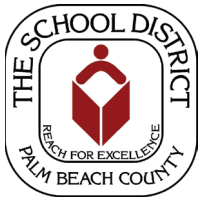


In the opinion of Greenberg Traurig, P.A. and Edwards & Feanny, P.A., Co-Special Tax Counsel, assuming continuing compliance with certain tax covenants and the accuracy of certain representations of the School Board, under existing statutes, regulations, rulings and court decisions, the portion of the Basic Lease Payments designated and paid as interest to the Series 2021A Certificate holders will be excludable from gross income for federal income tax purposes; and, further, the portion of the Basic Lease Payments designated and paid as interest to the Series 2021A Certificate holders will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. No opinion is expressed with respect to the federal income tax consequences of any payments received with respect to the Series 2021A Certificates following termination of the Master Lease as a result of non-appropriation of funds or the occurrence of an event of default thereunder. See "TAX TREATMENT" herein for a description of certain other federal tax consequences of ownership of the Series 2021A Certificates. THE INTEREST PORTION OF THE BASIC LEASE PAYMENTS REPRESENTED BY THE SERIES 2021B CERTIFICATES IS NOT EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. Co-Special Tax Counsel is further of the opinion that the Series 2021 Certificates and the portion of the Basic Lease Payments designated and paid as interest to the owners of the Series 2021 Certificates will not be subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined therein; provided, however, that no opinion is expressed with respect to tax consequences under the laws of the State of Florida of any payments received with respect to the Series 2021 Certificates following termination of the Master Lease as a result of non-appropriation of funds or the occurrence of an event of default thereunder.

\$111,840,000**THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**

\$101,905,000
CERTIFICATES OF PARTICIPATION, SERIES 2021A

Evidencing Undivided Proportionate Interests of the Owners Thereof in Basic Lease Payments to be made by **THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA, as Lessee, Pursuant to a Master Lease Purchase Agreement with Palm Beach School Board Leasing Corp., as Lessor**



\$9,935,000
TAXABLE CERTIFICATES OF PARTICIPATION, SERIES 2021B

Evidencing Undivided Proportionate Interests of the Owners Thereof in Basic Lease Payments to be made by **THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA, as Lessee, Pursuant to a Master Lease Purchase Agreement with Palm Beach School Board Leasing Corp., as Lessor**

Dated: Date of Delivery

Due: August 1, as shown on the inside cover

The Certificates of Participation, Series 2021A (the "Series 2021A Certificates") offered hereby evidence undivided proportionate interests in the Basic Lease Payments (as defined herein) to be made by The School Board of Palm Beach County, Florida (the "School Board"), acting as the governing body of the School District of Palm Beach County, Florida (the "District"), pursuant to a Master Lease Purchase Agreement, dated as of November 1, 1994, as amended by an Amendment to Master Lease Purchase Agreement, dated as of October 1, 2017 (collectively, the "Master Lease") with the Palm Beach School Board Leasing Corp. (the "Corporation"), as amended and supplemented by Schedule 2021A, dated as of May 1, 2021 ("Schedule 2021A," and together with the Master Lease, the "Series 2021A Lease") providing for the lease purchase financing by the School Board of certain educational facilities, as described herein.

The Taxable Certificates of Participation, Series 2021B (the "Series 2021B Certificates," and together with the Series 2021A Certificates, the "Series 2021 Certificates") offered hereby evidence undivided proportionate interests in the Basic Lease Payments to be made by the School Board, acting as the governing body of the District, pursuant to the Master Lease with the Corporation, as amended and supplemented by Schedule 2021B, dated as of May 1, 2021 ("Schedule 2021B," and together with the Master Lease, the "Series 2021B Lease," and together with the Series 2021A Lease, the "Series 2021 Leases") providing for the lease purchase financing by the School Board of certain educational facilities, as described herein.

The Series 2021A Certificates are being issued as fully registered Certificates pursuant to the provisions of a Master Trust Agreement, dated as of November 1, 1994 (the "Master Trust Agreement"), as amended and supplemented by a Series 2021A Supplemental Trust Agreement, dated as of May 1, 2021, each between the Corporation and The Bank of New York Mellon Trust Company, N.A. (successor in interest to NationsBank of Florida, N.A.), Jacksonville, Florida, as trustee (the "Trustee").

The Series 2021B Certificates are being issued as fully registered Certificates pursuant to the provisions of the Master Trust Agreement, as amended and supplemented by a Series 2021B Supplemental Trust Agreement, dated as of May 1, 2021, each between the Corporation and the Trustee.

The interest portion of the Basic Lease Payments represented by the Series 2021 Certificates is payable on February 1 and August 1 of each year, commencing February 1, 2022 (each a "Payment Date") by check or draft of the Trustee mailed to the Series 2021 Certificate owner of record at the address shown on the registration records maintained by the Trustee as of the fifteenth day of the month (whether or not a business day) next preceding each Payment Date. The Series 2021 Certificates are being issued in denominations of \$5,000 or any integral multiple thereof and will initially be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). Purchasers of the Series 2021 Certificates (the "Beneficial Owners") will not receive physical delivery of the Series 2021 Certificates. Ownership by the Beneficial Owners of the Series 2021 Certificates will be evidenced through a book-entry only system of registration. As long as Cede & Co. is the registered owner as nominee of DTC, payment of the principal portion and interest portion of the Basic Lease Payments represented by the Series 2021 Certificates will be made directly to Cede & Co., which will in turn remit such payments to the DTC Participants for subsequent disbursement to the Beneficial Owners.

The School Board and the Corporation have authorized certain amendments to Schedule 2021A and Schedule 2021B that will only become effective upon the receipt by the School Board of certain consents to such amendments, as described herein. By purchasing the Series 2021 Certificates, the initial Beneficial Owners of the Series 2021 Certificates shall be deemed to have consented to such amendments. See "CERTAIN AMENDMENTS TO SCHEDULE 2021A AND SCHEDULE 2021B" herein and "APPENDIX C - CERTAIN LEGAL DOCUMENTS - Form of Schedule 2021A" and "Form of Schedule 2021B" hereto.

The Series 2021 Certificates are subject to optional and extraordinary prepayment prior to maturity, as described herein. See "THE SERIES 2021A CERTIFICATES - Prepayment" herein.

THE SCHOOL BOARD IS NOT LEGALLY REQUIRED TO APPROPRIATE MONEYS TO MAKE LEASE PAYMENTS. LEASE PAYMENTS ARE PAYABLE FROM FUNDS APPROPRIATED BY THE SCHOOL BOARD FOR SUCH PURPOSE FROM CURRENT OR OTHER FUNDS AUTHORIZED BY LAW AND REGULATIONS OF THE STATE OF FLORIDA DEPARTMENT OF EDUCATION. NONE OF THE DISTRICT, THE SCHOOL BOARD, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS OBLIGATED TO PAY, EXCEPT FROM SCHOOL BOARD APPROPRIATED FUNDS, ANY SUMS DUE UNDER THE SERIES 2021 LEASES FROM ANY SOURCE OF TAXATION, AND THE FULL FAITH AND CREDIT OF THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS NOT PLEDGED FOR PAYMENT OF SUCH SUMS DUE THEREUNDER, AND SUCH SUMS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS OR LIMITATION. NONE OF THE CORPORATION, THE TRUSTEE OR ANY CERTIFICATE HOLDER MAY COMPEL THE LEVY OF ANY AD VALOREM TAXES BY THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF TO PAY ANY SUMS, INCLUDING THE BASIC LEASE PAYMENTS, DUE UNDER THE SERIES 2021 LEASES. SEE "RISK FACTORS" HEREIN.

SEE THE INSIDE COVER FOR CERTAIN ADDITIONAL INFORMATION RELATING TO THE SERIES 2021 LEASES AND THE SERIES 2021 CERTIFICATES.

This cover page and the inside cover page contain certain information for reference only. They are not, and are not intended to be, a summary of the transaction. Investors must read the entire Offering Statement, including the appendices, to obtain information essential to the making of an informed investment decision.

The Series 2021 Certificates are offered when, as and if delivered and received by the Underwriters, subject to the approving legal opinion of Greenberg Traurig, P.A., Miami, Florida and Edwards & Feanny, P.A., Miami, Florida, Co-Special Tax Counsel, and certain other conditions. Nabors, Giblin & Nickerson, P.A., Tampa, Florida and the Law Offices of Perry E. Thurston, Jr., P.A., Fort Lauderdale, Florida are serving as Co-Disclosure Counsel to the School Board. Certain legal matters will be passed upon for the School Board and the Corporation by the District's Office of General Counsel. Bryant Miller Olive P.A., Miami, Florida is serving as Counsel to the Underwriters. PFM Financial Advisors LLC, Orlando, Florida, is acting as Financial Advisor to the School Board. It is expected that the Series 2021 Certificates will be available for delivery in New York, New York through the offices of DTC on or about May 20, 2021.

**J.P. Morgan
Morgan Stanley**

Stifel

**Citigroup
Siebert Williams Shank & Co., LLC**

DAC Bond

ADDITIONAL INFORMATION

The Series 2021A Certificates are being issued to provide funds for the purposes of (i) financing the acquisition, construction and installation of certain educational facilities within the District, as more particularly described herein and (ii) paying certain costs of issuance with respect to the Series 2021A Certificates.

The Series 2021B Certificates are being issued to provide funds for the purposes of (i) financing the acquisition, construction and installation of certain educational facilities within the District, as more particularly described herein and (ii) paying certain costs of issuance with respect to the Series 2021B Certificates.

The initial term of the Series 2021A Lease commences on the date of delivery of the Series 2021A Certificates and continues through and including June 30, 2021 and is automatically renewable annually through August 1, 2040, unless sooner terminated as described herein. The initial term of the Series 2021B Lease commences on the date of delivery of the Series 2021B Certificates and continues through and including June 30, 2021 and is automatically renewable annually through August 1, 2035, unless sooner terminated as described herein. In addition to the Series 2021 Leases, the School Board (i) has heretofore entered into the Current Leases (as described herein) under the Master Lease, and (ii) expects to enter into other Leases under the Master Lease in the future. Failure to appropriate funds to pay Lease Payments under any such Lease, or an event of default under any such Lease, will result in the termination of all Leases, including the Series 2021 Leases. Upon any such termination, any proceeds of the disposition of leased Facilities that are subject to surrender will be applied solely to the payment of the related Series of Certificates in accordance with the Master Trust Agreement as supplemented by the related Supplemental Trust Agreement and as further described herein. Co-Special Tax Counsel will express no opinion as to tax exemption with respect to the Series 2021A Certificates or the effect of securities laws with respect to the Series 2021 Certificates following non-appropriation of funds or an event of default under the Master Lease which results in termination of the Lease Terms of the Series 2021 Leases. Transfers of the Series 2021 Certificates may be subject to compliance with the registration provisions of state and federal securities laws following non-appropriation of funds or an event of default under the Master Lease which results in termination of the Lease Terms of all Leases. See "TAX TREATMENT" and "RISK FACTORS" herein.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS,
PRICES AND INITIAL CUSIP NUMBERS**

\$111,840,000

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

\$101,905,000 Certificates of Participation, Series 2021A

Maturity (August 1)	Principal Amount	Interest Rate	Yield ⁽¹⁾	Price	Initial CUSIP No. ⁽²⁾
2035	\$6,705,000	5.00%	1.44%	133.648	696550H21
2036	17,230,000	5.00	1.48	133.201	696550H39
2037	18,090,000	5.00	1.52	132.755	696550H47
2038	18,995,000	5.00	1.56	132.312	696550H54
2039	19,945,000	5.00	1.60	131.870	696550H62
2040	20,940,000	5.00	1.64	131.430	696550H70

\$9,935,000 Taxable Certificates of Participation, Series 2021B

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	Initial CUSIP No. ⁽²⁾
2035	\$9,935,000	2.55%	2.55%	100.000	696550H88

⁽¹⁾ Yield calculated to first optional prepayment date of August 1, 2031.

⁽²⁾ CUSIP is a registered trademark of American Bankers Association. CUSIP data herein is provided by S&P Global Market Intelligence, a division of S&P Global Inc. CUSIP data herein is provided for convenience of reference only. The School Board, the Financial Advisor and the Underwriters and their agents take no responsibility for the accuracy of such data.

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THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA

BOARD MEMBERS

District 5 - Frank A. Barbieri, Jr., Esq., Chair
District 3 - Karen Brill, Vice Chair
District 1 - Barbara McQuinn
District 2 – Alexandria Ayala
District 4 - Erica Whitfield
District 6 - Marcia Andrews
District 7 - Debra Robinson, M.D.

SUPERINTENDENT OF SCHOOLS

Donald E. Fennoy II, Ed.D.

CHIEF FINANCIAL OFFICER

Michael J. Burke

CHIEF OPERATING OFFICER

Wanda Paul

TREASURER

Leanne Evans, CTP

COUNSEL TO THE SCHOOL BOARD

Office of General Counsel
The School District of Palm Beach County, Florida

CO-SPECIAL TAX COUNSEL

Greenberg Traurig, P.A.
Miami, Florida

Edwards & Feanny, P.A.
Miami, Florida

CO-DISCLOSURE COUNSEL

Nabors, Giblin & Nickerson, P.A.
Tampa, Florida

Law Offices of Perry E. Thurston, Jr., P.A.
Fort Lauderdale, Florida

FINANCIAL ADVISOR

PFM Financial Advisors LLC
Orlando, Florida

TRUSTEE

The Bank of New York Mellon Trust Company, N.A.
Jacksonville, Florida

No dealer, broker, salesman or other person has been authorized by the School Board or the Underwriters to give any information or to make any representations, other than those contained in this Offering Statement, in connection with the offering contained herein, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Offering Statement does not constitute an offer to sell or a solicitation of an offer to buy any securities, other than the securities offered hereby, or an offer or a solicitation of an offer of the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful. The information set forth herein has been obtained from the District, the School Board, the Corporation, DTC and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of the District or the School Board with respect to information provided by DTC. The information and expressions of opinion stated herein are subject to change without notice, and neither the delivery of this Offering Statement nor any sale made hereunder under any circumstances, create any implication that there has been no change in the affairs of the District or the School Board since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Offering Statement. The Underwriters have reviewed the information in this Offering Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2021 CERTIFICATES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

UPON ISSUANCE, THE SERIES 2021 CERTIFICATES WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER INDEPENDENT FEDERAL, STATE OR GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING STATEMENT OR APPROVED THE SERIES 2021 CERTIFICATES FOR SALE. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFERING STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE SCHOOL BOARD OR THE DISTRICT AND ANY ONE OR MORE OF THE OWNERS OF THE SERIES 2021 CERTIFICATES.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFERING STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFERING STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE CAPTIONS AND HEADINGS IN THIS OFFERING STATEMENT ARE FOR CONVENIENCE ONLY AND IN NO WAY DEFINE, LIMIT OR DESCRIBE THE SCOPE

OR INTENT, OR AFFECT THE MEANING OR CONSTRUCTION, OF ANY PROVISIONS OR SECTIONS IN THIS OFFERING STATEMENT. THE OFFERING OF THE SERIES 2021 CERTIFICATES IS MADE ONLY BY MEANS OF THIS ENTIRE OFFERING STATEMENT.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFERING STATEMENT CONSTITUTE "FORWARD-LOOKING STATEMENTS." SUCH STATEMENTS GENERALLY ARE IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE SCHOOL BOARD DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS CHANGE OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2021 Certificates are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

THIS OFFERING STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS IN EITHER BOUND OR PRINTED FORMAT ("ORIGINAL BOUND FORMAT"), OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITES: WWW.MUNIOS.COM AND WWW.EMMA.MSRB.ORG. THIS OFFERING STATEMENT MAY BE RELIED ON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT, OR IF IT IS PRINTED OR SAVED IN FULL DIRECTLY FROM THE AFOREMENTIONED WEBSITES.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Offering Statement.

TABLE OF CONTENTS

	Page
INTRODUCTION	1
PURPOSES OF THE SERIES 2021	
CERTIFICATES	6
THE SERIES 2021 CERTIFICATES.....	6
General.....	6
Prepayment	7
BOOK-ENTRY ONLY SYSTEM.....	9
SECURITY FOR THE SERIES 2021	
CERTIFICATES	12
General.....	12
Lease Payments.....	13
Limited Obligation of the School Board..	14
Additional Leases.....	14
Additional Certificates; Outstanding	
Certificates.....	15
Optional Prepayment Price	15
Non-Appropriation Risk	16
No Reserve Account for Series 2021A	
Certificates.....	16
CERTAIN AMENDMENTS TO	
SCHEDULE 2021A AND SCHEDULE	
2021B.....	16
THE MASTER LEASE FACILITIES.....	18
THE SERIES 2021 FACILITIES	18
The Series 2021A Facilities	18
The Estimated Series 2021A Facilities	
Budget.....	19
The Series 2021B Facility.....	19
The Estimated Series 2021B Facility	
Budget.....	20
Substitution and/or Additions to Series	
2021 Facilities	20
Release of Series 2021A Facilities	21
THE PRIOR FACILITIES.....	21
ESTIMATED SOURCES AND USES OF	
FUNDS.....	25
CERTIFICATE PAYMENT SCHEDULE I	
FOR OUTSTANDING CERTIFICATES	26
CERTIFICATE PAYMENT SCHEDULE II	
FOR OUTSTANDING CERTIFICATES	27
THE MASTER LEASE PROGRAM	29
THE SERIES 2021 LEASES.....	29
Authority	29
Lease Term	29
Lease Payments	30
Assignment of Lease to Trustee	31
Lease Covenants	32
Budget and Appropriation	32
Termination of Lease Term	33
Effect of Termination for Non-	
Appropriation or Default.....	33
THE CORPORATION	34
THE DISTRICT.....	35
General.....	35
Certain Statistical Information.....	35
FTE Growth.....	36
The School Board	36
The Superintendent of Schools.....	37
Biographical Information for Certain	
Administrators.....	37
Total District Personnel	38
Employee Relations	38
Accreditation.....	39
Budget Process.....	39
Capital Improvement Program	39
FINANCIAL RESULTS AND	
LIABILITIES OF THE DISTRICT	40
Financial Results.....	40
General Fund Revenue Sources.....	40
General Fund Operations.....	41
General Fund Balance Guidelines	42
Capital Projects Funds	42
Liabilities	44
Obligations Under Unrelated Lease	
Purchase Agreements	45
Florida Retirement System	46
Other Post Employment Benefit	
Program	50
OPERATING REVENUES OF THE	
DISTRICT.....	51
State Sources.....	51
Local Sources.....	53
Federal Sources.....	54
AVAILABLE REVENUES FOR CAPITAL	
OUTLAY PROJECTS.....	55
State Sources.....	55

Local Sources.....	55	Local Option Millage Revenue.....	80
Local Option Millage Levy Required to Cover Certificate Payments.....	59	Educational Impact Fees.....	80
AD VALOREM TAXATION	63	Construction Cost Maximums	81
Property Assessment and County		State Revenues.....	81
Property Appraiser.....	63	Additional Leases	83
Assessed Valuation of Taxable Property .	66	Additional Indebtedness	83
Millage Set by Local Governing Body	66	Legislative Changes.....	83
Tax Collection and Distribution by Tax		Effect of Sequestration on Lease	
Collector	68	Payments	83
Exemptions from Ad Valorem Taxation..	69	Climate Change and Natural Disasters	84
Legislation Relating to Ad Valorem		Property Insurance.....	84
Taxation.....	72	Coronavirus (COVID-19).....	85
Principal Property Tax Payers	74	Cybersecurity.....	89
RECENT GOVERNMENTAL ACTIONS		LITIGATION	90
AFFECTING DISTRICT REVENUES....	74	RATINGS.....	91
General.....	74	DISCLOSURE REQUIRED BY FLORIDA	
Constitutional Amendments Related to		BLUE SKY REGULATIONS	91
Class Size Reduction	75	CERTAIN LEGAL MATTERS	91
Legislative Changes Relating to School		UNDERWRITING	92
Choice.....	75	TAX TREATMENT	93
Distribution of Capital Outlay Funds to		Series 2021A Certificates	93
Charter Schools	76	Series 2021B Certificates	96
Schools of Hope.....	77	Certain U.S. Federal Income Tax	
Public Safety Mandate	78	Consequences to U.S. Owners	97
RISK FACTORS	79	Certain U.S. Federal Income Tax	
Annual Right of the School Board to		Consequences to Non-U.S. Owners	98
Terminate the Series 2021 Leases	79	FINANCIAL ADVISOR.....	100
Limitation Upon Disposition; Ability to		BASIC FINANCIAL STATEMENTS	100
Sell or Relet	79	FORWARD LOOKING STATEMENTS	100
Tax Effect Upon Termination of Series		CONTINUING DISCLOSURE.....	101
2021A Lease.....	80	MISCELLANEOUS	101
Applicability of Securities Laws.....	80		

APPENDIX A INFORMATION CONCERNING PALM BEACH COUNTY, FLORIDA

APPENDIX B EXCERPTED INFORMATION FROM THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2020

APPENDIX C CERTAIN LEGAL DOCUMENTS

- The Master Lease
- Amendment to Master Lease Purchase Agreement
- Form of Schedule 2021A
- Form of Schedule 2021B
- Form of Series 2021A Ground Lease
- Form of Series 2021B Ground Lease

The Master Trust Agreement
Form of Series 2021A Supplemental Trust Agreement
Form of Series 2021B Supplemental Trust Agreement
Form of Series 2021A Assignment
Form of Series 2021B Assignment

APPENDIX D FORM OF CO-SPECIAL TAX COUNSEL OPINION

APPENDIX E FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

OFFERING STATEMENT

\$111,840,000

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

\$101,905,000

**CERTIFICATES OF PARTICIPATION,
SERIES 2021A**

**Evidencing Undivided Proportionate
Interests of the Owners Thereof in Basic
Lease Payments to be made by
THE SCHOOL BOARD OF PALM
BEACH COUNTY, FLORIDA, as Lessee,
Pursuant to a Master Lease Purchase
Agreement with Palm Beach School Board
Leasing Corp.,
as Lessor**

\$9,935,000

**TAXABLE CERTIFICATES OF
PARTICIPATION,
SERIES 2021B**

**Evidencing Undivided Proportionate
Interests of the Owners Thereof in Basic
Lease Payments to be made by
THE SCHOOL BOARD OF PALM
BEACH COUNTY, FLORIDA, as Lessee,
Pursuant to a Master Lease Purchase
Agreement with Palm Beach School Board
Leasing Corp.,
as Lessor**

INTRODUCTION

This Offering Statement, including the cover page, the inside cover page and appendices hereto, is provided to furnish information in connection with the sale and delivery of \$101,905,000 aggregate principal amount of Certificates of Participation, Series 2021A (the "Series 2021A Certificates") and \$9,935,000 aggregate principal amount of Taxable Certificates of Participation, Series 2021B (the "Series 2021B Certificates," and together with the Series 2021A Certificates, the "Series 2021 Certificates").

