



Preliminary Financing Plan – 2007 Bond Program/Series 2008 Bonds

Tuesday, January 8, 2008





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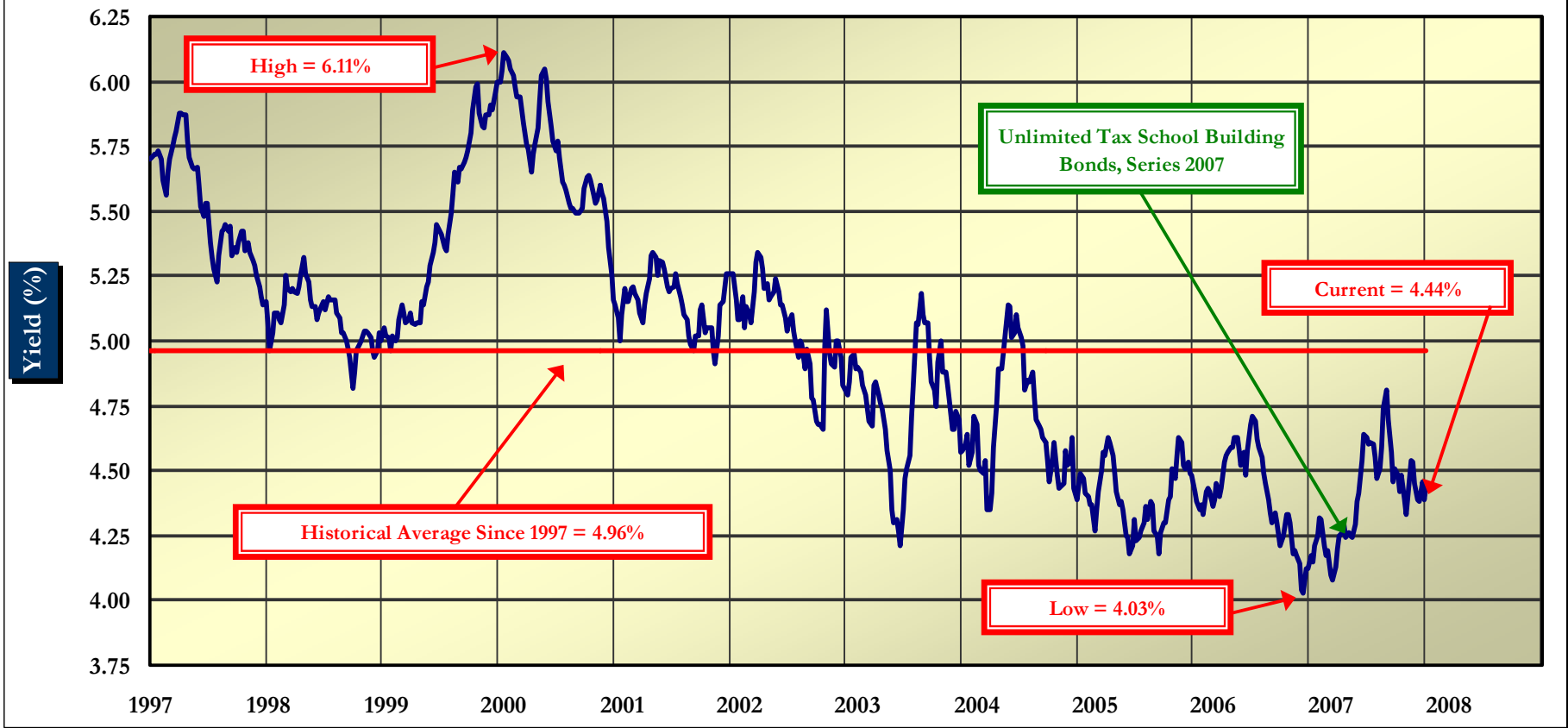


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Current Market Review



The Bond Buyer Tax-Exempt General Obligation Bond Yield Index January 1, 1997 To The Present



Based upon a \$166.255 million bond sale, a 0.25% interest rate change results in an interest cost differential of approximately \$13,000,000.



- On Tuesday, November 6, 2007, \$6,971,462,396 of Texas school district bonds were approved by voters. A portion of such bonds will begin to be sold in January and February 2008, and thereby, increase the supply of Texas school district bonds being marketed to investors.

