

# **Annual Debt Report**

for the year ended June 30, 2010



## **Executive Summary**

In April of 2004, the School Board adopted a Debt Management policy. The purpose of the policy is to establish guidelines for the implementation and management of debt. Additionally, the School Board established the Finance Committee in 2001. The Committee, which is comprised of volunteers with significant experience in financial services, reviews and provides input on all financing transactions. In accordance with the policy, this report has been prepared to summarize the outstanding debt and hedges of the School District.

The School District actively manages debt with the goal of obtaining capital at a low cost while managing the exposure to risk. FY 2010 was a quiet year for the District when reviewing the outstanding debt. The only activity was to rollover the previously issued Revenue Anticipation note and the annual issuance of a Tax Anticipation Note. While this was a quiet year, the District is cognizant of transactions pending for FY 2011.

The School District's debt can be categorized as long-term and short-term. The District uses long-term debt, such as General Obligation Bonds and Certificates of Participation, to finance the purchase or construction of assets. Short-term debt, including Tax Anticipation Notes and Commercial Paper, is used to manage cash flows for operating and capital purposes. The District has also used hedges, or swaps, to reduce the borrowing costs associated with long-term debt.

A summary of all debt and hedges can be found on pages 13 - 15 of this report. The following pages provide a summary of each type of debt as well as the activity for the fiscal year ended June 30, 2010.

## Long Term Debt

### Capital Outlay Bond Issues

**General Information:** Known as COBI, these bonds are issued and managed by the State of Florida on behalf of the School District. The State collects funds from vehicle licenses. A portion of the funds is used for principal and interest payments. The remaining monies are forwarded to the School District as revenue known as CO&DS (Capital Outlay and Debt Service). Each year, the School Districts may be able to bond their portion of the revenue via this program. DOE required districts to participate in order to receive the Classrooms First monies from 1999 to 2003. Beginning in 2004, that was no longer required. Palm Beach Schools has not participated in the program since 2003. The District will participate in a COBI sale during FY 2011.

**FY 2010 Summary:** During FY2010, principle payments totaling \$3.19M were made on the outstanding COBIs. Also during the year, the \$1.75M of the COBI 1999A series was refunded with the 2009A. As of June 30, 2010, there was \$29.5M outstanding for Palm Beach Schools. The District's next principal payment of \$3.41M will occur on January 1, 2011.

## Long Term Debt

### Certificates of Participation

**General Information:** COPS were first issued by the District in 1994. This has been the District's primary method of financing school construction. As of June 30, 2010, there was \$1.89 billion outstanding. A listing of all COP issues, which details the projects financed, can be found on pages 16 – 24 of this report. The majority of the COP issues were issued as fixed rate debt. Three issues were originally issued in a variable rate mode. Series 2002B is a VRDO or variable rate demand bond obligation. The rates on these certificates are reset weekly, but have been fixed using interest rate swaps. Series 2003B are variable with the rate reset weekly based on an index. This transaction has also been fixed using an interest rate swap. Series 2007B is fixed in a put bond structure until August 1, 2011 at which time another interest rate mode will need to be implemented. As of June 30, 2010 12.7% of the COPs outstanding are in a variable rate mode and each issue has been hedged to create a synthetic fixed rate transaction.

During FY 2008, the District's debt policy indicated that the lease payments associated with COPs should not exceed 50% of the authorized capital outlay millage. For FY 2008, the actual percentage was 44.6%. The projected percentages for FY 2009 and 2010 were 49.40% and 49.90% respectively. During the 2008 legislative session, the statute allowing school districts to levy up to 2 mils for capital outlay was changed to reduce the maximum to 1.75 mils. Based on that change, the School Board revised the debt policy so that up to 1 mil of the capital millage levy could be used for COP lease payments. The policy also indicated that the ratio should be reduced to the 50% level within a reasonable period of time. During FY 2009, the legislature again revised the statute and the capital millage levy was reduced to 1.50 mils. However, Districts were given the authority to levy an additional .25 mils that could be used for operations and/or capital needs. During FY 2010 and FY 2011, the District levied 0.098 and 0.07 mils respectively for capital needs. For FY 2012 and FY 2013, the District projects an additional levy of 0.09 and 0.02 mils respectively will be needed to ensure compliance with the District's debt management policy. Based on the current property value projections, the District anticipates the percentage of the capital millage levy needed for debt service will gradually decline and fall below 50% in FY 2023. A graphical representation of this information can be found on 25.

## Long Term Debt

### Certificates of Participation

**FY 2010 Summary:** There were no new or refunding COP issues during FY 2010. The District paid \$57.9M of outstanding principal in FY2010. As of June 30, the remaining principal was \$1.89 billion. The FY 2010 principal payment of \$60.2 million was recorded in August 2010. The current outstanding principal balance for COPs is \$1.83 billion.

### Qualified Zone Academy Bonds

**General Information:** For the School District, a QZAB is essentially an interest-free loan. A bank will purchase the bonds; and the Federal Government pays the interest in the form of a tax credit to the bank. The documentation is similar to a COP issue and does require a supplement to our Master Lease. The transaction is also included in the calculation of our COP capacity. The bonds are generally structured with annual payments over a twelve to sixteen-year period. The bonds are paid in full at maturity, but the District is required to transfer a principal payment to an escrow account annually. The District has issued three QZABs to date totaling \$6.0 million.

**FY 2010 Summary:** During FY 2010, \$322,604.02 was transferred to the escrow accounts. Principal due to be transferred to the escrow accounts over the remaining life of the three transactions is \$3.0 million.

### Qualified School Construction Bonds

**General Information:** The Federal Government, as part of the American Recovery and Reinvestment Act (ARRA) created Qualified School Construction Bonds (QSCBs). These are tax credit bonds and are interest free – or very low net interest – to school districts. In conjunction with the Build America Bond (BAB) Program, also part of the ARRA legislation, the bonds issued prior to December 31, 2010, could be issued as taxable which opened up a new market for the District.

The documentation is similar to a COP issue and requires a supplement to our Master Lease. The transaction is also included in the calculation of our COP capacity. The bonds are generally structured with annual payments over a twelve to sixteen-year period. In November 2010, during FY 2011, the District issued a QSCB with a par of \$67.6 million. The net interest cost of the transaction was 0.36%.

## Short Term Debt

### Revenue Anticipation Notes

**General Information:** Issued to finance the construction of two schools in anticipation of another capital revenue source, preferably a COP issue or sales tax revenues.

**FY2010 Activity:**

In March 2009, the District issued the 2009 RAN with a par of \$72.1. In March 2010, that transaction was paid off and the 2010 RAN was issued with a par of \$56 million effectively “rolling over” a portion of the 2009 RAN. The coupon rate of the new note was 1.5% with a net interest cost of 0.28%. The issue will mature in February 2011.

### Tax Anticipation Notes

**General Information:** Issued annually to finance operations prior to the receipt of ad valorem taxes.

**FY2010 Activity:** \$85 million was issued in October 2009. The coupon rate of the note was .75% with a net interest cost of .31%. The issue was paid in full on February 1, 2010.

A new TAN issue for \$115 million was sold in October 2010 with a coupon rate of 1.5% and a net interest cost of .26%. The par amount was increased to offset the delay of state funds during FY 2010. In prior years, the State of Florida provided the state portion of the FEFP (Florida Education Finance Program) which is the District’s operational dollars during the first quarter of the year acknowledging that the local portion of the funds would not be received until December. Beginning with FY 11, the State will provide the funds in 24 equal amounts over the course of the year which dramatically changed the District’s operational cash flows.

