

# Annual Debt Report

for the year ended June 30, 2008



## **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 its debt with the goal of obtaining capital at a low cost while managing the exposure to risk. That was tested on several occasions during the year, beginning with the Florida Supreme Court case, *Strand v. Escambia County*, which briefly invalidated the Certificate of Participation structure used by school districts throughout the state. The District joined a number of school districts to request a rehearing and the ruling was reversed shortly thereafter. Beyond the State of Florida, FY 2008 was a year of turmoil for the credit markets, evidenced by the virtual collapse of the auction rate market and the downgrades of several bond insurers. The District's practice of actively managing debt resulted in timely actions which limited exposure to the instability. The turmoil in the credit markets has continued to escalate and will continue to create challenges during FY 2009 and possibly longer.

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 15 – 17 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, 2008.

## Long Term Debt

### Capital Leases

**General Information:** The School District had one equipment lease during the 2008 fiscal year. The lease, with CIT leasing, was implemented in 2006 to purchase equipment related to the installation of new telephone/data systems for all District locations. The lease was for \$6.1 million with a term of 3 years with annual payments due at the beginning of each year. The interest rate on the lease was 0%.

**FY 2008 Summary:** The final principal payment of \$2.2 million was made during the fiscal year.

### Capital Outlay Bond Issues

**General Information:** Known as COBI, these bonds are issued by the State of Florida on behalf of the School District. The State collects funds from vehicle licenses and forwards a portion to School Districts as revenue known as CO&DS (Capital Outlay and Debt Service). School Districts may choose to allow the State to bond their portion of the revenue via the COBI 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.

**FY 2008 Summary:** During FY2008, \$2.8M of principal payments were made on the outstanding COBIs. As of June 30, 2008, there was \$35.8M outstanding for Palm Beach Schools. The District's next principal payment of \$2.97M will occur on January 1, 2009.

## 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, 2008, there was \$1.97 billion outstanding. A listing of all COP issues, which details the projects financed, can be found on pages 18 – 23 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, 2008 12% of the COPs outstanding are in a variable rate mode.

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 five years. Based on the planned COP issues, the lease payments for FY09 will equate to .98 mils or 56% and FY10 will equate to .99 mils or 57%. All figures are based on a growth rate for taxable property values of -1% for each year. A graphical representation of this information can be found on 24.

**FY 2008 Summary:** The District issued one "new money" COP issue in FY 2008. Series 2007E was issued in October 2008 as a fixed rate transaction with a par amount of \$147 million. The transaction provided funding for 1 new school, 1 school modernization, 4 additions, a high school stadium, modular classrooms and the acquisition of property needed for future projects.

Due to the turmoil in the credit markets, the District also completed two "conversions". The 2007B COP issue was originally issued in auction-rate mode. The transaction was insured by FGIC. Bear Stearns was the auction agent with Citi and UBS participating in the weekly auction. As the auction-rate market

## Long Term Debt

### Certificates of Participation (cont'd)

became unstable, the interest rates began to rise. The District requested proposals from the three participating firms to transition the transaction from the auction-rate market. The School Board approved a 3-year put bond structure and the transaction was completed by Bear Stearns in March. The transaction locked in an interest rate of 4.218% for three years. At the end of the three years, August 1, 2011, the District will need to convert to another interest rate node.

The second conversion was with the 2003B COP issue. The transaction was originally issued as variable rate obligations with a weekly reset, insured by AMBAC, remarketed by UBS, with liquidity provided by Dexia. The reset rates on this transaction became unreasonable when concerns were expressed regarding the credit rating of AMBAC. The School District changed the interest rate mode to an index-floater mode and placed the transaction with Dexia. Initially, the interest rate was set at Libor plus 30. On August 1, 2008 the interest rate was changed to SIFMA plus 65. The transaction can stay in this mode indefinitely but must stay in place for at least two years.

The District paid \$45.2M of outstanding principal in FY2008. As of June 30, the remaining principal was \$1.99 billion. The FY 2008 principal payment of \$55.8 million was recorded in August 2008. The current outstanding principal balance for COPs is \$1.94 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 \$4.9 million.

**FY 2008 Summary:** During FY 2008, \$322,604.02 was transferred to the escrow accounts. Principal due to be transferred to the escrow accounts over the remaining life of the transactions is \$ 3.7 million.

## Long Term Debt

### General Obligation Bonds

**General Information:** GO Bonds were issued by the District in 1987 and 1989 after the approval of a Bond Referendum in 1986. The total issue amount was \$317 million. These bonds were refunded in 1994 and again in 2002. The principal and interest associated with these bonds is paid by taxpayers via an ad valorem tax. The final levy for these bonds was in 2006, with the final payment made in August 2007.

**FY2008 Summary:** The District paid \$27.7M of outstanding principal in FY2008. That was the final payment and the bonds have been retired.

## Short Term Debt

### Tax Anticipation Notes

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

**FY2008 Activity:** \$115 million was issued in October 2007 and was outstanding as of June 30, 2008. The coupon rate of the note was 4% with a net interest cost of 3.45%. The issue was paid in full on September 25, 2008.

A new TAN issue for \$85 million was sold in October 2007 with a coupon rate of 3.75% and a net interest cost of 2.13%. The amount issued was decreased to the level of the 2006 issue.

### Commercial Paper

**General Information:** In November 2004, the voters of Palm Beach County approved a half cent sales surtax to provide \$560 million for school construction projects. The tax was collected beginning in January 2005 and will continue for no more than six (6) years. While the revenues are generated over a six year period, construction costs are concentrated in the first three (3) years. A Commercial Paper (CP) program was established in February 2005 with an underlying 3-year letter of credit. The Letter of Credit was subsequently extended through the end of the program. Proceeds from the CP with the Sales Tax revenues will be used to complete the \$560 million of projects. The sales tax revenues received after year three will be used to complete projects and pay off the outstanding CP.

CP is sold for periods up to 270 days. Securities are paid in full upon maturity via a letter of credit and then re-issued for a similar term.

**FY2008 Activity:** \$250M of CP was issued in 2005 and is still outstanding as of June 30, 2008. Total interest earnings for this program to date are \$27,238,610 and the interest cost is \$24,208,167. A summary of the outstanding Commercial Paper is on 25.