Texas School District Bond Election Results - Tuesday, November 6, 2007

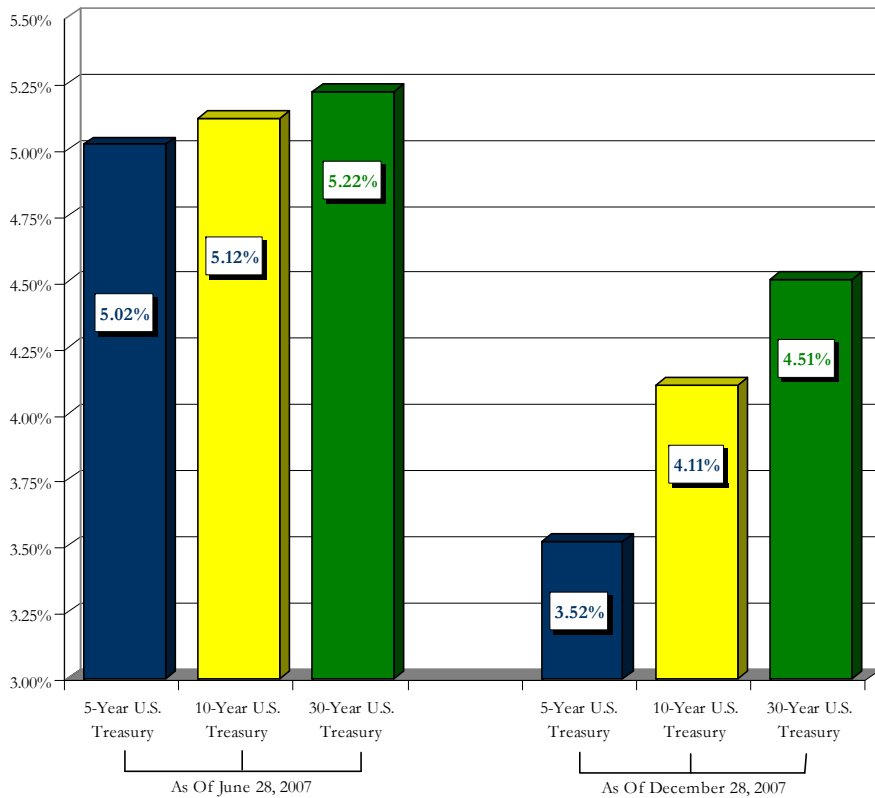
Total Number Of Propositions.....	87	Total Dollar Amount Of Elections.....	\$ 7,766,562,396
Number Of Successful Propositions.....	62	Dollar Amount Successful.....	\$ 6,971,462,396
Percentage Of Propositions - Pass.....	71.26%	Percentage Of Dollar Amount - Pass.....	89.76%
Percentage Of Propositions - Fail.....	28.74%	Percentage Of Dollar Amount - Fail.....	10.24%

Source: The Municipal Advisory Council of Texas and TexasISD.com

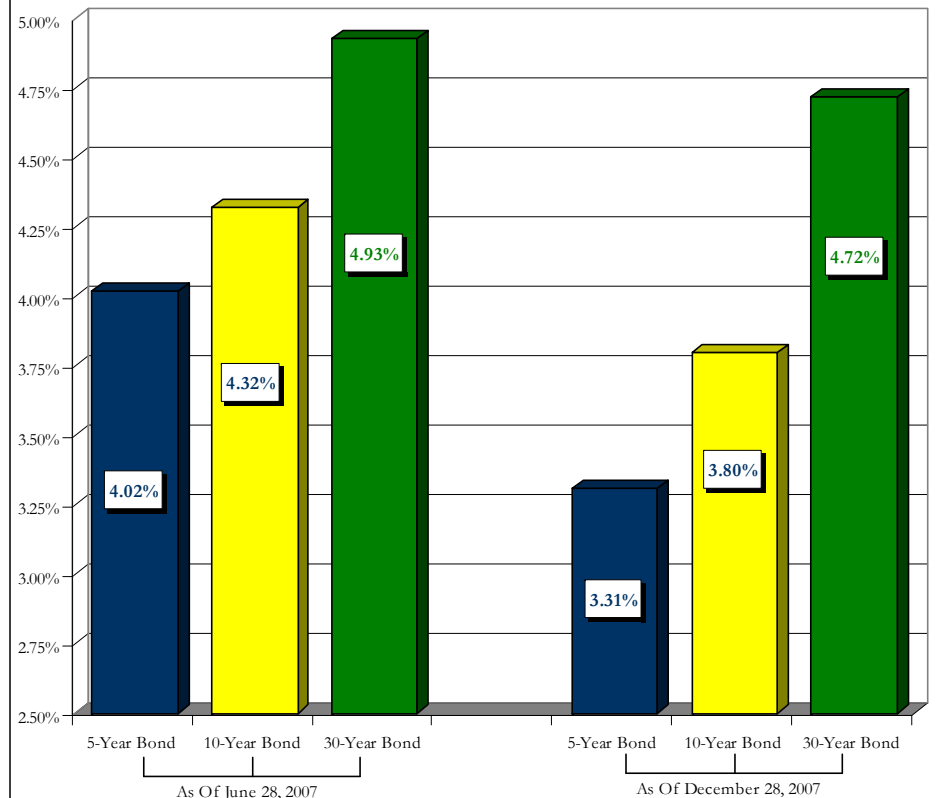


- The subprime lending crisis has trickled into the municipal bond market as investors have become more “cautious” and “risk averse.” This is demonstrated by the difference in the yields of United States Treasury obligations and Texas school district bonds. For instance, the yield on a 30-year U.S. Treasury obligation has declined by 0.71% over the last six months. In comparison, the yield on a 30-year Texas school district bond has declined by 0.21% during the same time period.

