Proposal to Provide a Standby Bond Purchase Agreement Supporting Variable Rate Demand Bonds to:

Denton Independent School District ("District")

SUMMARY OF PRELIMINARY TERMS AND CONDITIONS

Submission date: July 12, 2010

Reference is made to the Standby Bond Purchase Agreement between Bank of America, N. A. ("Bank") as Lender and the District dated January 15, 2005 (the "Agreement"). The terms and conditions detailed under the Agreement shall remain a part of the proposed renewal unless specifically noted below. The Bank hereby submits for initial discussion and subject to final credit approval this proposal to extend the commitments under the Agreement for a period of up to three (3) years under the following terms and conditions:

LENDER: **Bank of America, NA** (the "Bank").

FACILITY AMOUNT: Total of $46,500,000.00 plus required interest coverage.

PURPOSE: To provide support for the Variable Rate Unlimited Tax School Building Bonds, Series 2005-A (the "Bonds") for the acquiring, constructing and equipping of school buildings within the District and purchasing the necessary sites therefor.

SECURITY: Secured with the pledge of the ad valorem taxes levied against all taxable property located within the District, without legal limitation as to rate or amount.

BANKS INFORMATION:

CONTACTS:

Name: Michael A. Feist
Title: Senior Vice President
Bank of America, N.A.
Address: 901 Main Street
Dallas, Texas 75202
Telephone: 214-209-3217
Facsimile: 214-209-1319
email: michael.feist@bankofamerica.com

BANK COUNSEL: Chapman and Cutler LLP

Name: R. William Hunter, Esq.
Address: 111 West Monroe Street
Chicago, IL 60603
Telephone: (312) 845-2962
Facsimile: (312) 516-3962
email: hunter@chapman.com

FACILITY FEES:

(a) Facility Fee:

Term	Facility Fee
One (1) year	45 bppa
Three (3) years	55 bppa

(c) Downgrade Pricing: The above pricing is subject to the maintenance of the current ratings assigned to the long term, unenhanced senior debt of the Issuer that is secured on parity with to the Bonds ("Parity Debt"). The Facility Fee will be increased one time per level by: (i) 10.0 bppa for each rating downgrade of any Parity Debt below its current ratings of "AA" / "AA-" by S&P or Fitch, as applicable, plus an additional (ii) 150 bppa should a rating be withdrawn or suspended for any reason, and (iii) 150 bppa upon the occurrence of an Event of Default as described in the Reimbursement Agreement.

All such fee increases will be cumulative.

EXTENSIONS:

(a) 364 days: The Issuer may request an extension in writing of not more than 364 days within a time period no greater than 120 days and no less than 90 days prior to the expiration date of the Facility.

(b) Multi-year: The Issuer may request an extension in writing of up to three (3) years within a time period no greater than one year and no less than 180 days prior to the expiration date of the Facility.

The Bank will respond in writing within 60 days of receipt of a written request. The Banks' determination to accept or reject any such request shall be within the Banks' sole and absolute discretion. The failure of the Bank to respond to a request shall be deemed a denial of a request.

The terms of each extension will be determined by mutual agreement after such analysis and due diligence as the Bank may require. Should the Facility not be renewed or should the Issuer fail to request an extension on a timely basis, the Issuer will covenant to refinance or defease the Notes or provide a substitute Facility or convert the Notes to a fixed rate.

OTHER FEES AND EXPENSES:

(a) Bank Counsel: Legal fees will be varied depending on the final structure, an estimate and cap for the alternative structures presented herein are provided below:

Estimate:	$15,000.00
Capped:	$25,000.00 plus expenses

(b) Termination Fee: Facility Term is 1 Year: If the Facility is terminated within the first year following its delivery, the Issuer will be required to pay all amounts due the Bank to such date plus an amount equal to the Facility Fee and all other fees and expenses due under the Agreement that would have been payable through the remainder of the first year (a "Termination Fee").