## 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 8 – 13.

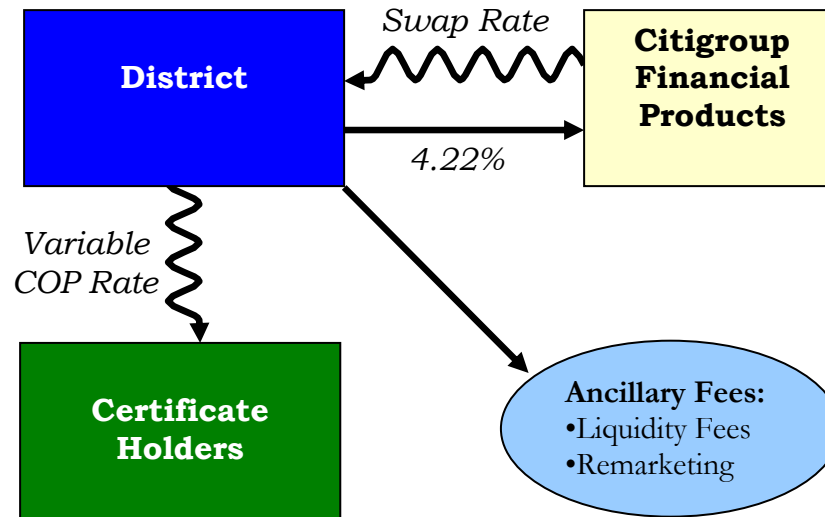
### **FY2008 Summary:**

There were no changes to any of the hedges during FY2009. Details of outstanding transactions follow.

## Hedges

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

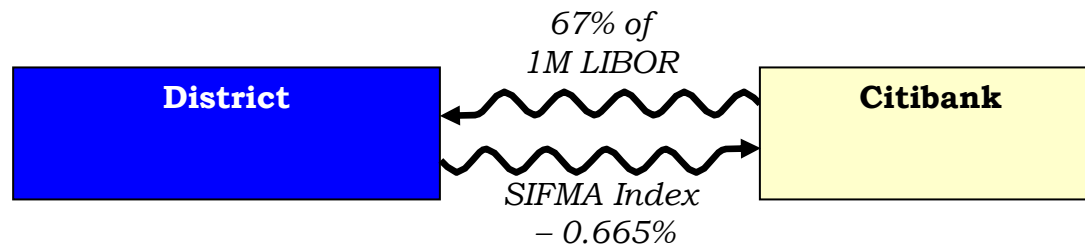
In March 2002, the District issued variable rate COPs, Series 2002B, with a par amount of \$115.3 million. The District chose to enter into a floating-to-fixed cancelable interest rate swap, effective through August 1, 2027, to hedge against future increases in interest rates. The swap effectively converted 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. In the event the swap is terminated, the District will be exposed to potentially higher interest rate payments on the 2002B certificates. 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, 2008, the swap had a negative fair value of \$8,296,691 based on mid-market values as of the close of business. *As of June 30, 2008, the District has saved a total of \$9.1 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

### \$100 Million Fixed Margin Basis Swap

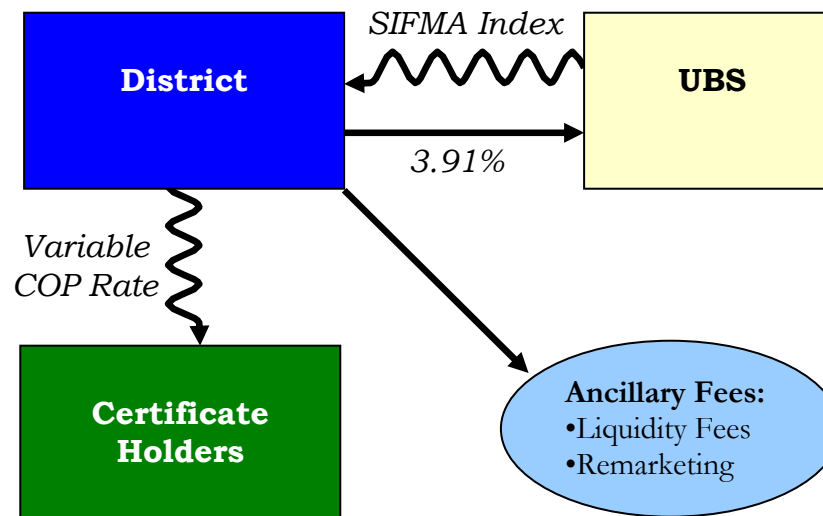
In June 2003, the District entered into a 25.5 year floating-to-floating interest rate swap in connection with the issuance of \$191.215 million of fixed-rate Certificates of Participation, Series 2002D. The swap notional principal amortizes to match the final \$100 million of maturing principal of the 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, 2008, the swap had a positive fair value of \$3,883,559 based on mid-market values as of the close of business. *As of June 30, 2008, the District has saved a total of \$2.8 million as a result of this transaction.*