5-Year, 10-Year And 30-Year United States Treasuries - Rates As Of June 28 And December 28, 2007



5-Year, 10-Year And 30-Year "AAA" Rated Texas School District Bonds - Rates As Of June 28 And December 28, 2007



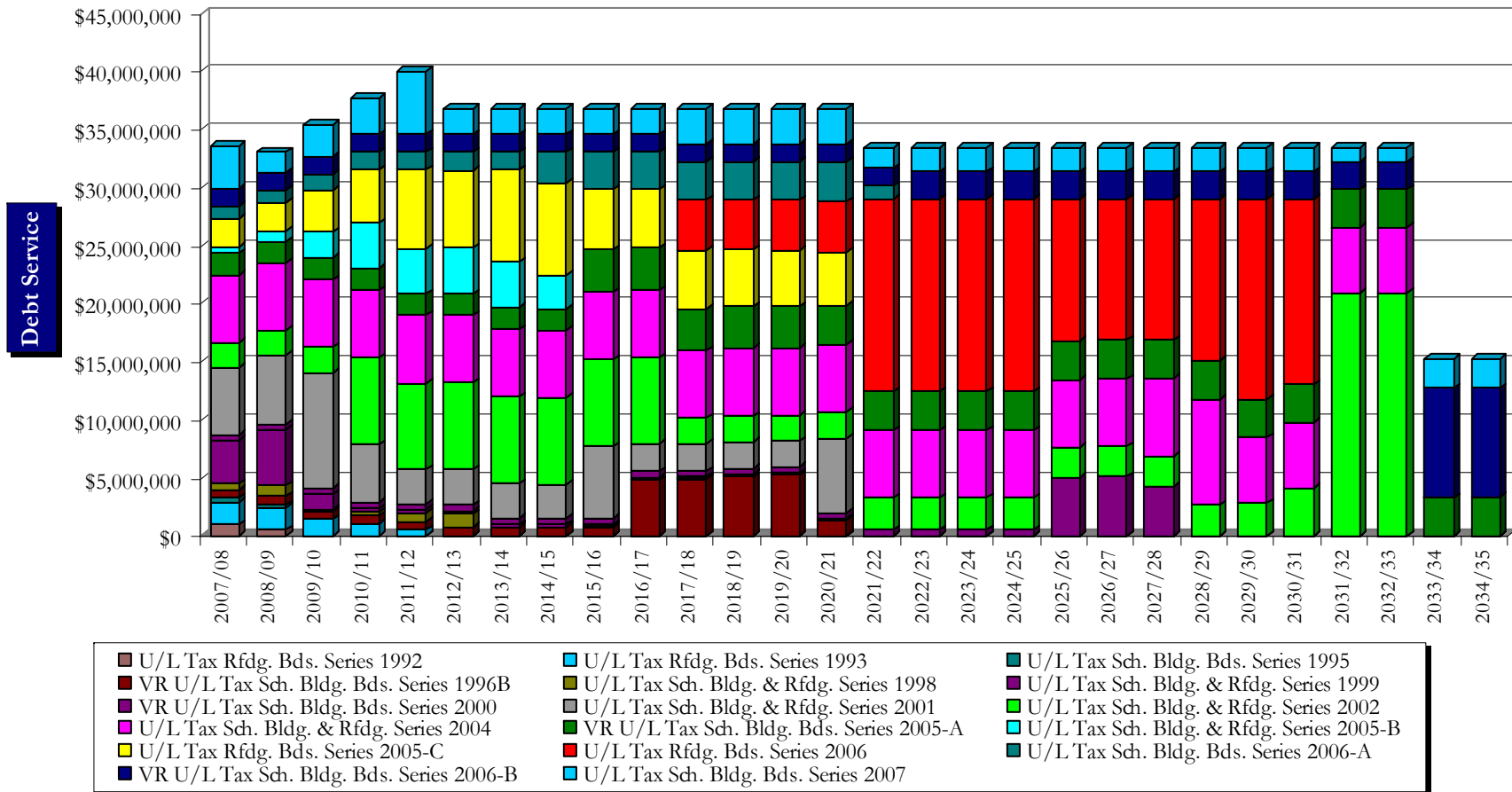


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District's Outstanding Unlimited Tax Debt Portfolio