## Hedges

### **General Information:**

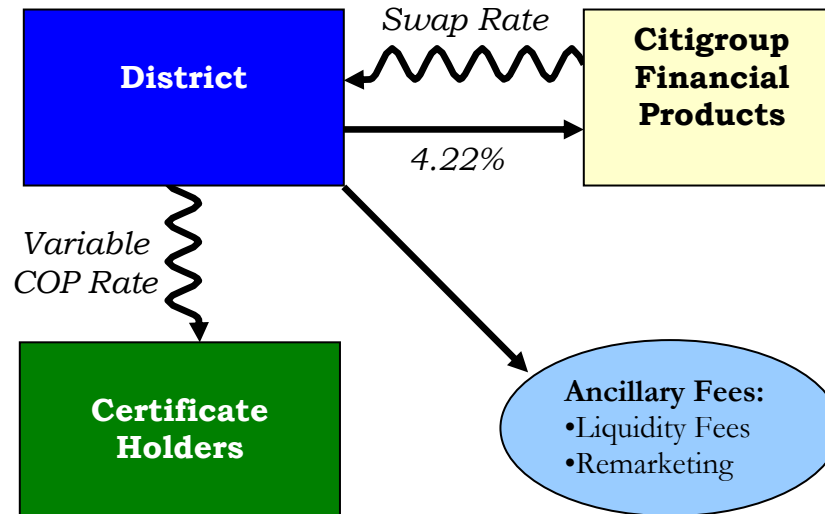
The School District uses various types of hedges, or swaps, to reduce the borrowing costs associated with long-term debt. Simply stated, a swap is a financial contract between two parties, or “counterparties”. Swaps are a type of derivative, i.e. its price is *derived from* the price of an underlying index, bond rate, etc. For example, the District has used interest rate swaps to convert variable rate debt to a “synthetic” fixed rate, thus reducing the overall borrowing cost. A summary and graphical representation of each transaction can be found on pages 7 - 11.

**FY2010 Summary:** There was no activity during FY 2010. However, the reporting requirements for derivative instruments were changed with the implementation of GASB 53. The new disclosures required significant changes to the financial statements. The disclosures can be found in notes 3, 9 and 10 of the District’s Comprehensive Annual Financial Report on pages 47, 59-60 and 61-63 respectively.

## Hedges

### Floating-to-Fixed Cancelable Interest Rate Swap

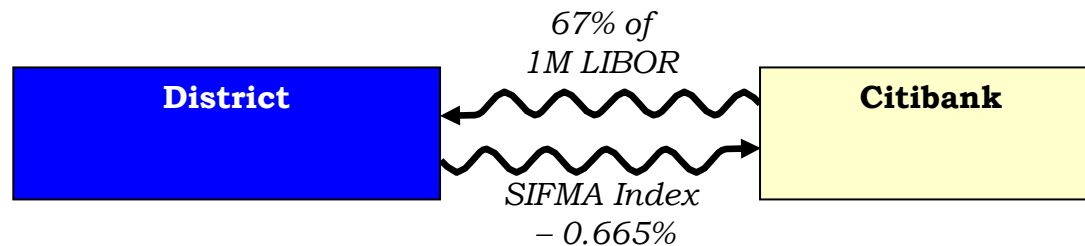
In March 2002, the District issued variable rate COPs, Series 2002B, with a par amount of \$115.3 million. The District chose to enter into a floating-to-fixed cancelable interest rate swap, effective through August 1, 2027, to hedge against future increases in interest rates. The swap effectively converted the 2002B certificates into 25 year synthetic fixed rate debt obligations with a coupon of 4.22%. In exchange for an upfront premium payment of \$6.1 million received by the District, the swap counterparty has the right to cancel the swap on any date on or after February 1, 2007. This option was purchased by the School District on April 8, 2009 at a cost of \$2.7 million. In exchange for an additional reduction in the fixed rate paid by the District on the swap, the counterparty has the right to pay a lower Alternate Floating Rate equal to 67% of 1 month London Interbank Offering Rate ("LIBOR"). The counterparty can pay this lower Alternate Rate if the 180-day average of the Securities Industry and Financial Markets Association ("SIFMA")/LIBOR ratio exceeds 67%. The most likely cause of an increase in the tax-exempt/taxable yield relationship would be legislation reducing the tax advantage of municipal debt, i.e. a tax cut. The Alternate Floating Rate was triggered in September 2002. The Certificates and swap together create low cost, long-term synthetic fixed-rate debt for the District. At June 30, 2010, the swap had a negative fair value of \$26,907,219 based on mid-market values as of the close of business. *As of June 30, 2010, the District has saved a total of \$6.4 million as a result of this transaction.* This savings is calculated by comparing the net payments to date to the payments that would have been made had the District issued traditional fixed rate debt.



## Hedges

### \$100 Million Fixed Margin Basis Swap

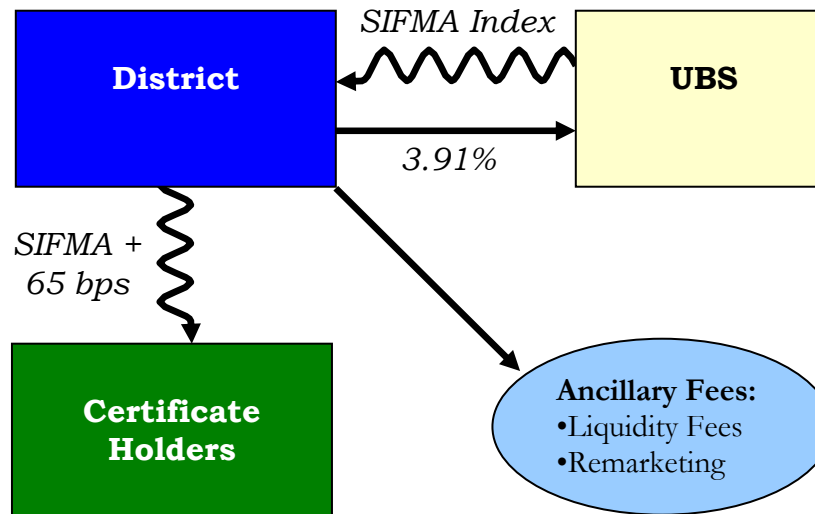
In June 2003, the District entered into a 25.5 year floating-to-floating interest rate swap in connection with the issuance of \$191.215 million of fixed-rate Certificates of Participation, Series 2002D. The swap notional principal amortizes to match the final \$100 million of maturing principal of the underlying Certificates. The swap creates economics similar to a 67% of LIBOR synthetic fixed-rate financing, i.e. variable-rate bonds plus floating-to-fixed rate swap, without the District having to actually issue the underlying variable-rate bonds. Under the basis swap, in exchange for receiving a below-market percentage of LIBOR, the District pays a variable rate equal to the SIFMA Index less a fixed margin of 66.5 basis points. The swap produces expected present value (“PV”) savings of \$10.68 million based on an assumed future average ratio of SIFMA Index to 1-month LIBOR of 67%. Since the District both receives and pays a variable rate under the basis swap, the transaction is interest rate neutral, all else equal. However, the District does bear risk of a future reduction or elimination in the benefit of the tax exemption for municipal debt. For example, a tax cut would likely increase the variable rate paid by the District under the swap and reduce or eliminate (in a worst case scenario) the swap’s expected positive cash flow and PV savings. However, the risk of radical tax reform that would severely reduce or eliminate the swap’s savings is deemed to be relatively low. At June 30, 2010, the swap had a negative fair value of \$1,430,548 based on mid-market values as of the close of business. *As of June 30, 2009, the District has saved a total of \$3.7 million as a result of this transaction.*