## Hedges

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

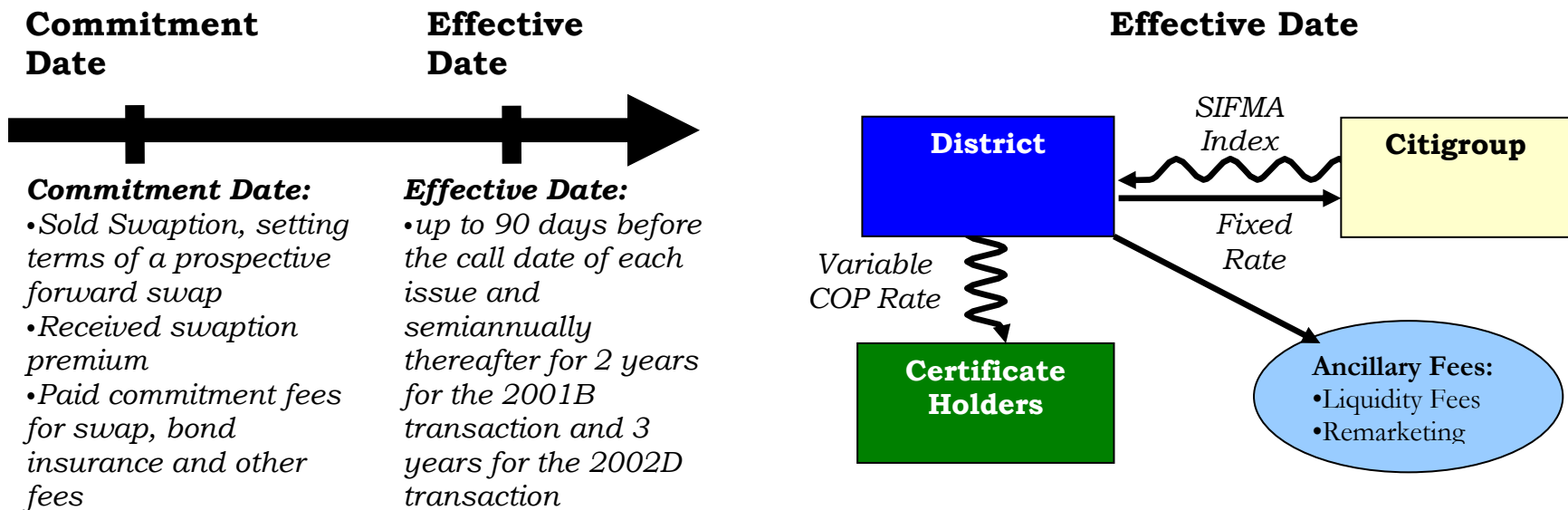
In June 2003 the District issued variable rate COPs, Series 2003B, with a par value of \$124.3 million. The District entered into a floating-to-fixed knockout interest rate swap, effective through August 1, 2029, to hedge against future increases in interest rates. The swap will effectively convert the 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, 2008, the swap had a negative fair value of \$49,994.18 based on mid-market values as of the close of business. *As of June 30, 2008, the District has saved a total of \$5.3 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. Net of transaction costs and anticipated future costs of issuance, the estimates savings are \$3,426,073 and \$5,215,049, respectively, exceeding its targeted premium 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, 2008, the swap had a negative fair value of \$11,708,701 based on mid-market values as of the close of business. *As of June 30, 2008, 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, 2008, the swap had a negative fair value of \$1,632,788 based on mid-market values as of the close of business. As of June 30, 2008, the District has saved a total of \$528 thousand 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 Bonds</b>	<b>Long Term - Certificates of Participation</b>
Moody's	MIG 1	Aa3, Stable Outlook	A1, Stable Outlook
Standard and Poor's	SP-1+	AA, Stable Outlook	AA-, Stable Outlook
Fitch	not rated	AA-, Stable Outlook	A+, Stable Outlook

**SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**  
**SUMMARY OF OUTSTANDING OBLIGATIONS**  
**AS OF 06/30/08**

													<i>Variable Rate Obligation Only</i>			
Series	Issue Date	Sr. Manager or Provider	Original Principal Amount	Principal Outstanding as of 06/30/08	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?
<b>CERTIFICATES OF PARTICIPATION</b>																
1997A	09/01/97	Merrill Lynch	47,145,000	3,635,000	08/01/08	F	3.75% - 5.25%	MBIA	8/1/07 @ 101 8/1/08 @ 100.5 8/1/09 @ 100	Refunded 94A, Escrow paid 94A in 08/04; Refunded by 07D	no					
2001A	04/01/01	Solomon Smith Barney	135,500,000	2,740,000	08/01/11	F	3.0% - 5.5%	Ambac	8/1/11 @ 101 8/1/12 @ 100	Partially refunded by 05A, 07C	no					
2001B	06/01/01	Solomon Smith Barney	169,445,000	166,265,000	08/01/25	F	2.70% - 5.375%	Ambac	8/1/11 @ 101 8/1/12 @ 100	Refunded 00A, Funds in Escrow, Maturities 8/16-8/25 have Swaption	no					
2002A	02/01/02	Solomon Smith Barney	115,250,000	56,855,000	08/01/18	F	2.50% - 5.375%	FSA	8/1/12 @ 100 (maturing on or after 8/1/14)	Partially refunded by 05A	no					
2002B	03/20/02	Solomon Smith Barney	115,350,000	115,350,000	08/01/27	V	4.22% (swap rate)	FSA	Any time		yes	Dexia	.12% of Bond Value	Weekly	.08% of Bond Value	Y
2002C	05/15/02	UBS Paine Webber	161,090,000	17,695,000	08/01/12	F	2.40% - 5.50%	FSA	8/1/12 @ 100	Partially refunded by 05A, 07C	no					
2002D	12/01/02	Solomon Smith Barney	191,215,000	157,340,000	08/01/28	F	2.0% - 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	yes					N (Basis Swap)
2002E	09/01/02	Solomon Smith Barney	93,350,000	85,150,000	08/01/16	F	4.0% - 5.375%	Ambac	Non Callable	Refunded 95A & 96A, 95A refunded 08/05, 96A refunded 08/06	no					
2002Q	06/11/02	Wachovia	950,000	542,857	06/11/16	F	0.00%	None	Non Callable		no					
2003A	06/26/03	UBS Paine Webber	60,865,000	49,870,000	08/01/21	F	2.0% - 5.0%	Ambac	8/1/13 @ 100		no					
2003B	06/26/03	UBS Paine Webber	124,295,000	124,295,000	08/01/29	V	3.91% (swap rate)	Ambac	Any time	Private Placement as Floating Rate Note with Dexia - SIFMA plus 65 bps	yes					Y
2004A	05/04/04	Citigroup	103,575,000	95,695,000	08/01/29	F	2.0% - 5.0%	FGIC	8/1/14 @ 100		no					
2004Q	04/30/04	Bank of America	2,923,326	1,765,422	05/04/20	F	0.00%	None	Non Callable		no					
2005A	03/22/05	Bear Stearns	124,630,000	124,275,000	08/01/22	F	3.00% - 5.00%	FSA	8/1/15 @ 100	Refunded select 01A, 02A, 02C & 02D, Funds in Escrow	no					
2005B	06/07/05	UBS	38,505,000	24,000,000	08/01/10	F	3.00% - 5.00%	FSA	Non Callable		no					
2005Q	12/15/05	Wachovia	2,150,308	1,399,169	12/15/20	F	0.00%	None	Non Callable		no					
2006A	05/25/06	Citigroup	222,015,000	216,880,000	08/01/31	F	3.625% - 5.00%	FSA	8/1/16 @ 100		no					
2007A	02/28/07	UBS	268,545,000	268,545,000	08/01/31	F	3.60% - 5.50%	FGIC	8/1/17 @ 100		no					
2007B	03/22/07	Bear Stearns	119,400,000	116,225,000	08/01/25	F	5.00%	FGIC	Put Bond matures 8/1/2011	Mode and rate TBD upon retirement of the Put Bond on 8/1/2011	no					N
2007C	03/22/07	Merrill Lynch	192,310,000	191,310,000	08/01/27	F	4.0% - 5.0%	Ambac	8/1/17 @ 100	Refunded select 01A and 02C	no					
2007D	05/03/07	Bear Stearns	30,485,000	30,485,000	08/01/15	F	4.0% - 5.0%	MBIA	Non Callable	Refunded 97A	no					
2007E	10/31/07	Citigroup	147,390,000	147,390,000	08/01/32	F	3.625% - 5.00%	MBIA	8/1/17 @ 100		no					
<b>Total COPS</b>			<b>2,466,383,634</b>	<b>1,997,707,448</b>												

SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA  
SUMMARY OF OUTSTANDING OBLIGATIONS  
AS OF 06/30/08

												<i>Variable Rate Obligation Only</i>				
Series	Issue Date	Sr. Manager or Provider	Original Principal Amount	Principal Outstanding as of 06/30/08	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?
<b>OTHER OBLIGATIONS</b>																
TANS	10/04/07	Citigroup	115,000,000	115,000,000	09/25/08	F	4.00%	None	None		no					
Commercial Paper	various	Citigroup	250,000,000	250,000,000	12/31/10	V	3.64% - 3.78%		Any time	Sales Tax Program	no	LOC Bank of America and Wachovia	0.1675%	varies	0.05%	N
<b>Total Other Items</b>			<b>365,000,000</b>	<b>365,000,000</b>												
<b>CAPITAL OUTLAY BOND ISSUES (ISSUE BY STATE OF FLORIDA)</b>																
1999A	03/01/99		2,650,000	1,870,000	01/01/19	F	4.00% - 4.75%									
2000A	03/16/00		1,650,000	155,000	01/01/20	F	4.65% - 6.00%									
2002A	04/15/02		2,845,000	2,365,000	01/01/22	F	3.00% - 5.00%									
2002B	07/15/02		6,815,000	4,760,000	01/01/15	F	3.375% - 5.375%									
2003A	07/15/03		6,050,000	5,395,000	01/01/23	F	3.00% - 5.00%									
2005A	05/01/05		21,200,000	18,600,000	01/01/17	F	3.00% - 5.00%									
2005B	07/01/05		2,675,000	2,660,000	01/01/20	F	3.50% - 5.00%									
<b>Total COBs</b>			<b>43,885,000</b>	<b>35,805,000</b>												
<b>Grand Total</b>			<b>2,875,268,634</b>	<b>2,398,512,448</b>												

**SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA  
SUMMARY OF HEDGES  
AS OF 06/30/08**

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 6/30/08	Upfront Payment	Total Savings as of 6/30/08
2002B	Citigroup Financial Products Inc	115,350,000	Variable to Fixed	3/20/2003	3/20/2003	8/1/2027	Insured/FSA	Cancelable on or after 02/01/2007	(17,064,589)	6,142,000	9,193,827
2002D	Citibank, N.A.	100,000,000	Basis	1/14/2003	1/14/2003	6/30/2028	Insured/FSA	Board receives 67% LIBOR and pays BMA minus 66.5 bps.	1,528,884	-	2,853,627
2003B	UBS AG, Stamford Branch	124,295,000	Variable to Fixed	6/26/2003	6/26/2003	8/1/2029	Insured/Ambac	Cancelable if the Average Rate (BMA) exceeds seven percent for six months. Option expires 08/01/18.	(7,954,829)	3,010,000	5,269,490
2002D	Citibank, N.A.	116,555,000	Swaption - Variable to Fixed	8/10/2005	TBD	8/1/2028	Insured/FSA	Exercise dates are semi-annual from 08/01/12 through 02/01/14	(8,216,746)	4,240,000	4,240,000
2001B	Citibank, N.A.	162,980,000	Swaption - Variable to Fixed	8/16/2005	TBD	8/1/2025	Insured/Ambac	Exercise dates are semi-annual from 08/01/11 through 02/01/14	(10,210,068)	6,250,000	6,250,000
2002D	UBS AG, Stamford Branch	100,000,000	CMS - Basis	9/13/2006	6/30/2007	6/30/2028	Insured/FSA (27121-NS)	Forward starting date of 6/30/07	1,134,614	-	528,686
<b>Total</b>		<b>719,180,000</b>							<b>(40,782,733)</b>	<b>19,642,000</b>	<b>28,335,629</b>



## School District of Palm Beach County

### Summary of COPS Funded Projects

as of 06/30/2008

Debt Issue	Insurer	Facility	Square Footage	Student Stations	Total Project Costs	Asset Based Project Costs	Non-Asset Based Project Costs	Outstanding Debt as of 06/30/08
COPS 1994A	AMBAC	Outstanding Debt COPS 1994A						-
COPS 1994A	MBIA	Outstanding Debt COPS 1997A						3,635,000
COPS 1994A	MBIA	Outstanding Debt COPS 2007D						30,485,000
COPS 1994A		Indian Ridge Learning Center***	Demolished		3,485,548	3,485,548		
COPS 1994A		Orchard View Elem (91-I)	108,925	818	10,995,480	10,995,480		
COPS 1994A		Pioneer Park Elem (91-D)	102,411	800	11,321,380	11,321,380		
COPS 1994A		Roosevelt Middle (91-KK)	189,367	1,607	17,624,681	17,624,681		
COPS 1994A		Woodlands Middle (91-LL)	191,137	1,767	17,935,163	17,935,163		
<b>COPS 1994A Total</b>			<b>591,840</b>	<b>4,992</b>	<b>61,362,253</b>	<b>61,362,253</b>	-	<b>34,120,000</b>
COPS 1995A	AMBAC	Outstanding Debt COPS 1995A						-
COPS 1995A	AMBAC	Outstanding Debt COPS 2002E						66,950,000
COPS 1995A		Belle Glade Elem (91-T)	110,567	972	11,193,520	11,193,520		
COPS 1995A		Dreyfoos Sch. of the Arts, old Bldg #6 (new Bldg#4)	25,003	227	3,045,157	3,045,157		
COPS 1995A		Dreyfoos Sch. of the Arts, old Bldg #8 (new Bldg #7)	48,525	441	8,837,351	8,837,351		
COPS 1995A		Golden Grove Elem (91-O)	117,026	948	11,330,499	11,330,499		
COPS 1995A		Lake Worth High, New Classroom Bldg #28	69,746	634	6,625,000	6,625,000		
COPS 1995A		Morikami Elem (91-S)	105,812	844	11,709,039	11,709,039		
COPS 1995A		Okeeheelee Middle (91-EE)	139,632	1,890	16,156,726	16,156,726		
COPS 1995A		Poinciana Elem Replacement	96,807	685	9,781,388	9,781,388		
COPS 1995A		Royal Palm High (91-HHH)	316,523	2,878	41,160,764	41,160,764		
COPS 1995A		Starlight Cove Elem (91-C)	104,243	1,112	9,062,327	9,062,327		
COPS 1995A		Water's Edge Elem (91-V)	106,261	944	9,145,947	9,145,947		
<b>COPS 1995A Total</b>			<b>1,240,145</b>	<b>11,575</b>	<b>138,047,717</b>	<b>138,047,717</b>	-	<b>66,950,000</b>
COPS 1996A	AMBAC	Outstanding Debt COPS 1996A						18,200,000
COPS 1996A	AMBAC	Outstanding Debt COPS 2002E						18,200,000
COPS 1996A		Eagles Landing Middle (91-MM)	141,918	1,712	17,644,855	17,644,855		
COPS 1996A		Western Pines Middle (91-JJ)	136,013	1,410	15,613,207	15,613,207		
<b>COPS 1996A Total</b>			<b>277,931</b>	<b>3,122</b>	<b>33,258,062</b>	<b>33,258,062</b>	-	<b>18,200,000</b>