Outstanding Unlimited Tax Debt Service By Series

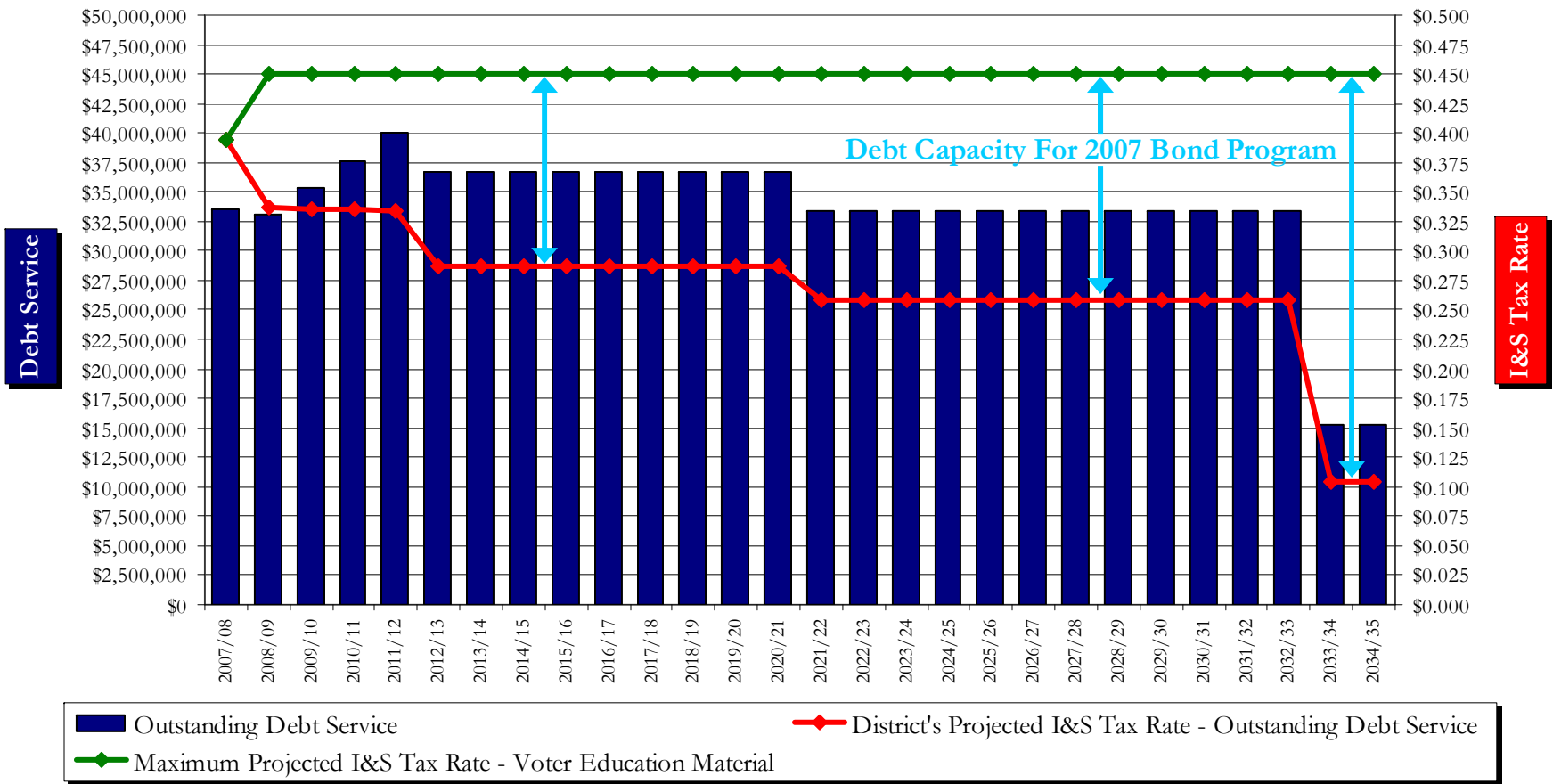


Note: Debt service payments reflect payments from September 1 through August 31.

The District has outstanding a total principal amount of bonds equal to \$495,939,238 as of January 8, 2008.



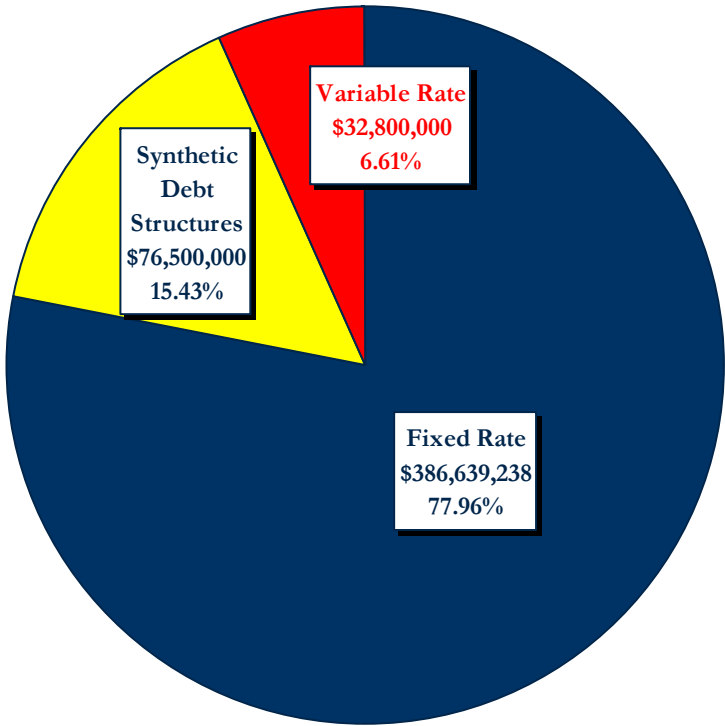
Outstanding Unlimited Tax Debt Service And Projected Interest & Sinking Fund Tax Rates



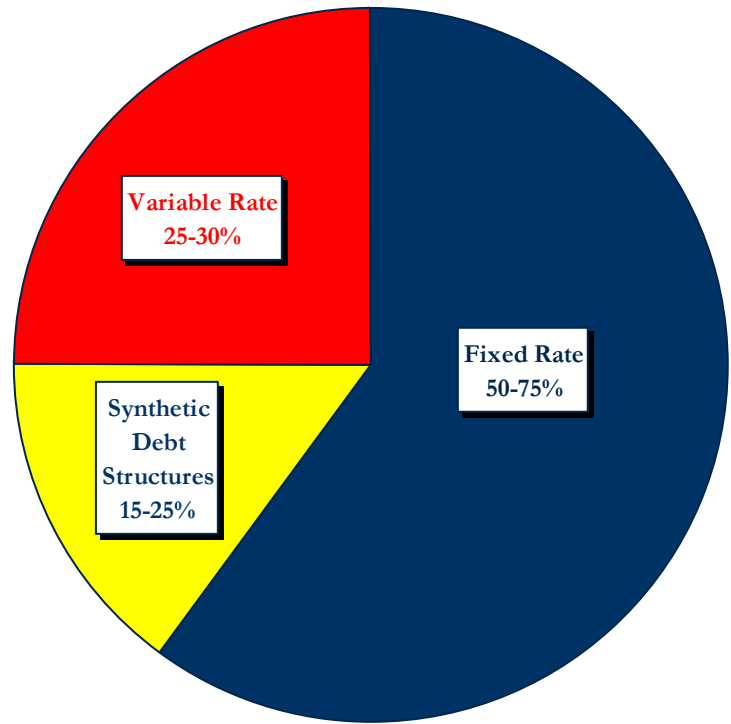
* Debt service payments reflect payments from September 1 through August 31. Projected Interest & Sinking Fund tax rates are based upon certain assumptions. The District's actual Interest & Sinking Fund tax rates will be set by the Board of Trustees in each year based upon prevailing taxable assessed valuations and other revenues available at such time.