The Series 2021A Certificates evidence undivided proportionate interests of the owners thereof in the Basic Lease Payments to be made by The School Board of Palm Beach County, Florida (the "School Board") under the Series 2021A Lease (as such term is defined below). The Series 2021A Certificates are being executed and delivered pursuant to a Master Trust Agreement dated as of November 1, 1994 (the "Master Trust Agreement"), as amended and supplemented by a Series 2021A Supplemental Trust Agreement dated as of May 1, 2021 (the "Series 2021A Supplemental Trust Agreement," and together with the Master Trust Agreement, the "Series 2021A Trust Agreement"), each between the Palm Beach School Board Leasing Corp., a Florida not-for-profit corporation (the "Corporation") and The Bank of New York Mellon Trust Company, N.A. (successor in interest to NationsBank of Florida, N.A.), Jacksonville, Florida, as trustee (the "Trustee").

The Series 2021B Certificates evidence undivided proportionate interests of the owners thereof in the Basic Lease Payments to be made by the School Board under the Series 2021B Lease (as such term is defined below). The Series 2021B Certificates are being executed and delivered pursuant to the Master Trust Agreement, as amended and supplemented by a Series 2021B Supplemental Trust Agreement dated as of May 1, 2021 (the "Series 2021B Supplemental Trust

Agreement," and together with the Master Trust Agreement, the "Series 2021B Trust Agreement"), each between the Palm Beach School Board Leasing Corp., a Florida not-for-profit corporation (the "Corporation") and The Bank of New York Mellon Trust Company, N.A. (successor in interest to NationsBank of Florida, N.A.), Jacksonville, Florida, as trustee (the "Trustee").

The School Board, as the governing body of the School District of Palm Beach County, Florida (the "District"), entered into a Master Lease Purchase Agreement dated as of November 1, 1994, as amended by an Amendment to Master Lease Purchase Agreement, dated as of October 1, 2017 (collectively, the "Master Lease") between the Corporation, as lessor, and the School Board, as lessee, for the purpose of providing for the lease purchase financing and refinancing from time to time of certain educational facilities, sites and equipment (the "Facilities") from the Corporation. See "APPENDIX C – CERTAIN LEGAL DOCUMENTS – The Master Lease" and "- Amendment to Master Lease Purchase Agreement" hereto. Facilities to be leased from time to time are identified on separate schedules (each a "Schedule") attached to the Master Lease. Upon execution and delivery thereof, each Schedule, together with the provisions of the Master Lease, will constitute a separate lease agreement (individually a "Lease" and collectively the "Leases"). The Facilities subject to each such Lease are financed or refinanced with separate Series of Certificates issued under the Master Trust Agreement as supplemented by a Supplemental Trust Agreement related to each such Series of Certificates.

The School Board and the Corporation have authorized certain amendments to Schedule 2021A (as defined below) and Schedule 2021B (as defined below) that will only become effective upon the receipt by the School Board of certain consents to such amendments, as described herein. By purchasing the Series 2021A Certificates, the initial Beneficial Owners (as defined herein) of the Series 2021A Certificates shall be deemed to have consented to such amendments. See "CERTAIN AMENDMENTS TO SCHEDULE 2021A AND SCHEDULE 2021B" herein and "APPENDIX C - CERTAIN LEGAL DOCUMENTS - Form of Schedule 2021A" and "- Form of Schedule 2021B" hereto.

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The following table provides a summary of the Leases expected to be in effect following delivery of the Series 2021 Certificates, the designation of the Facilities being lease-purchased by the School Board under each Lease, the final renewal term ending date of each Lease, the related Series of Certificates and the outstanding principal amount of each such related Series of Certificates.

<u>Lease</u>	<u>Related Facilities</u>	<u>Final Renewal Term Ending Date</u>	<u>Related Series of Certificates</u>	<u>Principal Amount Outstanding</u>
Series 2000A	Series 2000A	August 1, 2025	Series 2014B	\$ 92,640,000
Series 2001A ⁽¹⁾	Series 2001A-1 and Series 2001A-2	June 30, 2026	Series 2015A	18,915,000
			Series 2017A	54,590,000 ⁽⁵⁾
Series 2002B	Series 2002B	August 1, 2027	Series 2018A	91,050,000
Series 2002C	Series 2002C	August 1, 2027	Series 2017A	80,455,000 ⁽⁵⁾
Series 2002D ⁽²⁾	Series 2002D-1 and Series 2002D-2	August 1, 2028	Series 2018B	98,045,000
			Series 2012A	1,795,000
			Series 2017B	16,930,000 ⁽⁷⁾
Series 2003A	Series 2003A	August 1, 2021	Series 2011D	1,665,000
Series 2003B	Series 2003B	August 1, 2029	Series 2018C	118,790,000
Series 2004A-1	Series 2004A-1	August 1, 2029	Series 2012C	47,945,000
Series 2006A-1	Series 2006A-1	August 1, 2031	Series 2015B	116,470,000
Series 2007A-1	Series 2007A-1	August 1, 2031	Series 2014C	33,280,000
			Series 2015D	99,360,000 ⁽⁶⁾
Series 2007B	Series 2007B	August 1, 2032	Series 2015C	62,970,000
			Series 2011A	6,335,000
			Series 2017B	25,015,000 ⁽⁷⁾
Series 2007E	Series 2007E-1	August 1, 2032	Series 2015D	92,555,000 ⁽⁶⁾
Series 2010A ⁽³⁾	Series 2010A	August 1, 2025	Series 2010A	67,665,000
Series 2020A ⁽⁴⁾	Series 2020A-1 and Series 2020A-2	August 1, 2034	Series 2020A	103,820,000
		August 1, 2032		
Series 2021A	Series 2021A	August 1, 2040	Series 2021A	101,905,000
Series 2021B	Series 2021B	August 1, 2035	Series 2021B	9,935,000
Total				<u>\$1,342,130,000</u>

(1) Includes the Series 2001A-1 Lease and the Series 2001A-2 Lease.

(2) Includes the Series 2002D-1 Lease and the Series 2002D-2 Lease.

(3) The School Board designated the Series 2010A Lease as a "qualified school construction bond" pursuant to Section 54F of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 6431 of the Code, the School Board made an election to qualify to receive federal subsidy payments from the United States Treasury pursuant to Section 6431(f) of the Code (the "Interest Subsidy") on each interest payment date for the Series 2010A Certificates. The expected Interest Subsidy will be in an amount equal to the lesser of the amount of interest payable with respect to the Series 2010A Certificates on such date or the amount of interest which would have been payable with respect to the Series 2010A Certificates if the interest were determined at the applicable tax credit rate for the Series 2010A Certificates pursuant to Section 54A(b)(3) of the Code. See "RISK FACTORS - Effect of Sequestration on Lease Payments" herein.

(4) Includes the Series 2020A-1 Lease and the Series 2020A-2 Lease.

(5) The listed principal amounts represent the approximate principal portion of the Series 2017A Certificates allocated to each of the Series 2001A Leases and Series 2002C Lease.

(6) The listed principal amounts represent the approximate principal portion of the Series 2015D Certificates allocated to each of the Series 2007A-1 Lease and the Series 2007E-1 Lease.

(7) The listed principal amounts represent the approximate principal portion of the Series 2017B Certificates allocated to each of the Series 2002D Leases and Series 2007B Lease.

The Series 2010A Certificates, the Series 2011A Certificates, the Series 2011D Certificates, the Series 2012A Certificates, the Series 2012C Certificates, the Series 2014B Certificates, the Series 2014C Certificates, the Series 2015A Certificates, the Series 2015B Certificates, the Series 2015C Certificates, the Series 2015D Certificates, the Series 2017A

Certificates the Series 2017B Certificates, the Series 2018A Certificates, the Series 2018B Certificates, the Series 2018C Certificates and the Series 2020A Certificates are collectively referred to herein as the "Outstanding Certificates." The Series 2000A Lease, the Series 2001A Leases, the Series 2002B Lease, the Series 2002C Lease, the Series 2002D Leases, the Series 2003A Lease, the Series 2003B Lease, the Series 2004A-1 Lease, the Series 2006A-1 Lease, the Series 2007A-1 Lease, the Series 2007B Lease, the Series 2007E-1 Lease, the Series 2010A Lease and the Series 2020A Leases are collectively referred to herein as the "Current Leases." In addition to the Current Leases and the Series 2021 Leases, the School Board may authorize other Leases in the future. See "THE MASTER LEASE FACILITIES," "THE PRIOR FACILITIES" and "THE MASTER LEASE PROGRAM" herein.

The Facilities currently leased by the School Board under the Master Lease constitute approximately 38% of all student stations in the District and approximately 36% of all gross square feet of educational facilities space in the District. Such figures do not include the facilities to be leased under the Series 2021 Leases. See "THE MASTER LEASE FACILITIES," "THE SERIES 2021A FACILITIES" and "THE PRIOR FACILITIES" herein.

Pursuant to the applicable provisions of Florida law, including particularly Chapters 1001-1013, Florida Statutes, the School Board has, by a Resolution duly adopted by the School Board on March 3, 2021, authorized the execution and delivery of (i) Schedule 2021A, dated as of May 1, 2021 ("Schedule 2021A," and together with the Master Lease, the "Series 2021A Lease") providing for the lease purchase financing by the School Board of certain educational facilities, as described herein and (ii) Schedule 2021B, dated as of May 1, 2021 ("Schedule 2021B," and together with the Master Lease, the "Series 2021B Lease"), providing for the lease purchase financing by the School Board of certain educational facilities, as described herein. The Series 2021A Lease and Series 2021B Lease are collectively referred to herein as the "Series 2021 Leases."

The initial term of the Series 2021A Lease commences on the date of delivery of the Series 2021A Certificates and continues through and including June 30, 2021 and is automatically renewable annually through August 1, 2040, unless earlier terminated as described herein. Subject to the Board's right to substitute facilities, the Facilities being lease purchased under the Series 2021A Lease include a new high school and a new elementary school (collectively, the "Series 2021A Facilities"). See "THE SERIES 2021 LEASES" and "THE SERIES 2021 FACILITIES - The Series 2021A Facilities" herein.

The initial term of the Series 2021B Lease commences on the date of delivery of the Series 2021B Certificates and continues through and including June 30, 2021 and is automatically renewable annually through August 1, 2035, unless earlier terminated as described herein. Subject to the Board's right to substitute facilities, the Facilities being lease purchased under the Series 2021B Lease include replacement and renovation of Delray Full Service School (the "Series 2021B Facility," and together with the Series 2021A Facilities, the "Series 2021 Facilities"). See "THE SERIES 2021B LEASES" and "THE SERIES 2021 FACILITIES - The Series 2021B Facility" herein.

The School Board currently holds title to the sites on which the Series 2021A Facilities will be located (collectively, the "Series 2021A Facility Sites"). Pursuant to the Series 2021A

Ground Lease dated as of May 1, 2021 (the "Series 2021A Ground Lease"), the School Board will lease the Series 2021A Facility Sites to the Corporation for an initial term which commences on the date of delivery of the Series 2021A Certificates and ends on August 1, 2045, subject to Permitted Encumbrances (as defined in the Series 2021A Ground Lease), and subject to earlier termination or extension as set forth therein. See "APPENDIX C - CERTAIN LEGAL DOCUMENTS - Form of Series 2021A Ground Lease" hereto.

The School Board currently holds title to the site on which the Series 2021B Facility will be located (the "Series 2021B Facility Site"). Pursuant to the Series 2021B Ground Lease dated as of May 1, 2021 (the "Series 2021B Ground Lease," and together with the Series 2021A Ground Lease, the "Series 2021 Ground Leases"), the School Board will lease the Series 2021B Facility Site to the Corporation for an initial term which commences on the date of delivery of the Series 2021B Certificates and ends on August 1, 2040, subject to Permitted Encumbrances (as defined in the Series 2021B Ground Lease), and subject to earlier termination or extension as set forth therein. See "APPENDIX C - CERTAIN LEGAL DOCUMENTS - Form of Series 2021B Ground Lease" hereto.

Pursuant to the Series 2021A Assignment Agreement dated as of May 1, 2021 (the "Series 2021A Assignment"), between the Corporation and the Trustee, the Corporation will irrevocably assign to the Trustee for the benefit of the owners of the Series 2021A Certificates and any other Certificates representing an undivided proportionate interest in a portion of the Basic Lease Payments payable under the Series 2021A Lease (e.g., a Series of Certificates issued to refund the Series 2021A Certificates) substantially all of its right, title and interest in and to the Series 2021A Ground Lease and the Series 2021A Lease including the right to receive the Basic Lease Payments and all other amounts due under the Series 2021A Lease, as herein described. See "APPENDIX C - CERTAIN LEGAL DOCUMENTS - Form of Series 2021A Assignment" hereto.

Pursuant to the Series 2021B Assignment Agreement dated as of May 1, 2021 (the "Series 2021B Assignment," and together with the Series 2021A Assignment, the "Series 2021 Assignments"), between the Corporation and the Trustee, the Corporation will irrevocably assign to the Trustee for the benefit of the owners of the Series 2021B Certificates and any other Certificates representing an undivided proportionate interest in a portion of the Basic Lease Payments payable under the Series 2021B Lease (e.g., a Series of Certificates issued to refund the Series 2021B Certificates) substantially all of its right, title and interest in and to the Series 2021B Ground Lease and the Series 2021B Lease including the right to receive the Basic Lease Payments and all other amounts due under the Series 2021B Lease, as herein described. See "APPENDIX C - CERTAIN LEGAL DOCUMENTS - Form of Series 2021B Assignment" hereto.

Brief descriptions of the District, the School Board, the Corporation and the Series 2021 Facilities are included in this Offering Statement together with summaries of certain provisions of the Series 2021 Certificates, the Master Lease, Schedule 2021A, Schedule 2021B, the Series 2021 Ground Leases, the Series 2021A Trust Agreement, the Series 2021B Trust Agreement and the Series 2021 Assignments. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the Master Lease, Schedule 2021A, Schedule 2021B, the Series 2021A Trust Agreement, the Series 2021B Trust Agreement, the Series 2021 Ground Leases and the Series 2021 Assignments are qualified in their entirety by reference to the respective complete documents.

PURPOSES OF THE SERIES 2021 CERTIFICATES

The Series 2021A Certificates are being issued for the principal purposes of (i) financing the costs of acquisition, construction and installation of the Series 2021A Facilities and (ii) paying costs associated with the issuance of the Series 2021A Certificates.

The Series 2021B Certificates are being issued for the principal purposes of (i) financing the costs of acquisition, construction and installation of the Series 2021B Facility and (ii) paying costs associated with the issuance of the Series 2021B Certificates. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

THE SERIES 2021 CERTIFICATES

General

The Series 2021 Certificates will be dated the date of delivery, will mature in the years and principal amounts and accrue interest at the fixed interest rates set forth on the inside cover page of this Offering Statement. The Series 2021 Certificates will initially be issued exclusively in "book-entry" form and ownership of one fully registered Series 2021 Certificate for each maturity as set forth on the inside cover page, each in the aggregate principal amount of such maturity, will be initially registered in the name of "Cede & Co." as nominee of The Depository Trust Company, New York, New York ("DTC"). The principal portion and interest portion of Basic Lease Payments represented by the Series 2021 Certificates are payable in the manner set forth under "BOOK-ENTRY ONLY SYSTEM" herein. Individual purchases of the Series 2021 Certificates will be made in increments of \$5,000 or integral multiples thereof.

The principal portion of Basic Lease Payments represented by the Series 2021A Certificates payable at maturity or earlier prepayment thereof represents undivided proportionate interests in the principal portion of the Basic Lease Payments due on each of the dates set forth in the Series 2021A Lease. The interest component of Basic Lease Payments represented by the Series 2021A Certificates is payable on February 1 and August 1 of each year, commencing on February 1, 2022, to and including the date of maturity or earlier prepayment (each a "Payment Date"), and represents undivided proportionate interests in the interest portion of Basic Lease Payments due on the June 30 and December 30 prior to each Payment Date to and including the maturity or earlier prepayment of the Series 2021A Certificates under the Series 2021A Lease.

The principal portion of Basic Lease Payments represented by the Series 2021B Certificates payable at maturity or earlier prepayment thereof represents undivided proportionate interests in the principal portion of the Basic Lease Payments due on each of the dates set forth in the Series 2021B Lease. The interest component of Basic Lease Payments represented by the Series 2021B Certificates is payable on February 1 and August 1 of each year, commencing on February 1, 2022, to and including the date of maturity or earlier prepayment (each a "Payment Date"), and represents undivided proportionate interests in the interest portion of Basic Lease Payments due on the June 30 and December 30 prior to each Payment Date to and including the maturity or earlier prepayment of the Series 2021B Certificates under the Series 2021B Lease.

The interest portion of the Basic Lease Payments represented by the Series 2021 Certificates will be computed on the basis of a 360-day year comprised of twelve 30-day months. The principal portion or Prepayment Price of the Series 2021 Certificates is payable to the registered owner upon presentation at the designated corporate trust office of the Trustee. Except as otherwise provided in connection with the maintenance of a book-entry only system of registration of the Series 2021 Certificates, the interest portion of the Basic Lease Payments represented by the Series 2021 Certificates is payable to the registered owner at the address shown on the registration books maintained by the Trustee as of the 15th day of the month (whether or not a business day) preceding the Payment Date or at the prior written request and expense of any registered owner of at least \$1,000,000 in aggregate principal amount of Series 2021 Certificates by bank wire transfer to a bank account in the United States designated in writing prior to the fifteenth day of the month next preceding each Payment Date. Notwithstanding the above, reference is made to the book-entry system of registration described under "BOOK-ENTRY ONLY SYSTEM" herein.

Prepayment

Optional Prepayment of Series 2021A Certificates. The Series 2021A Certificates are subject to prepayment on or after August 1, 2031, if the School Board elects to prepay the principal portion of the Series 2021A Certificates in whole or in part at any time, and if in part, in such order of maturity of Series 2021A Certificates corresponding to the due dates of the principal portion of Basic Lease Payments prepaid under the Series 2021A Lease as shall be designated by the School Board to be prepaid, and by lot within a maturity in such manner as the Trustee may determine, at a Prepayment Price equal to the principal portion of the Basic Lease Payments represented by the Series 2021A Certificates or portions thereof to be prepaid (without premium), plus interest accrued to the Prepayment Date.

Optional Prepayment of Series 2021B Certificates. The Series 2021B Certificates are subject to prepayment on or after August 1, 2031, if the School Board elects to prepay the principal portion of the Series 2021B Certificates in whole or in part at any time, and if in part, in such order of maturity of Series 2021B Certificates corresponding to the due dates of the principal portion of Basic Lease Payments prepaid under the Series 2021B Lease as shall be designated by the School Board to be prepaid, and by lot within a maturity in such manner as the Trustee may determine, at a Prepayment Price equal to the principal portion of the Basic Lease Payments represented by the Series 2021B Certificates or portions thereof to be prepaid (without premium), plus interest accrued to the Prepayment Date.

Extraordinary Prepayment of Series 2021A Certificates. The Series 2021A Certificates shall be subject to prepayment in the event the Series 2021A Lease terminates prior to payment in full of all of the Basic Lease Payments due thereunder, to the extent the Trustee has moneys available for such purpose pursuant to the Series 2021A Trust Agreement and the Series 2021A Lease, to the extent and subject to the limitations provided in the Series 2021A Lease.

Extraordinary Prepayment of Series 2021B Certificates. The Series 2021B Certificates shall be subject to prepayment in the event the Series 2021B Lease terminates prior to payment in full of all of the Basic Lease Payments due thereunder, to the extent the Trustee has moneys

available for such purpose pursuant to the Series 2021B Trust Agreement and the Series 2021B Lease, to the extent and subject to the limitations provided in the Series 2021B Lease.

No Extraordinary Prepayment in the Event of Damage, Destruction or Condemnation of the Series 2021A Facilities. The Series 2021A Certificates are not subject to extraordinary prepayment prior to maturity in the event of damage, destruction or condemnation of the Series 2021A Facilities. See "THE SERIES 2021 LEASES - Lease Payments" for information regarding the required use of any insurance or condemnation proceeds related to the Series 2021A Facilities in the event of damage, destruction or condemnation of such Facilities.