## School District of Palm Beach County

### Summary of COPS Funded Projects

as of 06/30/2008

Debt Issue	Insurer	Facility	Square Footage	Student Stations	Total Project Costs	Asset Based Project Costs	Non-Asset Based Project Costs	Outstanding Debt as of 06/30/08
COPS 2000A	FGIC	Outstanding Debt COPS 2000A						-
COPS 2000A	AMBAC	Outstanding Debt COPS 2001B						166,265,000
COPS 2000A		Beacon Cove Elem (96-A)	111,416	933	10,716,391	10,716,391		
COPS 2000A		Independence Middle (98-FF)	171,028	1,626	18,928,821	18,928,821		
COPS 2000A		Jupiter High Modernization	331,152	2,872	50,044,875	50,044,875		
COPS 2000A		Lake Park Elem Modernization	74,305	455	8,574,167	8,574,167		
COPS 2000A		Pahokee Elem, Classroom Bldg	48,427	350	6,221,500	6,221,500		
COPS 2000A		Palmetto Elem Modernization	124,526	936	11,301,424	11,301,424		
COPS 2000A		Village Academy (98-P)	66,102	1,811	6,920,300	6,920,300		
COPS 2000A		Palm Beach Central High (96-JJJ)	372,835	3,013	41,435,322	41,435,322		
<b>COPS 2000A Total</b>			<b>1,299,791</b>	<b>11,996</b>	<b>154,142,800</b>	<b>154,142,800</b>	<b>-</b>	<b>166,265,000</b>
COPS 2001A	AMBAC	Outstanding Debt COPS 2001A						2,740,000
COPS 2001A	FSA	Outstanding Debt COPS 2005A						50,160,000
COPS 2001A	AMBAC	Outstanding Debt COPS 2007C						78,165,000
COPS 2001A		Boca Raton Elem Modernization	66,010	401	9,579,409	8,979,409	600,000	
COPS 2001A		Freedom Shores Elem (97-M)	110,192	1,317	11,804,410	10,804,410	1,000,000	
COPS 2001A		Crosspointe Elem (98-I)	103,967	918	15,403,960	14,403,960	1,000,000	
COPS 2001A		Discovery Key Elem (96-L)	108,677	1,300	11,885,410	10,885,410	1,000,000	
COPS 2001A		Forest Hill Elem Modernization	102,734	1,312	12,093,960	11,093,960	1,000,000	
COPS 2001A		Frontier Elem (96-B)	107,701	882	12,296,160	11,296,160	1,000,000	
COPS 2001A		Lake Worth High, Classroom Addition	115,368	540	4,524,000	4,124,000	400,000	
COPS 2001A		Benoist Farms Elem (96-D)	104,028	774	14,760,540	13,710,540	1,050,000	
COPS 2001A		Pleasant City Area Elem (98-N)	69,718	386	11,246,911	10,746,911	500,000	
COPS 2001A		Portable Replacement		-	7,000,000	-	7,000,000	
COPS 2001A		Sunrise Park Elem (96-H)	109,074	1,116	11,406,160	10,406,160	1,000,000	
COPS 2001A		Royal Palm Beach Elem (96-J)	102,610	846	12,142,460	11,092,460	1,050,000	
<b>COPS 2001A Total</b>			<b>1,100,079</b>	<b>9,792</b>	<b>134,143,380</b>	<b>117,543,380</b>	<b>16,600,000</b>	<b>131,065,000</b>



## School District of Palm Beach County

### Summary of COPS Funded Projects

as of 06/30/2008

Debt Issue	Insurer	Facility	Square Footage	Student Stations	Total Project Costs	Asset Based Project Costs	Non-Asset Based Project Costs	Outstanding Debt as of 06/30/08
COPS 2002A	FSA	Outstanding Debt COPS 2002A						56,855,000
COPS 2002A	FSA	Outstanding Debt COPS 2005A						27,595,000
COPS 2002A		Central Bus Compound	40,775	-	8,014,788	8,014,788		
COPS 2002A		Dreyfoos Of Arts, New Cafeteria and Gymnasium Remodel	43,367	-	5,889,374	5,889,374		
COPS 2002A		Furnishings		-	6,300,000		6,300,000	
COPS 2002A		Relocatable Classrooms		-	7,000,000		7,000,000	
COPS 2002A		Site Acquisition		-	22,829,991		22,829,991	
COPS 2002A		Park Vista Community High (91-EEE)	388,497	3,031	66,596,572	66,596,572		
<b>COPS 2002A Total</b>			<b>472,639</b>	<b>3,031</b>	<b>116,630,725</b>	<b>80,500,734</b>	<b>36,129,991</b>	<b>84,450,000</b>
COPS 2002B	FSA	Outstanding Debt COPS 2002B						115,350,000
COPS 2002B		Belvedere Elem Modernization	90,849	648	12,628,251	12,628,251		
COPS 2002B		Greenacres Elem Modernization	84,903	750	12,158,098	12,158,098		
COPS 2002B		Jupiter Elem Modernization	90,909	582	12,919,394	12,919,394		
COPS 2002B		Lantana Middle Modernization	145,251	1,112	21,353,292	21,353,292		
COPS 2002B		Site Acquisition		-	19,500,000	19,500,000		
COPS 2002B		South Olive Elem Modernization	94,982	698	14,153,421	14,153,421		
COPS 2002B		Jaega Middle (98-EE)	172,096	1,393	21,341,198	21,341,198		
<b>COPS 2002B Total</b>			<b>678,990</b>	<b>5,183</b>	<b>114,053,654</b>	<b>114,053,654</b>	<b>-</b>	<b>115,350,000</b>
COPS 2002C	FSA	Outstanding Debt COPS 2002C						17,695,000
COPS 2002C	FSA	Outstanding Debt COPS 2005A						25,270,000
COPS 2002C	AMBAC	Outstanding Debt COPS 2007C						113,145,000
COPS 2002C		Equestrian Trails Elementary (02-S)	115,633	920	13,706,487	13,706,487		
COPS 2002C		Diamond View Elementary (01-R)	120,747	1,076	13,706,101	13,706,101		
COPS 2002C		Panther Run Addition and HVAC Replacement		1,080	10,555,484		10,555,484	
COPS 2002C		West Boca Raton Community High (01-LLL)	371,432	2,547	52,114,137	52,114,137		
COPS 2002C		Forest Hill High Modernization	304,018	1,999	50,676,112	50,676,112		
COPS 2002C		U.B. Kinsey/Palmview Elem Modernization	101,117	695	13,102,337	13,102,337		
COPS 2002C		Village Academy Addition	31,480	-	4,434,591	4,434,591		
<b>COPS 2002C Total</b>			<b>1,044,427</b>	<b>8,317</b>	<b>158,295,249</b>	<b>147,739,765</b>	<b>10,555,484</b>	<b>156,110,000</b>



