

AN ORDER AUTHORIZING THE EXECUTION AND DELIVERY OF A SUBSTITUTE STANDBY BOND PURCHASE AGREEMENT FOR THE DISTRICT'S VARIABLE RATE UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2006-B; APPROVING A TERM SHEET FOR THE SUBSTITUTE STANDBY BOND PURCHASE AGREEMENT; APPROVING AMENDMENTS TO THE SERIES 2006-B BOND ORDER; 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 (the "Bond Order");

WHEREAS, in connection with the issuance of the Bonds, the District entered into a Standby Bond Purchase Agreement, dated June 27, 2006 (the "Prior Liquidity Agreement"), with Bank of America, N.A.;

WHEREAS, pursuant to its terms, the Prior Liquidity Agreement expires July 27, 2012 and the District and Bank of America, N.A. will not extend the Prior Liquidity Agreement;

WHEREAS, Wells Fargo Bank, National Association (the "Bank") and the District desire to enter into a Standby Bond Purchase Agreement (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 dated June 7, 2012 (the "Term Sheet") setting forth the terms and conditions for 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;

WHEREAS, the Board desires to amend certain provisions of the Bond Order in connection with the substitution of the Prior Liquidity Agreement with 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.

Section 3. Approval of Liquidity Agreement; Delegation of Authority. The Liquidity Agreement with the Bank, substantially in the form and substance submitted to the Board at the meeting at which this Order is adopted, is hereby approved, and the Superintendent or Executive Director of Administrative Services of the District (each an "Authorized Officer"), acting for and on behalf of the Board, are 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.

Section 4. Amendments to the Bond Order. Pursuant to Section 15.01(f) of the Bond Order, the Bond Order is amended as follows in this Section 4. The amendments shall be effective upon the effective date of the Liquidity Agreement.

The following defined term in Section 1.01 of the Bond Order is hereby amended and restated in its entirety as follows:

"Amortization Start Date" shall mean, with respect to any Purchased Bonds, the earlier to occur of (i) the fifth anniversary of the date of such Drawing, (ii) the fifth anniversary of the expiration date of the Liquidity Agreement; (iii) the date that a Substitute Liquidity Agreement replaces the Liquidity Agreement, (iv) the date on which the Bonds mature or are redeemed, prepaid or canceled pursuant to the terms of the bond documents or the amount of the Liquidity Agreement is otherwise reduced to zero; or (v) the date on which the interest rate borne by the Bonds is converted to a rate not covered by the Liquidity Agreement.

Section 5. 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 or the amendments to the Bond Order.

Section 6. 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 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 Official Statement for the Bonds dated June 15, 2006 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 7. 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 8. Effective Date. This Order shall be in full force and effect from and upon its adoption.

FINALLY PASSED, APPROVED AND EFFECTIVE the 12th day of June, 2012.

President, Board of Trustees
Denton Independent School District

ATTEST:

Secretary, Board of Trustees
Denton Independent School District

(DISTRICT SEAL)

EXHIBIT A

TERM SHEET FOR STANDBY BOND PURCHASE AGREEMENT

Attached hereto.

Proposal to Provide an SBPA to:

Denton Independent School District

June 7, 2012

**Summary of Preliminary Terms and Conditions (“Term Sheet”)
(For Discussion Purposes Only – Not a Commitment to Lend)**

Obligor: Denton Independent School District ("Obligor").

Facility and Purpose: A Standby Bond Purchase Agreement (“SBPA”, or the “Facility”) to provide liquidity support for its Series 2006-B Variable Rate Demand Bonds (VRDB’s).

Bank: Wells Fargo Bank, National Association (the "Bank").

Term: Up to three (3) years from the effective date of the Facility.

The term of the Facility may be extended on an annual or multi-annual basis, upon the mutual consent of the Obligor and the Bank.

Facility Amount: In the maximum amount of up to \$30.6 Million.

The amount will cover principal plus applicable accrued interest.

Security: The Bonds constitute direct and voted obligations of the District, payable as to principal and interest from ad valorem taxes levied annually against all taxable property located within the District, without legal limitation as to rate or amount.