No Extraordinary Prepayment in the Event of Damage, Destruction or Condemnation of the Series 2021B Facility. The Series 2021B Certificates are not subject to extraordinary prepayment prior to maturity in the event of damage, destruction or condemnation of the Series 2021B Facility. See "THE SERIES 2021 LEASES - Lease Payments" for information regarding the required use of any insurance or condemnation proceeds related to the Series 2021B Facility in the event of damage, destruction or condemnation of such Facility.

Selection of Series 2021 Certificates for Prepayment. If less than all of the Series 2021 Certificates of a Series are called for prepayment, the particular Series 2021 Certificates, or portions thereof to be prepaid will be in multiples of \$5,000 and, except as otherwise provided in the Trust Agreement, the maturity of the Series 2021 Certificates to be prepaid will be determined by the Trustee. If less than all of the Series 2021 Certificates of like Series and maturity are called for prepayment, the particular Series 2021 Certificates or portions thereof to be prepaid will be selected by lot by the Trustee in such manner as the Trustee deems fair and appropriate. The portion of any Series 2021 Certificate of a denomination of more than \$5,000 to be prepaid will be in the principal amount of \$5,000 or an integral multiple thereof, and, in selecting portions of such Series 2021 Certificates for prepayment, the Trustee will treat each such Series 2021 Certificate as representing that number of Series 2021 Certificates in \$5,000 denominations which is obtained by dividing the principal amount of such Series 2021 Certificate to be prepaid in part by \$5,000.

DTC Procedures. Investors should note that while DTC is the registered owner of the Series 2021 Certificates, partial prepayments of the Series 2021 Certificates will be determined in accordance with DTC's procedures. The School Board intends that prepayment allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the School Board and the Beneficial Owners of the Series 2021 Certificates be made in accordance with the method of selection of Series 2021 Certificates for a partial prepayment described above. However, the selection of the Series 2021 Certificates for prepayment in DTC's book-entry only system is subject to DTC's practices and procedures as in effect at the time of any such partial prepayment. The School Board can provide no assurance that DTC or the DTC Participants or any other intermediaries will allocate prepayments among Beneficial Owners in accordance with the method of selection of Series 2021 Certificates for a partial prepayment described above.

Notice of Prepayment. So long as the Series 2021 Certificates are issued in book-entry-only form, notice of prepayment will be mailed, postage prepaid (not less than 30 days before the Prepayment Date in the case of optional prepayment and not less than five days nor more than ten days before the Prepayment Date in the case of prepayment for termination of the Lease Term in

certain events of non-appropriation or default under any Lease, unless a different notice period is required by DTC) to Cede & Co., as nominee for DTC, and the Trustee will not mail any prepayment notice directly to the Beneficial Owners of the Series 2021 Certificates. See "THE SERIES 2021 CERTIFICATES – Book-Entry Only System" herein.

Notwithstanding anything in the Master Trust Agreement to the contrary, prior to notice being given to the Owners of affected Series 2021 Certificates of any optional prepayment of Series 2021 Certificates, either (i) there will be deposited with the Trustee an amount sufficient to pay the principal portion of the Basic Lease Payments represented by Series 2021 Certificates subject to prepayment, plus accrued interest to the prepayment date, or (ii) such notice will state that the prepayment is conditioned on the receipt of moneys for such prepayment by the Trustee on or prior to the Prepayment Date. In the event that a conditional notice of prepayment is given and such moneys are not timely received, the prepayment for which such notice was given will not be undertaken.

Effect of Prepayment. If, on the Prepayment Date, moneys for the payment of the Prepayment Price of the Series 2021 Certificates or portions thereof to be prepaid are held by the Trustee and available therefor on the Prepayment Date and if notice of prepayment has been given as required, then from and after the Prepayment Date, the interest represented by the Series 2021 Certificates or the portion thereof called for prepayment will cease to accrue. If such moneys are not available on the Prepayment Date, the principal represented by such Series 2021 Certificates or portions thereof will continue to bear interest until paid at the same rate as would have accrued had it not been called for prepayment.

BOOK-ENTRY ONLY SYSTEM

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CORPORATION AND THE SCHOOL BOARD BELIEVE TO BE RELIABLE, BUT NEITHER THE CORPORATION NOR THE SCHOOL BOARD TAKE ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company ("DTC") will act as securities depository for the Series 2021 Certificates. The Series 2021 Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of each Series of the Series 2021 Certificates, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's

participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has a Standard and Poor's rating of "AA+." The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2021 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2021 Certificates on DTC's records. The ownership interest of each actual purchaser of each Series 2021 Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2021 Certificates, except in the event that use of the book-entry system for the Series 2021 Certificates is discontinued.

To facilitate subsequent transfers, all Series 2021 Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2021 Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping an account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements made among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2021 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021 Certificates, such as prepayments, defaults, and proposed amendments to the Series 2021 financing documents. For example, Beneficial Owners of Series 2021 Certificates may wish to ascertain that the nominee holding the Series 2021

Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the Series 2021 Certificates are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Certificates to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2021 Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2021 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Prepayment proceeds and other payments on the Series 2021 Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the School Board or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the School Board, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of prepayment proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School Board and/or the Trustee for the Series 2021 Certificates. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

None of the Corporation, the School Board or the Trustee can give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Series 2021 Certificates paid to DTC or its nominee, or any prepayment or other notices, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve or act in a manner described in this Offering Statement.

For every transfer and exchange of beneficial interests in the Series 2021 Certificates, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other government charge that may be imposed in relation thereto.

DTC may discontinue providing its services as securities depository with respect to the Series 2021 Certificates at any time by giving reasonable notice to the School Board. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2021 Certificates are required to be printed and delivered.

The School Board may decide to discontinue use of the book-entry transfers through DTC (or a successor securities depository). In that event, Series 2021 Certificates will be printed and delivered to DTC.

SECURITY FOR THE SERIES 2021 CERTIFICATES

General

The Series 2021A Certificates evidence undivided proportionate interests in the principal portion and interest portion of Basic Lease Payments made by the School Board under the Series 2021A Lease. The Series 2021A Certificates are secured by and payable from the Trust Estate established for the Series 2021A Certificates (the "Series 2021A Trust Estate") pursuant to the Series 2021A Trust Agreement. The Series 2021A Trust Estate consists of all estate, right, title and interest of the Trustee in and to the Basic Lease Payments under the Series 2021A Lease allocable to the Series 2021A Certificates and all amounts held in the funds and accounts under the Series 2021A Trust Agreement in accordance with the provisions of the Series 2021A Lease and the Series 2021A Trust Agreement, including investment earnings thereon, and any and all monies allocable to the Series 2021A Certificates received by the Trustee pursuant to the Series 2021A Lease and the Series 2021A Trust Agreement which are not required to be remitted to the School Board or the Corporation pursuant to the Series 2021A Lease or the Series 2021A Trust Agreement.

The Series 2021B Certificates evidence undivided proportionate interests in the principal portion and interest portion of Basic Lease Payments made by the School Board under the Series 2021B Lease. The Series 2021B Certificates are secured by and payable from the Trust Estate established for the Series 2021B Certificates (the "Series 2021B Trust Estate") pursuant to the Series 2021B Trust Agreement. The Series 2021B Trust Estate consists of all estate, right, title and interest of the Trustee in and to the Basic Lease Payments under the Series 2021B Lease allocable to the Series 2021B Certificates and all amounts held in the funds and accounts under the Series 2021B Trust Agreement in accordance with the provisions of the Series 2021B Lease and the Series 2021B Trust Agreement, including investment earnings thereon, and any and all monies allocable to the Series 2021B Certificates received by the Trustee pursuant to the Series 2021B Lease and the Series 2021B Trust Agreement which are not required to be remitted to the School Board or the Corporation pursuant to the Series 2021B Lease or the Series 2021B Trust Agreement.

Neither the Corporation nor the School Board will mortgage or grant a security interest in the Series 2021 Facilities to the Trustee. Upon termination of the Series 2021A Lease upon the occurrence of an event of non-appropriation or in the case of certain events of default, however, the Series 2021A Lease provides that the School Board must surrender possession of the Series 2021A Facilities to the Trustee as assignee of the Corporation for disposition by sale or re-letting of its interest in such Series 2021A Facilities as provided in the Series 2021A Trust Agreement. Any proceeds of any such disposition of the Series 2021A Facilities will be applied to the payment of the Series 2021A Certificates, after payment of the expenses of the Trustee, in accordance with the terms of the Series 2021A Lease. Upon termination of the Series 2021B Lease upon the occurrence of an event of non-appropriation or in the case of certain events of default, however,

the Series 2021B Lease provides that the School Board must surrender possession of the Series 2021B Facility to the Trustee as assignee of the Corporation for disposition by sale or re-letting of its interest in such Series 2021B Facility as provided in the Series 2021B Trust Agreement. Any proceeds of any such disposition of the Series 2021B Facility will be applied to the payment of the Series 2021B Certificates, after payment of the expenses of the Trustee, in accordance with the terms of the Series 2021B Lease.

With respect to the Series 2021 Leases, the School Board may not be dispossessed of any personal property financed or refinanced, in whole or in part, with proceeds of Series 2021 Certificates. See "THE SERIES 2021 FACILITIES" herein for a description of the Series 2021A Facilities and Series 2021B Facility against which the Trustee may exercise rights on behalf of the Owners of the Series 2021A Certificates and Series 2021B Certificates, respectively. See also "THE SERIES 2021 LEASES - Effect of Termination for Non-Appropriation or Default" herein.

Lease Payments

All Lease Payments and all other amounts required to be paid by the School Board under the Series 2021 Leases and the Current Leases and all other Leases will be made from funds authorized by law and regulations of the State of Florida Department of Education to be used for such purpose and budgeted and appropriated for such purpose by the School Board. Revenues available to the District for operational purposes and capital projects such as the Series 2021 Facilities are described under "OPERATING REVENUES OF THE DISTRICT" and "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS" herein. Prospective purchasers should assume that operating funds will not be available to make Lease Payments and that such payments will be made solely from available revenues for capital outlay projects. Such revenues are also used to pay other outstanding obligations of the District.

The Series 2021A Trust Agreement, provides for the establishment and maintenance of a Series 2021A Lease Payment Account for deposit of Basic Lease Payments appropriated and paid under the Series 2021A Lease. The Series 2021B Trust Agreement, provides for the establishment and maintenance of a Series 2021B Lease Payment Account for deposit of Basic Lease Payments appropriated and paid under the Series 2021B Lease. Separate Lease Payment Accounts are established for each new group of Facilities to be financed by a Series of Certificates issued under the Trust Agreement. Lease Payments due under the schedules to the Master Lease are subject to annual appropriation by the School Board on an all-or-none basis and are payable solely from legally available funds appropriated by the School Board for such purposes; provided that Lease Payments with respect to a particular schedule and Series of Certificates may be additionally and separately secured by a Credit Facility. Such additional Facilities may be financed through the sale of additional Series of Certificates under the Trust Agreement. THE SCHOOL BOARD MAY NOT BUDGET AND APPROPRIATE LEASE PAYMENTS DUE FOR A PORTION OF THE FACILITIES LEASED UNDER THE MASTER LEASE; IT MUST BUDGET AND APPROPRIATE LEASE PAYMENTS FOR ALL FACILITIES OR NONE OF THEM. THERE CAN BE NO ASSURANCE THAT SUFFICIENT FUNDS WILL BE APPROPRIATED OR OTHERWISE BE MADE AVAILABLE TO MAKE ALL OF THE LEASE PAYMENTS DUE UNDER THE MASTER LEASE.

Limited Obligation of the School Board

THE SCHOOL BOARD IS NOT LEGALLY REQUIRED TO APPROPRIATE MONEYS TO MAKE LEASE PAYMENTS. LEASE PAYMENTS ARE PAYABLE FROM FUNDS APPROPRIATED BY THE SCHOOL BOARD FOR SUCH PURPOSE FROM CURRENT OR OTHER FUNDS AUTHORIZED BY LAW AND REGULATIONS OF THE STATE OF FLORIDA DEPARTMENT OF EDUCATION. NONE OF THE DISTRICT, THE SCHOOL BOARD, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS OBLIGATED TO PAY, EXCEPT FROM SCHOOL BOARD APPROPRIATED FUNDS, ANY SUMS DUE UNDER THE SERIES 2021 LEASES FROM ANY SOURCE OF TAXATION, AND THE FULL FAITH AND CREDIT OF THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS NOT PLEDGED FOR PAYMENT OF SUCH SUMS DUE THEREUNDER, AND SUCH SUMS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. NONE OF THE CORPORATION, THE TRUSTEE OR ANY CERTIFICATE HOLDER MAY COMPEL THE LEVY OF ANY AD VALOREM TAXES BY THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF TO PAY ANY SUMS, INCLUDING THE BASIC LEASE PAYMENTS, DUE UNDER THE SERIES 2021 LEASES. SEE "RISK FACTORS" HEREIN.

Additional Leases

As noted above, the School Board has entered into the Current Leases and may enter into other Leases under the Master Lease in addition to the Series 2021 Leases and the Current Leases. See "THE MASTER LEASE PROGRAM." Failure to appropriate funds to make Lease Payments under any Lease will, and certain events of default under a Lease may, result in the termination of the Lease Term of all Leases, including the Series 2021 Leases. Upon any such termination of the Lease Term of all Leases, the School Board must surrender all Facilities (except for certain designated Facilities), but including the Series 2021 Facilities to the Trustee for sale or re-letting of the Trustee's interest. The proceeds of any such disposition of the Series 2021A Facilities will be applied to the payment of the Series 2021A Certificates, after payment of the expenses of the Trustee, in accordance with the terms of the Series 2021A Lease. With respect to the Series 2021A Lease, the School Board may not be dispossessed of any personal property financed, in whole or in part, with proceeds of the Series 2021A Certificates. The proceeds of any such disposition of the Series 2021B Facility will be applied to the payment of the Series 2021B Certificates, after payment of the expenses of the Trustee, in accordance with the terms of the Series 2021B Lease. With respect to the Series 2021B Lease, the School Board may not be dispossessed of any personal property financed, in whole or in part, with proceeds of the Series 2021B Certificates. Except as herein described, in no event will owners of the Series 2021 Certificates have any interest in or right to the proceeds of the disposition of Facilities financed or refinanced with the proceeds of another Series of Certificates. There can be no assurance that the remedies available to the Trustee upon any such termination of the Lease Term of all Leases and the disposition of the Series 2021A Facilities against which the Trustee has rights will produce sufficient amounts to pay the outstanding Series 2021A Certificates. There can be no assurance that the remedies available to

the Trustee upon any such termination of the Lease Term of all Leases and the disposition of the Series 2021B Facility against which the Trustee has rights will produce sufficient amounts to pay the outstanding Series 2021B Certificates.

For a discussion of remedies available to the Trustee upon the occurrence of an event of the non-appropriation of funds to pay Lease Payments or upon the occurrence of an event of default, see "THE SERIES 2021 LEASES - Termination of Lease Term" and "- Effect of Termination for Non-Appropriation or Default" herein and "APPENDIX C - CERTAIN LEGAL DOCUMENTS - The Master Lease" hereto.

Additional Certificates; Outstanding Certificates

With respect to any Additional Lease, one or more series of Additional Certificates may be authorized by the Corporation at the request of the School Board and executed and delivered by the Trustee for the purpose of: (a) financing the cost of acquisition, construction, installation and equipping of any Facilities; (b) financing the cost of completing the acquisition, construction, installation and equipping of any Facilities; (c) financing the cost of increasing, improving, modifying, expanding or replacing any Facilities; (d) paying or providing for the payment of the principal portion and interest portion of the Basic Lease Payments with respect to, or the Purchase Option Price (as described under "SECURITY FOR THE SERIES 2021A CERTIFICATES - Optional Prepayment Price" below) of, all or a portion of the Facilities financed from the proceeds of any series of Certificates previously executed and delivered; (e) funding a Reserve Account in an amount equal to the applicable Reserve Account Requirement, if any; (f) capitalizing the interest portion of Basic Lease Payments during construction; or (g) paying the applicable Costs of Issuance. The aggregate principal amount of Additional Certificates which may be executed and delivered under the provisions of the Master Trust Agreement is not limited, except as may be provided with respect to a particular series of Additional Certificates in any Supplemental Trust Agreement creating such Series.

Unless otherwise set forth in a Supplemental Trust Agreement authorizing the issuance of more than one Series of Certificates, each Certificate within a Series of Certificates executed and delivered pursuant to the Trust Agreement shall rank *pari passu* and be equally and ratably secured under the Trust Agreement with each other Certificate of such Series, but not with any Certificates of any other Series, without preference, priority, or distinction of any such Certificate over any other such Certificate, except that to the extent that Basic Lease Payments available for payment to all Certificate holders are less than all amounts owed with respect to all Series of Certificates on any Payment Date, such amounts available shall be applied on a pro rata basis to Certificate holders of all Series in accordance with the ratio that the principal balance of each Series of Certificates outstanding bears to the total amount of Certificates Outstanding under the Trust Agreement.

Optional Prepayment Price

The School Board has the right to prepay all or a portion of the Basic Lease Payments represented by the Series 2021 Certificates and in connection therewith remove all or a portion of the related Series 2021 Facilities from the applicable Series 2021 Lease and from the lien of the related Series 2021 Ground Lease, by paying the Purchase Option Price for the specific Series

2021 Facilities being purchased or, to the extent permitted by law, by substituting other Facilities for the Series 2021 Facilities to be released. In such event, Series 2021 Certificates representing an interest in the prepaid Basic Lease Payments would be prepaid on the next available date for prepaying such Series 2021 Certificates. The Purchase Option Price, as of each Lease Payment Date, is: (i) the Basic Lease Payment then due plus the amount designated in the applicable Series 2021 Lease; (ii) minus any credits pursuant to the provisions of the applicable Series 2021 Lease; (iii) plus an amount equal to the interest to accrue with respect to the related Series 2021 Certificates and any other Certificates representing an interest in the applicable Series 2021 Lease to be prepaid from such Lease Payment Date to the next available date for paying such Series 2021 Certificates; (iv) plus an amount equal to any other amounts then due and owing under the applicable Series 2021 Lease.

Non-Appropriation Risk

THE SCHOOL BOARD IS NOT LEGALLY REQUIRED TO APPROPRIATE MONEYS FOR THE PURPOSE OF MAKING LEASE PAYMENTS. UNDER THE MASTER LEASE THE SCHOOL BOARD MAY NOT BUDGET AND APPROPRIATE AVAILABLE REVENUES TO MAKE LEASE PAYMENTS SELECTIVELY ON A LEASE BY LEASE BASIS, BUT MUST APPROPRIATE SUCH REVENUES FOR ALL LEASES OR NONE OF THEM. FOR A DISCUSSION OF REMEDIES AVAILABLE TO THE TRUSTEE IN THE EVENT OF THE NON-APPROPRIATION OF FUNDS TO PAY LEASE PAYMENTS, SEE "THE SERIES 2021 LEASES - TERMINATION OF LEASE TERM" AND "- EFFECT OF TERMINATION FOR NON-APPROPRIATION OR DEFAULT" HEREIN. THERE CAN BE NO ASSURANCE THAT THE REMEDIES AVAILABLE TO THE TRUSTEE IN THE EVENT OF NON-APPROPRIATION WILL PRODUCE SUFFICIENT AMOUNTS TO FULLY PAY THE OUTSTANDING CERTIFICATES FOR PAYING SUCH CLAIMS.

No Reserve Account for Series 2021A Certificates

There is no Reserve Account for the Series 2021 Certificates. However, pursuant to a Supplemental Trust Agreement authorizing the issuance of any Series of Certificates, there may be established and maintained a separate Reserve Account to secure the payment of the principal and/or interest portion of the Basic Lease Payments related to such Series of Certificates. Each such Reserve Account shall secure only the Series of Certificates for which it has been established. See "APPENDIX C - CERTAIN LEGAL DOCUMENTS - The Master Trust Agreement" hereto.

CERTAIN AMENDMENTS TO SCHEDULE 2021A AND SCHEDULE 2021B

Schedule 2021A contains certain amendments to the Master Lease applicable to the Series 2021A Certificates intended to (i) allow for the substitution of the Series 2021A Facilities upon meeting certain conditions (see "THE SERIES 2021 FACILITIES - Substitution and/or Additions to Series 2021 Facilities - Substitution" for the requirements for such substitution as contemplated in the amendment provision), (ii) allow for the amendment of Schedule 2021A without consent of the holders of the Series 2021A Certificates for the purpose of (a) adding a legal description and/or the permitted encumbrances for a Facility Site which has already been designated in such Schedule, (b) adding additional Facilities to be financed under Schedule 2021A, (c) substituting

Series 2021A Facilities in accordance with Section 6.4 of the Master Lease, as amended by Schedule 2021A or (d) releasing a Series 2021A Facility or portion thereof if such Facility or portion thereof has been released from the lien of the Master Lease in accordance with the provisions thereof and (iii) allow for the release of a Series 2021A Facility or Series 2021A Facilities from the lien of the Series 2021A Lease upon the completion of construction thereof, as evidenced by the execution and delivery of a Certificate of Acceptance to the Trustee pursuant to the Master Lease, and certification of the final cost per student station of such Series 2021A Facility or Series 2021A Facilities by the School Board to the State Department of Education pursuant to Section 1013.64, Florida Statutes, if after the release of such Series 2021A Facility or Series 2021A Facilities the total construction cost of the remaining Series 2021A Facilities exceeds the remaining principal portion of the Basic Lease Payments payable under the related Series 2021A Lease (see "THE SERIES 2021 FACILITIES – Release of Series 2021A Facilities" herein). See "APPENDIX C - CERTAIN LEGAL DOCUMENTS - Form of Schedule 2021A" hereto for the specific amendments.

