

**Order Authorizing the Issuance of the Denton Independent School District
Unlimited Tax Refunding Bonds, Taxable Series 2020-A;
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; And Enacting Other Provisions Relating to the Subject**

October 13, 2020

SUMMARY:

The purpose of this request is to authorize the Issuance of the Denton Independent School District Unlimited Tax Refunding Bonds, Taxable Series 2020-A. This would be a result of refunding a portion of the existing Series 2012-B, Series 2012-D, Series 2014-A, and Series 2015-A Bonds.

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 is presented with tax savings opportunities as they arise, and as market conditions allow for such transactions.

BACKGROUND INFORMATION:

The District has actively deployed various debt management practices to lower the borrowing costs of taxpayers. Such actions have reduced the cost of voter-approved bonds and provided District taxpayers with more than \$207 million of direct savings since 2005.

To date, the District has implemented 9 refunding programs and prepaid \$58.14 million of existing bonds, generating more than \$161.6 million of savings.

SIGNIFICANT ISSUES:

Based upon prevailing market conditions and the “Taxable Refunding Monitor” (callable bonds in the next 5 years), the District would be able to generate sufficient savings by considering a potential “taxable” refunding program for the Series 2012-B, Series 2012-D, Series 2014-A, and Series 2015-A Bonds.

Pursuant to existing State law, Denton ISD may not issue new bonds in a “par amount” that exceeds the “par amount” of the bonds being refunded. In order to comply with this State mandate and based upon the coupon structure of “taxable” securities demanded by potential investors, a “taxable” refunding may require the use of Capital Appreciation Bonds (“CABs”).

FISCAL IMPLICATIONS:

This is an opportunity for Denton ISD to complete a refunding of its existing bonds at a lower interest rate.

BENEFIT OF ACTION:

This action will provide a more efficient use of the District’s funds in support of the Bond Program.

PROCEDURAL AND REPORTING IMPLICATIONS:

Designate the authority for the Superintendent and Chief Financial Officer to independently authorize and finalize the terms of the Unlimited Tax Refunding Bonds, Taxable Series 2020-A.

SUPERINTENDENT’S RECOMMENDATION:

Consider and act upon adoption of an order authorizing the issuance of unlimited tax refunding 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; and enacting other provisions relating to the subject:

1. The District Achieves a “Present Value Savings as a Percentage of the Principal Amount of Bonds to be Refunded” ratio of at least 15.0%.
2. Maximum principal amount to be issued - \$269,445,000 (The principal amount of the Series 2012-B, Series 2012-D, Series 2014-A and Series 2015-A Bonds eligible to provide a savings);
3. Maximum “All-In” True Interest Rate (must not exceed) – 2.50%;
4. Final maturity of the Taxable Series 2020-A Bonds – August 15, 2045; and
5. Sale must be completed prior to April 11, 2021 (i.e. 180 days).

Unless each parameter is listed above can be achieved, the Taxable Series 2020-A Bonds will not be issued until additional direction is received from the District.

STAFF PERSONS RESPONSIBLE:

Dr. J. Scott Niven, Chief Financial Officer
Jennifer Stewart, Director of Budget

ATTACHMENT:

Order Authorizing the Issuance of the Denton Independent School District Unlimited Tax Refunding Bonds, Taxable Series 2020-A; 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; And Enacting Other Provisions Relating to the Subject

BOSC Presentation

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Signature of Divisional Assistant Superintendent: _____