## Hedges

### Floating-to-Fixed Knockout Interest Rate Swap

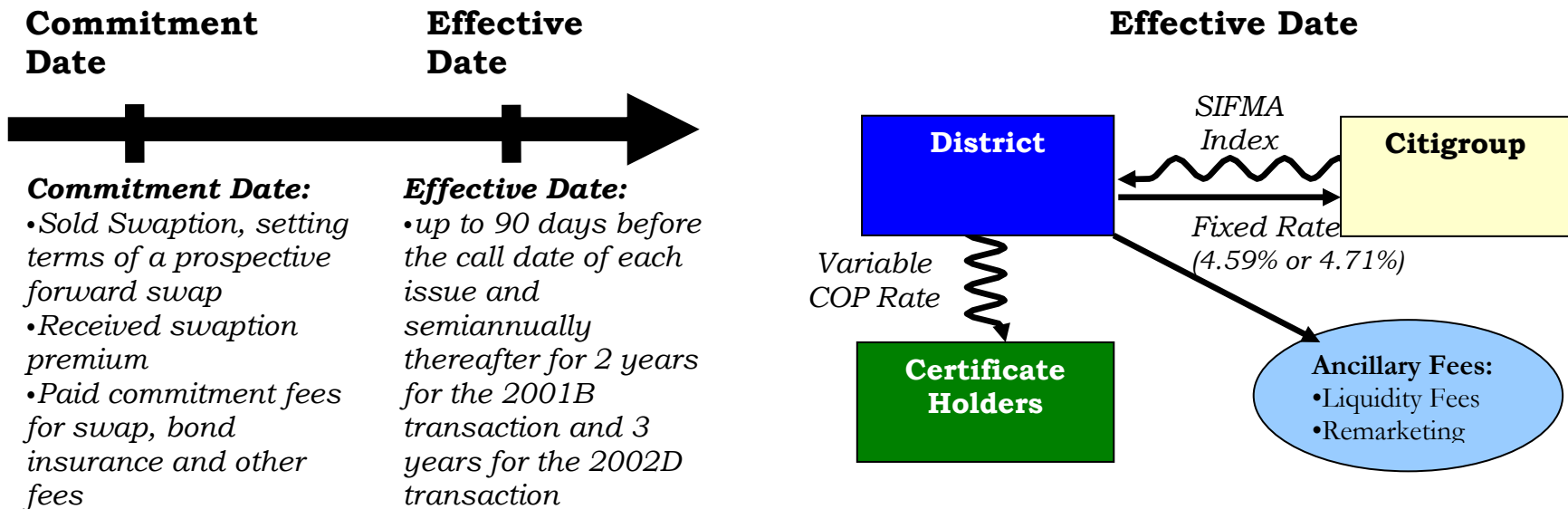
In June 2003 the District issued variable rate COPs, Series 2003B, with a par value of \$124.3 million. The District entered into a floating-to-fixed knockout interest rate swap, effective through August 1, 2029, to hedge against future increases in interest rates. The swap will effectively convert the Certificates into a synthetic fixed rate debt obligation with a coupon of 3.91%. In exchange for an upfront premium payment of \$3,010,000 received by the District, the swap counterparty has the right to terminate “knockout” the swap if the 180 day average of the SIFMA Index exceeds 7.0% in the future. In the event the swap is terminated, the District will be exposed to higher interest rate payments on the certificates. The knockout feature is exercisable anytime until August 1, 2018. Once the knockout option expires the District will be left with a fixed-payer swap that matures on August 1, 2029. The certificates and knockout swap together create low cost, long-term synthetic fixed-rate debt for the District. At June 30, 2010, the swap had a negative fair value of \$16,828,057 based on mid-market values as of the close of business. *As of June 30, 2010, the District has saved a total of \$5.1 million as a result of this transaction.* This savings is calculated by comparing the net payments to date to the payments that would have been made had the District issued traditional fixed rate debt.



## Hedges

### Swaptions

In connection with the anticipated future issuance of \$116,550,000 of variable-rate bonds to refund outstanding Certificates of Participation, Series 2002D and \$162,980,000 of variable-rate bonds to refund outstanding Certificates of Participation, Series 2001B, on August 10 and August 16, 2005 respectively, the District sold two options (“Swaptions”) on floating-to-fixed SIFMA interest rate swaps to Citibank, NA. The upfront gross premium amounts for the sale of the 2002D and 2001B swaptions were \$4,240,000 and \$6,250,000 respectively. These funds were placed in the Board’s Contingency Reserve Fund. Net of transaction costs and anticipated future costs of issuance, the estimated savings are \$3,426,073 and \$5,215,049, respectively, exceeding its targeted savings levels. The Swaption sales allowed the District to achieve a synthetic forward refunding of the Bonds to lock in savings based on current market conditions. Under U.S. tax law, the 2002D and 2001B Bonds were not eligible for a traditional current refunding until May 1, 2012 and May 1, 2011, respectively. The terms of the Swaptions were structured to mirror the terms on the optional redemption features on the 2002D and 2001B COPs. At June 30, 2010, the swaps had a negative fair value of \$38,617,365 based on mid-market values as of the close of business. *As of June 30, 2010, the District has saved a total of \$10.4 million as a result of this transaction.*



## Hedges

### Constant Maturity Swap

In connection with its outstanding Certificates of Participation Series 2002D, the District executed a forward-starting floating-to-floating or basis swap with UBS on September 13, 2006. The transaction consisted of a \$100 million constant maturity swap effective June 30, 2007 whereby the District pays UBS 67% of 1-month LIBOR in exchange for receiving 59.93% of the 10-year Constant Maturity Swap (“CMS”) rate. The maturity date is June 30, 2028. The “flat” shape of the yield curve provided an opportunity to swap the 1-month rate to a 10-year rate. *Assuming the yield curve reverts to its normal positive slope, the District should earn a higher benefit as compared to the short-term swap index. If the yield curve remains flat or inverts (short-term rates exceed long-term rates), the District could incur negative cash flow on the Basis Swap. At June 30, 2010, the swap had a positive fair value of \$5,816,665 based on mid-market values as of the close of business. As of June 30, 2010, the District has saved a total of \$4.4 million as a result of this transaction.*



## Debt Ratings

The School District works with the three national rating agencies to provide an accurate credit rating. This is important as it impacts the interest costs associated with long term borrowing. While a change in ratings may not have a direct impact on the cost of existing fixed rate debt, it would immediately impact the cost of variable rate debt and all future debt issuances. The District's current ratings are shown below and are among the highest for School Districts in the state of Florida. An explanation of the rating definitions can be found on pages 26 - 27.