FACILITY FEES:

Up-front Fee: None

Facility Fee :

Term	SBPA Facility Fee
1 Year	30 bps
2 Years	40 bps
Maturity on or prior to 12/31/2014	45 bps
3 Years	50 bps

The Bank shall receive the benefit of any higher pricing and/or fees offered by the Obligor to other credit enhancers or liquidity providers in this transaction.

Downgrade Pricing:

The above pricing is subject to the maintenance of the current ratings assigned to the long term, unenhanced debt of the Obligor that is secured on parity with or senior to, the Bonds ("Parity Debt"). Should the ratings change, the Facility Fee will be adjusted as reflected below:

Credit Rating (S&P/Moody's/Fitch)	SBPA Facility Fee
AA to AA-	+5bps
AA- to A+	+10bps
A+ to A	+10bps
A to A-	+10bps
A- to BBB+	+25bps
BBB+ to BBB	+35bps
BBB to BBB-	+50bps

In the event of a split rating, the lower rating will prevail. If one or more of the underlying ratings are withdrawn or suspended for any reason, or an event of default occurs, the Facility Fee shall automatically increase to the Facility Fee which would apply if any rating assigned to the Obligor's Parity Debt is "BBB-" plus one hundred basis points (1.00%) per annum.

All of the foregoing pricing increases shall be cumulative.

References above are to rating categories as presently determined by the rating agencies, and in the event of the adoption of any new or changed rating system or a "global" rating scale by any such rating agency, the ratings categories shall be adjusted accordingly to a new rating which most closely approximates the ratings currently in effect.

OTHER FEES AND EXPENSES:

Bank Counsel:

Estimated at \$35,000 plus fees and expenses, subject to increase if the transaction is not closed within 60 days, if the security or structure of the transaction changes materially, or if other complexities develop.

Termination/Reduction Fee:

If the Facility is terminated for any reason within the first year following its delivery, on the date of termination, the Obligor will be required to pay (i) all amounts then due and owing to the Bank and (ii)

one year of Facility Fees (Facility Fee multiplied by Facility Amount), less the Facility Fee amount already paid.

No Termination Fee shall apply in the event that the Bank's short-term ratings fall below P1 and A-1, respectively, from Moody's and S&P, respectively.

If the Facility is permanently reduced within the first year following its delivery, the Obligor will be required to pay all amounts due the Bank to such date relating to such reduced amount plus an amount equal to the Facility Fee that would have been payable through the remainder of the first year on such reduced amount.

Draw and Related Fees: Obligor shall pay to the Bank the following additional fees: (i) a draw fee of \$300.00 at the time of each advance under the Facility; (ii) an amendment fee or transfer fee in a minimum amount of \$2,500.00 plus associated legal expenses; and (iii) all other fees charged by Bank regarding the Facility.

Increased Costs and Capital Adequacy; Standard increased costs and capital adequacy provisions will be provided for in final documentation.
Taxes:

PAYMENT OF FEES AND EXPENSES:

Timing / Computation of Payments: All fees are non-refundable. Any Upfront Fee and Bank Counsel fees and expenses are payable at closing in immediately available funds. The Facility Fee is based on the Facility Amount, payable quarterly in arrears at the end of each calendar quarter.

Any Termination Fee or Reduction Fee is payable on the date of the Facility's termination or reduction, as applicable.

Obligor shall be responsible for all out of pocket costs and expenses of Bank incurred in connection with the negotiation, execution, delivery, administration and enforcement of the Facility, including, without limitation, the legal fees and expenses of counsel to the Bank, whether or not the Facility closes.

INTEREST RATES:

Base Rate: The greatest of:
(i) the Bank's Prime Rate plus 1.0%;
(ii) the Federal Funds Rate plus 2.0%; or
(iii) 7%

Liquidity Rate: Days 1 – 180: Base Rate.
Thereafter: Term Loan Rate.

Term Loan Rate: Base Rate plus 1.00%.

Default Rate: Base Rate plus 3.00%.

