

AN ORDER AUTHORIZING THE EXECUTION AND DELIVERY OF A SUBSTITUTE STANDBY BOND PURCHASE AGREEMENT FOR THE DENTON INDEPENDENT SCHOOL DISTRICT VARIABLE RATE UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2006-B; APPROVING A TERM SHEET FOR THE SUBSTITUTE STANDBY BOND PURCHASE AGREEMENT; DELEGATING AUTHORITY TO EXECUTE AND DELIVER SUCH SUBSTITUTE STANDBY BOND PURCHASE AGREEMENT; AND ENACTING PROVISIONS RELATED THERETO.

WHEREAS, Denton Independent School District (the “*District*”) has issued its Variable Rate Unlimited Tax School Building Bonds, Series 2006-B (the “*Bonds*”) pursuant to an Order adopted by the Board of Trustees of the District (the “*Board*”) on June 27, 2006, as amended pursuant to an Order adopted by the Board on June 12, 2012 (as amended, the “*Bond Order*”);

WHEREAS, the District entered into a Standby Bond Purchase Agreement dated as of December 29, 2014 and related Fee Letter dated December 30, 2014 (collectively, the “*Prior Liquidity Agreement*”), with the Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch, to provide liquidity support for the Bonds;

WHEREAS, pursuant to its terms, the Prior Liquidity Agreement expires December 28, 2018;

WHEREAS, JPMorgan Chase Bank, N.A. (the “*Bank*”) and the District desire to enter into a Standby Bond Purchase Agreement and related Fee Letter (collectively, the “*Liquidity Agreement*”) to replace and supersede the Prior Liquidity Agreement to provide liquidity support for the Bonds;

WHEREAS, the Bank has provided the District with its Proposal for Standby Bond Purchase Agreement – Denton ISD dated October 16, 2018 (the “*Term Sheet*”) setting forth the terms and conditions for execution and delivery of the Liquidity Agreement, and this Board has found and determined that it is in the best interest of the District to agree to enter into the Liquidity Agreement with the Bank in accordance with the Term Sheet;

WHEREAS, the District is an “issuer” under Section 1371.001(4)(P), Texas Government Code, having (i) a principal amount of at least \$100 million in outstanding long-term indebtedness, in long-term indebtedness proposed to be issued, or a combination of outstanding or proposed long term indebtedness and (ii) some amount of long-term indebtedness outstanding or proposed to be issued that is rated in one of the four highest rating categories for long-term debt instruments by a nationally recognized rating agency for municipal securities, without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation;

WHEREAS, the District is authorized by Section 1371.056, Texas Government Code, to delegate to an officer or employee of the District the authority, under the terms and for the period approved by the Board, to enter into the Liquidity Agreement; and

WHEREAS, any capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Bond Order;

NOW, THEREFORE, BE IT ORDERED BY THE BOARD OF TRUSTEES OF THE DENTON INDEPENDENT SCHOOL DISTRICT:

Section 1. Recitals. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section.

Section 2. Term Sheet. The Term Sheet presented to the Board at this meeting and attached hereto as Exhibit A is hereby approved and adopted by the Board for and on behalf of the District as the terms and conditions with respect to the Liquidity Agreement to be executed and delivered by the Superintendent or Assistant Superintendent of Administrative Services of the District (each an “*Authorized Officer*”) pursuant to the authority conferred by Section 3 of this Order. An Authorized Officer is hereby authorized to execute and deliver the Term Sheet if so required by the Bank.

Section 3. Approval of Liquidity Agreement; Delegation of Authority. The Liquidity Agreement with the Bank, substantially in the form and substance of the Prior Liquidity Agreement provided to the Board at the meeting at which this Order is adopted, is hereby approved, and an Authorized Officer, acting for and on behalf of the Board, is authorized to enter into and carry out the Liquidity Agreement incorporating the terms and conditions in the Term Sheet and such other changes the Authorized Officer determines to be necessary or acceptable in connection therewith, subject to the parameters set forth in Exhibit B. An Authorized Officer is further authorized, for and on behalf of the District and the Board, to approve and execute any necessary interim extensions of the Prior Liquidity Agreement prior to the execution and delivery of the Liquidity Agreement pursuant to the first sentence of this Section 3.

Section 4. Amendments to Tender Agent Agreement and Remarketing Agreement. An Authorized Officer, acting for and on behalf of the Board, is authorized to enter into and carry out any amendments to the Tender Agent Agreement or the Remarketing Agreement, as defined in the Bond Order, that the Authorized Officer determines to be necessary or acceptable in connection with the execution and delivery of the Liquidity Agreement.