<b>Rating Agency</b>	<b>Short Term Notes</b>	<b>Long Term – General Obligation or Issuer Credit Rating</b>	<b>Long Term - Certificates of Participation</b>
Moody's	MIG 1	Aa2, Stable Outlook	Aa3, Stable Outlook
Standard and Poor's	SP-1+	AA, Stable Outlook	AA-, Stable Outlook
Fitch	not rated	AA, Stable Outlook	AA-, Stable Outlook

**SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**  
**SUMMARY OF OUTSTANDING OBLIGATIONS**  
**AS OF 06/30/10**

Series	Issue Date	Sr. Manager or Provider	Original Principal Amount	Principal Outstanding as of 06/30/10	Principal Outstanding as of 12/31/10	Final Maturity	Fixed or Variable	Interest Rates	Insurer / Credit Enhancement	Call Provisions	Purpose/ Comments	Hedged?	Liquidity Provider	Liquidity	Mode	Remarketing or Broker Dealer Fee	Swapped to Fixed?	Arbitrage /Yield Restriction Computation Date	Current Estimate
2001A	04/01/01	Salomon Smith Barney	135,500,000	1,220,000	495,000	08/01/11	F	4.25% - 5.50%	Ambac	8/1/11 @ 101 8/1/12 @ 100	Partially refunded by 05A, 07C							n/a	\$ -
2001B	06/01/01	Salomon Smith Barney	169,445,000	164,990,000	164,315,000	08/01/25	F	4.30% - 5.375%	Ambac	8/1/11 @ 101 8/1/12 @ 100	Refunded 00A, Funds in Escrow, Maturities 8/16-8/25 have Swaption	Pending Swaption						n/a	\$ -
2002A	02/01/02	Salomon Smith Barney	115,250,000	43,915,000	37,045,000	08/01/18	F	4.00% - 5.375%	FSA	8/1/12 @ 100 (maturing on or after 8/1/14)	Partially refunded by 05A							n/a	\$ -
2002B	03/20/02	Salomon Smith Barney	115,350,000	115,350,000	115,350,000	08/01/27	V	4.22% (swap rate)	FSA	Any time		yes	Dexia	.12% of Bond Value expires 3/20/2012	Weekly	JP Morgan .08% of Bond Value	Y	03/20/12	\$ -
2002C	05/15/02	UBS Paine Webber	161,090,000	11,270,000	7,835,000	08/01/12	F	4.125-5.50%	FSA	8/1/12 @ 100	Partially refunded by 05A, 07C							06/11/12	\$ -
2002D	12/01/02	Salomon Smith Barney	191,215,000	149,830,000	145,850,000	08/01/28	F	3.70% - 5.25% (net of swap payments)	FSA	8/1/12 @ 100	Partially refunded by 05A, Maturities 13-14, 17-18, 21-22 (5.25% coupon) and 23-28 have Swaption	Basis swap, CMS, Pending Swaption						01/09/13	\$ -
2002E	09/01/02	Salomon Smith Barney	93,350,000	67,495,000	58,000,000	08/01/16	F	4.0% - 5.375%	Ambac	Non Callable	Refunded 95A & 96A, 95A refunded 08/05, 96A refunded 08/06							09/25/12	\$ -
2002Q	06/11/02	Wachovia	950,000	407,143	407,143	06/11/16	F	0.00%	None	Non Callable								n/a	\$ -
2003A	06/26/03	UBS Paine Webber	60,865,000	43,675,000	40,480,000	08/01/21	F	2.75% - 5.0%	Ambac	8/1/13 @ 100								06/26/11	\$ 221,543.00
2003B	06/26/03	UBS Paine Webber	124,295,000	124,295,000	124,295,000	08/01/29	V	3.91% (swap rate) plus 65 bps	Ambac	Any time	Private Placement as Floating Rate Note with Dexia - SIFMA plus 65 bps	yes				private placement	Y	03/20/13	\$ -
2004A	05/04/04	Citigroup	103,575,000	90,170,000	87,300,000	08/01/29	F	3.10% - 5.0%	FGIC	8/1/14 @ 100								05/04/14	\$ -
2004Q	04/30/04	Bank of America	2,923,326	1,471,185	1,471,185	04/30/20	F	0.00%	None	Non Callable								n/a	\$ -
2005A	03/22/05	Bear Stearns	124,630,000	123,900,000	123,705,000	08/01/22	F	3.25% - 5.00%	FSA	8/1/15 @ 100	Refunded select 01A, 02A, 02C & 02D, Funds in Escrow							03/22/15	\$ -
2005B	06/07/05	UBS	38,505,000	8,320,000	0	08/01/10	F	3.125% - 5.00%	FSA	Non Callable								8/1/2010*	\$ 697,426.00
2005Q	12/15/05	Wachovia	2,150,308	1,183,912	1,076,283	12/15/20	F	0.00%	None	Non Callable								n/a	\$ -
2006A	05/25/06	Citigroup	222,015,000	205,570,000	199,595,000	08/01/31	F	3.75% - 5.00%	FSA	8/1/16 @ 100								05/25/11	\$ 1,284,325.00
2007A	02/28/07	UBS	268,545,000	249,125,000	238,855,000	08/01/31	F	3.75% - 5.50%	FGIC	8/1/17 @ 100								02/28/13	\$ 1,341,398.00
2007B	03/22/07	Bear Stearns	119,400,000	116,225,000	116,225,000	08/01/25	F	4.429%	FGIC	Put Bond matures 8/1/2011	Mode and rate TBD upon retirement of the Put Bond on 8/1/2011						N	3/12/2010*	\$ 979,820.00
2007C	03/22/07	Merrill Lynch	192,310,000	190,850,000	190,605,000	08/01/27	F	4.0% - 5.0%	Ambac	8/1/17 @ 100	Refunded select 01A and 02C							03/22/12	\$ -
2007D	05/03/07	Bear Stearns	30,485,000	26,680,000	22,725,000	08/01/15	F	5.00%	MBIA	Non Callable	Refunded 97A							05/01/12	\$ -
2007E	10/31/07	Citigroup	147,390,000	147,390,000	147,390,000	08/01/32	F	3.625% - 5.00%	MBIA	8/1/17 @ 100								10/31/12	\$ -
2010A QSCB	11/03/10	Bank of America Merrill Lynch	67,665,000	0	67,665,000	08/01/25	F	5.40%	n/a	Any time	Taxable Debt with subsidy from US Treasury. Net interest cost of 0.36%					competitive sale			\$ -
<b>Total COPS</b>			<b>2,466,383,634</b>	<b>1,883,332,240</b>	<b>1,890,684,611</b>														
<b>OTHER OBLIGATIONS</b>																			
RANS	03/09/10	JP Morgan	56,000,000	56,000,000	56,000,000	02/22/11	F	0.28%	None	None									
TANS	10/28/09	JP Morgan	85,000,000	0	0	02/01/10	F	0.31%	None	None									

**SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**  
**SUMMARY OF OUTSTANDING OBLIGATIONS**  
**AS OF 06/30/10**

Series	Issue Date	Sr. Manager or Provider	Original Principal Amount	Principal Outstanding as of 06/30/10	Principal Outstanding as of 12/31/10	Final Maturity	Fixed or Variable	Interest Rates	Insurer / Credit Enhancement	Call Provisions	Purpose/ Comments	Hedged?	Variable Rate Obligation Only				Arbitrage /Yield Restriction Computation Date	Current Estimate	
													Liquidity Provider	Liquidity	Mode	Remarketing or Broker Dealer Fee			Swapped to Fixed?
Commercial Paper	various	Citigroup	250,000,000	0	0	12/31/10	V	0.38%-0.55%		Any time	Sales Tax Program		LOC Bank of America and Wachovia	0.1675%	varies	0.05%	N		
<b>Total Other Items</b>			<b>391,000,000</b>	<b>56,000,000</b>	<b>56,000,000</b>														
<b>CAPITAL OUTLAY BOND ISSUES (ISSUE BY STATE OF FLORIDA)</b>																			
1999A	03/01/99		2,650,000	REFUNDED BY 2009A	REFUNDED BY 2009A	09/10/09	F	4.00% - 4.75%											
2000A	03/16/00		1,650,000	0	0	01/01/20	F	4.65% - 6.00%											
2002A	04/15/02		2,845,000	2,185,000	2,185,000	01/01/22	F	4.00% - 5.00%											
2002B	07/15/02		6,815,000	3,480,000	3,480,000	01/01/15	F	4.00% - 5.375%											
2003A	07/15/03		6,050,000	5,035,000	5,035,000	01/01/23	F	3.00% - 4.25%											
2005A	05/01/05		21,200,000	14,945,000	14,945,000	01/01/17	F	3.00% - 5.00%											
2005B	07/01/05		2,675,000	2,405,000	2,405,000	01/01/20	F	5.00%											
2009A	09/10/09		1,655,000	1,505,000	1,505,000	01/01/19	F	2.00% - 5.00%											
<b>Total COBIs</b>			<b>45,540,000</b>	<b>29,555,000</b>	<b>29,555,000</b>														
<b>Grand Total</b>			<b>2,902,923,634</b>	<b>1,968,887,240</b>	<b>1,908,682,240</b>														

SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA  
SUMMARY OF HEDGES  
AS OF 06/30/10

Issue/Series	Counterparty	Notional Amount	Structure (fixed to variable, variable to fixed, basis, etc.)	Execution Date	Start Date	End Date	Credit Enhancement / Collateral Requirements (Policy #)	Options / Unique Features	Mark to Market 6/30/10	Upfront Payment	Subsequent Payments	Total Savings as of 6/30/10	Moody's Collateral Requirement	S&P Collateral Requirement	Threshold	Termination Events	Default Events
2001B	Citibank, N.A.	162,980,000	Swaption - Variable to Fixed	8/16/2005	TBD	8/1/2025	Insured/Ambac	If exercised, District would pay 4.59% and receive the SIFMA swap index rate. Exercise dates are semi-annual from 08/01/11 through 02/01/14 with 120 days required notice.	(22,848,356)	6,250,000		6,250,000	A1 to A3 Baa1 or below	A+ to A- BBB+ or below	\$10,000,000 \$0	Insurer fails to meet payment obligations OR District is below Baa2/BBB (M/SP) AND <b>Insurer is below A3/A- (M/SP)</b>	Bankruptcy, Merger without Assumption or either party
2002B	Citigroup Financial Products Inc	115,350,000	Variable to Fixed	3/20/2003	3/20/2003	8/1/2027	Insured/FSA	District pays fixed rate of 4.22% and receives the SIFMA Swap Index Rate or an Alternate Rate. If the 180 average of the SIFMA/1-mo Libor ratio exceeds 67%, then the District receives the alternate rate of 67% of 1-mo Libor. Cancellation option was purchased on 4/8/09	(26,907,219)	6,142,000	(2,714,000)	6,385,511	A1 to A3 Baa1 or below	A+ to A- BBB+ or below	\$10,000,000 \$0	District is below Baa2/BBB (M/SP) AND Insurer fails to meet payment obligations OR District is below Baa2/BBB (M/SP) AND <b>Insurer is below A3/A- (M/SP)</b>	Bankruptcy, Merger without Assumption or either party
2002D	Citibank, N.A.	100,000,000	Basis	1/14/2003	1/14/2003	6/30/2028	Insured/FSA	District pays SIFMA swap index less 66.5 bps and receives 67% of 1-mo Libor. Amortization matches underlying COP issue.	(1,430,548)	-		3,718,907	A1 to A3 Baa1 or below	A+ to A- BBB+ or below	\$10,000,000 \$0	District is below Baa2/BBB (M/SP) AND Insurer fails to meet payment obligations OR District is below Baa2/BBB (M/SP) AND <b>Insurer is below A3/A- (M/SP)</b>	Bankruptcy, Merger without Assumption or either party
2002D	Citibank, N.A.	116,555,000	Swaption - Variable to Fixed	8/10/2005	TBD	8/1/2028	Insured/FSA	If exercised, the District would pay a fixed rate of 4.71% and receive the SIFMA swap index rate. Exercise dates are semi-annual from 08/01/12 through 02/01/14 with 120 days required notice.	(15,769,009)	4,240,000		4,240,000	A1 to A3 Baa1 or below	A+ to A- BBB+ or below	\$10,000,000 \$0	District is below Baa2/BBB (M/SP) AND Insurer fails to meet payment obligations OR District is below Baa2/BBB (M/SP) AND <b>Insurer is below A3/A- (M/SP)</b>	Bankruptcy, Merger without Assumption or either party
2002D	UBS AG, Stamford Branch Aa3/A+/A+	100,000,000	CMS - Basis	9/13/2006	6/30/2007	6/30/2028	Insured/FSA (27121-NS)	District pays 67% of 1-mo Libor and receives 59.93% of 10-yr Libor. Amortization matches underlying COP issue.	5,816,665	-		4,430,988	A1 to A3 Baa1 or below	A+ to A- BBB+ or below	\$10,000,000 \$0	Insurer fails to meet payment obligations OR District is below Baa2/BBB (M/SP) AND <b>Insurer is below A3/A- (M/SP)</b>	Bankruptcy, Merger without Assumption or either party
2003B	UBS AG, Stamford Branch	124,295,000	Variable to Fixed	6/26/2003	6/26/2003	8/1/2029	Insured/Ambac	District pays 3.91% and receives SIFMA swap index rate. Cancelable if the Average Rate (BMA) exceeds seven percent for six months. Option expires 08/01/18.	(16,828,057)	3,010,000		5,105,508	A1 to A3 Baa1 or below	A+ to A- BBB+ or below	\$10,000,000 \$0	Insurer fails to meet payment obligations OR District is below Baa2/BBB (M/SP) AND <b>Insurer is below A3/A- (M/SP)</b>	Bankruptcy, Merger without Assumption or either party
<b>Total</b>		<b>719,180,000</b>							<b>(77,966,525)</b>	<b>19,642,000</b>	<b>(2,714,000)</b>	<b>30,130,915</b>					



## School District of Palm Beach County

### Summary of COPS Funded Projects

as of 06/30/2010

Debt Issue	Insurer	Facility	Square Footage	Student Stations	Total Project Costs	Outstanding COPS as of 06/30/10
COPS 1994A	AMBAC	Outstanding Debt COPS 1994A				-
COPS 1994A	MBIA	Outstanding Debt COPS 1997A				
COPS 1994A	MBIA	Outstanding Debt COPS 2007D				26,680,000
COPS 1994A		Indian Ridge Learning Center***	Demolished		3,485,548	
COPS 1994A		Orchard View Elem (91-I)	108,925	818	10,995,480	
COPS 1994A		Pioneer Park Elem (91-D)	102,411	800	11,321,380	
COPS 1994A		Roosevelt Middle (91-KK)	189,367	1,607	17,624,681	
COPS 1994A		Woodlands Middle (91-LL)	191,137	1,767	17,935,163	
<b>COPS 1994A Total</b>			<b>591,840</b>	<b>4,992</b>	<b>61,362,253</b>	<b>26,680,000</b>
COPS 1995A	AMBAC	Outstanding Debt COPS 1995A				-
COPS 1995A	AMBAC	Outstanding Debt COPS 2002E				50,935,000
COPS 1995A		Belle Glade Elem (91-T)	110,567	972	11,193,520	
COPS 1995A		Dreyfoos Sch. of the Arts, old Bldg #6 (new Bldg#4)	25,003	227	3,045,157	
COPS 1995A		Dreyfoos Sch. of the Arts, old Bldg #8 (new Bldg #7)	48,525	441	8,837,351	
COPS 1995A		Golden Grove Elem (91-O)	117,026	948	11,330,499	
COPS 1995A		Lake Worth High, New Classroom Bldg #28	69,746	634	6,625,000	
COPS 1995A		Morikami Elem (91-S)	105,812	844	11,709,039	
COPS 1995A		Okeeheltee Middle (91-EE)	139,632	1,890	16,156,726	
COPS 1995A		Poinciana Elem Replacement	96,807	685	9,781,388	
COPS 1995A		Royal Palm High (91-HHH)	316,523	2,878	41,160,764	
COPS 1995A		Starlight Cove Elem (91-C)	104,243	1,112	9,062,327	
COPS 1995A		Water's Edge Elem (91-V)	106,261	944	9,145,947	
<b>COPS 1995A Total</b>			<b>1,240,145</b>	<b>11,575</b>	<b>138,047,717</b>	<b>50,935,000</b>