REPAYMENT OF DRAWS:

Liquidity Drawings: Draws under the Facility to pay the purchase price of Bank Bonds are referred to herein as "Liquidity Draws." The interest portion of the Liquidity Draw shall be due and payable on the date of the draw. The principal portion ("Principal Portion") of the Liquidity Draw shall bear interest at the Liquidity Rate and shall be payable on or before the 180th day following the date of such Liquidity Drawing except as provided below.

Interest on Liquidity Draws: Bonds purchased with the proceeds of a Liquidity Draw shall constitute Bank Bonds. The Bank shall be the registered or beneficial owner of the Bank Bonds. Bank Bonds shall bear interest at the Liquidity Rate payable monthly in arrears on the first business day of each month.

Payment of Term Loans: So long as no event of default shall have occurred and is continuing and all representations and warranties are true and correct, each Liquidity Loan that is not repaid within 180 days shall automatically convert to a Term Loan. Each Term Loan must be repaid in full by the earlier of: (i) the fifth anniversary of the date of such Drawing, (ii) the fifth anniversary of the expiration date of the Facility; (iii) the date that a substitute facility replaces the Facility, (iv) the date on which the Bonds mature or are redeemed, prepaid or canceled pursuant to the terms of the bond documents or the amount of the Facility is otherwise reduced to zero; or (v) the date on which the interest rate borne by the Bonds is converted to a rate not covered by the Facility.

Subject to the foregoing, each Drawing will amortize in equal semi-annually payments.

Bank Bonds shall be subject to redemption on the dates in the amounts on which the principal of each Liquidity Loan or Term Loan is due.

Conditions Precedent To Funding Under The Facility: Timely delivery of duly completed request for Advance, the absence of specified Events of Default and Suspension Events, which pursuant to the published guidelines of the rating agencies and customary practice in this market, permit the suspension or termination of the Banks'

funding obligation.

Prepayment: The Principal Portion of each Liquidity Draw and each Term Loan may be prepaid at any time without penalty.

Clawback Amounts: The Facility will include customary interest rate recapture ("clawback") language allowing the Bank to recover interest in excess of any maximum interest rate imposed by law.

SPECIAL EVENTS OF DEFAULT:

The Facility will include "Special Events of Default" which will result in the immediate termination of the Bank's obligations thereunder, automatically and without notice or demand as permitted by the Rating Agencies and as standard for a PSF guaranteed bonds.

OTHER EVENTS OF DEFAULT:

Events of Default: In addition to the Special Events of Default, the Facility will include customary events of default including, but not limited to, failure to pay facility fees and other amounts payable under the Credit Agreement; any material representation or warranty of the Obligor is not true when made; breach of covenants; cross-default/cross-acceleration.

REMEDIES UPON EVENT OF DEFAULT:

Remedies Upon Event of Default: Upon the occurrence of a Special Event of Default, the Facility will automatically and immediately be terminated or suspended without notice or demand. Upon the occurrence of any other Event of Default, the Bank can cause a termination of the Facility after notice.

Upon the occurrence of an event that, with the passage of time, may become a Special Event of Default, the obligation of the Bank to fund under the Facility will be suspended.

DOCUMENTATION AND COVENANTS:

Documentation will include the Standby Agreement prepared by Bank Counsel. The Standby Agreement will include, but not be limited to, the terms and conditions outlined herein as well as provisions that are customary and standard with respect to conditions precedent, representations and warranties, covenants, most favored nations provision, events of default and remedies (including acceleration of the Obligor's obligations under the Facility, if applicable).

Conditions Precedent To Closing: Standard for facilities of this type, including but not limited to, evidence satisfactory to the Bank that (a) a CUSIP Number has been obtained and

reserved from Standard & Poor's CUSIP Services for the Bank Bonds and (b) Bank Bonds (and their related CUSIP number) shall have been assigned a long-term rating of at least investment grade from at least one rating agency.

