

Order Authorizing Issuance of Series 2012-B Refunding Bonds

January 24, 2012

SUMMARY:

Consider and take action on an order authorizing the issuance of Denton Independent School District Unlimited Tax Refunding 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 and an Escrow Agent; 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:

Long-term interest rates have declined significantly over the past few months providing the District with an opportunity to refinance a portion of its existing bonds at a lower rate, providing a debt service savings to the District and its taxpayers.

SIGNIFICANT ISSUES:

Based upon current municipal interest rates, the District has an opportunity to reduce its interest cost by refunding a portion of its existing bonds at a lower interest rate.

FISCAL IMPLICATIONS:

Assuming current rates of interest prevail at the time of the refunding, the total debt service savings are projected to be \$16,432,625.

BENEFIT OF ACTION:

The refunding program would reduce the interest cost for the District and its taxpayers, while generating capacity to issue additional bonds in the future.

PROCEDURAL AND REPORTING IMPLICATIONS:

The Board of Trustees would designate the ability to approve the issuance of the Series 2012-B 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 Refunding Bonds, Series 2012-B with the following parameters:

1. The District achieves at a present value debt service savings of at least 5%, net of any District cash contribution.
2. A maximum of \$104,234,783.30 (principal amount) of the Series 2012-B Bonds may be issued.
3. The interest rate (Federal arbitrage yield) on the Series 2012-B Bonds cannot exceed 4.00%
4. The final maturity of the Series 2012-B Bonds may not exceed August 15, 2033 – the same final maturity as the Bonds to be refunded
5. The refunding program is completed prior to January 15, 2013.

STAFF PERSONS RESPONSIBLE:

Debbie Monschke, Executive Director of Administrative Services

ATTACHMENT:

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

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Signature of Divisional Assistant Superintendent: _____

Signature of Superintendent: _____