## School District of Palm Beach County

### Summary of COPS Funded Projects

as of 06/30/2010

Debt Issue	Insurer	Facility	Square Footage	Student Stations	Total Project Costs	Outstanding COPS as of 06/30/10
COPS 1996A	AMBAC	Outstanding Debt COPS 1996A				
COPS 1996A	AMBAC	Outstanding Debt COPS 2002E				16,560,000
COPS 1996A		Eagles Landing Middle (91-MM)	141,918	1,712	17,644,855	
COPS 1996A		Western Pines Middle (91-JJ)	136,013	1,410	15,613,207	
<b>COPS 1996A Total</b>			<b>277,931</b>	<b>3,122</b>	<b>33,258,062</b>	<b>16,560,000</b>
COPS 2000A	FGIC	Outstanding Debt COPS 2000A				-
COPS 2000A	AMBAC	Outstanding Debt COPS 2001B				164,990,000
COPS 2000A		Beacon Cove Elem (96-A)	111,416	933	10,716,391	
COPS 2000A		Independence Middle (98-FF)	171,028	1,626	18,928,821	
COPS 2000A		Jupiter High Modernization	331,152	2,872	50,044,875	
COPS 2000A		Lake Park Elem Modernization	74,305	455	8,574,167	
COPS 2000A		Pahokee Elem, Classroom Bldg	48,427	350	6,221,500	
COPS 2000A		Palmetto Elem Modernization	124,526	936	11,301,424	
COPS 2000A		Village Academy (98-P)	66,102	1,811	6,920,300	
COPS 2000A		Palm Beach Central High (96-JJJ)	372,835	3,013	41,435,322	
<b>COPS 2000A Total</b>			<b>1,299,791</b>	<b>11,996</b>	<b>154,142,800</b>	<b>164,990,000</b>



## School District of Palm Beach County

### Summary of COPS Funded Projects

as of 06/30/2010

Debt Issue	Insurer	Facility	Square Footage	Student Stations	Total Project Costs	Outstanding COPS as of 06/30/10
COPS 2001A	AMBAC	Outstanding Debt COPS 2001A				1,220,000
COPS 2001A	FSA	Outstanding Debt COPS 2005A				50,080,000
COPS 2001A	AMBAC	Outstanding Debt COPS 2007C				78,060,000
COPS 2001A		Boca Raton Elem Modernization	66,010	401	9,579,409	
COPS 2001A		Freedom Shores Elem (97-M)	110,192	1,317	11,804,410	
COPS 2001A		Crosspointe Elem (98-I)	103,967	918	15,403,960	
COPS 2001A		Discovery Key Elem (96-L)	108,677	1,300	11,885,410	
COPS 2001A		Forest Hill Elem Modernization	102,734	1,312	12,093,960	
COPS 2001A		Frontier Elem (96-B)	107,701	882	12,296,160	
COPS 2001A		Lake Worth High, Classroom Addition	115,368	540	4,524,000	
COPS 2001A		Benoist Farms Elem (96-D)	104,028	774	14,760,540	
COPS 2001A		Pleasant City Area Elem (98-N)	69,718	386	11,246,911	
COPS 2001A		Portable Replacement		-	7,000,000	
COPS 2001A		Sunrise Park Elem (96-H)	109,074	1,116	11,406,160	
COPS 2001A		Royal Palm Beach Elem (96-J)	102,610	846	12,142,460	
<b>COPS 2001A Total</b>			<b>1,100,079</b>	<b>9,792</b>	<b>134,143,380</b>	<b>129,360,000</b>
COPS 2002A	FSA	Outstanding Debt COPS 2002A				43,915,000
COPS 2002A	FSA	Outstanding Debt COPS 2005A				27,555,000
COPS 2002A		Central Bus Compound	40,775	-	8,014,788	
COPS 2002A		Dreyfoos Of Arts, New Cafeteria and Gymnasium Remodel	43,367	-	5,889,374	
COPS 2002A		Furnishings		-	6,300,000	
COPS 2002A		Relocatable Classrooms		-	7,000,000	
COPS 2002A		Site Acquisition		-	22,829,991	
COPS 2002A		Park Vista Community High (91-EEE)	388,497	3,031	66,596,572	
<b>COPS 2002A Total</b>			<b>472,639</b>	<b>3,031</b>	<b>116,630,725</b>	<b>71,470,000</b>



## School District of Palm Beach County

### Summary of COPS Funded Projects

as of 06/30/2010

Debt Issue	Insurer	Facility	Square Footage	Student Stations	Total Project Costs	Outstanding COPS as of 06/30/10
COPS 2002B	FSA	Outstanding Debt COPS 2002B				115,350,000
COPS 2002B		Belvedere Elem Modernization	90,849	648	12,628,251	
COPS 2002B		Greenacres Elem Modernization	84,903	750	12,158,098	
COPS 2002B		Jupiter Elem Modernization	90,909	582	12,919,394	
COPS 2002B		Lantana Middle Modernization	145,251	1,112	21,353,292	
COPS 2002B		Site Acquisition		-	19,500,000	
COPS 2002B		South Olive Elem Modernization	94,982	698	14,153,421	
COPS 2002B		Jaega Middle (98-EE)	172,096	1,393	21,341,198	
<b>COPS 2002B Total</b>			<b>678,990</b>	<b>5,183</b>	<b>114,053,654</b>	<b>115,350,000</b>
COPS 2002C	FSA	Outstanding Debt COPS 2002C				11,270,000
COPS 2002C	FSA	Outstanding Debt COPS 2005A				25,235,000
COPS 2002C	AMBAC	Outstanding Debt COPS 2007C				112,790,000
COPS 2002C		Equestrian Trails Elementary (02-S)	115,633	920	13,706,487	
COPS 2002C		Diamond View Elementary (01-R)	120,747	1,076	13,706,101	
COPS 2002C		Panther Run Addition and HVAC Replacement		1,080	10,555,484	
COPS 2002C		West Boca Raton Community High (01-LLL)	371,432	2,547	52,114,137	
COPS 2002C		Forest Hill High Modernization	304,018	1,999	50,676,112	
COPS 2002C		U.B. Kinsey/Palmview Elem Modernization	101,117	695	13,102,337	
COPS 2002C		Village Academy Addition	31,480	-	4,434,591	
<b>COPS 2002C Total</b>			<b>1,044,427</b>	<b>8,317</b>	<b>158,295,249</b>	<b>149,295,000</b>