Composition Of District's Debt Portfolio

**Composition Of Existing Debt Portfolio
- As Of January 8, 2008**



Composition Of Targeted Debt Portfolio





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Preliminary Financing Plan



Preliminary Financing Plan – 2007 Bond Program

Summary Of Assumptions

- ❑ The projected cost of 2007 Bond Program is based upon the assumptions summarized below:
 - ❖ Based upon the District's current construction schedule, the 2007 Bond Program will be sold in two installments.

Summary Of Assumed Sale Dates, Dollar Amount Of Bonds To Be Sold And Interest Rates

Sale Date	Dollar Amount To Be Sold	Interest Rate Mode	Interest Rate
January 2008	\$ 165,255,000	Fixed Rate	Current Market + 0.25%
July 2009	\$ 116,745,000	Variable Rate	4.25%

- ❖ The bonds are amortized over a 30-year period. Please note, the financing plan is structured to allow the District to repay at least 90% of the 2007 Bond Program prior to scheduled maturity.
- ❖ The District will utilize \$4,045,000 of its existing Interest & Sinking Fund Balance over the next four years (i.e. Years 2007/08 – 2011/12) to subsidize the debt service payments associated with the 2007 Bond Program. After the use of such funds, the District's Interest & Sinking Fund Balance will be approximately 10% of its maximum annual debt service requirement.