Financial and Other Covenants:

In addition to the covenants contained in the Obligor's other debt instruments, the Bank shall receive the benefit of all covenants, defaults and remedies which are agreed to by the Obligor with any other lender, liquidity provider or credit provider supporting parity obligations of the Obligor or any such liquidity or other covenants that are mutually agreeable, including any additional events of default.

Reporting Requirements:

Usual and customary for a transaction of this nature, including but not limited to; delivery of audited annual financial statements and certificate of no default within 180 days of fiscal year-end.

REMARKETING AGENT:

The Obligor shall at all times cause a remarketing agent to be in place, which remarketing agent shall be acceptable to the Bank. The trust indenture, bond resolution and/or remarketing agreement shall provide that (a) the remarketing agent may not resign except upon 60 days prior written notice, (b) the remarketing agent shall use its best efforts to remarket the Bonds and (c) the remarketing agent shall remarket the Bonds at rates up to and including the maximum rate permitted under the bond documents without regard to the rate paid to the Bank. If at any time the remarketing agent shall fail to perform its duties or shall fail to remarket the Bonds for a period of 30 successive days, the Obligor shall, at the direction of the Bank, appoint a successor remarketing agent acceptable to the Bank.

CHOICE OF LAW / JURY TRIAL / VENUE:

Governing Law:

This Term Sheet and the Standby Agreement and any other documents to which the Bank shall become a party will be governed by Texas law however the obligations of the Bank under such documents shall be governed by the laws of the State of New York.

Jury Trial:

The Obligor agrees to binding arbitration and to waive a jury trial in any proceeding involving the Bank.

MISCELLANEOUS:

Bank's Credit Ratings:

	Long Term			Short Term		
	Moody's	S&P	Fitch	Moody's	S&P	Fitch
Rating:	Aa3	AA-	AA-	P-1	A-1+	F1+
Outlook:	Negative	Negative	Stable			

Bank Contacts:

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Title: Senior Vice President

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Austin, TX 78735

Telephone: 512-899-2121

Facsimile: 877-433-7543

Email: andrew.deskins@wellsfargo.com

Bank Counsel:

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Andrews Kurth LLP
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Houston, TX 77002
713.220.3915
tanyafischer@andrewskurth.com

Indemnification:

The proposed Facility will include customary indemnification of the Bank in all cases except where the Bank has proven to have been guilty of negligence or willful misconduct.

Participations:

The Bank reserves the right in its sole discretion to sell participations in the Facility without the consent of or notice to the Obligor, and such participants shall have the benefit of the obligations of the Obligor regarding increased costs and capital adequacy, taxes and indemnification.

Future Modifications:

The terms, conditions and pricing are subject to revision in the event that (i) the Facility Amount changes, (ii) the transaction deviates materially from what was initially described, (iii) the proposed financing does not close (other than as a result of action/inaction by the Bank) within **60** days of the execution of the Term Sheet or (iv) events occur resulting in a material disruption of the market.

Confidentiality:

This Term Sheet is confidential and proprietary and may not be disclosed without our written consent, except to your professional advisors in connection with the Facility who agreed to be bound by such confidentiality requirements, or as may be required by law.

AGREEMENT BY THE OBLIGOR:

This Term Sheet is not a commitment. It represents willingness by the Bank to seek credit approval for a proposed transaction based upon the terms and conditions outlined in this Term Sheet, subject to documentation acceptable to the Bank.

We anticipate the credit process will take approximately 10 business days from receipt of this document and possession of all materials necessary to undertake a full credit analysis.

Please evidence your acceptance hereof by signing and returning a copy to the Bank.

Unless this term sheet is earlier rescinded, it shall expire automatically without further action or notice by Bank on 30 days from the date hereof unless a signed counterpart of this Term Sheet shall have been delivered to the Bank.

ACCEPTED AND AGREED TO:

BY: _____ **DATE:** _____

EXHIBIT B

PARAMETERS FOR STANDBY BOND PURCHASE AGREEMENT

1. The maximum Available Commitment 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 three years.
3. The rates to be paid pursuant to the Liquidity Agreement shall be as set forth in the Term Sheet.
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 December 12, 2012.