## School District of Palm Beach County

### Summary of COPS Funded Projects

as of 06/30/2008

Debt Issue	Insurer	Facility	Square Footage	Student Stations	Total Project Costs	Asset Based Project Costs	Non-Asset Based Project Costs	Outstanding Debt as of 06/30/08
COPS 2002D	FSA	Outstanding Debt COPS 2002D						157,340,000
COPS 2002D	FSA	Outstanding Debt COPS 2005A						21,250,000
COPS 2002D		Osceola Creek Middle (99-HH)	169,332	1,186	24,582,077	23,448,047	1,134,030	
COPS 2002D		Don Estridge High Tech Middle Middle (98-GG)	177,982	1,347	25,147,683	24,013,653	1,134,030	
COPS 2002D		H. L. Watkins Middle Modernization	188,548	595	22,492,448	21,243,058	1,249,390	
COPS 2002D		Lantana Elementary Modernization	95,220	647	13,042,053	12,271,613	770,440	
COPS 2002D		Palm Beach Public Elementary Modernization	68,565	563	13,367,632	12,862,932	504,700	
COPS 2002D		Palm Springs Elementary Modernization	121,208	1,031	17,595,377	16,596,277	999,100	
COPS 2002D		Roosevelt Elementary Modernization	117,695	822	17,483,238	16,484,138	999,100	
COPS 2002D		Tradewinds Middle (98-II)	192,160	1,356	34,947,826	32,918,726	2,029,100	
COPS 2002D		Portable/Modular Replacement		-	7,000,000		7,000,000	
COPS 2002D		Site Acquisition		-	17,500,000		17,500,000	
<b>COPS 2002D Total</b>			<b>1,130,710</b>	<b>7,547</b>	<b>193,158,334</b>	<b>159,838,444</b>	<b>33,319,890</b>	<b>178,590,000</b>
COPS 2002Q		Outstanding Debt COPS 2002 QZAB						542,857
COPS 2002Q		Furniture and Equipment for Palmetto Elem		-	950,000		950,000	
<b>COPS 2002Q Total</b>			<b>-</b>	<b>-</b>	<b>950,000</b>	<b>-</b>	<b>950,000</b>	<b>542,857</b>
COPS 2003A	AMBAC	Outstanding Debt COPS 2003A						49,870,000
COPS 2003A		William T. Dwyer Addition	42,436	385	5,500,000	5,500,000		
COPS 2003A		Seminole Ridge High (02-NNN)	376,677	2,626	54,254,517	51,254,517	3,000,000	
<b>COPS 2003A Total</b>			<b>419,113</b>	<b>3,011</b>	<b>59,754,517</b>	<b>56,754,517</b>	<b>3,000,000</b>	<b>49,870,000</b>
COPS 2003B	AMBAC	Outstanding Debt COPS 2003B						124,295,000
COPS 2003B		Atlantic High Replacement	402,435	2,579	67,231,936	64,231,936	3,000,000	
COPS 2003B		Bak Middle of the Arts Modernization	222,884	1,483	30,131,289	28,631,289	1,500,000	
COPS 2003B		LC Swain Middle (03-KK)	192,661	1,614	29,679,027	28,179,027	1,500,000	
COPS 2003B		Portable/Modular Replacement		-	6,006,615		6,006,615	
<b>COPS 2003B Total</b>			<b>817,980</b>	<b>5,676</b>	<b>133,048,867</b>	<b>121,042,252</b>	<b>12,006,615</b>	<b>124,295,000</b>