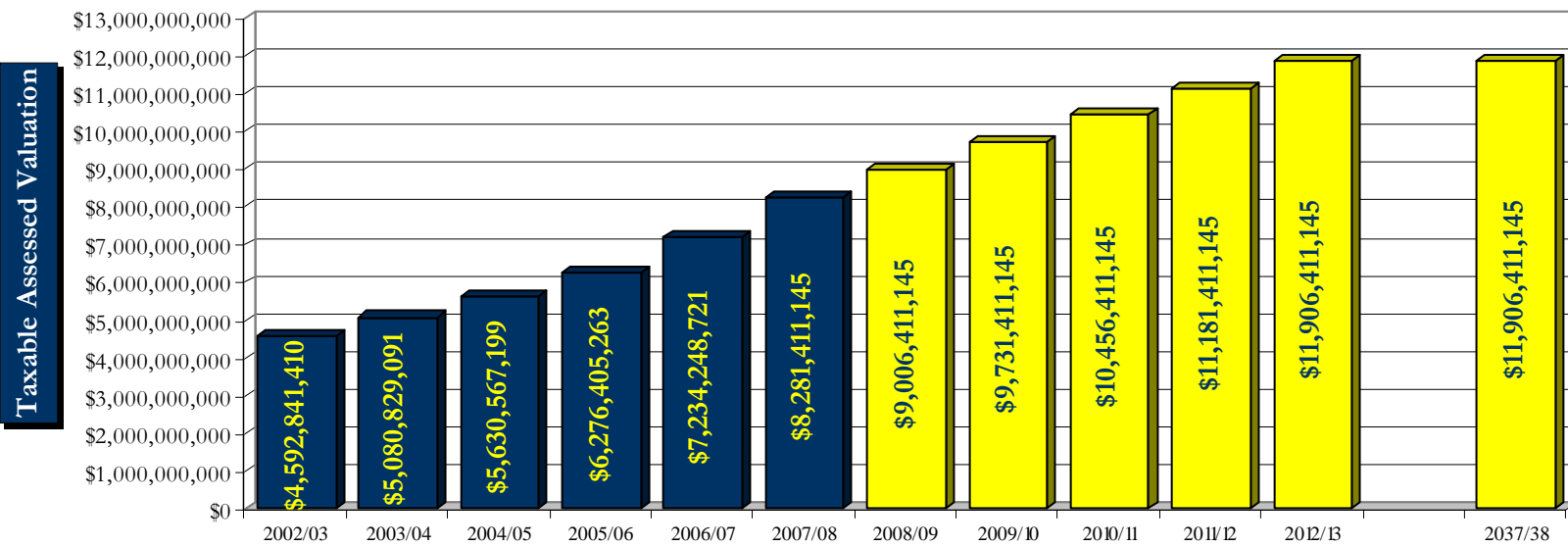


Summary Of Projects – 2007 Bond Program

Project	Phase I – January 2008 Bond Sale	Phase II – July 2009 Bond Sale
1.) New Middle School No. 7	\$ ---	\$ 43,290,364
2.) New Elementary School No. 21	---	19,987,248
3.) New Elementary School No. 22	---	21,494,798
4.) Design/Plans For High School No. 4	3,500,000	---
5.) Renovations To Existing Schools:		
❖ Denton High School	36,823,036	---
❖ Ryan High School	30,379,103	---
❖ Fred Moore High School	490,400	---
❖ Calhoun Middle School	10,587,427	---
❖ McMath Middle School	---	1,781,611
❖ Strickland Middle School	---	2,297,675
❖ Borman Elementary School	4,931,250	---
❖ Evers Elementary School	---	2,052,525
❖ Ginnings Elementary School	---	3,262,000
❖ Hodge Elementary School	6,738,030	---
❖ Houston Elementary School	---	3,236,000
❖ McNair Elementary School	7,131,517	---
❖ N. Rayzor Elementary School	3,066,000	---
❖ Rivera Elementary School	5,029,630	---
6.) Science Labs/Prep Rooms	---	4,343,724
7.) Support Services Facilities	465,000	15,000,000
8.) Safety, Security & Technology	18,372,077	---
9.) Childcare Facilities	2,000,000	---
10.) Land Acquisitions	30,000,000	---
11.) School Buses	4,093,942	---
12.) MEP/Contingency	1,646,643	---
Total Anticipated Expenditures	\$ 165,254,055	\$ 116,745,945



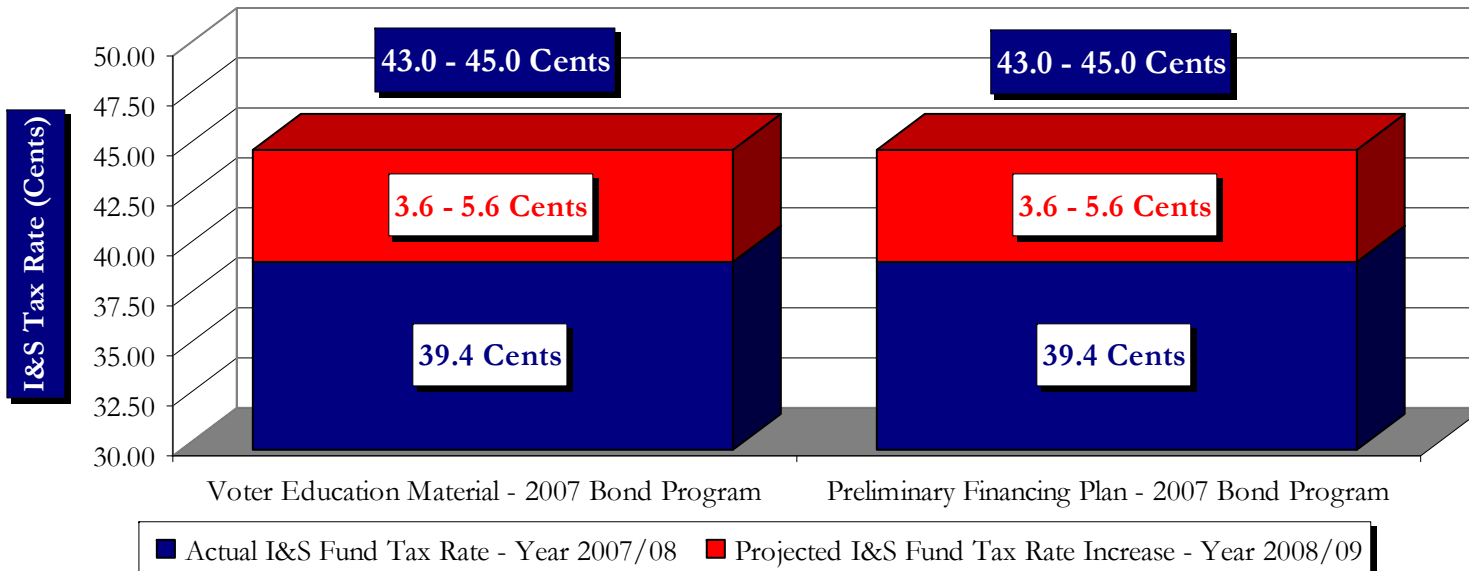
Historical And Assumed Taxable Assessed Valuations (Net Of Frozen Levy)



Fiscal Year	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	Average Annual Increase – Years 2003/04 – 2007/08 (5-Years)	Average Annual Increase – Years 2005/06 – 2007/08 (3-Years)
Taxable Assessed Valuation	\$4,592,841,410	\$5,080,829,091	\$5,630,567,199	\$6,276,405,263	\$7,234,248,721	\$8,281,411,145	---	---
Dollar Change	\$---	\$487,987,681	\$549,738,108	\$645,838,064	\$957,843,458	\$1,047,162,424	\$737,713,947	\$883,614,649

Fiscal Year	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14 & Thereafter	Average Annual Increase – Years 2008/09 – 2012/13 (5-Years)
Taxable Assessed Valuation	\$9,006,411,145	\$9,731,411,145	\$10,456,411,145	\$11,181,411,145	\$11,906,411,145	\$11,906,411,145	---
Dollar Change	\$725,000,000	\$725,000,000	\$725,000,000	\$725,000,000	\$725,000,000	\$---	\$725,000,000