## School District of Palm Beach County

### Summary of COPS Funded Projects

as of 06/30/2010

Debt Issue	Insurer	Facility	Square Footage	Student Stations	Total Project Costs	Outstanding COPS as of 06/30/10
COPS 2002D	FSA	Outstanding Debt COPS 2002D				149,830,000
COPS 2002D	FSA	Outstanding Debt COPS 2005A				21,030,000
COPS 2002D		Osceola Creek Middle (99-HH)	169,332	1,186	24,582,077	
COPS 2002D		Don Estridge High Tech Middle Middle (98-GG)	177,982	1,347	25,147,683	
COPS 2002D		H. L. Watkins Middle Modernization	188,548	595	22,492,448	
COPS 2002D		Lantana Elementary Modernization	95,220	647	13,042,053	
COPS 2002D		Palm Beach Public Elementary Modernization	68,565	563	13,367,632	
COPS 2002D		Palm Springs Elementary Modernization	121,208	1,031	17,595,377	
COPS 2002D		Roosevelt Elementary Modernization	117,695	822	17,483,238	
COPS 2002D		Tradewinds Middle (98-II)	192,160	1,356	34,947,826	
COPS 2002D		Portable/Modular Replacement		-	7,000,000	
COPS 2002D		Site Acquisition		-	17,500,000	
<b>COPS 2002D Total</b>			<b>1,130,710</b>	<b>7,547</b>	<b>193,158,334</b>	<b>170,860,000</b>
COPS 2002Q		Outstanding Debt COPS 2002 QZAB				407,143
COPS 2002Q		Furniture and Equipment for Palmetto Elem		-	950,000	
<b>COPS 2002Q Total</b>			<b>-</b>	<b>-</b>	<b>950,000</b>	<b>407,143</b>
COPS 2003A	AMBAC	Outstanding Debt COPS 2003A				43,675,000
COPS 2003A		William T. Dwyer Addition	42,436	385	5,500,000	
COPS 2003A		Seminole Ridge High (02-NNN)	376,677	2,626	54,254,517	
<b>COPS 2003A Total</b>			<b>419,113</b>	<b>3,011</b>	<b>59,754,517</b>	<b>43,675,000</b>



## School District of Palm Beach County

### Summary of COPS Funded Projects

as of 06/30/2010

Debt Issue	Insurer	Facility	Square Footage	Student Stations	Total Project Costs	Outstanding COPS as of 06/30/10
COPS 2003B	AMBAC	Outstanding Debt COPS 2003B				124,295,000
COPS 2003B		Atlantic High Replacement	402,435	2,579	67,231,936	
COPS 2003B		Bak Middle of the Arts Modernization	222,884	1,483	30,131,289	
COPS 2003B		LC Swain Middle (03-KK)	192,661	1,614	29,679,027	
COPS 2003B		Portable/Modular Replacement		-	6,006,615	
<b>COPS 2003B Total</b>			<b>817,980</b>	<b>5,676</b>	<b>133,048,867</b>	<b>124,295,000</b>
COPS 2004A	FGIC	Outstanding Debt COPS 2004A				90,170,000
COPS 2004A		Coral Sunset Elem Addition and HVAC Replacement	33,951	374	9,941,076	
COPS 2004A		Hammock Pointe Elem Addition and HVAC Replacement	46,375	395	13,134,972	
COPS 2004A		JC Mitchell Elem Modernization	127,887	1,122	20,993,903	
COPS 2004A		Meadow Park Elem Modernization	114,231	878	16,743,972	
COPS 2004A		Relocatable Classrooms		-	11,000,000	
COPS 2004A		SD Spady Elem Modernization	88,807	697	14,604,685	
COPS 2004A		Site Acquisition		-	17,248,000	
<b>COPS 2004A Total</b>			<b>411,251</b>	<b>3,466</b>	<b>103,666,608</b>	<b>90,170,000</b>
COPS 2004Q		Outstanding Debt COPS 2004 QZAB				1,471,185
COPS 2004Q		Equipment for Palm Beach Public Elem		-	172,600	
COPS 2004Q		Equipment for Forest Hill High		-	1,980,726	
COPS 2004Q		Equipment for Palm Springs Middle		-	770,000	
<b>COPS 2004Q Total</b>			<b>-</b>	<b>-</b>	<b>2,923,326</b>	<b>1,471,185</b>



## School District of Palm Beach County

### Summary of COPS Funded Projects

as of 06/30/2010

Debt Issue	Insurer	Facility	Square Footage	Student Stations	Total Project Costs	Outstanding COPS as of 06/30/10
COPS 2005B	FSA	Outstanding Debt COPS 2005B				8,320,000
COPS 2005B		ERP System		-	19,062,031	
COPS 2005B		Turning Points Academy (formerly CEP)		269	11,882,420	
COPS 2005B		Indian Ridge Modernization	75,162	250	8,117,580	
<b>COPS 2005B Total</b>			<b>75,162</b>	<b>519</b>	<b>39,062,031</b>	<b>8,320,000</b>
COPS 2005Q		Outstanding Debt COPS 2005 QZAB				1,183,912
COPS 2005Q		Audio Enhancement Equipment for 27 schools		-	2,150,308	
<b>COPS 2005Q Total</b>			<b>-</b>	<b>-</b>	<b>2,150,308</b>	<b>1,183,912</b>
COPS 2006A	FSA	Outstanding Debt COPS 2006A				205,570,000
COPS 2006A		Barton Elem Modernization	153,826	1,456	23,408,266	
COPS 2006A		D. D. Eisenhower Elem Modernization	117,806	864	27,593,001	
COPS 2006A		Marsh Pointe Elem (03-X)	110,895	960	23,419,951	
COPS 2006A		Palm Beach Gardens High Modernization	404,363	2,795	97,109,098	
COPS 2006A		Rolling Green Elem Modernization	146,915	1,122	25,712,891	
COPS 2006A		Modular Classrooms		-	25,000,000	
COPS 2006A		Voice/Data Equipment		-	3,430,100	
<b>COPS 2006A Total</b>			<b>933,805</b>	<b>7,197</b>	<b>225,673,307</b>	<b>205,570,000</b>



## School District of Palm Beach County

### Summary of COPS Funded Projects

as of 06/30/2010

Debt Issue	Insurer	Facility	Square Footage	Student Stations	Total Project Costs	Outstanding COPS as of 06/30/10
COPS 2007A	FGIC	Outstanding Debt COPS 2007A				249,125,000
COPS 2007A		CO Taylor Elem Modernization	170,203	1,441	43,486,782	
COPS 2007A		Roosevelt Mid Classroom Addition	35,876	352	8,649,176	
COPS 2007A		Royal Palm School Modernization	144,228	590	44,433,306	
COPS 2007A		Site Acquisition		-	58,563,546	
COPS 2007A		Suncoast High School Modernization	301,854	1,802	88,442,712	
COPS 2007A		Furnishings for 2007B Projects		-	3,402,602	
COPS 2007A		Westward Elem Modernization	111,981	1,040	32,084,676	
<b>COPS 2007A Total</b>			<b>764,142</b>	<b>5,225</b>	<b>279,062,800</b>	<b>249,125,000</b>
COPS 2007B	FGIC	Outstanding Debt 2007B				116,225,000
COPS 2007B		Carver Middle Addition	28,761	352	8,214,251	
COPS 2007B		Hagen Road Elem Modernization	121,528	862	28,378,526	
COPS 2007B		Lake Worth Middle Addition	34,353	366	8,836,069	
COPS 2007B		Palm Beach Gardens Elem Modernization	109,509	770	29,777,367	
COPS 2007B		Wellington High Auditorium*	28,093	-	12,871,672	
COPS 2007B		Sunset Palm Elem (03-Z)	127,035	1,022	30,341,550	
<b>COPS 2007B Total</b>			<b>449,279</b>	<b>3,372</b>	<b>118,419,435</b>	<b>116,225,000</b>