Facility Term is 2 or 3 Years: If the Facility is terminated prior to the end of the 2nd year following its delivery, the Issuer will be required to pay all amounts due the Bank to such date plus an amount equal to the Facility Fee and all other fees and expenses due under the Agreement that would have been payable through the end of the second year (a "Termination Fee"). After the second anniversary of the Facility's delivery, the Facility may be terminated by the Issuer without any Termination Fee.

INTEREST RATES:

(a) Base Rate:	The greater of:	(i) Bank of America's Prime Rate plus 1.50%, (ii) the Federal Funds Rate plus 3.00%, and (iii) 7.5%.
(b) Liquidity Rate:	Days 1 – 90: Day 91 and thereafter	Base Rate Term Loan Rate

Provided further that at no time shall the purchased bond rate be less than the rate on variable rate bonds that are not bank-held bonds.

(c) Term Loan Rate: Base Rate plus 2.00%.

(d) Default Rate: Base Rate plus 3.00%.

DOCUMENTATION: Documentation will include the Agreement(or an amendment thereto) prepared by Bank Counsel. The Agreement will include, but not be limited to, the terms and conditions outlined herein as well as the provisions that are customary and standard with respect to conditions precedent, representations and warranties, covenants, events of default and remedies (including acceleration of the Issuer's obligations under the Agreement, if applicable).

PARTICIPATIONS: The Bank reserves the right in its sole discretion to sell participations in this transaction.

PROPOSED TERMS AND CONDITIONS SUBJECT TO CERTAIN EVENTS:

This proposal is not a commitment. It represents a willingness on the part of Bank of America to seek approval to consummate a transaction based upon the terms and conditions outlined herein and is <u>subject to</u>:

- Final credit approval (see "Credit Process Timeframe" below),
- Absence of any material adverse change in the financial condition, operations or prospects of the Issuer, or in any law, rule or regulation (or their interpretation or administration), that, in each case, may adversely affect the consummation of the transaction, to be determined in the Bank's sole discretion,
- Such additional due diligence as the Bank may require, and
- Agreement as to all final terms and conditions and satisfactory documentation thereof (including satisfactory legal opinions).

CREDIT PROCESS TIMEFRAME:

The credit process will take 15 business days from the point at which the Banks are officially awarded the transaction and have in their possession all materials necessary to undertake a full credit analysis.

RESCISSION BY THE BANK:

Bank of America reserves the right to unilaterally rescind part or all of the proposed terms and conditions herein at any time prior to their acceptance, which can only be effected by signing and returning this document to the Bank.

EXPIRATION OF TERMS AND CONDITIONS:

Unless rescinded earlier, consideration of a financing based on the terms and conditions presented in this term sheet shall automatically expire July 30, 2010.

The Bank reserves the right to terminate, reduce or otherwise amend its commitment if the subject transaction is not closed within 90 days of the receipt of a signed term sheet.

FUTURE MODIFICATIONS:

The terms, conditions, pricing levels and fees (including legal fees and expenses) cited herein reference the financing and the Facility Amount as described in this Summary of Preliminary Terms and Conditions and are subject to revision in the event that (i) the Facility Amount changes, (ii) the security or transaction structure is modified, (iii) the transaction deviates materially from what was initially described in the RFP or in conjunction therewith, (iv) the proposed financing does not close within 90 days of the receipt by Bank of America of a signed term sheet.

CONFIDENTIALITY: This Summary of Preliminary Terms and Conditions contains confidential and proprietary structuring and pricing information. Except for disclosure on a confidential basis to your accountants, attorneys and other professional advisors retained by you in connection with the Facility or as may be required by law, the contents of this Summary of Preliminary Terms and Conditions may not be disclosed in whole or in part to any other person or entity without our prior written consent, provided that nothing herein shall restrict disclosure of information relating to the tax structure or tax treatment of the proposed Facility.