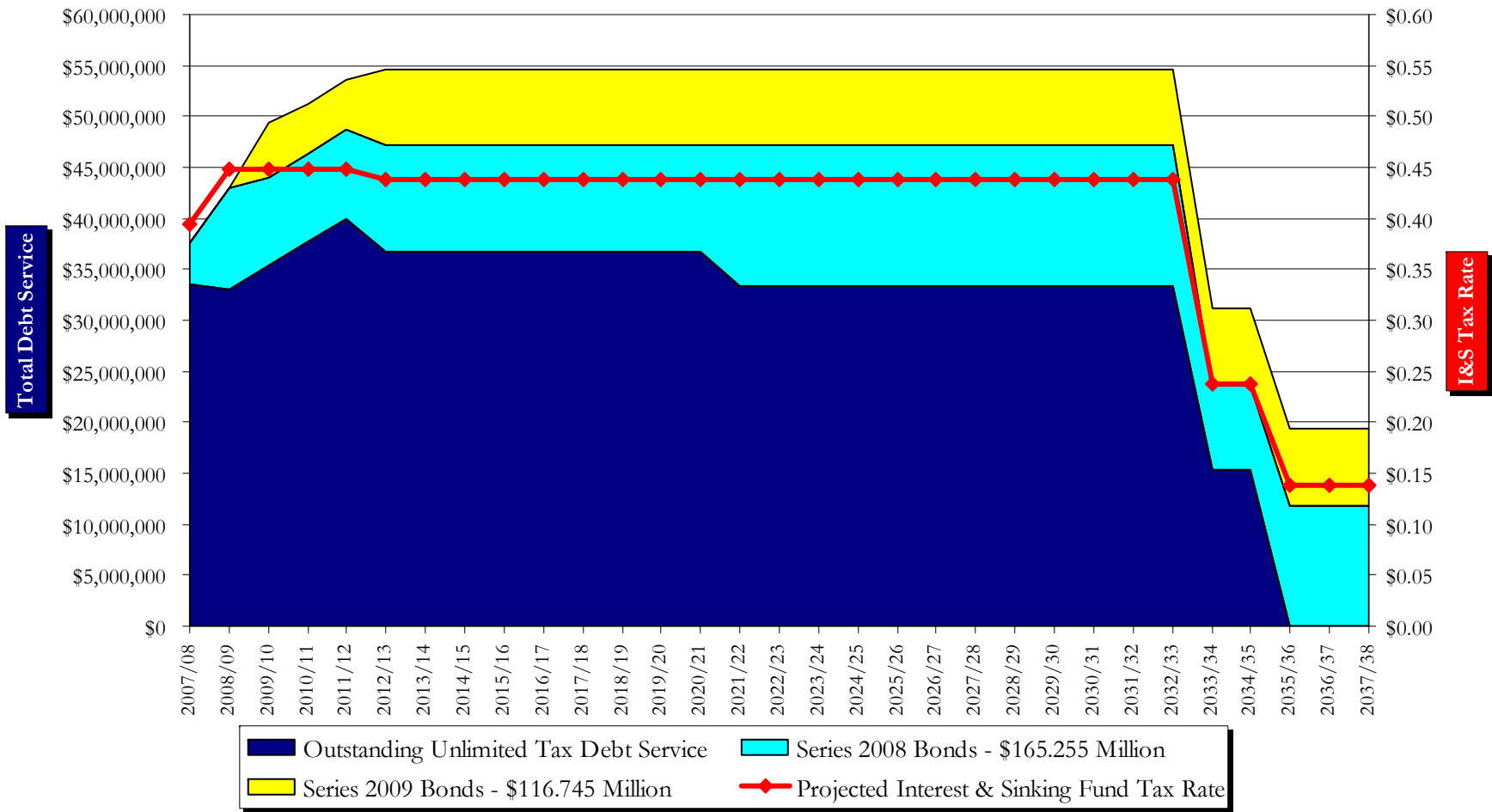
Maximum Projected Interest & Sinking Fund Tax Rate Upon Completion Of 2007 Bond Program



- ❑ Pursuant to the voter education material for the 2007 Bond Program, the District's Interest & Sinking Fund tax rate was projected to increase by approximately 3.6-5.6 cents, to a maximum Interest & Sinking Fund tax rate of 43-45 cents, depending upon the future growth in the District's taxable assessed valuation.
- ❑ Should the District's taxable assessed valuation grow at \$725 million per year for the next 5-years, the District's Interest & Sinking Fund tax rate is projected to increase by 5.4 cents to 44.8 cents.
- ❑ Should the District's taxable assessed valuation grow at \$900 million per year for the next 5-years, the District's Interest & Sinking Fund tax rate is projected to increase by 3.6 cents to 43 cents or the District may levy an Interest & Sinking Fund tax rate of 45 cents and prepay approximately \$1,950,000 on bonds on an annual basis.

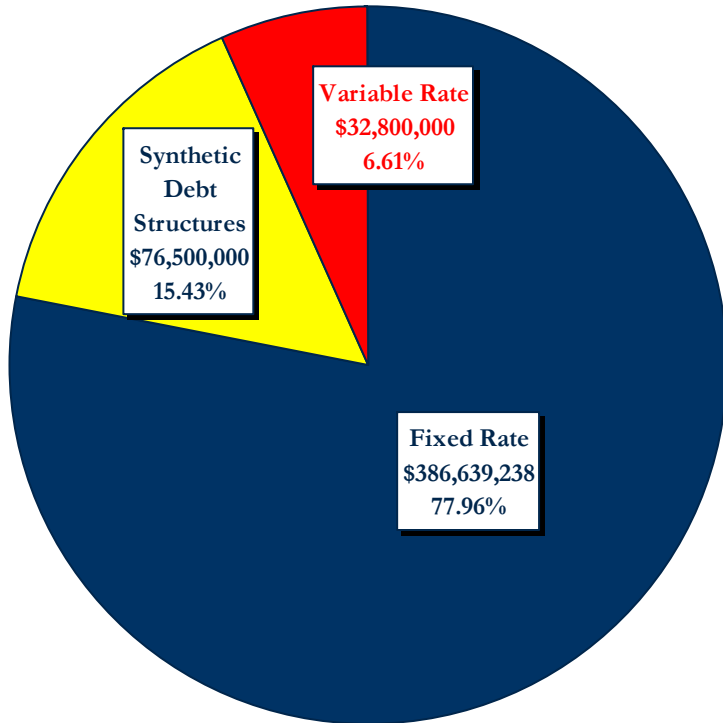


Summary Of Outstanding Debt Service And Projected Interest & Sinking Fund Tax Rates Upon Completion Of 2007 Bond Program