Section 5. Further Procedures. The President and Secretary of the Board and the officers of the District are each hereby authorized to take or cause to be taken such other actions and to execute and deliver such documents and certificates as necessary or appropriate to consummate the transactions authorized by this Order, including without limitation, to obtain approval of the Attorney General of Texas, if required, to retain legal counsel in connection with the matters addressed herein or to obtain a rating or rating confirmation from any nationally recognized statistical rating organization, and payment of related fees, such notices as may be required by the proceedings that authorized the issuance of the Bonds, and the preparation and distribution of a supplement to the Remarketing Memorandum for the Bonds dated

December 22, 2014 or other disclosure document related to such transactions. Prior to the execution and delivery of the Liquidity Agreement, an Authorized Officer and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Order in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Order, (ii) obtain a rating from any of the national recognized statistical rating organizations, (iii) make changes to this Order deemed reasonable and necessary by an Authorized Officer, with the advice of Bond Counsel, to conform this Order to the requirements set forth in the Term Sheet or the Liquidity Agreement, or (iv) obtain the approval of the Bonds by the Texas Attorney General's office.

Section 6. Open Meeting. It is hereby officially found and determined that the meeting at which this Order was adopted was open to the public, and public notice of the time, place and purpose of the meeting was given, all as required by the Texas Open Meetings Act.

Section 7. Effective Date. This Order shall be in full force and effect from and upon its adoption.

Section 8. Severability. If any section, paragraph, clause or provision of this Order shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provision of this Order.

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FINALLY PASSED, APPROVED AND EFFECTIVE the 23<sup>rd</sup> day of October, 2018.

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President, Board of Trustees  
Denton Independent School District

ATTEST:

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Secretary, Board of Trustees  
Denton Independent School District

(DISTRICT SEAL)

**EXHIBIT A**

**TERM SHEET FOR STANDBY BOND PURCHASE AGREEMENT**

*Attached hereto.*

# J.P.Morgan

October 16, 2018

Josh McLaughlin, Managing Director  
BOK Financial Securities, Inc.  
333 West Campbell Road, Suite 350  
Richardson, TX 75080  
[jmclaughlin@bokf.com](mailto:jmclaughlin@bokf.com)

## Proposal for Standby Bond Purchase Agreement – Denton ISD

Dear Mr. McLaughlin,

On behalf of JPMorgan Chase Bank, N.A. ("JPMorgan" or the "Bank"), we are pleased to submit this proposal to provide Denton Independent School District ("DISD" or "the District") with a \$30,000,000, plus applicable interest, Standby Bond Purchase Agreement (the "SBPA" or the "Facility") to provide liquidity support for the District's Variable Rate Unlimited Tax School Buildings Bond, Series 2006-B (the "Bonds"). JPMorgan currently provides \$668.4 million in liquidity to Texas school districts, including Dallas Independent School District, and approximately \$4.3 billion in credit to Texas issuers. We are eager to use our familiarity with the state to begin a credit relationship with the District.

- (1) JPMorgan is willing to provide the full facility amount of \$30,000,000 plus the required interest rate coverage.
- (2) The District may elect a three (3) or five (5) year facility. The Facility will have a one (1) year term out, paid in quarterly installments. Although the Bonds are currently remarked in the Weekly mode, the Bank is comfortable having the Bonds trade in the Daily mode. J.P. Morgan Securities LLC is currently the #1 remarketing agent of daily VRDBs. Daily VRDBs have historically outperformed weekly VRDBs by 15 bps on average over the last 11 years.
- (3) Please find the annual facility fee associated with each SBPA term offered below.

SBPA Annual Facility Fee	
Tenor	Facility Fee (bps)
Three (3) Years	35.0
Five (5) Years	45.0

JPMorgan is willing to tie adjustments to the proposed annual facility fee to the ratings of the Permanent School Fund Guarantee Programs of the State of Texas.

JPMorgan will not require an upfront fee.

In the event the District elects to terminate the Facility or otherwise permanently reduce (excluding mandatory sinking fund redemptions) the principal amount of the Facility prior to its stated expiration date, the District will be required to pay JPMorgan a termination or reduction fee equal to the Facility Fee which would have accrued on the full Facility Amount, or in the case of a reduction, the amount being permanently reduced, from the date of termination or reduction through the stated expiration date. The District will not be required to pay the termination or reduction fee if the Facility is terminated due to a short-term ratings downgrade of JPMorgan by two of the three rating agencies, below P-1 by Moody's, A-1 by S&P, or F1 by Fitch or if JPMorgan imposes increased costs. Additionally, should the District elect to refinance or refund the Bonds in full via a fixed rate refinancing, no termination fee will be due. All Facility Fees and any other amounts owed to the Bank will be due and payable prior to the effectiveness of any such termination or reduction, as applicable.

