

## Summary of Performance of 2005 and 2006 Swap Agreements

As of June 30, 2010

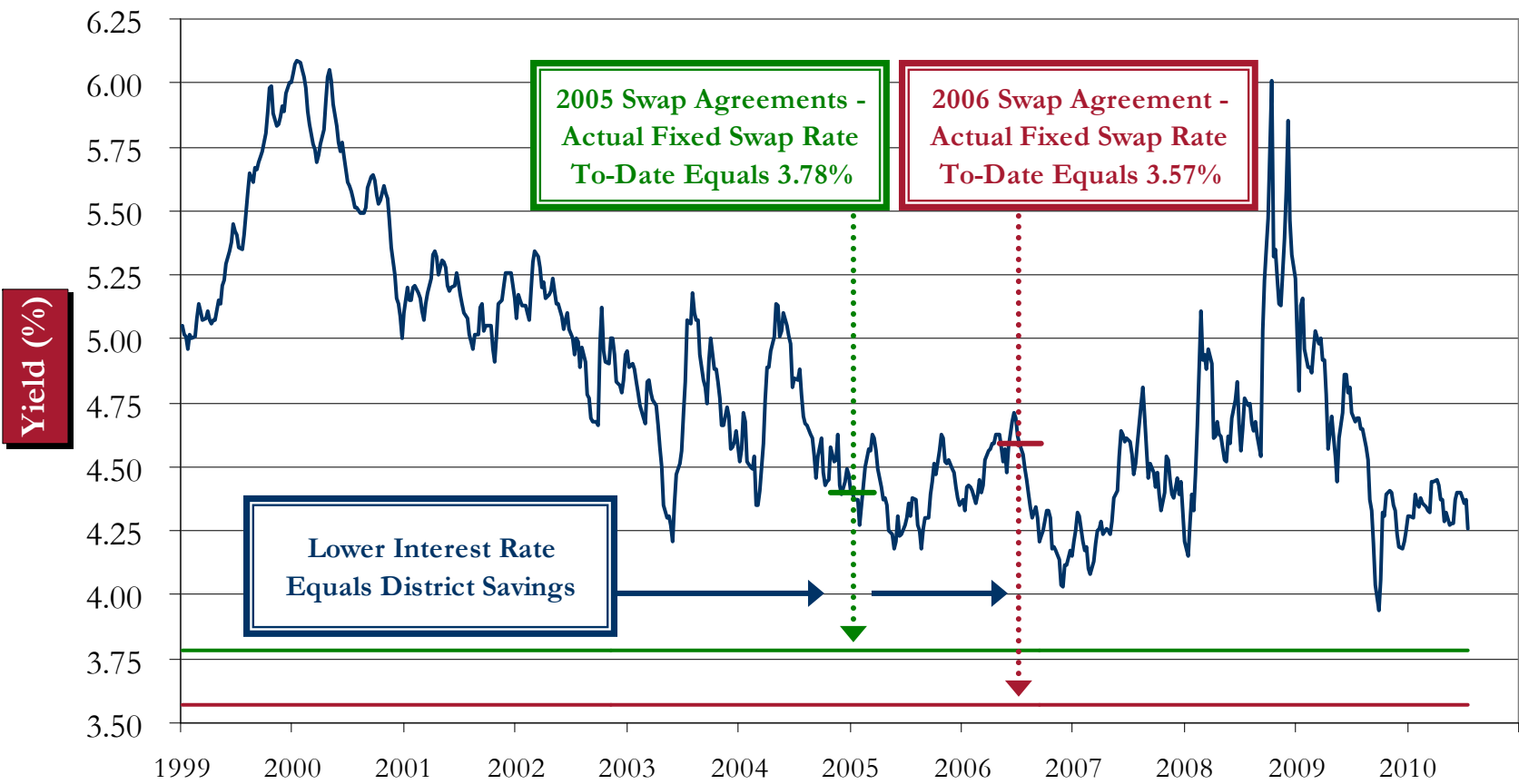


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## Current Market Review – Interest Rates

### The Bond Buyer 20-Bond Index - A Tax-Exempt General Obligation Bond Yield Index January 1, 1999 To The Present





## Summary – Performance of 2005 Swap Agreements

- Denton Independent School District's (the "District") 2005 Swap Agreements have continued to provide a lower interest cost in comparison to traditional fixed rate bonds, as summarized within the table below.