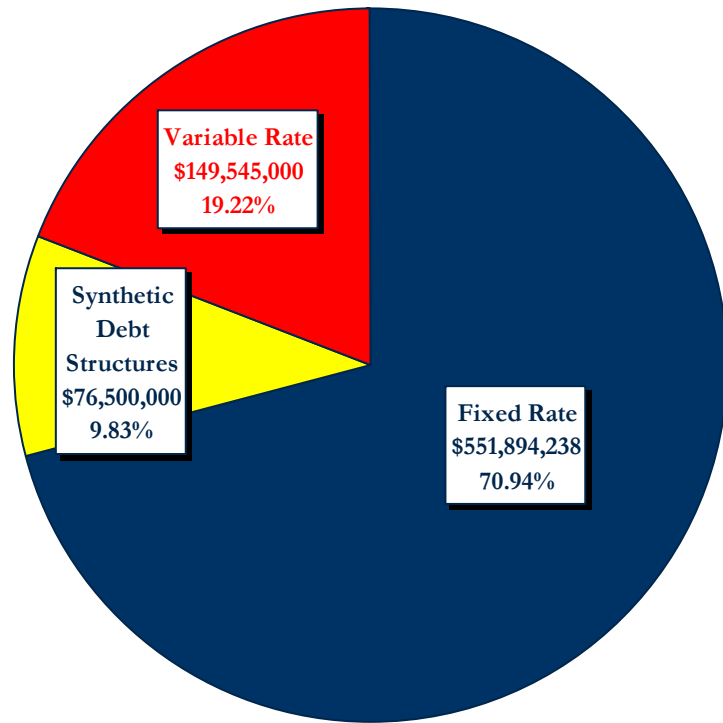


Composition Of District's Debt Portfolio

**Composition Of Existing Debt Portfolio
- As Of January 8, 2008**



**Composition Of Debt Portfolio - Upon
Completion Of 2007 Bond Program**





Components Of Series 2008 Bonds – January 2008 Bond Sale

“New Bonds”
\$165,255,000



- Bonds totaling \$165,255,000 will be issued pursuant to the District’s November 6, 2007 Bond Election.
- These funds will be deposited into the District’s Construction Fund.

“Capitalized Interest”
\$4,405,000



- A premium will be generated on the Series 2008 Bonds to fund a portion of the interest payments associated with the Series 2008 Bonds during years 2009/10 and 2010/11 to reduce the dollar amount of higher interest rate, Capital Appreciation Bonds (“CABs”) to be issued. By incorporating capitalized interest into the financing plan, the District should reduce the principal amount of CABs necessary by approximately \$26.55 million and reduce its interest cost by approximately \$750,000.
- These funds will be deposited into the District’s Interest & Sinking Fund.

“Costs Of Issuance”
\$1,500,000



- As permitted by State law, a premium will be generated on the Series 2008 Bonds to fund the costs of issuance and underwriters’ discount associated with the Series 2008 Bonds. This will allow the District to utilize all \$165,255,000 authorized by voters for its Capital Improvement Program.

Total Proceeds



\$171,160,000



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Preliminary Timetable And Summary Of Financing Team Members



Preliminary Timetable – Series 2008 Bonds

January 2008						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

February 2008						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	

March 2008						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

<u>DATE*</u>	<u>ACTION</u>
01/08/08	Board Meeting – Discuss Preliminary Financing Plan And First Reading Of Debt Management Policy/Amended Budget Policy
01/11/08	Credit Rating Meetings – Meetings With Fitch Ratings And Standard & Poor’s Ratings Services At District’s Administration Offices
01/17/08	Negotiated Sale – Pricing Of Unlimited Tax School Building Bonds, Series 2008 (Interest Rates Locked-In)
01/22/08	Board Meeting – Formally Consider Order Authorizing Issuance Of Unlimited Tax School Building Bonds, Series 2008 And Second Reading Of Debt Management Policy/Amended Budget Policy
02/28/08	Closing – Transfer Of Funds – District Receives Proceeds Of Unlimited Tax School Building Bonds, Series 2008

* Preliminary, subject to change.



Summary Of Financing Team Members – Series 2008 Bonds	
Financial Advisor:	RBC Capital Markets
Bond Counsel:	McCall, Parkhurst & Horton L.L.P.
Rating Agencies:	Fitch Ratings Standard & Poor's Ratings Services
Bond Insurance:	Permanent School Fund Guarantee Program of the State of Texas “AAA” Rating Expected – Highest Rating Available
Underwriters:	First Southwest Company – Senior Manager J.P. Morgan Securities Inc. – Co-Manager Morgan Keegan & Company, Inc. – Co-Manager Raymond James & Associates, Inc. – Co-Manager Southwest Securities – Co-Manager UBS Securities LLC – Co-Manager
Underwriters' Counsel:	To Be Determined.