to the bonds; providing an effective date; 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:

None

## BACKGROUND INFORMATION:

Variable rate bonds have previously been a valuable "Debt Management" tool for the District as they: 1) Have historically provided a lower interest rate than fixed rate bonds; and 2) May be prepaid prior to scheduled maturity, providing the District with the flexibility to manage its annual bond payments and corresponding Interest & Sinking Fund tax rates as taxable values and capital needs change in future years.

## SIGNIFICANT ISSUES:

Middle School #7 will be funded with the issuance of \$40 million of bonds from the 2007 Bond Program.

## FISCAL IMPLICATIONS:

- Bonds will be structured as Variable Rate Put Bonds and maintain an I&S tax rate of 49.0 cents.
- Bonds are to be repaid over a 30-year period and structured to allow the District to prepay the bonds prior to scheduled maturity, without penalty.
- District will not receive State assistance for the repayment of existing or new bonds.

## BENEFIT OF ACTION:

Plans for the design and construction of Middle School #7 may continue and meet the desired timeline.

## PROCEDURAL AND REPORTING IMPLICATIONS:

The Board of Trustees would designate the ability to approve the issuance of the Series 2012-A Bonds to the District's Administration, so 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 the Denton Independent School District Unlimited Tax School Building Bonds, Series 2012-A with the following parameters:

1. A maximum of \$40,000,000 (principal amount) may be issued.
2. The initial interest rate on the Series 2012-A Bonds does not exceed the highest lawful rate
3. The final maturity of the Series 2012-A Bonds may not exceed 30-years
4. The District must receive the proceeds from the sale of the Series 2012-A Bonds on or prior to July 15, 2012.

## STAFF PERSONS RESPONSIBLE:

Debbie Monschke, Executive Director of Administrative Services

## ATTACHMENT:

Draft - Order Authorizing the Issuance of Denton Independent School District Variable Rate Unlimited Tax School Bonds

## APPROVAL:

Signature of Staff Member Proposing Recommendation: \_\_\_\_\_

Signature of Divisional Assistant Superintendent: \_\_\_\_\_

Signature of Superintendent: \_\_\_\_\_