At the time of issuance of the Series 2021A Certificates, the initial Beneficial Owners of the Series 2021A Certificates, through their purchase of the Series 2021A Certificates, shall be deemed to have consented to the amendments set forth in Schedule 2021A. The Series 2021A Certificates will represent 100% of the Certificates Outstanding under the Series 2021A Lease. As such, the amendments set forth in Schedule 2021A will become effective immediately upon the issuance of the Series 2021A Certificates.

Schedule 2021B contains certain amendments to the Master Lease applicable to the Series 2021B Certificates intended to (i) allow for the substitution of the Series 2021B Facilities upon meeting certain conditions (see "THE SERIES 2021 FACILITIES - Substitution and/or Additions to Series 2021 Facilities - Substitution" for the requirements for such substitution as contemplated in the amendment provision) and (ii) allow for the amendment of Schedule 2021B without consent of the holders of the Series 2021B Certificates for the purpose of (a) adding a legal description and/or the permitted encumbrances for a Facility Site which has already been designated in such Schedule, (b) adding additional Facilities to be financed under Schedule 2021B, (c) substituting Series 2021B Facilities in accordance with Section 6.4 of the Master Lease, as amended by Schedule 2021B or (d) releasing a Series 2021B Facility or portion thereof if such Facility or portion thereof has been released from the lien of the Master Lease in accordance with the provisions thereof. See "APPENDIX C - CERTAIN LEGAL DOCUMENTS - Form of Schedule 2021B" hereto for the specific amendments.

At the time of issuance of the Series 2021B Certificates, the initial Beneficial Owners of the Series 2021B Certificates, through their purchase of the Series 2021B Certificates, shall be deemed to have consented to the amendments set forth in Schedule 2021B. The Series 2021B Certificates will represent 100% of the Certificates Outstanding under the Series 2021B Lease. As such, the amendments set forth in Schedule 2021B will become effective immediately upon the issuance of the Series 2021B Certificates.

Purchasers of the Series 2021 Certificates should carefully review the proposed amendments. See "APPENDIX C - CERTAIN LEGAL DOCUMENTS - Form of Schedule 2021A" and "- Form of Schedule 2021B" hereto.

The Underwriters are not providing consent to or approval of the herein described amendments and the School Board will not deem such amendments to have been consented to or approved by the Underwriters as a result of the Underwriters' purchase of the Series 2021 Certificates in their capacity as underwriters as defined in Section 2(a)(11) of the Securities Act of 1933, as amended.

THE MASTER LEASE FACILITIES

The Series 2021 Facilities are being financed under the School Board's existing Master Lease as part of the School Board's master lease purchase program (the "Master Lease Program") with the Corporation. The Facilities financed or refinanced by the School Board under the Master Lease Program are subject to annual appropriation on an all or none basis. Currently, approximately 38% of all student stations in the District and 36% of all gross square feet of educational facilities space in the District is subject to the Master Lease. Such figures do not include the Series 2021 Facilities. For a complete description of the Facilities under the Master Lease Program see "THE SERIES 2021 FACILITIES" and "THE PRIOR FACILITIES" herein.

Pursuant to the Master Lease, the School Board does not have the ability to appropriate funds to make Lease Payments on one Facility or some combination of Facilities only. The School Board's annual appropriation for Basic Lease Payments must be for all Facilities under the Master Lease Program or none of them. In the event the School Board does not appropriate funds in its annual budget for all of such financed Facilities, the School Board would be required to surrender such Facilities, including the Series 2021 Facilities (but not certain designated Facilities), to the Trustee for the benefit of the Owners of the Certificates which financed or refinanced such Facilities. Under certain conditions set forth in the Master Lease, the School Board may (1) substitute or add components to the Facilities, (2) modify the plans and specifications thereof and (3) release certain Facilities from the Series 2021A Lease and Series 2021A Ground Lease. See "THE SERIES 2021 FACILITIES" and "THE PRIOR FACILITIES" herein.

THE SERIES 2021 FACILITIES

The Series 2021A Facilities

The Series 2021A Project consists of the lease purchase financing of the acquisition and construction of the Series 2021A Facilities, the lease of the Series 2021A Facility Sites by the School Board to the Corporation pursuant to the Series 2021A Ground Lease and the sublease of the Series 2021A Facility Sites back to the School Board. All of the Series 2021A Facilities are located within the District. The School Board holds title to all of the Series 2021A Facility Sites. Under certain conditions set forth in the Series 2021A Lease, the School Board may substitute and/or add components of the Series 2021A Facilities and/or release Series 2021A Facilities from the Series 2021A Lease. See also, "-Substitution and/or Additions to Series 2021 Facilities" and "-Release of Series 2021A Facilities" below.

The Series 2021A Facilities consist of the education facilities generally described below.

Boca Raton Elementary School (05-C) – a new elementary school, located in the City of Boca Raton, will have approximately 95,917 net square feet with 972 student stations and a student capacity of 972. The school will have 32 primary classrooms, 15 intermediate classrooms, two skills labs, three resource room, art, music, covered play area, library media center, administration, food service/multipurpose, teacher planning, stage, restrooms and custodial space. The school is scheduled to open August 2022.

Lake Worth Area High School (03-000) – a new high school, located in unincorporated Palm Beach County, will have approximately 266,390 gross square feet with 2,703 student stations and a student capacity of 2,568. The school will have 67 high school classrooms, 14 science lab, three skills labs, four resource rooms, five ESE classrooms, six business labs, four medical labs, one JROTC classroom, two art rooms, band room, vocal room, dance room, drama room, gymnasium, auditorium with stage, field house, library media center, administration, food service, teacher planning, restrooms and custodial space. The school is scheduled to open August 2023.

The Estimated Series 2021A Facilities Budget

The following table sets forth the School Board's current estimates of the cost of each of the Facilities comprising the Series 2021A Facilities.

Facilities Description ⁽¹⁾	Planning/ Design	Furniture, Fixtures & Equipment ⁽²⁾	Construction/ Acquisition	Total Project Cost
Boca Raton Elementary School	\$1,522,540	\$1,150,000	\$28,527,460	\$31,200,000
Lake Worth Area High School	4,643,000	4,700,000	95,657,000	105,000,000
Total	<u>\$6,165,540⁽³⁾</u>	<u>\$5,850,000</u>	<u>\$124,184,460</u>	<u>\$136,200,000</u>

⁽¹⁾ The foregoing reflects the current expectations of the School Board and District as of the date of this Offering Statement as to the nature and cost of the Series 2021A Facilities and is subject to change and amendment, without notice.

⁽²⁾ Furniture, fixtures and equipment are not subject to surrender to, or disposition by, the Trustee as a result of termination of the Series 2021A Lease as a result of a non-appropriation of funds or certain events of default.

⁽³⁾ Approximately \$1,951,371 of such costs were paid from other legally available funds of the School Board and will not be paid from proceeds of the Series 2021A Certificates.

The Series 2021B Facility

The Series 2021B Project consists of the lease purchase financing of the acquisition and construction of the Series 2021B Facility, the lease of the Series 2021B Facility Site by the School Board to the Corporation pursuant to the Series 2021B Ground Lease and the sublease of the Series 2021B Facility Site back to the School Board. The Series 2021B Facility is located within the District. The School Board holds title to all of the Series 2021B Facility Site. Under certain conditions set forth in the Series 2021B Lease, the School Board may substitute and/or add components of the Series 2021B Facility. See also, "-Substitution and/or Additions to Series 2021 Facilities" below.

The Series 2021B Facility consists of the educational facility generally described below.

Delray Full Service School - Delray Full Service School, located in the City of Delray Beach, will have approximately 40,573 gross square feet with 1,308 student stations and a student capacity of 1,177. The new building of the school will have five general classrooms, two health/medical classrooms, one information technology classroom, two construction classrooms, administration, teacher planning, restrooms and custodial space. The remodeled building will have four multipurpose rooms, vending area, testing center, stage, restrooms and custodial space. The school is scheduled to open August 2022.

The Estimated Series 2021B Facility Budget

The following table sets forth the School Board's current estimates of the cost of the Series 2021B Facility.

Facilities Description ⁽¹⁾	Planning/ Design	Furniture, Fixtures & Equipment ⁽²⁾	Construction/ Acquisition	Total Project Cost
Delray Full Service School	\$479,135 ⁽³⁾	\$325,000	\$9,008,017	\$9,812,153

⁽¹⁾ The foregoing reflects the current expectations of the School Board and District as of the date of this Offering Statement as to the nature and cost of the Series 2021B Facility and is subject to change and amendment, without notice.

⁽²⁾ Furniture, fixtures and equipment are not subject to surrender to, or disposition by, the Trustee as a result of termination of the Series 2021B Lease as a result of a non-appropriation of funds or certain events of default.

⁽³⁾ Approximately \$187,247 of such costs were paid from other legally available funds of the School Board and will not be paid from proceeds of the Series 2021B Certificates.

Substitution and/or Additions to Series 2021 Facilities

Substitution. The following reflects the amendments to Section 6.4 of the Master Lease set forth in Schedule 2021A and Schedule 2021B. See "APPENDIX C - CERTAIN LEGAL DOCUMENTS - Master Lease" for the current provision and "APPENDIX C - CERTAIN LEGAL DOCUMENTS - Form of Schedule 2021A" and " - Form of Schedule 2021B" hereto for the amended provision.

To the extent permitted by law, on or after the Completion Date, the School Board may substitute for any of the Series 2021 Facilities other facilities owned by the School Board, provided such substituted facilities: (a) have the same or greater remaining useful life; (b) have a fair market value equal to or greater than the portion of the Series 2021 Facilities for which they are substituted (based on an assessment prepared by the District); (c) are of substantially equal usefulness as the Series 2021 Facilities to be replaced and provide essential governmental services; (d) are free and clear of all liens and encumbrances, except Permitted Encumbrances and (e) are approved by the State Department of Education. In order to effect such substitution, Series 2021 Facilities to be replaced will be released from the encumbrance of the applicable Series 2021 Lease and the related Series 2021 Ground Lease by appropriate instrument executed by the School Board and the Corporation (or Trustee as assignee of the Corporation) in form sufficient to leave good and

marketable fee simple title to such Facilities in the School Board subject only to Permitted Encumbrances, and the facilities to be substituted shall likewise be incorporated into the applicable Series 2021 Lease and related Series 2021 Ground Lease. Schedule 2021A or Schedule 2021B, as applicable, will be appropriately amended and the related Series 2021 Ground Lease will be amended or canceled and replaced, to reflect such substitution.

There shall also be delivered at the time of substitution an Opinion of Counsel as described in the Master Lease with respect to the substitute Facility Site. The foregoing conditions with respect to substitution only apply to Facilities against which the Trustee has rights.

Additions. From time to time, the School Board may have remaining funds on deposit in an Acquisition Fund under a particular Lease. This sometimes occurs as a result of a Facility or combination of Facilities being constructed for less than anticipated, a Facility is no longer needed or there are unresolved issues concerning the site on which the Facility is to be built. In such case, the School Board may finance other Facilities under such Lease, in which case such additional Facilities shall be subject to the provisions of the related Lease. In certain cases, such newly added Facilities may be Facilities which are not subject to surrender and disposition by the Trustee.

Release of Series 2021A Facilities

Upon the completion of construction thereof, and certification of the final cost per student station of such Series 2021A Facility or Series 2021A Facilities by the School Board to the State Department of Education pursuant to Section 1013.64, Florida Statutes, the School Board may cause the release of a Series 2021A Facility or Series 2021A Facilities from the lien of the Series 2021A Lease, if after the release of such Series 2021A Facility or Series 2021A Facilities the total construction cost of the remaining Series 2021A Facilities exceeds the remaining principal portion of the Basic Lease Payments payable under the Series 2021A Lease. See "RISK FACTORS – Construction Cost Maximums" herein.

THE PRIOR FACILITIES

The following provides a summarized description of the Facilities being lease-purchased under the Current Leases and subject to the Master Lease. Under certain conditions set forth in the Master Lease, the School Board may substitute Facilities, modify the plans and specifications therefor or eliminate Facilities.

Series 2000A Facilities

Beacon Cove Elementary School (96-A)
Independence Middle School (98-FF)
Jupiter High School modernization
Lake Park Elementary School modernization
Pahokee Elementary School, classroom building
Palmetto Elementary School modernization
Palm Beach Central High School (96-JJJ)
Village Academy (98-P)

Series 2001A-1 Facilities

Benoist Farms Elementary School (96-D)
Boca Raton Elementary School modernization
Crosspointe Elementary School (98-I)
Discovery Key Elementary School (96-L)
Forest Hill Elementary School modernization
Freedom Shores Elementary School (97-M)
Frontier Elementary School (96-B)
Lake Worth High School, classroom addition
Pleasant City Elementary School (98-N)
Royal Palm Beach Elementary School (96-J)
Sunrise Park Elementary School (96-H)

Series 2001A-2 Facilities*

Portable replacement program

Series 2002B Facilities

Belvedere Elementary School modernization
Greenacres Elementary School modernization
Jaega Middle School (98-EE)
Jupiter Elementary School modernization
Lantana Middle School modernization
South Olive Elementary School modernization

Series 2002C Facilities

Diamond View Elementary School (01-R)
Equestrian Trails Elementary School (02-S)
Forest Hill High School modernization
Panther Run addition and HVAC replacement
U.B. Kinsey/Palmview Elementary School modernization
Village Academy addition
West Boca Raton Community High School (01-LLL)

Series 2002D-1 Facilities

Don Estridge High Tech Middle School (98-GG) additions and athletic facilities
H.L. Watkins Middle School modernization
Lantana Elementary School modernization
Osceola Creek Middle School (99-HH)
Palm Beach Public Elementary School modernization
Palm Springs Elementary School modernization
Roosevelt Elementary School modernization
Tradewinds Middle School (98-II)

Series 2002D-2 Facilities*

Portable replacement program
Site Acquisition
West Boca Raton Community High School buildout

Series 2003A Facilities

Seminole Ridge High School (02-NNN)
William T. Dwyer High School addition

Series 2003B Facilities

Atlantic High School replacement
Bak Middle School of the Arts modernization
L.C. Swain Middle School (03-KK)

Series 2004A-1 Facilities

Coral Sunset Elementary School addition
Hammock Pointe Elementary School addition
JC Mitchell Elementary School modernization
Meadow Park Elementary School modernization
SD Spady Elementary School modernization

Series 2006A-1 Facilities

Barton Elementary School modernization
DD Eisenhower Elementary School
Marsh Pointe Elementary School (03-X)
Palm Beach Gardens High School modernization
Rolling Green Elementary School modernization

Series 2007A-1 Facilities

C.O. Taylor Elementary School modernization
Gladeview Elementary School modernization
Rosenwald Elementary School modernization
Royal Palm School modernization
Suncoast High School modernization
Westward Elementary School modernization

Series 2007B Facilities

Carver Middle School addition
Hagen Road Elementary School modernization
Lake Worth Middle School addition
Palm Beach Gardens Elementary School modernization
Sunset Palms Elementary School (03-Z)
Wellington High School Auditorium

Series 2007E-1 Facilities

Allamanda Elementary School modernization
Banyan Creek Elementary School addition
Hope-Centennial Elementary School (06-D)
Wellington Elementary School addition
Whispering Pines Elementary School addition

Series 2007E-2 Facilities*

Benoist Farms Elementary School Pre-K addition
Crestwood Middle School addition
New sports stadium for Pahokee High School
Portable/Modular replacement program
Seminole Trails Elementary School addition
Site Acquisition

Series 2010A Facilities

Belle Glade Elementary School roof replacement
Galaxy Elementary School modernization
Gove Elementary School modernization

Series 2020A-1 Facilities

Verde K-8 Middle School modernization
Washington Elementary School modernization
Addison Mizner K-8 School modernization
Plumosa School of Arts classroom addition

Series 2020A-2 Facility*

Citrus Cove Elementary School core addition and remodeling

*Constitutes designated Facilities that are not subject to remedial action in the event of a default or non-appropriation.

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ESTIMATED SOURCES AND USES OF FUNDS

On the delivery date of the Series 2021 Certificates, it is estimated that proceeds received from the sale and delivery of the Series 2021 Certificates are expected to be used as follows:

	Series 2021A Certificates	Series 2021B Certificates
<u>Estimated Sources:</u>		
Par Amount of Series 2021A Certificates	\$101,905,000.00	\$9,935,000.00
Plus: Bond Premium	32,977,588.10	-
Total Sources of Funds	\$134,882,588.10	\$9,935,000.00
<u>Estimated Uses:</u>		
Deposit to related Acquisition Account	\$134,248,629.00	\$9,812,153.00
Series 2021 Costs of Issuance ⁽¹⁾	395,005.98	99,550.79
Underwriters' Discount ⁽²⁾	238,953.12	23,296.21
Total Uses of Funds	\$134,882,588.10	\$9,935,000.00

⁽¹⁾ Includes counsel fees, financial advisor fees and other costs of issuance.

⁽²⁾ Includes Underwriters' Counsel fees.

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CERTIFICATE PAYMENT SCHEDULE I FOR OUTSTANDING CERTIFICATES

Estimated payment requirements on the Outstanding Series 2010 QSCB, 2011A, 2011D, 2012A, 2012C, 2014B, 2014C and 2015A Certificates are as follows:

Certificate Year Ending August 1	Series 2010 QSCB Certificates ⁽¹⁾	Series 2011A Certificates	Series 2011D Certificates	Series 2012A Certificates	Series 2012C Certificates	Series 2014B Certificates	Series 2014C Certificates	Series 2015A Certificates
2021	\$9,316,331	\$6,629,950	\$1,708,956	\$89,750	\$6,738,400	\$21,547,000	\$1,664,000	\$9,821,658
2022	8,899,958	-	-	1,884,750	6,743,000	21,468,750	1,664,000	9,811,164
2023	8,483,586	-	-	-	6,739,750	21,379,500	1,664,000	-
2024	8,067,213	-	-	-	6,740,250	21,300,500	1,664,000	-
2025	7,422,901	-	-	-	6,738,750	21,194,250	1,664,000	-
2026	-	-	-	-	6,739,750	-	1,664,000	-
2027	-	-	-	-	6,737,500	-	1,664,000	-
2028	-	-	-	-	6,741,500	-	9,554,000	-
2029	-	-	-	-	6,735,750	-	9,554,500	-
2030	-	-	-	-	-	-	9,555,250	-
2031	-	-	-	-	-	-	8,825,250	-
Total⁽²⁾	<u>\$42,348,020</u>	<u>\$6,629,950</u>	<u>\$1,708,956</u>	<u>\$1,974,500</u>	<u>\$60,654,650</u>	<u>\$106,890,000</u>	<u>\$49,137,000</u>	<u>\$19,632,822</u>

⁽¹⁾ Based on a principal amount of \$67,665,000 which will be due on the maturity date; includes sinking fund payments and assumes investments earnings thereon at a rate of 4.262% based on a Forward Delivery Agreement entered into by the School Board on March 31, 2011, which together are expected to equal the Principal Component due on the Series 2010A Certificates at maturity. The School Board will receive a credit against sinking fund payments for interest income on amounts on deposit in the Series 2010A Sinking Fund Account. Interest on the Series 2010A Certificates is calculated at 0.21% (the stated interest rate on the Series 2010A Certificates of 5.40%, less the Interest Subsidy of 5.19%), but also reflects Interest Subsidy reductions due to sequestration. See "RISK FACTORS - Effect of Sequestration on Lease Payments" herein.

⁽²⁾ Totals may not add due to rounding.

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CERTIFICATE PAYMENT SCHEDULE II FOR OUTSTANDING CERTIFICATES

Estimated payment requirements on the Outstanding Series 2015B, 2015C, 2015D, 2017A, 2017B, 2018A, 2018B, 2018C and 2020A Certificates are as follows:

Certificate Year Ending August 1	Series 2015B Certificates	Series 2015C Certificates	Series 2015D Certificates	Series 2017A Certificates	Series 2017B Certificates	Series 2018A Certificates	Series 2018B Certificates	Series 2018C Certificates	Series 2020A Certificates
2021	\$14,023,500	\$3,148,500	\$15,410,750	\$10,492,250	\$2,097,250	\$15,807,500	\$11,212,250	\$9,244,500	\$6,330,136
2022	14,018,500	3,148,500	15,410,000	10,555,250	8,432,250	15,784,750	8,541,750	12,704,250	5,191,000
2023	14,023,250	3,148,500	15,409,750	21,385,750	8,145,500	15,765,000	11,174,000	11,747,750	5,191,000
2024	14,021,250	3,148,500	15,414,250	21,444,750	8,152,250	15,746,750	11,114,750	12,256,750	5,191,000
2025	14,021,750	3,148,500	16,122,500	21,563,250	6,752,750	15,668,500	10,901,500	13,869,500	5,191,000
2026	14,018,500	3,148,500	34,768,500	42,716,250	846,500	15,681,750	10,911,250	8,368,750	5,191,000
2027	14,020,500	3,148,500	34,772,750	43,044,750	846,500	15,655,500	10,817,500	8,160,250	5,191,000
2028	14,021,250	3,148,500	26,879,750	-	17,776,500	-	53,854,500	6,887,000	5,191,000
2029	14,024,500	3,148,500	26,881,000	-	-	-	-	78,587,250	5,191,000
2030	14,023,750	28,618,500	26,878,000	-	-	-	-	-	5,191,000
2031	14,022,750	9,615,000	27,608,250	-	-	-	-	-	5,191,000
2032	-	31,248,000	10,442,250	-	-	-	-	-	11,011,000
2033	-	-	-	-	-	-	-	-	52,705,000
2034	-	-	-	-	-	-	-	-	52,704,750
Total⁽¹⁾	\$154,239,500	\$97,818,000	\$265,997,750	\$171,202,250	\$53,049,500	\$110,109,750	\$128,527,500	\$161,826,000	\$174,660,886

⁽¹⁾ Totals may not add due to rounding.