## School District of Palm Beach County

### Summary of COPS Funded Projects

as of 06/30/2008

Debt Issue	Insurer	Facility	Square Footage	Student Stations	Total Project Costs	Asset Based Project Costs	Non-Asset Based Project Costs	Outstanding Debt as of 06/30/08
COPS 2004A	FGIC	Outstanding Debt COPS 2004A						95,695,000
COPS 2004A		Coral Sunset Elem Addition and HVAC Replacement	33,951	374	9,941,076	6,401,776	3,539,300	
COPS 2004A		Hammock Pointe Elem Addition and HVAC Replacement	46,375	395	13,134,972	9,634,972	3,500,000	
COPS 2004A		JC Mitchell Elem Modernization	127,887	1,122	20,993,903	20,993,903	-	
COPS 2004A		Meadow Park Elem Modernization	114,231	878	16,743,972	16,743,972	-	
COPS 2004A		Relocatable Classrooms		-	11,000,000		11,000,000	
COPS 2004A		SD Spady Elem Modernization	88,807	697	14,604,685	14,604,685	-	
COPS 2004A		Site Acquisition		-	17,248,000		17,248,000	
<b>COPS 2004A Total</b>			<b>411,251</b>	<b>3,466</b>	<b>103,666,608</b>	<b>68,379,308</b>	<b>35,287,300</b>	<b>95,695,000</b>
COPS 2004Q		Outstanding Debt COPS 2004 QZAB						1,765,422
COPS 2004Q		Equipment for Palm Beach Public Elem		-	172,600		172,600	
COPS 2004Q		Equipment for Forest Hill High		-	1,980,726		1,980,726	
COPS 2004Q		Equipment for Palm Springs Middle		-	770,000		770,000	
<b>COPS 2004Q Total</b>			<b>-</b>	<b>-</b>	<b>2,923,326</b>	<b>-</b>	<b>2,923,326</b>	<b>1,765,422</b>
COPS 2005B	FSA	Outstanding Debt COPS 2005B						24,000,000
COPS 2005B		ERP System		-	19,062,031		19,062,031	
COPS 2005B		Turning Points Academy (formerly CEP) *		269	11,882,420	11,882,420		
COPS 2005B		Indian Ridge Modernization *	75,162	250	8,117,580	8,117,580		
<b>COPS 2005B Total</b>			<b>75,162</b>	<b>519</b>	<b>39,062,031</b>	<b>20,000,000</b>	<b>19,062,031</b>	<b>24,000,000</b>
COPS 2005Q		Outstanding Debt COPS 2005 QZAB						1,399,169
COPS 2005Q		Audio Enhancement Equipment for 27 schools		-	2,150,308		2,150,308	
<b>COPS 2005Q Total</b>			<b>-</b>	<b>-</b>	<b>2,150,308</b>	<b>-</b>	<b>2,150,308</b>	<b>1,399,169</b>
COPS 2006A	FSA	Outstanding Debt COPS 2006A						216,880,000
COPS 2006A		Barton Elementary Modernization *	153,826	1,456	23,408,266	23,408,266		
COPS 2006A		D. D. Eisenhower Elem Modernization *	117,806	864	27,593,001	27,593,001		
COPS 2006A		Palm Beach Gardens Area Elem (03-X) *	110,895	960	23,419,951	23,419,951		
COPS 2006A		Palm Beach Gardens High Modernization *	385,555	2,545	97,109,098	97,109,098		
COPS 2006A		Rolling Green Elementary Modernization *	146,915	1,122	25,712,891	25,712,891		
COPS 2006A		Modular Classrooms		-	25,000,000		25,000,000	
COPS 2006A		Voice/Data Equipment		-	3,430,100		3,430,100	
<b>COPS 2006A Total</b>			<b>914,997</b>	<b>6,947</b>	<b>225,673,307</b>	<b>197,243,207</b>	<b>28,430,100</b>	<b>216,880,000</b>



## School District of Palm Beach County

### Summary of COPS Funded Projects

as of 06/30/2008

Debt Issue	Insurer	Facility	Square Footage	Student Stations	Total Project Costs	Asset Based Project Costs	Non-Asset Based Project Costs	Outstanding Debt as of 06/30/08
COPS 2007A	FGIC	Outstanding Debt COPS 2007A						268,545,000
COPS 2007A		CO Taylor Elem Modernization*	176,803	1,439	43,486,782	42,136,782	1,350,000	
COPS 2007A		Roosevelt Mid Classroom Addition *	30,569	352	8,649,176		8,649,176	
COPS 2007A		Royal Palm School Modernization*	154,920	638	44,433,306	43,387,625	1,045,681	
COPS 2007A		Site Acquisition		-	58,563,546		58,563,546	
COPS 2007A		Suncoast High School Modernization*	277,232	1,790	88,442,712	85,077,089	3,365,623	
COPS 2007A		Furnishings for 2007B Projects		-	3,402,602		3,402,602	
COPS 2007A		Westward Elem Modernization*	111,981	1,040	32,084,676	31,113,772	970,904	
<b>COPS 2007A Total</b>			<b>751,505</b>	<b>5,259</b>	<b>279,062,800</b>	<b>201,715,268</b>	<b>77,347,532</b>	<b>268,545,000</b>
COPS 2007B	FGIC	Outstanding Debt COPS 2007B						116,225,000
COPS 2007B		Carver Middle Addition*	28,761	352	8,214,251	8,214,251		
COPS 2007B		Hagen Road Elem Modernization*	121,528	862	28,378,526	28,378,526		
COPS 2007B		Lake Worth Middle Addition*	34,353	366	8,836,069	8,836,069		
COPS 2007B		Palm Beach Gardens Elem Modernization*	109,509	770	29,777,367	29,777,367		
COPS 2007B		Wellington High Auditorium*	21,155	-	12,871,672	12,871,672		
COPS 2007B		West Boynton Elem (03-Z)*	127,035	1,022	30,341,550	30,341,550		
<b>COPS 2007B Total</b>			<b>442,341</b>	<b>3,372</b>	<b>118,419,435</b>	<b>118,419,435</b>	<b>-</b>	<b>116,225,000</b>
COPS 2007E	MBIA	Outstanding Debt COPS 2007E						147,390,000
COPS 2007E		Allamanda Elem Modernization	101,824	834	28,991,404	28,991,404	-	
COPS 2007E		Banyan Creek Elem Addition	38,953	514	13,775,998	13,775,998	-	
COPS 2007E		Benoist Farms Elem Pre-K	5,394	36	3,191,011		3,191,011	
COPS 2007E		Pahokee Stadium			13,568,593		13,568,593	
COPS 2007E		Modular Classrooms			11,200,000	-	11,200,000	
COPS 2007E		Site Acquisition - New Facilities			19,087,462	-	19,087,462	
COPS 2007E		Wellington Elem Addition	76,583	530	21,553,813	21,553,813	-	
COPS 2007E		West Palm Beach Area Elem (06-D)	126,163	996	34,495,903	34,495,903	-	
COPS 2007E		Whispering Pines Elem Addition	12,148	98	4,354,948	4,354,948	-	
<b>COPS 2007E Total</b>			<b>618,764</b>	<b>4,800</b>	<b>150,219,131</b>	<b>103,172,066</b>	<b>47,047,066</b>	<b>147,390,000</b>
<b>Grand Total</b>			<b>12,029,966</b>	<b>96,813</b>	<b>2,218,022,504</b>	<b>1,893,212,861</b>	<b>324,809,642</b>	<b>1,997,707,448</b>
<b>All Educational Space**</b>			<b>26,281,051</b>	<b>206,097</b>		<b>85.36%</b>	<b>14.64%</b>	
<b>Percentage of Educational Space included in the Master Lease</b>			<b>45.77%</b>	<b>46.97%</b>				

\* Projects have not been completed. Square Footage data for these projects are estimated.

