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The State of the Municipal Securities Market

“Disclosure of Certain Significant Liabilities”

SEC FIELD HEARING

September 21, 2010

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# ■ Derivatives Disclosure - Issuers

## \* Plain English Summary

- Trade Date
- Associated Bonds
- Notional Amount
- Termination Date
- Pay Leg
- Receive Leg
- Counterparty
- MTM
- Why was the Derivative Product Employed?

## \* Supplement GASB 53

# ■ Derivatives Disclosure - Issuers

## \* MTM Sensitivity

<i>Bond Series</i>	<b>A-1</b>	<b>A-2</b>	<b>A-3</b>	<b>A-4</b>	<b>A-5</b>	<b>A-6</b>
<i>Effective Date</i>	8/5/2000	8/5/2005	8/5/2006	8/5/2007	8/5/2009	8/5/2009
<i>Termination Date</i>	8/5/2015	8/5/2020	8/5/2025	8/5/2031	8/5/2039	8/5/2040
<i>Initial Notional</i>	33,950,000	38,450,000	43,175,000	57,525,000	86,650,000	134,475,000
<i>Issuer Pays</i>	4.900%	5.158%	5.279%	5.207%	5.055%	4.935%
<i>Issuer Receives</i>	SIFMA	1mo LIBOR	67% LIBOR	1mo LIBOR	70% LIBOR	SIFMA
<b>Yield Curve Shift</b>	<b>MTM</b>	<b>MTM</b>	<b>MTM</b>	<b>MTM</b>	<b>MTM</b>	<b>MTM</b>
<b>-300 bps</b>	(\$3,709,000)	(\$1,208,000)	(\$826,000)	(\$1,310,000)	(\$2,112,000)	(\$2,934,000)
<b>-200 bps</b>	(\$3,169,000)	(\$687,000)	(\$356,000)	(\$690,000)	(\$1,121,000)	(\$1,442,000)
<b>-100 bps</b>	(\$2,904,000)	(\$440,000)	(\$142,000)	(\$416,000)	(\$701,000)	(\$846,000)
<b>0</b>	<b>(\$2,640,892)</b>	<b>(\$201,472)</b>	<b>\$60,556</b>	<b>(\$163,950)</b>	<b>(\$326,872)</b>	<b>(\$333,933)</b>
<b>+100 bps</b>	(\$2,381,000)	\$29,000	\$251,000	\$67,000	\$6,000	\$103,000
<b>+200 bps</b>	(\$2,124,000)	\$251,000	\$430,000	\$279,000	\$302,000	\$472,000
<b>+300 bps</b>	(\$1,617,000)	\$673,000	\$755,000	\$649,000	\$792,000	\$1,043,000

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\* Collateral Posting Sensitivity and Termination Thresholds

	<u>-300 bps</u>	<u>-200 bps</u>	<u>-100 bps</u>	<u>No Change</u>	<u>+100 bps</u>	<u>+200 bps</u>
AAA	0	0	0	0	0	0
AA	0	0	0	0	0	0
A	0	0	0	0	0	0
BBB+	\$3,287,645	\$1,345,987	0	0	0	0
BBB	\$5,287,645	\$3,345,987	\$251,000	0	0	0
BBB-	\$8,287,645	\$6,345,987	\$3,251,000	\$568,900	0	0
Sub BBB	ATE	ATE	ATE	ATE	ATE	ATE

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# ■ Floating Rate Debt Disclosure - Issuers

## \* Types of Variable Rate Debt

- Auction Rate Securities
  - Status
- Variable Date Demand Notes
  - LOC providers w/ratings
  - LOC rollover dates
  - Notes subject to “self liquidity”
- Other types of variable rate exposure
  - Indexed Notes
  - ”Direct Purchase” Notes w/terms
  - Synthetic Floating
  - other