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COMBINED CERTIFICATE PAYMENT SCHEDULE

The estimated combined payment requirements on the Series 2021 Certificates and the Outstanding Certificates are as follows:

Certificate Year Ending August 1	Series 2021A Certificates			Series 2021B Certificates			Outstanding Certificates ⁽¹⁾	Total ⁽²⁾
	Principal Component	Interest Component	Subtotal	Principal Component	Interest Component	Subtotal		
2021	-	-	-	-	-	-	\$145,282,681	\$145,282,681
2022	-	\$6,100,147	\$6,100,147	-	\$303,307	\$303,307	144,257,872	150,661,326
2023	-	5,095,250	5,095,250	-	253,343	253,343	144,257,336	149,605,929
2024	-	5,095,250	5,095,250	-	253,343	253,343	144,262,213	149,610,806
2025	-	5,095,250	5,095,250	-	253,343	253,343	144,259,151	149,607,744
2026	-	5,095,250	5,095,250	-	253,343	253,343	144,054,750	149,403,343
2027	-	5,095,250	5,095,250	-	253,343	253,343	144,058,750	149,407,343
2028	-	5,095,250	5,095,250	-	253,343	253,343	144,054,000	149,402,593
2029	-	5,095,250	5,095,250	-	253,343	253,343	144,122,500	149,471,093
2030	-	5,095,250	5,095,250	-	253,343	253,343	84,266,500	89,615,093
2031	-	5,095,250	5,095,250	-	253,343	253,343	65,262,250	70,610,843
2032	-	5,095,250	5,095,250	-	253,343	253,343	52,701,250	58,049,843
2033	-	5,095,250	5,095,250	-	253,343	253,343	52,705,000	58,053,593
2034	-	5,095,250	5,095,250	-	253,343	253,343	52,704,750	58,053,343
2035	\$6,705,000	5,095,250	11,800,250	\$9,935,000	253,343	10,188,343	-	21,988,593
2036	17,230,000	4,760,000	21,990,000	-	-	-	-	21,990,000
2037	18,090,000	3,898,500	21,988,500	-	-	-	-	21,988,500
2038	18,995,000	2,994,000	21,989,000	-	-	-	-	21,989,000
2039	19,945,000	2,044,250	21,989,250	-	-	-	-	21,989,250
2040	20,940,000	1,047,000	21,987,000	-	-	-	-	21,987,000
Total	\$101,905,000	\$87,082,147	\$188,987,147	\$9,935,000	\$3,596,760	\$13,531,760	\$1,606,249,003	\$1,808,767,916

⁽¹⁾ See "CERTIFICATE PAYMENT SCHEDULES I & II FOR OUTSTANDING CERTIFICATES."

⁽²⁾ Totals may not add due to rounding.

THE MASTER LEASE PROGRAM

In order to provide for the lease purchase financing and refinancing from time to time of Facilities, the School Board has authorized the execution and delivery of the Master Lease between the School Board and the Corporation. Facilities to be leased from time to time will be identified on separate Schedules to the Master Lease. Upon execution and delivery thereof, each Schedule, together with the provisions of the Master Lease, will constitute a separate Lease. See "APPENDIX C - CERTAIN LEGAL DOCUMENTS - The Master Lease" hereto.

The Series 2021 Leases are two of the Leases entered into under the Master Lease and provide for the leasing of the Series 2021 Facilities by the Corporation to the School Board. See "THE SERIES 2021 LEASES" and "THE SERIES 2021 FACILITIES" herein. As noted above, the School Board has previously leased certain Facilities pursuant to the Current Leases which were funded from the proceeds of the Outstanding Certificates. The School Board may arrange for one or more lease purchase financings of additional educational facilities under the Master Lease in future Fiscal Years. See "SECURITY FOR THE SERIES 2021 CERTIFICATES - Additional Leases" and "- Additional Certificates" herein.

In addition, the School Board may, in the future, also enter into lease purchase arrangements upon terms and conditions other than those in the Master Lease. Failure to make payments under any such lease agreement, or an event of default under any such lease agreement, will not affect the Lease Term or cause the termination of the Series 2021A Lease or any other Leases.

THE SERIES 2021 LEASES

The following is a brief summary of certain provisions of the Series 2021 Leases, which is not intended to be definitive. Reference is made to "APPENDIX C - CERTAIN LEGAL DOCUMENTS - The Master Lease," "- Amendment to Master Lease Purchase Agreement," "- Form of Schedule 2021A" and "- Form of Schedule 2021B" hereto.

Authority

The Series 2021 Leases are being entered into pursuant to the authority granted under Chapters 1001-1013, Florida Statutes, for the purpose of providing for the acquisition, construction and lease purchase financing of the Series 2021 Facilities.

Lease Term

Under the Series 2021A Lease, the Corporation is leasing to the School Board, and the School Board is leasing from the Corporation, the Series 2021A Facilities. The initial term of the Series 2021A Lease commences on the date of delivery of the Series 2021A Certificates and continues through and including June 30, 2021 and is automatically renewable annually through August 1, 2040, unless sooner terminated in accordance with the provisions of the Series 2021A Lease. See "- Termination of Lease Term" below.

Under the Series 2021B Lease, the Corporation is leasing to the School Board, and the School Board is leasing from the Corporation, the Series 2021B Facility. The initial term of the Series 2021B Lease commences on the date of delivery of the Series 2021B Certificates and continues through and including June 30, 2021 and is automatically renewable annually through August 1, 2035, unless sooner terminated in accordance with the provisions of the Series 2021B Lease. See " - Termination of Lease Term" below.

Lease Payments

Subject to the conditions stated in the Series 2021 Leases, the School Board has expressed its current intent to make all Lease Payments due under the Series 2021 Leases; PROVIDED, HOWEVER, THAT NONE OF THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, IS OBLIGATED TO PAY, EXCEPT FROM APPROPRIATED FUNDS, ANY SUMS DUE UNDER THE SERIES 2021 LEASES FROM ANY SOURCE OF TAXATION, AND THE FULL FAITH AND CREDIT OF THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS NOT PLEDGED FOR PAYMENT OF SUCH SUMS DUE UNDER THE SERIES 2021 LEASES, AND THE SUMS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. All Lease Payments due under the Series 2021 Leases will be made from current or other funds authorized by law and regulations of the State of Florida Department of Education and appropriated for such purpose by the School Board.

On June 30, 2021 and thereafter on December 30 and June 30 of each year, the Lease Payment Dates preceding each Payment Date, the School Board is required to pay to the Trustee the Basic Lease Payment allocable to the Series 2021 Certificates due on such date, which amount corresponds to the amount due to Series 2021 Certificate holders on the next succeeding Payment Date. The School Board is also required to pay, when due, Additional Lease Payments and Supplemental Payments, consisting of, among other things, the fees and expenses of the Trustee and the Corporation. Lease Payments due under the Series 2021 Leases may be reduced, when applicable, by amounts credited as follows:

(a) The Trustee will deposit into the respective Lease Payment Accounts established with respect to the Series 2021 Leases interest income in accordance with the related Trust Agreement and apply such interest income as a credit against the next ensuing Lease Payment to the extent provided in the related Trust Agreement.

(b) Upon termination of the Lease Terms of the Series 2021 Leases, with respect to the amounts, if any, remaining on deposit in the related Acquisition Account thereunder shall be transferred to the related Lease Payment Account to be applied to Basic Lease Payments next coming due under the related Series 2021 Lease.

The following reflects the amendments to Section 5.4(b) of the Master Lease as set forth in Schedule 2021A and Schedule 2021B. See "APPENDIX C - CERTAIN LEGAL DOCUMENTS - Master Lease" hereto for the current provision.

(c) The Trustee will deposit in the applicable Series 2021 Lease Payment Account or Acquisition Account, Net Proceeds realized in the event of damage, destruction or condemnation of related Series 2021 Facilities to be applied to the prompt repair, restoration or replacement of such Series 2021 Facilities; provided, however, if the School Board has determined that its operations have not been materially affected and that it is not in the best interest of the School Board to repair, restore or replace that portion of the Series 2021 Facilities damaged, destroyed or condemned, then the School Board shall not be required to comply with the provisions of the preceding clause. In such case, if the Net Proceeds are (a) less than ten percent (10%) of the Remaining Principal Portion of the Basic Lease Payments relating to such Series 2021 Facilities and (b) equal or less than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year under the related Series 2021 Lease, then such Net Proceeds may, at the option of the School Board, (i) be deposited into the applicable Lease Payment Account for the Series 2021 Certificates relating to such Series 2021 Facilities to be credited against Basic Lease Payments next coming due in accordance with the Master Lease or (ii) deposited in the Acquisition Account for the Series 2021 Certificates relating to such Series 2021 Facilities and applied to pay costs of other Facilities, in which case such other Facilities shall become subject to the provisions of the related Series 2021 Lease as fully as if they were originally leased Facilities. If the Net Proceeds are (1) equal or greater than ten percent (10%) of the Remaining Principal Portion of the Basic Lease Payments relating to such Series 2021 Facilities or (2) greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year under such Series 2021 Lease, then the pro rata portion of such Net Proceeds allocable to the related Series 2021 Certificates shall be deposited to the Acquisition Account and applied to pay the Costs of other Facilities, in which case such other Facilities shall become subject to the provisions of the related Series 2021 Lease as fully as if they were the originally leased Facilities; provided, however, at the direction of the School Board, upon delivery to the Trustee of a Favorable Opinion, such Net Proceeds shall be deposited in the related Lease Payment Account to be credited against Basic Lease Payments next coming due under the related Series 2021 Lease.

Assignment of Lease to Trustee

Pursuant to the Series 2021A Assignment, substantially all right, title and interest of the Corporation in and to the Series 2021A Ground Lease and in and to the Series 2021A Lease, including the right to receive Basic Lease Payments thereunder, has been absolutely and unconditionally assigned by the Corporation to the Trustee for the benefit of the owners of the Series 2021A Certificates and any other Certificates representing an undivided proportionate interest in a portion of the Basic Lease Payments payable under the Series 2021A Lease. The School Board has consented to such assignment.

Pursuant to the Series 2021B Assignment, substantially all right, title and interest of the Corporation in and to the Series 2021B Ground Lease and in and to the Series 2021B Lease, including the right to receive Basic Lease Payments thereunder, has been absolutely and unconditionally assigned by the Corporation to the Trustee for the benefit of the owners of the Series 2021B Certificates and any other Certificates representing an undivided proportionate interest in a portion of the Basic Lease Payments payable under the Series 2021B Lease. The School Board has consented to such assignment.

Lease Covenants

Under the Series 2021 Leases, the School Board is responsible for the acquisition, construction and installation of the Series 2021 Facilities pursuant to the specifications of the School Board, including the letting of all contracts for the acquisition, construction and installation of the Series 2021 Facilities. In the Series 2021 Leases, the School Board covenants that it will: (i) maintain the Series 2021 Facilities at all times during the Lease Terms in good repair and condition; (ii) pay applicable taxes, utility charges and other governmental charges; and (iii) provide applicable insurance coverage, including property and liability insurance, all in accordance with the terms and provisions relating to these requirements, contained in the Series 2021 Leases.

Budget and Appropriation

The cost and expense of the performance by the School Board of its obligations under the Series 2021 Leases, under the Current Leases and any Additional Leases and the incurrence of any liabilities of the School Board under the Series 2021 Leases, the Current Leases and any Additional Leases including without limitation, the payment of all Lease Payments and all other amounts required to be paid by the School Board under all Leases, are subject to and dependent on appropriations being duly made from time to time by the School Board for such purposes. The School Board may not budget and appropriate available revenues to make Lease Payments selectively on a Lease by Lease basis, but must appropriate such revenues for all Leases or none of them. Under no circumstances will the failure of the School Board to appropriate sufficient funds in any Fiscal Year constitute a default or require payment of a penalty, or in any way limit the right of the School Board to purchase or utilize educational facilities similar in function to those leased under any Lease including the Series 2021 Leases.

Unless the School Board, at a public meeting held prior to the end of the then current Fiscal Year, gives notice of its intent not to appropriate the funds necessary to make the Lease Payments coming due in the following Fiscal Year under all Leases, the Superintendent will include in the Superintendent's tentative budget proposal, in a separate line item, the funds necessary to make such Lease Payments, and all Leases will be automatically renewed on June 30 of the current Fiscal Year, for the following Fiscal Year, subject to appropriation being made by the School Board in the final adopted budget. If Lease Payments are due during the period prior to the adoption of the School Board's final official budget for an ensuing Fiscal Year, the Lease Term of all Leases shall be deemed extended only if the tentative budget or extension of the prior budget (whether by School Board action or operation of law) makes available to the School Board monies which may be legally used to make the Lease Payments due under all Leases during such period. If no such appropriation is made in the budget as finally adopted or if no official budget is adopted as of the last day on which a final budget is required to have been adopted under applicable law and regulations, all Leases will terminate as of the date of adoption of the final official budget or the last date on which a final budget is required to have been adopted, whichever is earlier, and under which no appropriation has been made.

If the School Board declares its intent at such public meeting prior to the end of the then current Fiscal Year not to appropriate the funds necessary to make Lease Payments under all Leases, no Leases will be automatically renewed for the following Fiscal Year, but will terminate on June 30 of the current Fiscal Year. For a discussion of the effect of termination of the Lease Term of the Leases, see " - Effect of Termination for Non-Appropriation or Default" below.

Termination of Lease Term

The Lease Term of each Lease, including the Series 2021 Leases, will terminate upon the earliest of any of the following events:

- (a) Each Lease will terminate on the latest Lease Payment Date set forth in any Lease;
- (b) All Leases will terminate in the event of non-appropriation of funds for the payment of Lease Payments;
- (c) All Leases will terminate upon a default by the School Board with respect to any Lease and the termination of the Lease Term of all Leases by the Trustee pursuant to the Master Lease; and
- (d) A particular Lease will terminate upon payment by the School Board of the Purchase Option Price of the particular Facilities leased under such Lease by the School Board or upon provision for such payment pursuant to the Master Lease.

Effect of Termination for Non-Appropriation or Default

Upon termination of the Lease Term for the reasons referred to in (b) or (c) under "THE SERIES 2021 LEASES - Termination of Lease Term" above, the School Board is required to immediately surrender and deliver possession of all the Facilities financed under all Leases (except for certain designated Facilities) to the Trustee in the condition, state of repair and appearance required under the Leases and in accordance with the Trustee's instructions. Upon such surrender, the Trustee (or other transferee) will attempt to sell or re-let its interest in such Facilities in such manner and to such person or persons for any lawful purpose or purposes as it, in its sole discretion, determines to be appropriate. The Trustee will pursue such rights and remedies as directed by the Holders of (a) with respect to the Series 2021A Lease, a majority in aggregate principal amount of the Series 2021A Certificates and any other Certificates evidencing an interest in the Series 2021A Lease and (b) with respect to the Series 2021B Lease, a majority in aggregate principal amount of the Series 2021B Certificates and any other Certificates evidencing an interest in the Series 2021B Lease. The proceeds derived from any such sale or reletting of the School Board's leasehold interest in such Facilities, if any, will be applied first to the payment of the fees and expenses of the Trustee, second to payment in full of the Series of Certificates relating to such Facilities and then to the payment of other outstanding amounts as described in said Lease(s). The proceeds of any such disposition of the Series 2021A Facilities will be applied to the payment of the Series 2021A Certificates, after payment of the expenses of the Trustee, in accordance with the terms of the Series 2021A Lease. The proceeds of any such disposition of the Series 2021B Facility will be applied to the payment of the Series 2021B Certificates, after payment of the expenses of the Trustee, in accordance with the terms of the Series 2021B Lease. **With respect to the Series 2021 Leases and Series 2021 Certificates, the School Board may not be dispossessed of any personal property financed, in whole or in part, with the proceeds of the Series 2021 Certificates.** See "RISK FACTORS - Limitation Upon Disposition; Ability to Sell or Relet." IN NO EVENT WILL OWNERS OF THE SERIES 2021A CERTIFICATES HAVE ANY INTEREST IN OR RIGHT TO ANY PROCEEDS OF THE DISPOSITION OF FACILITIES FINANCED OR REFINANCED WITH THE PROCEEDS OF ANOTHER SERIES OF CERTIFICATES, INCLUDING THE SERIES 2021B CERTIFICATES, EXCEPT FOR ANY

CERTIFICATES ISSUED TO REFUND SERIES 2021A CERTIFICATES. IN NO EVENT WILL OWNERS OF THE SERIES 2021B CERTIFICATES HAVE ANY INTEREST IN OR RIGHT TO ANY PROCEEDS OF THE DISPOSITION OF FACILITIES FINANCED OR REFINANCED WITH THE PROCEEDS OF ANOTHER SERIES OF CERTIFICATES, INCLUDING THE SERIES 2021A CERTIFICATES, EXCEPT FOR ANY CERTIFICATES ISSUED TO REFUND SERIES 2021B CERTIFICATES.

For a discussion of the remedies available to the Trustee if the School Board refuses or fails to voluntarily deliver possession of the Facilities to the Trustee, see "APPENDIX C - CERTAIN LEGAL DOCUMENTS - The Master Lease."

There can be no assurance that the remedies available to the Trustee upon any termination of the Lease Terms of all Leases for non-appropriation or default and the disposition of the Series 2021A Facilities will produce sufficient amounts to pay the Series 2021A Certificates. Federal income tax status of payments made to Series 2021A Certificate holders after such termination may also be adversely affected. See "TAX TREATMENT." There can be no assurance that the remedies available to the Trustee upon any termination of the Lease Terms of all Leases for non-appropriation or default and the disposition of the Series 2021B Facility will produce sufficient amounts to pay the Series 2021B Certificates. Further, after such termination of the Lease Terms of all Leases, transfer of Series 2021 Certificates may be subject to the registration provisions of applicable federal and state securities laws. Accordingly, there is no assurance that liquidity of the Series 2021 Certificates will not be impaired following termination of the Lease Term of the Leases. See "RISK FACTORS."

THE CORPORATION

The Palm Beach School Board Leasing Corp. (the "Corporation") is a Florida not-for-profit education corporation formed in October 1994 for the purpose of acting as lessor under leases with the School Board. The sole member of the Corporation is the School Board. Upon dissolution, all of its assets will be distributed to the School Board. The Board of Directors of the Corporation consists of the members of the School Board and its officers are School Board members and employees.

There is no litigation pending against the Corporation.

Pursuant to the Series 2021 Assignments, the Corporation has made an absolute and unconditional assignment of substantially all of its right, title and interest under the Series 2021 Leases to the Trustee, retaining its rights to indemnification, its right to hold title to certain of the Series 2021 Facilities, and to receive notices under the Master Lease. In accordance therewith, the Trustee collects directly all of the Basic Lease Payments which are the primary source of and security for payment of the Series 2021 Certificates. The credit of the Corporation is not material to any of the transactions contemplated in this Offering Statement. No financial information concerning the Corporation has been included herein, nor is it contemplated that any such financial information will be included in any future Offering Statement relating to the sale of any Additional Certificates or other obligations of the School Board or the Corporation.

THE DISTRICT

General

The District is organized under Section 4, Article IX, of the Constitution of Florida and Chapter 1001, Florida Statutes. The District is the tenth largest school district in the United States and the fifth largest in Florida as measured by student enrollment. The geographic boundaries of the District are coterminous with those of Palm Beach County, Florida (the "County"). The County, established in 1909, had a population of 1,485,941 in 2020. It is the third largest county in Florida in terms of population and encompasses a land area of approximately 2,023 square miles. The District services the unincorporated areas of the County and all 39 incorporated municipalities within the boundaries of the County, including the municipalities of Palm Beach, West Palm Beach, Jupiter, Delray Beach and Boca Raton.

As of June 30, 2020, the District included 179 District operated schools and had approximately 192,670 unweighted full time equivalent students and approximately 23,533 full-time equivalent employees, including approximately 16,337 instructional personnel. Management of the schools is independent of the County and the various municipal governments in the County. The Tax Collector collects ad valorem taxes for the District, but the County exercises no control over expenditures by the District. Additional information concerning the County is contained in "APPENDIX A – INFORMATION CONCERNING PALM BEACH COUNTY, FLORIDA." See also, "RISK FACTORS - Coronavirus (COVID-19)" herein.

Certain Statistical Information

The following table sets forth certain statistical information about the District. Statistical and demographic data concerning the County are set forth in "APPENDIX A – INFORMATION CONCERNING PALM BEACH COUNTY, FLORIDA."

The School District of Palm Beach County, Florida General Statistical and Demographic Data

School Year	Number of Schools ⁽¹⁾	Number of Instructional Personnel at Fiscal Year End	Average FTE Enrollment ⁽²⁾	Expenditures per FTE Student ⁽³⁾
2019-20	179	16,337	192,670	\$8,072
2018-19	179	15,987	190,177	7,848
2017-18	180	15,822	190,008	7,730
2016-17	181	15,528	189,324	7,537
2015-16	181	15,329	186,291	7,387
2014-15	181	15,333	183,489	7,160

⁽¹⁾ Represents District operated schools only.

⁽²⁾ Unweighted, includes charter school students and McKay scholarship students who attend private schools through a voucher program.

⁽³⁾ Excludes outgoing transfers. Includes charter school and McKay scholarship students.

Source: The School District of Palm Beach County, Florida.