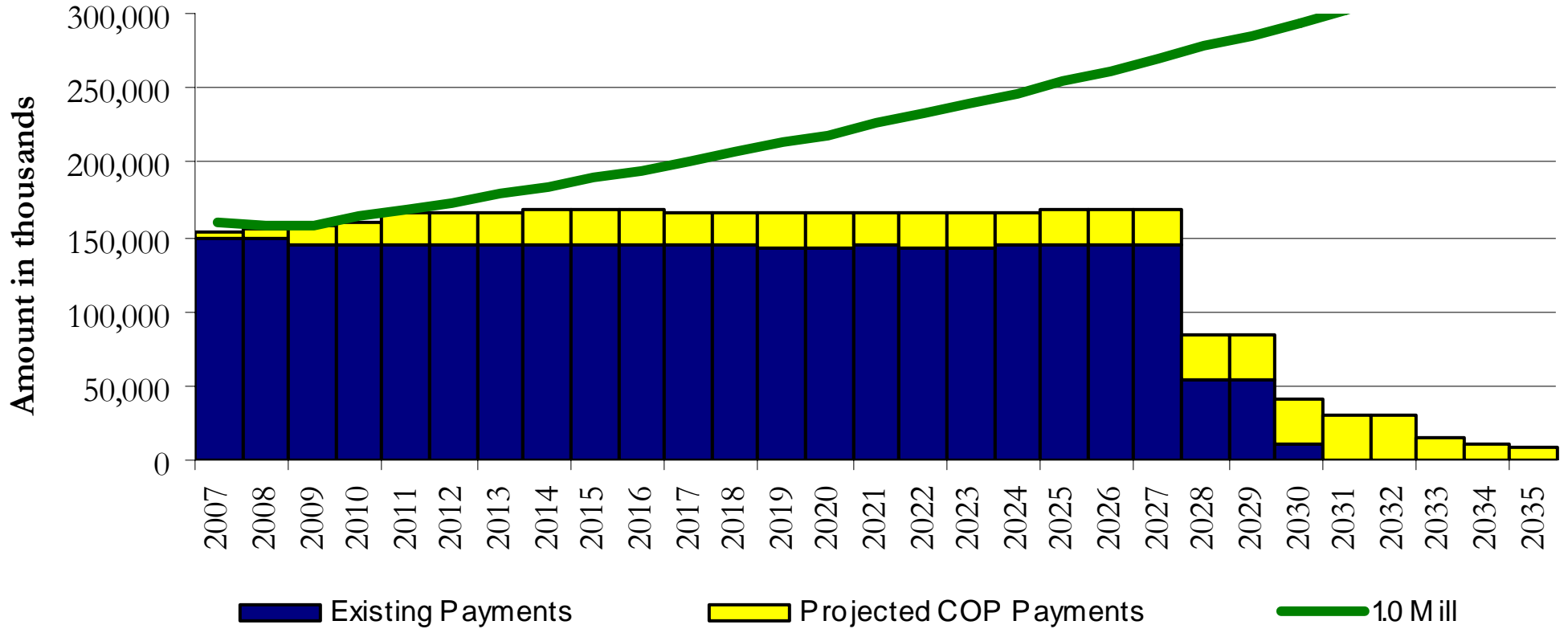
\*\* Includes concrete modular classrooms

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



# Revenues - COPs

## Existing and Proposed COPS Payments





**Sales Tax Fund  
Debt by Type  
Active Positions  
June 30, 2008**

Palm Beach County School Distr  
3300 Forest Hill Blvd  
Ste A-334  
West Palm Beach, FL  
(561)434-8142

CUSIP	Position #	Fund	Issue	Par Value	Issue Price	Book Value	Current Rate	Maturity Date	Call Date	Call Price
<b>Fund: Sales Tax Fund</b>										
<b>Commercial Paper - Interest Bearing</b>										
69655PLR6	10770	3926	Sales Tax	3,500,000.00	100.0000000	3,500,000.00	1.200	08/04/2008		
69655PLV7	10774	3926	Sales Tax	27,300,000.00	100.0000000	27,300,000.00	0.800	08/04/2008		
69655PLS4	10771	3926	Sales Tax	30,600,000.00	100.0000000	30,600,000.00	1.200	08/14/2008		
69655PLW5	10775	3926	Sales Tax	23,500,000.00	100.0000000	23,500,000.00	0.800	08/14/2008		
69655PLW5	10776	3926	Sales Tax	20,000,000.00	100.0000000	20,000,000.00	0.800	08/14/2008		
69655PLW5	10777	3926	Sales Tax	12,000,000.00	100.0000000	12,000,000.00	0.800	08/14/2008		
69655PLW5	10778	3926	Sales Tax	3,450,000.00	100.0000000	3,450,000.00	0.800	08/14/2008		
69655PMA2	10782	3926	Sales Tax	15,000,000.00	100.0000000	15,000,000.00	1.550	08/14/2008		
69655PMC8	10783	3926	Sales Tax	2,500,000.00	100.0000000	2,500,000.00	1.350	08/14/2008		
69655PMB0	10784	3926	Sales Tax	3,000,000.00	100.0000000	3,000,000.00	1.400	08/14/2008		
69655PME4	10786	3926	Sales Tax	12,200,000.00	100.0000000	12,200,000.00	1.580	10/03/2008		
69655PMF1	10787	3926	Sales Tax	1,500,000.00	100.0000000	1,500,000.00	1.580	10/08/2008		
69655PLU9	10773	3926	Sales Tax	19,800,000.00	100.0000000	19,800,000.00	0.800	10/09/2008		
69655PLX3	10779	3926	Sales Tax	40,000,000.00	100.0000000	40,000,000.00	0.800	10/09/2008		
69655OND6	10785	3926	Sales Tax	14,750,000.00	100.0000000	14,750,000.00	1.720	10/09/2008		
69655PLT2	10793	3926	Sales Tax	20,900,000.00	100.0000000	20,900,000.00	1.200	10/09/2008		
<b>Sales Tax Fund Subtotal</b>				<b>250,000,000.00</b>		<b>250,000,000.00</b>				
<b>Total</b>				<b>250,000,000.00</b>		<b>250,000,000.00</b>				

## DISTRICT BOND & NOTE RATINGS

<b>Rating Agency</b>	<b>Short Term Notes</b>	<b>Long Term - General Obligation Bonds</b>	<b>Long Term - Certificates of Participation</b>
Moody's	MIG 1	Aa3, Stable Outlook	A1, Stable Outlook
Standard and Poor's	SP-1+	AA, Stable Outlook	AA-, Stable Outlook
Fitch	not rated	AA-, Stable Outlook	A+, 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.