

Variable Rate Unlimited Tax School Building Bonds, Series 2005-A Extension and Amendment of the Existing Standby Bond Purchase Agreement

August 27, 2019

SUMMARY:

Consider and take action to extend the Standby Bond Purchase Agreement (SBPA) supporting the Variable Rate Unlimited Tax School Building Bonds, Series 2005-A.

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:

On September 27, 2016, the Board authorized the Superintendent and or Assistant Superintendent of Administrative Services to approve, execute, and deliver an extension and amendments to the Liquidity Agreement and to the related Fee Agreement dated October 11, 2013.

BACKGROUND INFORMATION:

The District's current SBPA with Bank of America, N.A. to provide liquidity for the remarketing of the District's Variable Rate Unlimited Tax School Building Bonds will expire on December 27, 2019.

SIGNIFICANT ISSUES:

Pursuant to the original financing documents, rating agency requirements and to ensure the Bonds remain "marketable" to investors at market rates of interest, the District is required to maintain a SBPA provider for the Bonds.

FISCAL IMPLICATIONS:

Bank of America, N.A. has agreed to extend the existing Standby Bond Purchase Agreement for an additional 3-year period, at a reduced fee of .35%. This reduced fee is projected to save the District an average of \$38,529 per year, over the next three years.

BENEFIT OF ACTION:

To date, Denton Independent School District has reduced the cost of taxpayers by more than \$3.7M by utilizing this financing structure.

PROCEDURAL AND REPORTING IMPLICATIONS:

The final terms and conditions of the agreement are expected to be completed by the end of October 2019.

SUPERINTENDENT'S RECOMMENDATION:

Recommend adoption of An Order Authorizing Extensions to and Amendment of the Standby Bond Purchase Agreement for the District's Variable Rate Unlimited Tax School Building Bonds, Series 2005-A; Delegating Authority to Execute and Deliver Such Extensions and Amendment; And Enacting Other Provisions Relating to the Subject

1. The maximum amount of the liquidity facility shall not be increased.
2. The term of the extension shall not exceed three years.
3. The facility fee rates to be paid pursuant to the amended Liquidity Agreement and Fee Agreement during the extension shall be as set forth in Exhibit A of the Order.
4. The security and source of payment of the District's obligations under the amended Liquidity Facility and Fee agreement shall be as set forth in the order authorizing the issuance of the Bonds.
5. The delegation made hereby shall expire if not exercised by the Authorized Officer on or prior to March 27, 2020.

STAFF PERSONS RESPONSIBLE:

Debbie Monschke, Assistant Superintendent of Administrative Services
Jennifer Stewart, Director of Budget

ATTACHMENT:

- Letter from BOK, Inc. – Re: Variable Rate Unlimited Tax School Building Bonds, Series 2005-A – Extension of Existing Standby Bond Purchase Agreement
- Order Authorizing the Execution and Delivery of a Substitute Standby Bond Purchase Agreement

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Comments: _____

Signature of Divisional Assistant Superintendent: _____

Comments: _____

Signature of Superintendent: _____

Comments: _____