FTE Growth

The Full-Time Equivalent (FTE) Enrollment for School Years 2015-16 through 2019-20 was as follows:

School District of Palm Beach, Florida
Profile of Enrollments – Unweighted Full-Time Equivalent Students⁽¹⁾
2015-16 – 2019-20

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Grades K-3 ⁽²⁾	49,956	48,722	48,373	48,614	49,504
Grades 4-8 ⁽²⁾	65,617	66,997	68,034	68,907	69,558
Grades 9-12 ⁽²⁾	48,944	50,067	49,987	49,469	49,724
Exceptional Education	1,280	1,297	1,392	1,490	1,653
Vocational Education	4,226	4,158	4,289	4,207	4,207
At Risk Programs ⁽³⁾	16,268	18,083	17,933	17,490	18,024
Total	<u>186,291</u>	<u>189,324</u>	<u>190,008</u>	<u>190,177</u>	<u>192,670</u>
Percentage Change	1.53%	1.63%	0.36%	0.09%	1.31%

⁽¹⁾ Enrollments are calculated on a full-time equivalent student basis for the number of students in grades kindergarten through twelve for the regular school term. A full-time equivalent (FTE) student is defined as equal to not less than 900 net hours of instruction time for grades 4-12 and not less than 720 net hours of instruction time for K-3. Figures as of fourth FEFP (Florida Education Finance Program) calculation (including charter school students). Figures include charter school students and McKay scholarship students who attend private schools through a voucher program.

⁽²⁾ Includes ESE students Level I-III

⁽³⁾ ESOL/Intensive English

Source: The School District of Palm Beach County, Florida.

The School Board

The Board is a public body corporate existing under the laws of the State of Florida, particularly Section 1001.40, Florida Statutes, and is the governing body of the District. The Board consists of seven members elected from single member districts for overlapping four-year terms. The principal office of the Board is located in West Palm Beach, Florida.

Under existing statutes, the Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property within the District; the development and adoption of a school program for the District; the establishment, organization and operation of schools, including vocational and evening schools and programs for gifted students and handicapped students, including students in residential care facilities; the appointment, compensation, promotion, suspension and dismissal of employees; the establishment of courses of study and the provision of adequate instructional aids; and the establishment of a system to transport students to school or school-related activities.

The Board also has broad financial responsibilities, including the approval of the annual budget, adoption of the school tax levy and the establishment of a system of accounting and budgetary controls. The annual budget and accounting reports must be filed with the State of Florida Department of Education.

The Chairman of the Board is elected by the members of the Board annually. The Superintendent of Schools is the ex-officio Secretary of the Board. The present members of the Board, their respective offices and the expiration of their respective terms are as follows:

<u>Name/Office</u>	<u>District</u>	<u>Term Expires</u>
Frank A. Barbieri, Jr., Esq., Chair	5	November 2024
Karen Brill, Vice Chair	3	November 2022
Barbara McQuinn, Member	1	November 2024
Alexandria Ayala, Member	2	November 2024
Erica Whitfield, Member	4	November 2022
Marcia Andrews, Member	6	November 2022
Debra Robinson, M.D., Member	7	November 2022

The Superintendent of Schools

The chief executive officer of the District is the Superintendent of Schools (the "Superintendent"), who is appointed by and serves at the discretion of the Board pursuant to a negotiated contract. The Superintendent oversees operations of the school system, makes policy recommendations to the Board and performs the duties assigned by law according to the regulations set by the State of Florida Department of Education. The Superintendent prepares the annual budget for approval by the Board, recommends the tax levy based upon needs illustrated by the budget, recommends debt issuance and borrowing plans of the District when necessary, provides recommendations for the investment of District funds and keeps records with respect to all funds and financial transactions of the District.

Biographical Information for Certain Administrators

Set forth below are biographical descriptions of the Superintendent and certain other administrative personnel of the District:

Donald E. Fennoy II, Ed.D., Superintendent, was named as Superintendent in March 2018. Prior to his appointment as Superintendent of Schools, Dr. Fennoy served as the District's Chief Operating Officer from May 2016 to March 2018. Before coming to Palm Beach County, he served as the Senior Area Superintendent of the South Learning Community for the Fulton County School District and Executive Director of the New Leaders for New Schools, Maryland Program. He is a member of the 2015-2016 class of the Broad Academy, part of the Broad Center for the Management of School Systems, in addition to being part of Leadership Florida's Executive Leadership Class X. He graduated from Florida A&M University with a degree in Elementary Education. He went on to earn a Master's Degree in Educational Leadership, and a Doctorate in Educational Leadership and Administration from the University of Central Florida.

Michael J. Burke, Chief Financial Officer, joined the District in April 1998. Prior to that, Mr. Burke had eight years of experience with the School District of Broward County, Florida's Budget Office. He received his Bachelor's Degree in Finance from Florida State University and a Master's Degree in Public Administration from Florida Atlantic University. For a four-year period (March 2012 to April 2016), Mr. Burke served as both the Chief Financial Officer and Chief Operating Officer of the District. In 2015, Mr. Burke received the "Bill Wise Award" for professionalism, commitment, integrity and leadership at the Council of the Great City Schools'

Chief Financial Officers Conference. He currently serves on the Florida School Finance Council for the Florida Department of Education.

Leanne Evans, Treasurer, joined the District in February 1997 with six years of cash management experience in private industry. Ms. Evans graduated from Florida Atlantic University with a Bachelor of Business Administration in Finance and a Bachelor of Science in International Business and is a Certified Treasury Professional, as designated by the Association of Financial Professionals. Ms. Evans is a past president of the Florida School Finance Officers Association (FSFOA) and currently serves on the FSFOA board of directors. During her tenure with the District, she has overseen more than \$8 billion in debt and derivative transactions.

Wanda Paul, Chief Operating Officer, joined the District in May 2017. She provides leadership to more than 2,800 employees and manages the \$1.6 billion sales tax program. Ms. Paul began her career in the U.S. Army. In 1999, she joined the Houston Independent School District and became the School Maintenance Manager. In the Spring Branch Independent School District, she served as the Director of Building and Grounds. In January 2013, she moved to the Dallas Independent School District as the Executive Director of Maintenance and Operations, then the Chief Operating Officer.

Total District Personnel

The professional staff of the District includes supervisors, analysts, specialists, administrators, and instructional personnel. Other personnel include teachers' aides, clerks and secretaries, bus drivers, cafeteria personnel, custodial and maintenance workers, mechanics, police officers and warehousemen. The total number of full time District personnel as of June 30, 2020 was approximately 23,533, the largest number of employees of any single employer in the County.

Employee Relations

Approximately 57% of all employees of the District are represented by the Palm Beach County Classroom Teachers Association ("CTA"), which is affiliated with Florida Education Association-United. Another 32% are represented by non-instructional collective bargaining agents and 11% are non-union represented staff.

As of June 30, 2020, the Board employed 23,533 full-time persons representing the following groups:

Instructional	13,800
Instructional Support Services	2,537
Central Support Services	5,408
Administrative Support Services	1,562
Community Services	226
Total	<u>23,533</u>

Union members include both instructional and non-instructional personnel. Current union contracts expire as follows*:

Teachers	June 30, 2021
Clerical	December 31, 2021
Police	December 31, 2020
Bus, Custodial, Maintenance and Mechanics	December 31, 2021

* When a collective bargaining agreement expires, Florida law requires the parties to operate under the expired agreement until such time as a successor agreement has been negotiated and ratified.

Accreditation

All public schools of the District are fully accredited by Cognia, formerly AdvancEd. Every five years, the public schools in the District undergo a re-accreditation review, with the most recent review having been conducted in January 2018. All public schools in the District were fully re-accredited.

Budget Process

Florida law requires the Board to adopt in each Fiscal Year a tentative budget and a final budget, each of which is required to be balanced with available funds. The Superintendent, with input from staff, principals, the Budget Committee and interested community groups, prepares and submits to the Board a recommended budget. The Board adopts the recommended budget, with such modifications, as it deems necessary, as the tentative budget for the District. After public hearings on the tentative budget, the Board adopts a final budget and forwards it to the State of Florida Department of Education. When approved by the State of Florida Department of Education, the final budget is designated as the official budget and governs the general operations for the Fiscal Year, unless subsequently amended by the Board. After public hearings, the final budget for Fiscal Year 2020-21 was adopted by the School Board on September 9, 2020. Revisions may be made to the adopted budget in accordance with Florida law.

Capital Improvement Program

The School Board requires the development of a continuous five-year Capital Improvement Program (the "CIP"). In each year, the CIP is reviewed and revised as necessary to reflect the District's long range capital construction program, additions to the capital construction program resulting from accelerated student enrollment growth and improvements and additions to non-school sites. An annual update of the CIP provides, upon approval by the School Board, a continuous five-year program. The most recent annual update of the CIP occurred in September 2020. There are four capital equipment leases included in the current five-year CIP. Each lease is payable over a five-year period from the Local Option Millage Levy (as defined herein). See "FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT - Obligations Under Unrelated Lease Purchase Agreements" herein for information regarding the capital equipment leases.

FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT

The following briefly describes financial results of the District and certain District liabilities. For additional information concerning such matters see "APPENDIX B - EXCERPTED INFORMATION FROM THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2020" hereto.

Financial Results

The financial and accounting procedures of the District are designed to conform to accounting principles generally accepted in the United States of America as applied to governmental units. The District's financial statements include the government-wide financial statements and the fund financial statements. The government-wide financial statements display information about the District as a whole, while the fund financial statements report detailed information about the District. The government-wide financial statements use the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. The governmental funds use the modified accrual basis of accounting, whereby revenues are recognized when they become available and measurable and expenditures are recorded in the accounting period in which the liability is incurred. However, exceptions include the amount of unmatured principal and interest on general long-term debt and compensated absences which are recognized when due. Proprietary and fiduciary funds also use the accrual basis of accounting.

General Fund Revenue Sources

The following table sets forth general fund revenue sources for Fiscal Years 2015-2020.

The School District of Palm Beach County, Florida General Fund Revenue Sources⁽¹⁾

Fiscal Year Ended June 30	Federal Funds ⁽²⁾	State Funds	Local Funds ⁽³⁾	Total Revenue ⁽³⁾
2020	\$ 8,334,000	\$618,427,000	\$1,214,136,000	\$1,840,897,000
2019	12,256,000	578,440,000	1,061,800,000	1,652,496,000
2018	6,259,000	566,717,000	1,040,686,000	1,613,662,000
2017	7,987,000	528,776,000	1,034,569,000	1,571,332,000
2016	3,205,000	476,079,000	1,032,082,000	1,511,366,000
2015	8,635,000	486,006,000	949,839,000	1,444,480,000

⁽¹⁾ Rounded.

⁽²⁾ Includes direct federal funds and federal funds received through the State.

⁽³⁾ Excludes transfers from other funds.

Source: The School District of Palm Beach County, Florida

General Fund Operations

The following table summarizes results of operations for the general fund of the District for the Fiscal Years ended June 30, 2017 through June 30, 2020 (audited), and the budgeted figures for the Fiscal Year ending June 30, 2021.

The School District of Palm Beach County, Florida Summary of Revenues and Expenditures - General Fund (In Millions)⁽¹⁾

	For the Fiscal Years Ended June 30				Budgeted 2021 ⁽²⁾
	Audited				
	2017	2018	2019	2020	
Beginning Fund Balance:	\$127.3	\$138.5	\$158.2	\$183.8	\$210.3
Revenues:					
Local Sources and Other Financing Sources:					
Ad Valorem Taxes	\$959.9	\$963.1	\$979.9	\$1,151.7	\$1,173.9
Interest Income and Other	3.9	6.5	12.5	9.5	0.5
Other Revenue	70.8	71.1	69.4	52.9	60.4
Transfers In	90.3	89.1	89.3	90.5	109.4
Total Local Sources and Other Financing Sources:	\$1,124.8	\$1,129.8	\$1,151.1	\$1,304.7	\$1,344.3
State Sources:					
FL Educ. Finance Pr. & Lottery	\$280.8	\$315.4	\$323.4	\$362.0	\$424.7
Categorical Grants	230.2	233.2	236.7	238.1	229.5
Other	17.8	18.1	18.3	18.3	18.2
Total State Sources	\$528.8	\$566.7	\$578.4	\$618.4	\$672.5
Federal Sources	\$8.0	\$6.3	\$12.3	\$8.3	\$5.8
Total Revenues	\$1,661.6	\$1,702.8	\$1,741.8	\$1,931.4	\$2,022.5
Adjustments to Fund Balance					
Total Rev. & Fund Balance	\$1,788.9	\$1,841.3	\$1,900.0	\$2,115.2	\$2,232.9
Expenditures:					
Salaries	\$939.0	\$975.3	\$996.2	\$1,123.7	\$1,151.8
Employee Benefits	333.6	324.1	321.3	346.4	393.8
Purchased Services and other	377.6	383.5	398.7	434.6	501.1
Transfer Out	0.1	0.2	-	0.3	-
Total Expenditures	\$1,650.3	\$1,683.1	\$1,716.2	\$1,904.9	\$2,046.8
Excess of Revenues Over (Under) Expenditures	\$11.3	\$19.6	\$25.5	\$26.5	\$(24.2)
Ending Fund Balance					
Nonspendable	\$8.0	\$8.2	\$6.4	\$2.1	\$2.1
Restricted	20.4	25.5	29.9	39.1	35.0
Committed	-	-	-	-	-
Assigned	58.2	69.5	83.5	105.1	83.0
Unassigned	52.0	55.0	64.0	64.0	66.0
Total Fund Balance	\$138.5	\$158.2	\$183.8	\$210.3	\$186.1
Total Expenditures & Fund Balance	\$1,788.9	\$1,841.3	\$1,900.0	\$2,115.2	\$2,232.9

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ Budgeted figures. Budgeted figures do not include any funds expected to be received by the District under federal stimulus programs.

See "RISK FACTORS – Coronavirus (COVID-19)" herein.

Source: The School District of Palm Beach County, Florida.

General Fund Balance Guidelines

Section 1011.051, Florida Statutes, entitled "Guidelines for general funds" requires that if a school district's General Fund ending balance not classified as restricted, committed or nonspendable in the approved operating budget is projected to fall below three percent (3%) of projected General Fund revenues, the Superintendent shall provide written notification to the district school board and the Commissioner of Education. The section further requires that if the General Fund ending balance not classified as restricted, committed or nonspendable is projected to fall below two percent (2%) of projected General Fund revenues, the Superintendent shall provide written notification to the district school board and the Commissioner of Education. Within 14 days after receiving such notification of an ending balance below two percent (2%), if the Commissioner determines that the district does not have a plan that is reasonably anticipated to avoid a financial emergency as determined pursuant to Florida Statutes pertaining thereto, the Commissioner shall appoint a financial emergency board that may take certain delineated steps to assist a district school board in complying with the General Fund requirements. In Fiscal Year 2018-19, the District's General Fund ending balance not classified as restricted, committed or nonspendable was 8.47% of General Fund Revenues and in Fiscal Year 2019-20 was 8.75% of General Fund Revenues. For Fiscal Year 2020-21, the District's General Fund ending balance not classified as restricted, committed or nonspendable is budgeted to be 7.37% of General Fund Revenues.

Capital Projects Funds

The following table summarizes results of operations for the capital projects funds of the District for the Fiscal Years ended June 30, 2017 through June 30, 2020 (audited) and the budgeted figures for the Fiscal Year ending June 30, 2021.

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The School District of Palm Beach County, Florida
Summary of Capital Projects Fund Revenue and Expenditures
(Amount in Millions)

	Audited				Budgeted
	2017	2018	2019	2020	2021 ⁽¹⁾
Beginning Fund Balance:					
Beginning Fund Balance	\$111.2	\$183.3	\$296.8	\$371.9	\$473.9
Revenues:					
Local Sources					
Ad Valorem Taxes	\$258.4	\$274.2	\$289.8	\$305.1	\$319.6
Local Sales Tax	65.8	138.1	145.8	139.9	104.2
Interest Income and other	8.5	10.8	10.4	15.1	11.6
Total Local Sources	<u>\$332.7</u>	<u>\$423.1</u>	<u>\$446.0</u>	<u>\$460.1</u>	<u>\$435.5</u>
Miscellaneous Federal Through State:	-	-	-	-	\$1.9
State Sources:					
Capital Outlay distributed to District	\$4.8	\$5.7	\$5.6	\$6.1	\$6.1
Public Education Capital Outlay	5.5	2.7	2.8	10.3	11.0
Other	5.6	3.9	10.2	21.2	3.4
Total State Sources	<u>\$16.0</u>	<u>\$12.3</u>	<u>\$18.7</u>	<u>\$37.7</u>	<u>\$20.5</u>
Total Revenues	<u>\$348.7</u>	<u>\$435.4</u>	<u>\$464.7</u>	<u>\$497.8</u>	<u>\$457.9</u>
Adjustments to Fund Balance	-	-	-	-	-
Total Revenues and Fund Balance	\$459.9	\$618.7	\$761.5	\$869.7	\$931.7
Other Financing Sources (Uses):					
Transfers out	(\$238.8)	(\$242.9)	(\$229.1)	(\$240.3)	(\$277.8)
Transfers in	0.1	0.2	-	0.3	0.5
Proceeds from Sale of Capital Assets	0.2	0.2	0.2	0.2	-
Proceeds from Capital Leases	-	-	16.1	-	-
Proceeds from Insurance Loss Recoveries	-	0.2	-	-	-
Proceeds from Issuance of Short-Term Debt	-	-	-	-	127.2
Proceeds from Issuance of Long-Term Debt	-	-	-	129.4	152.8
Total Other Financing Sources (Uses)	<u>(\$238.5)</u>	<u>(\$242.3)</u>	<u>(\$212.8)</u>	<u>(\$110.4)</u>	<u>(\$2.7)</u>
Total Revenues, Other Financing Sources and Fund Balance	\$221.4	\$376.4	\$548.7	\$759.2	\$934.5
Expenditures:					
Land	-	\$0.5	\$0.9	\$2.6	\$1.5
Buildings	\$0.1	1.6	5.1	185.6	770.5
Improvements	2.3	2.9	7.2	9.5	22.4
Other Capital Outlay	35.7	74.6	163.4	87.6	139.9
Debt Service	-	-	0.2	-	0.2
Total Expenditures	<u>\$38.1</u>	<u>\$79.6</u>	<u>\$176.8</u>	<u>\$285.4</u>	<u>\$934.5</u>
Excess of Revenues Over (Under) Expenditures	\$310.6	\$355.8	\$287.9	\$212.4	(\$476.6)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$72.1</u>	<u>\$113.5</u>	<u>\$75.1</u>	<u>\$102.0</u>	<u>(\$473.9)</u>
Ending Fund Balance ⁽²⁾ :	<u>\$183.3</u>	<u>\$296.8</u>	<u>\$371.9</u>	<u>\$473.9</u>	<u>\$0.0</u>

⁽¹⁾ Budgeted figures.

⁽²⁾ The Ending Fund Balance in prior years represent the funds remaining at the end of that Fiscal Year after all expenses have occurred. For budgeting purposes, Florida law generally requires school districts to formulate a budget where Revenues plus Beginning Fund Balance equals Expenditures. As such, the budgeted Ending Fund Balance in Fiscal Year 2020-21 reflects all funds being spread through school and budget departments, even though not all of such funds are expected to be expended in Fiscal Year 2020-21.

Source: The School District of Palm Beach County, Florida.

Liabilities

Long-Term Debt. The following tables detail the outstanding indebtedness of the District and the County (the boundaries of which are coterminous with the District). Additionally, valuation and debt ratios for the District are provided herein.

**Selected Financial Information of
The School District of Palm Beach County, Florida
and Palm Beach County, Florida
Direct and Overlapping Long-Term Debt Statement (in thousands)
June 30, 2020**

	General Obligation	Non-Self Supporting Revenue Debt
DISTRICT DIRECT DEBT⁽¹⁾		
<u>Capital Leases</u>		
2015 Equipment (Chiller) Lease		\$ 733
2016 Bus Lease		1,423
2018 Equipment (Chiller) Lease		11,413
2019 Equipment Lease		13,264
<u>State of Florida⁽²⁾</u>		
State Board of Education Capital Outlay Bonds, Series 2011-A		1,580
State Board of Education Capital Outlay Bonds, Series 2020-A		4,918
TOTAL DIRECT DEBT	\$ 0	\$33,331

	Governmental Activities		Business- Type Activities
	General Obligation	Non-Ad Valorem Revenue Bonds	Revenue Bonds
OVERLAPPING DEBT (COUNTY)			
Total General Obligations Bonds	\$61,115		
Total Non-Ad Valorem Revenue Bonds		\$646,158	
Total Revenue Bonds			\$207,219
TOTAL COUNTY DIRECT DEBT	\$61,115	\$646,158	\$207,219
TOTAL DISTRICT DIRECT DEBT	0	33,330	0
TOTAL DIRECT AND OVERLAPPING DEBT	\$61,115	\$679,488	\$207,219

⁽¹⁾ Excludes Certificates of Participation. See "INTRODUCTION" and "CERTIFICATE PAYMENT SCHEDULES I AND II FOR OUTSTANDING CERTIFICATES" for a description of the outstanding Certificates of Participation.

⁽²⁾ Bonds are issued by the State of Florida on behalf of the District. Funds for debt service payment are withheld by the State from the District's allocation of Motor Vehicle License Fees which are a non-operating fund source.

Note: County debt is as of September 30, 2019. District debt is as of June 30, 2020.

Source: Palm Beach County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2019; The School District of Palm Beach County, Florida Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2020.