AGREEMENT BY THE ISSUER / OBLIGOR:

The Issuer hereby agrees to engage Bank of America to provide the Facility, which is the subject hereof, pursuant to the terms and conditions stated herein.

Please evidence your acceptance of the foregoing by signing and returning a copy of the document to Bank of America.

ACCEPTED AND AGREED TO:

By: ______________________________ Date: ___________________

EXHIBIT A

CONDITIONS PRECEDENT TO CLOSING:

Standard for facilities of this type and as currently contained in the Agreement; however, including but not limited to the following additions:

- Appointment of any replacement fiduciary and Remarketing Agent satisfactory to the Bank.
- Evidence satisfactory to the Bank that a CUSIP number has been obtained and reserved for the Bonds and any Bank Bonds.
- Upon the request of the Bank, the Issuer will immediately use its best efforts to provide a rating applicable to the Bank Bonds of no less than Baa3, BBB- or BBB- from one of Moody's, S&P or Fitch, respectively.
- Other conditions precedent as are customary for a financing of the type contemplated, including payment of fees at closing.

REPRESENTATIONS AND WARRANTIES:

Standard for facilities of this type and as currently contained in the Agreement.

COVENANTS:

Standard for facilities of this type and as currently contained in the Agreement; however, including but not limited to the following additions

- Any swap termination fees subordinate to Bonds and the obligations of the Issuer under the Standby Bond Purchase Agreement.
- More restrictive covenants in other existing or future credit facilities deemed incorporated in the Agreement.
- Substitution of fiduciaries and Remarketing Agent.
-

REMARKETING AGENT:

- The Issuer shall at all times cause a Remarketing Agent to be in place, which Remarketing Agent shall be acceptable to the Bank.
- The Issuer will covenant at all times to cause the Remarketing Agent to use its best efforts to remarket Bonds (including, without limitation, Bank Bonds) up to the Maximum Rate.
- If the Remarketing Agent fails to remarket any Bank Bonds for 30 consecutive calendar days, or otherwise fails to perform its duties under the Remarketing Agreement, then the Issuer agrees, at the written request of the Bank, to cause the Remarketing Agent to be replaced with a Remarketing Agent satisfactory to the Bank.

- The Remarketing Agent must give 60 days' written notice prior to resigning.

EVENTS OF DEFAULT / SPECIAL EVENTS OF DEFAULT:

Standard for facilities of this type and as currently contained in the Agreement; including without limitation the following Special Events of Default:

- Failure of the Issuer to pay regularly scheduled interest, principal and sinking fund installments on the Bonds (including Bank Bonds) when due

- Failure of the Issuer to pay principal, interest, sinking fund installments or any other amount due as debt service on any Parity Debt.

- Invalidity or unenforceability of payment obligations or security interests provided in the Agreement, the Bank Bonds or the Bond Documents or those provisions become null and void for any reason

- Voluntary or involuntary bankruptcy, insolvency, debt moratorium, etc.

- Failure by the Issuer to pay, when due, an uninsured, final, non-appealable judgment or order of $5,000,000 or more which shall be rendered against the Issuer and such judgment has not been vacated, discharged, satisfied or stayed by the Issuer within a reasonable period of time.

- The long term ratings assigned by S&P and Fitch to the Bonds or unenhanced Parity Debt are withdrawn or suspended for a credit-related reason or reduced below BBB- / BBB- (or the equivalent), respectively.

REMEDIES:

Upon the occurrence of a Special Event of Default, the Facility shall automatically and immediately be terminated or suspended without notice or demand to any person and, thereafter, the Bank will be under no further obligation to purchase unremarketed Bonds unless reinstated after a suspension.

In addition to the remedies available following a Special Event of Default, the Bank may, among other things, increase the Facility Fee pursuant to the Agreement, cause a mandatory tender of the Bonds after notice, cause the Default Rate to apply to all outstanding obligations of the Issuer to the Bank and pursue any other remedies to which it is entitled under the Agreement, the Bond Documents, at law or in equity.