Performance of 2005 Swap Agreements – February 17, 2005 Through June 30, 2010			
Description	Previous Performance – February 17, 2005 – March 31, 2010	Performance Current Period – April 1, 2010 – June 30, 2010	Total Performance – February 17, 2005 – June 30, 2010
Notional Amount of Outstanding Swap Agreements	\$46,500,000	\$46,500,000	\$46,500,000
Total Anticipated Fixed Pay Swap Rate	3.67% – 4.02%	3.67% – 4.02%	3.67% – 4.02%
Actual Fixed Pay Swap Rate	3.42%	3.42%	3.42%
Actual Liquidity and Remarketing Costs	0.16%	0.16%	0.16%
Basis Cost/(Benefit)	0.21%	0.12%	0.20%
Total Actual Fixed Pay Swap Rate	3.79%	3.70%	3.78%
Traditional Fixed Rate Bonds	4.45%	4.45%	4.45%
Benefit Achieved by the District	\$1,596,787	\$83,168	\$1,679,955



## Summary – Performance of 2006 Swap Agreement

- ❑ The District's 2006 Swap Agreement has also continued to provide a lower interest cost in comparison to traditional fixed rate bonds, as summarized within the table below.

Performance of 2006 Swap Agreement – July 27, 2006 Through June 30, 2010			
Description	Previous Performance – July 27, 2006 – March 31, 2010	Performance Current Period – April 1, 2010 – June 30, 2010	Total Performance – July 27, 2006 – June 30, 2010
Notional Amount of Outstanding Swap Agreement	\$30,000,000	\$30,000,000	\$30,000,000
Total Anticipated Fixed Pay Swap Rate	3.49% – 4.34%	3.49% – 4.34%	3.49% – 4.34%
Actual Fixed Pay Swap Rate	4.08%	4.08%	4.08%
Actual Liquidity and Remarketing Costs	0.16%	0.16%	0.16%
Basis Cost/(Benefit)	(0.58%)	(1.93%)	(0.67%)
Total Actual Fixed Pay Swap Rate	3.66%	2.31%	3.57%
Traditional Fixed Rate Bonds	4.94%	4.94%	4.94%
Benefit Achieved by the District	\$1,413,683	\$193,698	\$1,607,381

- Collectively, the 2005 and 2006 Swap Agreements have provided \$3,287,336 of savings to the District in comparison to the issuance of traditional fixed rate bonds.



## Overview of Swap Counterparties

- ❑ The District's swap counterparties are as follows:
  - JPMorgan Chase Bank, N.A. ("JPMCB")
    - ❖ \$23,250,000 – 2005 Swap Agreement
    - ❖ \$30,000,000 – 2006 Swap Agreement
    - ❖ **\$53,250,000 – Total**
  - UBS AG ("UBS")
    - ❖ \$23,250,000 – 2005 Swap Agreement
- ❑ JPMCB **remains rated "Aa1," "AA-" and "AA-"** by Moody's Investors Service, Standard & Poor's Ratings Services and Fitch Ratings, respectively, and meets all the swap counterparty parameters outlined within the District's Swap Management Plan.
- ❑ UBS **remains rated "Aa3," "A+" and "A+"** by Moody's Investors Service, Standard & Poor's Ratings Services and Fitch Ratings, respectively.
  - The District's Swap Management Plan requires that a swap counterparty maintain a rating by at least two of the nationally recognized rating agencies in the "AA" category or be required to post collateral should the termination value of the swap agreement be positive to the District.
  - Since the termination value of the 2005 Swap Agreement is currently negative, UBS has not been required to post collateral.