**Palm Beach County, Florida
Comparative Ratios of Bonded Debt
To Taxable Assessed Valuation and
Per Capita Indebtedness
(Rounded)**

1.	Population (2020)	1,485,941
2.	Net Taxable Valuation (2020 tax year) ⁽¹⁾	\$221,933,363,596
3.	Direct General Obligation Debt	\$0
	a) As a Percent of Taxable Valuation	0%
	b) Per Capita	\$0
4.	Direct and Overlapping General Obligation Debt	\$61,115,000
	a) As a percent of Taxable Valuation	0.0275%
	b) Per Capita	\$41.13
5.	Direct Non Self-Supporting Debt and Direct General Obligation Debt	\$33,330,000
	a) As a percent of Taxable Valuation	0.0150%
	b) Per Capita	\$22.43
6.	Direct and Overlapping General Obligation, Non Self-Supporting Debt and Non-Ad Valorem Revenue Bonds	\$740,603,000
	a) As a percent of Taxable Valuation	0.3337%
	b) Per Capita	\$498.41

⁽¹⁾ Preliminary, certified figure as of July 1, 2020. Such figure is subject to adjustment through the value adjustment board process. See "AD VALOREM TAXATION - Property Assessment" herein.
Source: The School District of Palm Beach County, Florida.

Obligations Under Unrelated Lease Purchase Agreements

The School Board has in the past, and may in the future, enter into lease purchase arrangements payable from the Local Option Millage Levy upon terms and conditions other than those in the Master Lease. Failure to make payments under any such lease agreement, or an event of default under any such lease agreement, will not affect the Lease Term or cause the termination of the Series 2021 Leases or any other Leases. In July 2015, the School Board entered into an annual appropriation master lease purchase agreement with Banc of America Public Capital Corp. ("BAPCC") pursuant to which the School Board may finance the acquisition of buses and equipment. In October 2018, the School Board borrowed \$16.1 million under the BAPCC master lease to finance HVAC systems and other components at various schools, \$8.3 million of which is presently outstanding. In September 2019, the School Board borrowed an additional \$14.7 million under the BAPCC master lease to finance HVAC systems and other components at various schools, \$10.4 million of which is presently outstanding. These leases are not part of the Master Lease. See Note 9 to "APPENDIX B – EXCERPTED INFORMATION FROM THE

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2020" hereto.

Florida Retirement System

The District participates in the Florida Retirement System ("FRS"), a cost sharing, multiple-employer, public employee retirement system, which covers substantially all regular employees of the District. Beginning in 2002, the FRS became one system with two primary plans, a defined benefit pension plan (the "FRS Pension Plan") and a defined contribution plan known as the Public Employee Optional Retirement Program (the "FRS Investment Plan"). FRS membership is required for all employees filling a regularly established position in a State agency, district school board, county, State university or State community college. Some municipalities, special districts, charter schools and metropolitan planning organizations also choose to participate in the FRS; however, participation is generally irrevocable after the entity elects to participate.

The information relating to the FRS contained herein has been obtained from the FRS Annual Reports which are available by writing to the Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000, by phoning (850) 488-5706 or visiting the following website: www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports. No representation is made by the Board as to the accuracy or adequacy of such information or that there has not been any material adverse change in such information subsequent to the date of such information.

There are five general classes of membership in the FRS: (1) Senior Management Service Class ("SMSC") members which include, among others, senior management level positions in State and local governments (including school districts) and assistant state attorneys, prosecutors and public defenders; (2) Special Risk Class which includes, among others, positions such as law enforcement officers, firefighters, correctional officers, emergency medical technicians and paramedics; (3) Special Risk Administrative Support Class which include, among others, non-special risk law enforcement, firefighting, emergency medical care or correctional administrative support positions within a FRS special risk-employing agency; (4) Elected Officers' Class ("EOC") which includes members who are elected State and city officers and the elected officers of cities and special districts that choose to place their officials in this class; and (5) Regular Class members includes members that do not qualify for membership in the other classes.

The FRS is a cost-sharing multiple-employer public-employee retirement system with two primary plans. The Department of Management Services, Division of Retirement administers the FRS Pension Plan and the Florida State Board of Administration (the "SBA") invests the assets of the FRS Pension Plan held in the FRS Trust Fund. Administration costs of the FRS Pension Plan are funded through investment earnings of the FRS Trust Fund. Reporting of the FRS is on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

The SBA administers the FRS Investment Plan, a defined contribution plan available to eligible FRS members as an alternative to the FRS Pension Plan. Retirement benefits are based upon the value of the member's account upon retirement. Regardless of membership class, FRS Investment Plan contributions vest after one year of service. A member vests immediately in all

employee contributions paid to the FRS Investment Plan. If a member elects to transfer amounts from the FRS Pension Plan to that member's FRS Investment Plan account, the member must meet the eight-year vesting requirement (six-year vesting requirement if enrolled prior to July 1, 2011) for any such transferred funds and associated earnings. The FRS Investment Plan is funded by employer contributions that are based on salary. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Administration costs of the FRS Investment Plan are funded through a 0.06% employer contribution and forfeited benefits. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the FRS Investment Plan, receive a lump-sum distribution, or leave the funds invested for future distribution. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the FRS Investment Plan and rely upon that account balance for retirement income.

Since July 1, 2001, the FRS Pension Plan has provided for vesting of benefits after six years of creditable service. Members not actively working in a position covered by the FRS on July 1, 2001, must return to covered employment for up to one work year to be eligible to vest with less service than was required under the law in effect before July 1, 2001. Members initially enrolled on or after July 1, 2001, through June 30, 2011, vest after six years of service. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. Members are eligible for normal retirement when they have met the various plan requirements applicable to each class of membership. Regardless of class, a member may take early retirement any time after vesting within 20 years of normal retirement age; however, there is a five percent benefit reduction for each year prior to normal retirement age.

Benefits under the FRS Pension Plan are computed on the basis of age, average final compensation, creditable years of service, and accrual value by membership class. Members are also eligible for in-line-of-duty or regular disability and survivors' benefits. Pension benefits of retirees and annuitants are increased each July 1 by a cost-of-living adjustment. If the member was initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member was initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Effective July 1, 2011, all members of FRS were required to contribute 3% of their gross compensation toward their retirement. In addition, the legislation reduced the required employer contribution rates for each membership class and subclass of the FRS.

Additional legislative changes that only apply to employees who initially enroll on or after July 1, 2011, include: (1) the average final compensation upon which retirement benefits are calculated are based on the eight highest (formerly five highest) fiscal years of compensation prior to retirement; (2) the DROP (as defined herein) is maintained but the interest accrual rate is reduced from 6.5% to 1.3%; (3) the normal retirement age is increased from 62 to 65; and (4) the years of

creditable service is increased from 30 to 33 and the vesting period is increased to eight years (formerly six).

Subject to provisions of Section 121.091, Florida Statutes, the Defined Retirement Option Program (the "DROP") permits employees eligible for normal retirement under the FRS to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months while the member's benefits accumulate in the FRS Trust Fund. Authorized instructional personnel may participate in the DROP for up to 36 additional months beyond their initial 60-month participation period. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. As of June 30, 2020, the FRS Trust Fund held \$2,673,751,676 in accumulated benefits and interest for 36,181 DROP participants. Of those 36,181 DROP Participants, 34,141 were active in DROP with balances totaling \$2,375,655,885. The remaining participants were no longer active in the DROP and had balances totaling \$298,095,791 to be processed after June 30, 2020.

The Retiree Health Insurance Subsidy ("HIS") Program is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Department of Management Services. Beginning July 1, 2002, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. Beginning July 1, 2015, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, the legislature may reduce or cancel HIS payments.

Participating employers must comply with the statutory contribution requirements. Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Florida Legislature as guidance for funding decisions. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and FRS Investment Plan rates) are recommended by the actuary but set by the Florida Legislature. Statutes require that any unfunded actuarial liability ("UAL") be amortized within 30 plan years and any surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-dollar basis. As of June 30, 2020, the balance of legally required reserves for all defined benefit pension plans was \$161,568,265,280. Such funds are reserved to provide for total current and future benefits, refunds and administration of the FRS Pension Plan.

The District's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions, including employee contributions of \$26.8 million, to the FRS Pension Plan and FRS Investment Plan for the Fiscal Year ended June 30, 2020, totaled \$110.1 million, which was equal to the required contribution for such Fiscal Year. This excludes the HIS Program contribution. The District's contributions to the HIS Plan for the Fiscal Year ended June 30, 2020, totaled \$20.1 million.

As a participating employer in the Florida Retirement System, the District implemented Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment to GASB Statement No. 68)*, effective for fiscal years beginning after June 15, 2014. The implementation of these Statements requires the District to record a liability for its proportionate share of the net pension liabilities of the Florida Retirement System plans.

The scope of GASB Statements Nos. 68 and 71 address accounting and financial reporting for pensions that are provided to employees of state and local governmental employers that meet certain characteristics. These Statements establish standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expense/expenditures. For defined benefit pensions such as the Florida Retirement System plans, GASB Statements Nos. 68 and 71 identify methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Pursuant to these Statements, the District is required to record a liability for its proportionate share of pension liabilities as reported by the Florida Retirement System plans. While these Statements require recognition and disclosure of the unfunded pension liability, there is no requirement that such liability be funded. Accordingly, a deficit in unrestricted net position should not be considered, solely, as evidence of financial difficulties. The adoption of GASB Statements Nos. 68 and 71 resulted in a material increase in the District's liabilities and a material decrease in the District's net position. The District's proportionate share of the net pension liabilities of the Florida Retirement System Pension Plan totaled \$790.1 million at June 30, 2020. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The District's proportionate share of the net pension liability was based on the District's Fiscal Year 2018-19 contributions relative to the Fiscal Year 2018-19 contributions of all participating members. At June 30, 2019, the District's proportionate share was 2.294%, which was a decrease of 0.022% from its proportionate share as measured as of June 30, 2018.

As of June 30, 2020, the District reported a net pension liability of \$361.0 million for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The District's proportionate share of the net pension liability was based on the District's Fiscal Year 2018-19 contributions relative to the total Fiscal Year 2018-19 contributions of all participating members. At June 30, 2019, the District's proportionate share was 3.227%, which was a decrease of 0.023% from its proportionate share measured as of June 30, 2018. See APPENDIX B hereto, including Note 10 to the Basic Financial Statements and the Required Supplementary Information, to the District's audited

financial statements for the Fiscal Year ended June 30, 2020 for additional information relating to the District's retirement plans.

Other Post Employment Benefit Program.

In addition to its contributions under the State's retirement plan described above, the District provides other postemployment benefits ("OPEB") for certain of its retired employees in the form of an implicit rate subsidy by providing access to health insurance plans. The offering of this health insurance coverage is required by Section 112.0801, Florida Statutes.

In June 2015, the Governmental Accounting Standards Board issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB No. 75"), which was adopted by the District for the Fiscal Year ended June 30, 2018. GASB No. 75 addresses accounting and financial reporting for OPEB provided to employees of state and local government employers; establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses; requires governments to report a liability, deferred outflows of resources, deferred inflows of resources, and expenses on the face of the financial statement for the OPEB that they provide; and requires more extensive note disclosures and supplementary information about their OPEB liability. The beginning net position of the District was decreased by \$40.1 million due to the implementation of GASB Statement No. 75. The District's Total OPEB liability reported at June 30, 2017 increased by \$27.5 million to \$139.4 million as of July 1, 2017, due to the transition in the valuation methods under GASB Statement No. 45 to GASB Statement No. 75, and beginning balances for deferred outflows/inflows of resources were not restated.

The District has historically accounted for its OPEB contributions on a pay-as-you-go basis and the District currently plans to continue such pay-as-you-go funding of its OPEB contributions. For Fiscal Year 2020, 799 retirees received healthcare benefits. The District provided required contributions of approximately \$7.7 million toward the annual OPEB cost. Retiree contributions total approximately \$5.6 million. The pay-as-you-go method of funding OPEB allows the District to continue to pay only the current OPEB costs each Fiscal Year, but will produce a growing unfunded actuarial liability for the future. The total OPEB obligation was \$199.4 million as of June 30, 2020. As of January 1, 2021, retirees age 65 or over (currently 314 retirees) moved to an externally managed plan managed by the Florida School Retiree Benefits Consortium. This change is expected to reduce the District's total OPEB obligation by \$150 million.

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Below are the details regarding the Total OPEB liability for the measurement period from June 30, 2019 to June 30, 2020 (in thousands):

	Total OPEB Liability
Balance Recognized at 07/01/2019	\$ 157,651
Changes for the Fiscal Year:	
Service Cost	7,678
Interest on the Total OPEB Liability	5,689
Changes in Assumptions and Other Inputs	34,005
Benefit Payments	(5,594)
Net Change in total OPEB	41,778
Total OPEB Liability at 06/30/2020	\$ 199,429

Changes of assumptions and other inputs include the change in the discount rate from 3.50 percent as of June 30, 2019 to 2.21 percent as of June 30, 2020.

Source: The School District of Palm Beach County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020.

For additional information on Total OPEB liability, including assumptions on which the calculation is based, see Note 11 and the Required Supplementary Information to the District's audited financial statements for the Fiscal Year ended June 30, 2020 which are attached hereto as APPENDIX B hereto.

OPERATING REVENUES OF THE DISTRICT

The District derives its operating income from a variety of federal, State and local sources. Although Section 1013.15(2)(a), Florida Statutes, provides that operating funds may be used by the School Board to make lease payments on lease-purchase agreements, the School Board has not previously used operating funds to make Lease Payments. In addition, other restrictions applicable to the use of operating funds may conflict with the use of operating funds by the School Board to make Lease Payments under Section 1013.15(2)(a), Florida Statutes, and there can be no assurance that such funds would be available to the School Board to make Lease Payments in the case of such conflicts. The major categories of these income sources for the operating funds are briefly described below. **Prospective purchasers should assume that operating funds will not be available to make Lease Payments and that such payments will be made solely from available revenues for capital outlay projects.** See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS" herein.

State Sources

The District's two major sources of funds from the State are (i) the basic Florida Education Finance Program ("FEFP") receipts and (ii) FEFP categorical program receipts.

Florida Education Finance Program. The major portion of State support is distributed under the provisions of the Florida Education Finance Program, which was enacted by the State Legislature in 1973. Basic FEFP funds are provided on a weighted full-time equivalent ("FTE") student basis and through a formula that takes into account: (i) varying program costs; (ii) cost differentials between districts; (iii) differences in per-student costs due to the density of student population; and (iv) the required level of local support. Program cost factors are determined by the State Legislature each year. The amount of FEFP funds disbursed by the State is adjusted four times during each year to reflect changes in FTE and in other variables comprising the formula, as well as to compensate for increases or decreases in ad valorem tax revenue resulting from adjustments to the valuation of non-exempt property in each county. To participate in FEFP funding, the District must levy a minimum millage for operating purposes, which is set by the State Department of Education. The District's general fund receipts from the State for FEFP pursuant to the above formula for Fiscal Years 2018-19 and 2019-20 were \$322,660,495 and \$361,814,467, respectively, and are budgeted at \$424,716,113 for Fiscal Year 2020-21.

FEFP categorical programs are lump sum appropriations from the State intended to supplement local school district revenues to enhance the delivery of educational and support services by each school district. In recent years, most categorical programs have been eliminated and the funds are now earmarked within the FEFP base student allocation. The only remaining categorical program is class size reduction. The allocation for class size reduction is based on a funding formula. The majority of the funds available require appropriation by the School Board for the purposes for which they were provided. Class size reduction funds were \$219,999,565 and \$222,100,146 for Fiscal Years 2018-19 and 2019-20, respectively, and are budgeted at \$224,378,854 for Fiscal Year 2020-21.

Student enrollment trends have changed over the past two decades. Following five years of high growth of more than 5,000 students per year from Fiscal Year 2001 through Fiscal Year 2005 enrollment was flat in Fiscal Year 2006, and decreased by 3,000 students during Fiscal Year 2007. Enrollment was flat again during Fiscal Years 2008 and 2009 but increased by an average of just over 2,500 for Fiscal Years 2011 through 2017 and has remained relatively flat since 2017. In the current school year, the District allowed students to attend school virtually or in person due to the COVID-19 pandemic. Some families elected to utilize home schooling, private schools, or charter schools or delay younger students from starting kindergarten by one year. As such, District student enrollment has declined by 5,598 students as of February 2021. The District expects some of those students to return to school in Fiscal Year 2022 but expects some families to continue with other educational options. See "RISK FACTORS – Coronavirus (COVID-19)" herein.

FEFP funding is derived from two main sources: state sales tax revenues and local property taxes. The State determines the funding split between the two sources for each district. As a property rich county, Palm Beach County property taxes have increasingly shouldered much of the financial burden. For Fiscal Year 2019-20, local property taxes provided 60.8% of the FEFP funds and are budgeted to provide 59.7% of the FEFP funds for Fiscal Year 2020-21.

State Lottery Revenues. A portion of the revenues generated from the State lottery is distributed to each Florida school district as Discretionary Lottery revenue and Florida School Recognition Program revenue. The Florida School Recognition program recognizes schools that have received an "A" or improved at least one letter grade from the previous school year and, under

Florida Statutes, is required to be used for nonrecurring bonuses for school faculty and staff, nonrecurring expenditures for educational equipment or materials, for temporary personnel to assist schools in maintaining or improving student performance, or any combination of these. The District received approximately \$11.62 million and \$10.8 million in Florida School Recognition Program revenues for Fiscal Years 2018-19 and 2019-20, respectively. The District is not budgeted to receive any Florida School Recognition Program revenues for Fiscal Year 2020-21. The District received \$704,139 million in Discretionary Lottery revenues for Fiscal Year 2018-19, \$211,459 in Fiscal Year 2019-20. The District is not budgeted to receive any such revenues for Fiscal Year 2020-21.

Local Sources

Ad Valorem Taxes. Local revenue for District operating support is derived almost entirely from ad valorem real and tangible personal property taxes. In addition, the District earns interest on cash invested and collects other miscellaneous revenues.

The Florida Constitution limits the non-voted millage rate that school boards may levy on an annual basis for operational funds to 10 mills (\$10 per \$1,000 of taxable real and personal property value). The millage limitation does not apply to taxes approved at referendum by qualified electors in the County for general obligation bonds and certain other short-term, voter approved levies. Chapter 1011, Florida Statutes, further limits the millage levy for operational purposes to an amount established each year by the State appropriations act and finally certified by the Commissioner of the State of Florida Department of Education. Within this operational limit, each school district desiring to participate in the State's allocation of FEFP funds for current operations must levy a non-voted millage rate that is determined annually by the State Legislature and certified by the Commissioner of the State of Florida Department of Education and is referred to as the district "required local effort." For Fiscal Year ending June 30, 2021, the District's required local effort is 3.755 mills and for the Fiscal Year ended June 30, 2020, was 3.908 mills. In addition to such required local effort millage for Fiscal Year 2020-21, the District levied a Prior Period Funding Adjustment Millage of 0.007 mills and levied 0.008 mills for Fiscal Year 2019-20 as required by Section 1011.62(4)(e), Florida Statutes. Such Prior Period Funding Adjustment Millage is levied when the preliminary taxable value for the prior year is greater than the final taxable value for such year, thereby resulting in lower than expected revenues from the required local effort millage.

In addition to the "required local effort," school districts are entitled to an additional non-voted current operating "discretionary millage" not to exceed an amount established annually by the Legislature and up to 1.5 mills for capital outlay and maintenance of school facilities. However, the District may levy up to an additional 0.25 mills for capital outlay and maintenance of school facilities in lieu of operating discretionary millage. For Fiscal Year ended June 30, 2020, the District's discretionary operating millage was 0.748 mills and is 0.748 mills for the Fiscal Year ending June 30, 2021. The District did not levy any capital outlay discretionary millage for the Fiscal Year ended June 30, 2020 and is not budgeted to levy any capital outlay discretionary millage for the Fiscal Year ended June 30, 2021. See "AD VALOREM TAXATION - Millage Set by Local Governing Body - District Millage Rates" herein.

The District, pursuant to authority granted in Section 1011.71(9), Florida Statutes, sought voter approval for the levy of an additional 0.25 mills for operating purposes for a period of four years, commencing with Fiscal Year 2011-12. The voters approved such levy at the November 2010 general election. The levy was renewed by the voters for an additional four years at the November 2014 general election, with the levy to continue through Fiscal Year 2018-19. In the November 2018 general election, the voters approved a request to levy 1.00 mills for operating purposes. The levy began in Fiscal Year 2019-20 and continues through Fiscal Year 2022-23. See "AD VALOREM TAXATION - Tax Collection and Distribution by Tax Collector" herein. The District is involved in certain litigation regarding whether it must share revenues from this millage with charter schools in the District. See "LITIGATION" herein.

The following table sets forth the District's budgeted operating millage levies for Fiscal Year 2020-21:

<u>Operating Millage</u>	<u>District Levy</u>	<u>Description</u>	<u>Max</u>
Required Local Effort	3.755 mills	Each school district desiring to participate in the State's allocation of FEFP funds for current operations must levy a non-voted millage rate that is determined annually by the State Legislature	3.755 mills
Prior Period RLE Adjustment	0.007 mills	Non-voted; not to exceed amount established annually by the State	0.007 mills
Current Operating Discretionary Millage	0.748 mills	Non-voted; not to exceed amount established annually by the State Legislature	0.748 mills
Additional Operating Millage (Voter Approved)	1.000 mills	School boards may, upon approval by voters in a local referendum or general election, levy an additional millage for operating needs up to an amount that when combined with the non-voted millage does not exceed 10 mills. Such levy shall be for a maximum of four years.	1.000 mills

Budgeted revenues from ad valorem taxes were based on applying millage levies to ninety-six percent (96%) of the non-exempt assessed valuation of real and personal property within the County. Ad valorem tax receipts for operating purposes increased from \$979,947,604 for Fiscal Year 2018-19 to \$1,151,676,219 for Fiscal Year 2019-20. Ad valorem taxes for operating purposes are budgeted to be \$1,173,938,720 for Fiscal Year 2020-21. The increase in ad valorem tax receipts for operating purposes from Fiscal Year 2018-19 to Fiscal year 2019-20 was due to the increase in the additional voter approved operating millage from 0.25 mills to 1.00 mills described above.