## School District of Palm Beach County

### Summary of COPS Funded Projects

as of 06/30/2010

Debt Issue	Insurer	Facility	Square Footage	Student Stations	Total Project Costs	Outstanding COPS as of 06/30/10
COPS 2007E	MBIA	Outstanding Debt COPS 2007E				147,390,000
COPS 2007E		Allamanda Elem Modernization	101,824	834	28,991,404	
COPS 2007E		Banyan Creek Elem Addition	38,953	514	13,775,998	
COPS 2007E		Benoist Farms Elem Pre-K	5,394	36	3,191,011	
COPS 2007E		Pahokee Stadium	13,667		13,568,593	
COPS 2007E		Modular Classrooms			11,200,000	
COPS 2007E		Site Acquisition - New Facilities			19,087,462	
COPS 2007E		Wellington Elem Addition	81,635	530	21,553,813	
COPS 2007E		West Palm Beach Area Elem (06-D)	131,804	996	34,495,903	
COPS 2007E		Whispering Pines Elem Addition	13,821	58	4,354,948	
<b>COPS 2007E Total</b>			<b>651,735</b>	<b>4,760</b>	<b>150,219,131</b>	<b>147,390,000</b>
<b>Grand Total</b>			<b>12,094,382</b>	<b>96,989</b>	<b>2,218,022,504</b>	<b>1,883,332,240</b>
<b>All Educational Space**</b>			<b>26,281,051</b>	<b>206,097</b>		
<b>Percentage of Educational Space included in the Master Lease</b>			<b>46.02%</b>	<b>47.06%</b>		

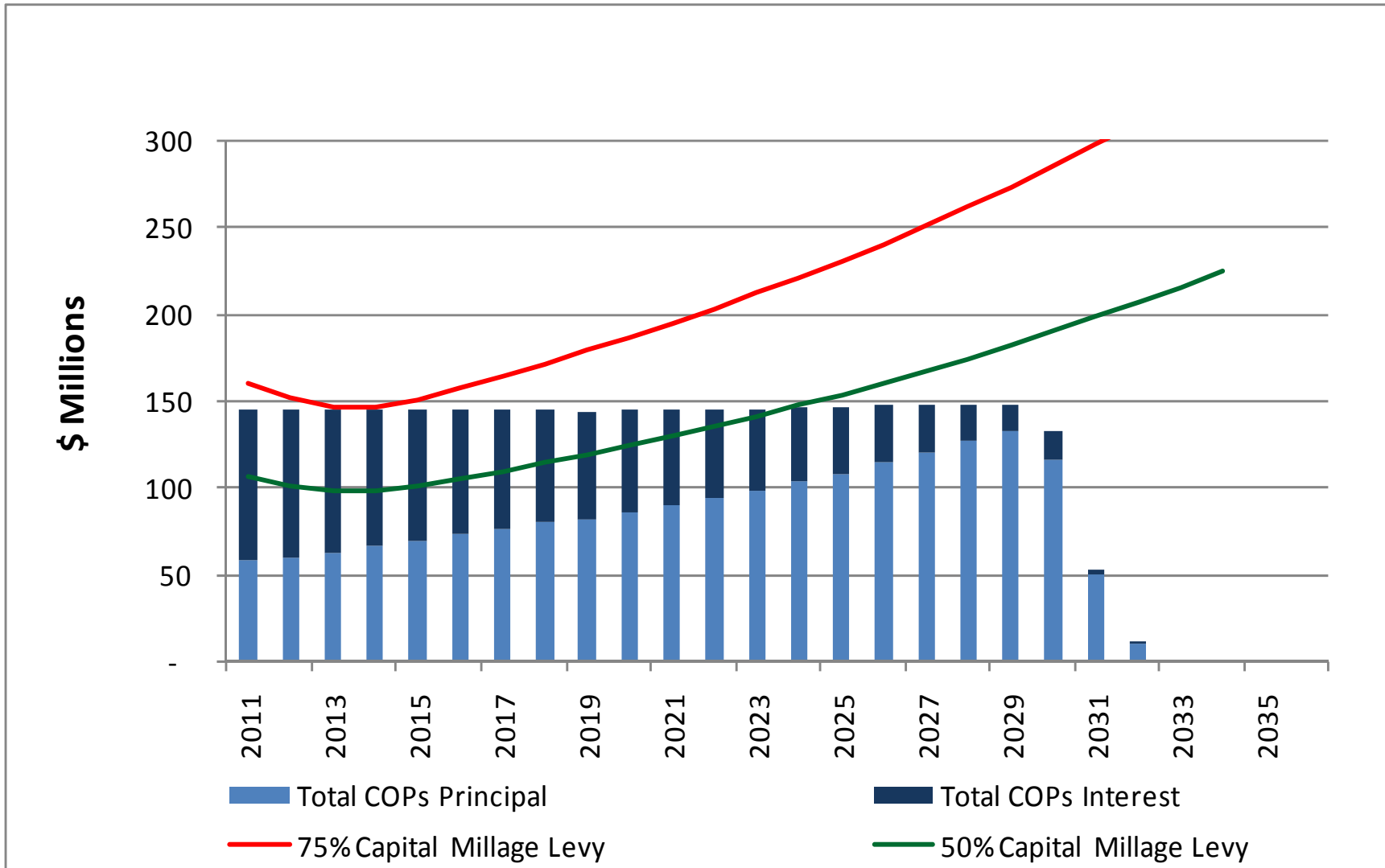
\*\* Includes concrete modular classrooms

\*\*\* Project removed from the lease with consent of insurer. Replacement facility under construction and included in 2005B.

Square Footage based upon FISH Aug. 2010



# COP Debt Service with FY11 Millage



## DISTRICT BOND & NOTE RATINGS

<b>Rating Agency</b>	<b>Short Term Notes</b>	<b>Long Term – General Obligation or Issuer Credit Rating</b>	<b>Long Term - Certificates of Participation</b>
Moody's	MIG 1	Aa2, Stable Outlook	Aa3, Stable Outlook
Standard and Poor's	SP-1+	AA, Stable Outlook	AA-, Stable Outlook
Fitch	not rated	AA, Stable Outlook	AA-, Stable Outlook

### **Moody's Investor Service: Ratings for Long-Term Municipal Debt**

Aaa	Best quality; carry the smallest degree of investment risk.
Aa	High quality; margins of protection not quite as large as the Aaa bonds.
A	Upper medium grade; security adequate but could be susceptible to impairment.
Baa	Medium grade; neither highly protected nor poorly secured - lack outstanding investment characteristics and sensitive to changes in economic circumstances.

Ratings further classified by 1, 2, or 3 modifier with 1 being high and 3 being low.

### **Moody's Investor Service: Ratings for Short-Term Municipal Debt**

MIG 1	This designation denotes best quality. There is present strong protection by established cash flows, superior liquidity support or demonstrated broad-based access to the market for refinancing.
MIG 2	This designation denotes high quality. Margins of protection are ample although not so large as in the preceding group.

### **Standard & Poor's: Ratings for Long-Term Municipal Debt**

AAA	Highest rating; extremely strong security.
AA	Very strong security; differs from AAA in only a small degree.
A	Strong capacity but more susceptible to adverse economic effects than two above categories.
BBB	Adequate capacity but adverse economic conditions more likely to weaken capacity.

Those issues determined to possess overwhelming safety characteristics will be given a plus (+) designation.

**Standard & Poor's: Ratings for Municipal Notes**

- SP-1 Very strong or strong capacity to pay principle and interest,. Those issues determined to possess overwhelming safety characteristics will be given a plus (+) designation.
- SP-2 Satisfactory capacity to pay principal and interest
- SP-3 Speculative capacity to pay principal and interest.

**Fitch Ratings: Ratings for Long-Term Municipal Debt**

- AAA Highest rating; extremely strong security.
- AA Very strong security; differs from AAA in only a small degree.
- A Strong capacity but more susceptible to adverse economic effects than two above categories.
- BBB Adequate capacity but adverse economic conditions more likely to weaken capacity.

“+” or “-“ are used with a rating symbol to indicate the relative position of a credit within the rating category.