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- (4) Should the Bonds come Bank Bonds will bear interest at a rate per annum equal to: (A) through and including the date that is 90 days after the date of purchase, the highest of (i) JPMorgan Prime plus 1.5% p.a.; (ii) Fed Funds plus 2.0% p.a.; or (iii) 7.5% p.a. (the "Base Rate"); and (B) thereafter, the Base Rate plus 1.0%.
- (5) JPMorgan's long-term and short-term ratings and most recent ratings outlooks from Moody's, S&P, and Fitch are below.

Credit Ratings			
Rating Agency	Long-Term	Short-Term	Outlook
Moody's	Aa3	P-1	Stable / Review for Upgrade
S&P	A+	A-1	Stable
Fitch	AA	F1+	Stable

- (6) All legal fees and disbursements will be for the District's account and payable on the date of closing. Tanya Fischer, *Partner*, of Orrick, Herrington & Sutcliffe LLP will serve as bank counsel. Legal fees are capped at \$35,000, plus disbursements. No other expenses are anticipated.
- (7) JPMorgan has received preliminary credit approval. Please note that this proposal is subject to final credit approval by JPMorgan. The typical period for credit review is ten (10) business days after receiving all required information from the District to complete the credit approval process.
- (8) Please find the Bank's contact information below. All questions and requests for additional information should be directed to David Bayer.

**JPMorgan Chase Bank, N.A.**  
383 Madison Avenue, 3rd Floor  
Mail Code NY1-165  
New York, NY 10179

**David Bayer, Executive Director**  
Email: [david.m.bayer@jpmorgan.com](mailto:david.m.bayer@jpmorgan.com)  
Telephone: (212) 270-4186  
Facsimile: (917) 546-2657

- (9) Please find proposed Bank Counsel's information below.

**Orrick, Herrington & Sutcliffe LLP**  
609 Main Street, 40th Floor  
Houston, TX 77002

**Tanya Fischer, Partner**  
Email: [tfischer@orrick.com](mailto:tfischer@orrick.com)  
Telephone: (713) 658-6793

- (10) JPMorgan will not require any other terms or conditions prior to entering into the SBPA, other than those customary and usual for a transaction of this nature.

JPMorgan is a market leader in providing municipal issuers with credit and liquidity products. Our Public Finance Credit Origination Group currently manages approximately \$18.5 billion in commitments across more than 130 clients. We would be pleased to provide detailed terms and conditions should the District find our offer attractive. Please contact us if you are interested in receiving more information. Thank you for your consideration.

Yours sincerely,



David Bayer  
Executive Director  
JPMorgan Chase Bank, National Association

cc: Doug Hartman, *Executive Director*  
Janice Fong, *Analyst*

**JPMorgan Chase Bank, National Association**  
383 Madison Avenue • New York, NY 10179  
Telephone 212-270-4186 • Facsimile 917-546-2657  
[david.m.bayer@jpmorgan.com](mailto:david.m.bayer@jpmorgan.com)

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*This proposal is intended only as an outline of certain indicative terms of the facilities described herein (the "Facilities") and does not purport to be an exhaustive or all-inclusive summary of the conditions, covenants, representations, warranties and other provisions that would be contained in definitive documentation for the Facilities. The final documentation may include terms and conditions required by JPMorgan Chase Bank, National Association (together with its affiliates, "JPMorgan") that are not included in this proposal. This proposal is non-binding, is not a commitment and is subject to final credit approval.*

*Denton Independent School District (the "Issuer" or the "District") acknowledges and agrees that: (i) JPMorgan does not have an advisory or fiduciary relationship with the District and nothing in this proposal or our services in connection therewith or otherwise will be deemed to create an advisory or fiduciary relationship (irrespective of whether JPMorgan or any of its affiliates has provided other services or is currently providing other services to the District on other matters); (ii) JPMorgan has no obligations to the District with respect to the transaction contemplated hereby unless and except to the extent expressly stated in this proposal; and (iii) the District has consulted with and is relying on its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.*

*This proposal from JPMorgan for the Facilities is entirely independent from any proposal or other agreement from any other affiliate of JPMorgan to provide other services.*

## **EXHIBIT B**

### **PARAMETERS FOR STANDBY BOND PURCHASE AGREEMENT**

1. The maximum facility amount for the Liquidity Agreement shall be as set forth in the Term Sheet, or such amount as may be agreed upon by the District and the Bank.
2. The initial term of the Liquidity Agreement, notwithstanding any subsequent extensions agreed to by the District and the Bank, shall not exceed five years.
3. The rates to be paid pursuant to the Liquidity Agreement shall be as set forth in the Term Sheet, subject to adjustment in a similar fashion as in the Prior Liquidity Agreement.
4. The security and source of payment of the District's obligations under the Liquidity Agreement shall be as set forth in the Bond Order.
5. The delegation made hereby shall expire if not exercised by the Authorized Officer on or prior to October 23, 2019.