Federal Sources

The District receives certain Federal moneys, both directly and through the State, substantially all of which are restricted for specific programs. Direct Federal revenue sources were

\$1,279,704 and \$1,417,264 in Fiscal Years 2018-19 and 2019-20, respectively, and are budgeted at \$804,000 for Fiscal Year 2020-21. Federal funds through the State totaled \$10,976,384 and \$6,917,222 in Fiscal Years 2018-19 and 2019-20, respectively, and are budgeted to be \$5,000,000 in Fiscal Year 2020-21.

AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS

The School Board derives its revenues for capital outlay projects from certain State and local sources. The major categories of these revenue sources are briefly described below. In Fiscal Year 2019-20, the revenue sources for capital improvements, excluding any Certificate proceeds and existing fund balances, were estimated to be approximately 63.1% from local millage, 28.9% from local sales surtax, 4.8% from State revenues and 3.2% from other local sources.

State Sources

PECO. One source of state educational funding contributions to the School Board's capital outlay requirements is the Florida Public Education Capital Outlay Program (PECO). The method of allocation of funds to the district school boards is provided by state law based upon a statutory formula, components of which are the number of students in various districts and the proposed uses of the funds by the various districts. The Commissioner of Education administers the PECO program and allocates or reallocates funds as authorized by law. The School Board received \$2,758,762 in PECO Funds for Fiscal Years 2018-19. The School Board did not receive PECO Funds for Fiscal Year 2019-20 and is not budgeted to receive any PECO Funds for Fiscal Year 2020-21.

C.O. and D.S. Funds. The School Board also receives motor vehicle license revenues, also known as capital outlay and debt service ("CO&DS") funds. CO&DS funds can be used to make lease-purchase payments, but only if the lease-purchase facility appears on the project priority list (the "PPL") approved by the State Board of Education. The Series 2021 Facilities are not on the PPL. The School Board received \$5,588,416 and \$6,121,952 in Fiscal Years 2018-19 and 2019-20, respectively, and is budgeted to receive approximately \$5,128,667 in Fiscal Year 2020-21.

Capital Outlay Bond Issues. The School District participated in bond sales held by the State of Florida in December 2011. Annually, the State offers to bond a portion of future C.O. and D.S. funds for school districts. The School District received \$5.8 million from the 2011 bond sale.

Local Sources

Ad Valorem Taxes. Local revenue for school district support is derived primarily from real and tangible personal property taxes. See also "AD VALOREM TAXATION" herein.

School boards may levy non-voted millage (the "Local Option Millage Levy") for capital outlay and maintenance purposes, pursuant to Section 1011.71(2), Florida Statutes. Currently, the maximum amount of Local Option Millage Levy may be up to 1.50 mills. Revenues from the Local Option Millage Levy may be used to fund, among other things, new construction, remodeling, site acquisition and improvement; maintenance and repair; school bus purchases; payments under lease purchase agreements and certain short-term loans. Prior to July 1, 2012,

payments from the Local Option Millage Levy for lease-purchase agreements for educational facilities and sites were not permitted to exceed three-fourths of the revenues of the Local Option Millage Levy. However, effective July 1, 2012, the three-fourths limitation was waived for lease-purchase agreements originally entered into prior to June 30, 2009. **The School Board is not required to levy any millage for capital outlay purposes in the future. Since revenues from the Local Option Millage Levy may be used for, but are not pledged to, the payment of Basic Lease Payments under the Prior Leases and the Series 2021 Leases, the failure of the District to levy all or a portion of the Local Option Millage Levy would have an adverse effect on available revenues from which the School Board may appropriate funds to make Basic Lease Payments.** In the event that revenues generated from the Local Option Millage Levy are insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2008, an amount equal to the revenue generated from 0.50 mills of the operating levy may be used to make such Lease Payments. Additionally, if the revenue from 1.50 mills is insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2009 or to meet other critical capital needs, a school board may elect to levy up to 0.25 for capital purposes in lieu of a like amount of discretionary operating millage. See "RECENT GOVERNMENTAL ACTIONS AFFECTING DISTRICT REVENUES – Distribution of Capital Outlay Funds to Charter Schools" herein.

The following table sets forth the District's budgeted capital outlay levies for Fiscal Year 2020-21:

<u>Capital Outlay Millage</u>	<u>District Levy</u>	<u>Description</u>	<u>Max</u>
Local Option Millage	1.500 mills	Non-voted millage for capital outlay and maintenance purposes.	1.500 mills
Capital Outlay Discretionary Millage	0.000 mills	If revenue from the Local Option Millage is insufficient to make payments due under a lease purchase agreement entered into prior to June 30, 2009, or to meet other critical school district fixed capital outlay needs, a school board may levy up to an additional .25 mills of Local Option Millage Levy in addition to the 1.5 mills, in lieu of levying an equivalent amount of the discretionary mills for operations (i.e., Current Operating Discretionary Millage)	0.250 mills

Ad valorem tax receipts for capital and maintenance purposes increased from \$289,776,186 in Fiscal Year 2018-19 to approximately \$305,070,431 in Fiscal Year 2019-20. The District has budgeted approximately \$319,584,044 of ad valorem tax receipts for capital and maintenance purposes for Fiscal Year 2020-21.

A school board may not use revenues from the Local Option Millage Levy to pay for any portion of the cost of any new construction of educational plant space with a total cost per student station, including change orders, in excess of the amounts set forth in Section 1013.64(6)(b)1., Florida Statutes, as adjusted (the "Maximum Cost Per Student Station"). For purposes of calculating the Maximum Cost Per Student Station, certain costs such as legal and administrative costs, site improvement costs (incidental to construction), costs related to hurricane sheltering/hardening and school security/hardening capital improvements, among other costs, are not included. As of July 1, 2019, if the new construction of educational plant space is subject to a lease-purchase agreement entered into pursuant to Section 1011.71(2)(e), Florida Statutes (such as the Series 2021 Leases), a district school board (i) may use certain local funding sources (including the Sales Surtax (as defined below), educational impact fees, and voter approved ad valorem taxes, in each case if legally available for such purpose) to pay for the new construction of educational plant space, and (ii) may, but is not required to, use the Local Option Millage Levy revenues and certain state funding sources to pay for the portion of the cost for new construction of educational plant space which does not exceed the Maximum Cost Per Student Station requirements or for costs which are not included in Maximum Cost Per Student Station calculation.

The Series 2021 Facilities are being financed pursuant to separate lease-purchase agreements. As such, revenues from the Local Option Millage Levy are only legally available for payment of the Basic Lease Payments represented by the Series 2021A Certificates for the portion of the Series 2021A Facilities that (i) are not included in the Maximum Cost Per Student Station calculation and (ii) are included in the Maximum Cost Per Student Station, but do not exceed the Maximum Cost Per Student Station (collectively, the "LOML Eligible Portion of the Series 2021A Certificates"), which together are currently estimated to equal 100.0% of such Basic Lease Payments represented by the Series 2021A Certificates. As described herein, other local revenues such as the Sales Surtax and educational impact fees described herein are legally available to pay both the LOML Eligible Portion of the Series 2021A Certificates and the Basic Lease Payments represented by the Series 2021A Certificates to which the Maximum Cost Per Student Station limit applies, but which are in excess of the Maximum Cost Per Student Station (the "LOML Ineligible Portion of the Series 2021A Certificates").

Revenues from the Local Option Millage Levy are only legally available for payment of the Basic Lease Payments represented by the Series 2021B Certificates for the portion of the Series 2021B Facility that (i) is not included in the Maximum Cost Per Student Station calculation and (ii) is included in the Maximum Cost Per Student Station, but does not exceed the Maximum Cost Per Student Station (collectively, the "LOML Eligible Portion of the Series 2021B Certificates," and collectively with the LOML Eligible Portion of the Series 2021A Certificates, the "LOML Eligible Portion of the Series 2021 Certificates"), which together are currently estimated to equal 100.0% of such Basic Lease Payments represented by the Series 2021B Certificates. As described herein, other local revenues such as the Sales Surtax and educational impact fees described herein are legally available to pay both the LOML Eligible Portion of the Series 2021B Certificates and the Basic Lease Payments represented by the Series 2021B Certificates to which the Maximum Cost Per Student Station limit applies, but which are in excess of the Maximum Cost Per Student Station (the "LOML Ineligible Portion of the Series 2021B Certificates," and together with the LOML Ineligible Portion of the Series 2021A Certificates, the "LOML Ineligible Portion of the Series 2021 Certificates").

If any portion of the Series 2021 Facilities were to exceed the Maximum Cost Per Student Station limits, the School Board anticipates using legally available educational impact fees to pay the LOML Ineligible Portion of the related Series 2021 Certificates. However, the School Board expects to comply with the Maximum Cost Per Student Station limits with respect to the Series 2021 Facilities, and therefore intends to use only Local Option Millage Revenues to pay all Basic Lease Payments represented by the Series 2021 Certificates. See "– Infrastructure Surtax Funds" and "– Educational Impact Fees" and "RISK FACTORS – Construction Cost Maximums" herein.

During the Florida Legislature's 2017 Regular Session, the Florida Legislature passed House Bill 7069 ("HB 7069"). HB 7069, among other things, requires school districts to distribute revenues generated from the Local Option Millage Levy on a per student basis between traditional schools and charter schools. HB 7069 establishes the calculation methodology to determine the amount of Local Option Millage Levy revenues a school district must distribute to each eligible charter school. Such calculation provides that the amount of Local Option Millage Levy revenues a school district must distribute to each eligible charter school will first be reduced by the school district's annual debt service for obligations issued or incurred as of March 1, 2017 that are being satisfied by Local Option Millage Levy revenues and requires the first payment to charter schools as of February 1 of each year. The remaining Local Option Millage Levy revenue would be divided by the total of capital outlay FTE students in traditional public schools and eligible charter schools in the school district, then multiplied by the total of capital outlay FTE students in each eligible charter school in the school district to determine each charter school's allocation. However, to the extent a charter school receives State charter school capital outlay funding in the general appropriations act, its share of Local Option Millage Levy revenues would be reduced by a like amount.

During the Florida Legislature's 2018 Regular Session, the Florida Legislature passed Committee Substitute for House Bill 7055 ("CS/HB 7055"). CS/HB 7055, among other things, revises certain of the requirements of HB 7069 relating to the required sharing of the Local Option Millage Levy revenues with charter schools. CS/HB 7055 specifies that charter school capital outlay funds shall consist of State funds when such funds are appropriated. However, if in any given year the amount of State funds is not equal to, or is less than, the average charter school capital outlay funds per unweighted FTE student for the Fiscal Year 2018-19, multiplied by the estimated number of charter school students for the applicable Fiscal Year and adjusted for inflation from the previous year, charter school capital outlay funds shall also consist of the Local Option Millage Levy revenue. CS/HB 7055 also clarified that the debt service obligation that can be reduced from the distribution to charter schools is the debt service obligation incurred as of March 1, 2017, which has not been subsequently retired, and also requires each school district to annually certify to FDOE the amount of the debt service obligation that can be reduced from the distribution to charter schools. Additionally, in the event aggregate lease-purchase agreement payments, including lease-purchase agreements entered into prior to June 30, 2009, exceed three-fourths of the Local Option Millage Levy revenues, CS/HB 7055 provides that a school district may not withhold administrative expenses authorized by law from any charter school operating in the school district.

At this time, the School Board cannot determine the long-term impact of HB 7069, as revised by CS/HB 7055, on the amount of revenues available to the School Board from the Local Option Millage Levy to make Basic Lease Payments under the Master Lease. For Fiscal Year

2017-18, the impact of HB 7069 on the District reduced its capital budget by \$9.27 million. For Fiscal Year 2018-19, there was no impact on the School Board as Fiscal Year 2018-19 provides the baseline State funding for determining whether charter schools receive any Local Option Millage Levy revenues in future years. For Fiscal Year 2019-20, sufficient State charter school capital outlay funds per unweighted FTE student were appropriated so that the School Board was not required to share any Local Option Millage Levy revenues with charter schools in the District in Fiscal Year 2019-20. The State 2020-21 education budget also provides for sufficient State charter capital outlay funds per unweighted FTE student such that the School Board should not be required to share any Local Option Millage Levy revenues with charter schools in the District in Fiscal Year 2020-21. However, no assurance can be given that the State will continue to allocate sufficient State funds in future years. See "RISK FACTORS - State Revenues" and "RISK FACTORS - Coronavirus (COVID-19)" herein. The provisions of HB 7069, as revised by CS/HB 7055, may result in a reduction of the revenues available to the School Board from the Local Option Millage Levy to make Lease Payments; however, at this time, the School Board does not expect them to adversely affect its ability to make Basic Lease Payments under the Master Lease in future years.

Local Option Millage Levy Required to Cover Certificate Payments

The following table sets forth the millage levy that would provide 1.00x coverage of the maximum annual Basic Lease Payments represented by the Outstanding Certificates and the LOML Eligible Portion of the Series 2021 Certificates based on current law, assuming 96% collection of the taxes levied:

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**Anticipated Local Option Millage Levy* Required
to Cover Basic Lease Payments Represented by the Outstanding Certificates
and the LOML Eligible Portion of the Series 2021 Certificates**

<i>Fiscal Year 2020-21</i>	
Net Taxable Assessed Valuation ⁽¹⁾	\$221,554,504,900
Local Option Millage Levy	1.50
Assumed Tax Collection Rate	96.0%
Total Revenue Generated by 1.50 mill Levy at 96% Collection	\$319,038,487
<i>FY 20-21 Local Option Millage Levy Required to Satisfy Maximum Annual Basic Lease Payments Represented by the Outstanding Certificates and the LOML Eligible Portion of the Series 2021 Certificates</i>	
Maximum Annual Basic Lease Payments Represented by the Outstanding Certificates and the LOML Eligible Portion of the Series 2021 Certificates (Fiscal Year 2021-22) ⁽²⁾⁽³⁾	\$150,661,326
Minimum Local Option Millage Levy Needed to Satisfy Maximum Annual Lease Payments Represented by the Outstanding Certificates and the LOML Eligible Portion of the Series 2021 Certificates ⁽²⁾⁽³⁾⁽⁴⁾	0.709 mills
<i>Sharing of the Local Option Millage Levy with Eligible District Charter Schools</i>	
Annual Debt Service Obligation Incurred as of March 1, 2017	\$141,543,580 ⁽⁴⁾⁽⁵⁾
Estimated Total Allocation of Local Option Millage Levy to Eligible District Charter Schools	\$10,935,590 ⁽⁵⁾
Less Total Amount of State Charter School Local Option Funding Allocated to Eligible District Charter Schools	\$10,935,590 ⁽⁵⁾
Maximum Local Option Millage Levy Revenue Shared with Eligible District Charter Schools ⁽⁴⁾	\$0.00
Maximum Local Option Millage Levy Shared with Eligible District Charter Schools	0.00 mills
Minimum Local Option Millage Levy Revenue Remaining after Charter School Payments	\$319,038,487
<i>Local Option Millage Levy Available After Basic Lease Payments and Charter School Payments</i>	
Minimum Remaining Local Option Millage	0.791 mills
Total Minimum Remaining Revenue Anticipated from Local Option Millage Levy	\$168,377,161

⁽¹⁾ Final, certified figure.

⁽²⁾ As described above, with respect to the Series 2021 Certificates, the Local Option Millage Levy is only available for payment of the Basic Lease Payments allocable to the LOML Eligible Portion of the Series 2021 Certificates. For purposes of this table, such Basic Lease Payments represented by the LOML Eligible Portion of the Series 2021 Certificates represent 100% of the Basic Lease Payments under the Series 2021 Leases.

⁽³⁾ Assumes the Outstanding Certificates have the financial arrangements, assumptions, and accounting practices described in footnotes under "COMBINED PRIOR CERTIFICATE PAYMENT SCHEDULE."

⁽⁴⁾ Under current law, the 75% limitation on the use of the Local Option Millage Levy revenues for the payment of lease-purchase agreements is waived for lease-purchase agreements originally entered into prior to June 30, 2009. Accordingly, only the Lease Payments with respect to Leases originally entered into after June 30, 2009 are subject to the 75% limitation. The Series 2010A Lease, the Series 2020A Leases and the Series 2021 Leases are the only Leases subject to the 75% limitation and, therefore, such limitation has been taken into account in the table above in calculating the estimated millage levy that would satisfy the maximum annual Lease Payments.

⁽⁵⁾ Pursuant to CS/HB 7055, the State appropriated the full amount of the charter school capital outlay funds per unweighted FTE student for the Fiscal Year 2020-21. In future years, if the State does not appropriate an amount at least equal to the average charter school capital outlay per unweighted FTE student for Fiscal Year 2018-19, multiplied by the estimated number of charter school students for the applicable fiscal year and adjusted for inflation from the previous year, charter school capital outlay funds would also consist of the Local Option Millage Levy revenue. If the State had not appropriated any funds for such purpose for Fiscal Year 2020-21, the District would have been required to pay an estimated \$10,935,590 or 0.05 mills of the Local Option Millage Levy to charter schools. At this time, the amount of the Local Option Millage Levy revenues to be shared with eligible charter schools in future years cannot be determined because the amount of State funds appropriated for the charter school capital outlay and charter school enrollment are unknown. See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Sources" herein.

Source: The School District of Palm Beach County, Florida.

Infrastructure Surtax Funds. Chapter 212, Part I, Florida Statutes, as amended, imposes a 6% sales tax on the sales price of tangible personal property sold at retail in the State subject to certain exemptions therefrom. A similar tax is imposed on the cost price of tangible personal property when the property is not sold, but is used, or stocked for use in the State. The largest single source of tax receipts in the State is the sales and use tax.

Section 212.055(2), Florida Statutes, authorizes local governments to impose a discretionary sales surtax of 0.5 percent or 1.0 percent on all transactions occurring in the county which transactions are subject to the state tax imposed on sales, use, services, rentals, admissions, and other transactions by Chapter 212, Florida Statutes, and certain communications services. However, local governments may not impose the surtax on the portion of any sales amount which exceeds \$5,000 on any item of tangible personal property. Section 202.11(1), Florida Statutes, defines "Communications services" as the transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals, including video services, to a point, or between or among points, by or through any electronic, radio, satellite, cable, optical, microwave, or other medium or method now in existence or hereafter devised, regardless of the protocol used for such transmission or conveyance. "Communications services" does not include certain items enumerated in such section. Such discretionary sales surtax may be used to finance, plan and construct infrastructure projects, among other purposes. The levy of the surtax must be pursuant to an ordinance of the county's governing board and approved by a referendum of the electors of the county. The surtax proceeds may be distributed pursuant to an interlocal agreement by and among the county, each municipality within the county, and the school board within such county.

On May 17, 2016, the Board of County Commissioners of the County, by a majority, enacted Ordinance Number 2016-032 (the "Sales Tax Ordinance") which provided for the levying and imposition, throughout the incorporated and unincorporated areas of the County, of an additional tax of 1.0% on all transactions occurring in the County subject to the aforementioned 6% sales tax (the "Sales Surtax") the proceeds of which would be applied to pay the costs of financing, planning, constructing, reconstructing, renovating and improving needed infrastructure. On November 8, 2016, the levy of the Sales Surtax was placed on the ballot and approved by a majority of the electors of the County who voted in the referendum. The Sales Surtax is effective for a ten-year period that commenced on January 1, 2017.

Pursuant to Section 212.055(2)(d)(1), Florida Statutes, the proceeds of any discretionary sales surtax and any interest accrued thereon may be expended to finance, plan and construct infrastructure; to acquire land for public recreation, conservation or protection of natural resources; to provide loans, grants, or rebates to residential or commercial property owners who make energy efficiency improvements to their residential or commercial property, if a local government ordinance authorizing such use is approved by referendum; and to finance the closure of county-owned or municipally-owned solid waste landfills that have been closed or are required to close by order of the Department of Environmental Protection. Neither the proceeds of the Sales Surtax nor any interest accrued thereon may be used for operational expenses of any infrastructure.

"Infrastructure" means, among other things, any fixed capital expenditure or fixed capital outlay associated with the construction, reconstruction or improvement of public facilities that have a life expectancy of five or more years and any related land acquisition, land improvement, design, and engineering costs.

Pursuant to an Interlocal Agreement (the "Interlocal Agreement"), between the School Board, the County and the municipalities therein, the parties thereto agreed upon a monthly method of distribution of the Sales Surtax. In each of the fiscal years 2018 through 2027, 50% of the net proceeds of the Sales Surtax will be distributed to the School Board with the remaining 50% to be distributed among the County and the municipalities within the County as provided in the Interlocal Agreement.

Pursuant to Section 212.055(2)(e), Florida Statutes, school districts, counties and municipalities receiving discretionary sales surtax proceeds may pledge such proceeds for the purpose of servicing new bond indebtedness incurred pursuant to law. In May 2019, the School Board entered into a Line of Credit Agreement ("LOC") with PNC Bank, National Association for the acquisition, construction and installation of sales tax eligible projects, pursuant to which the School Board may initially borrow a maximum of \$80 million. However, the borrowing limit may be increased each year to a maximum of \$200 million in the third and final year of the LOC. To date, the School Board has not borrowed any funds pursuant to the LOC. The Sales Surtax proceeds are pledged to the repayment of the amounts borrowed under the LOC. Notwithstanding the foregoing, the District does not currently anticipate the issuance of any additional bonds or obligations secured by the Sales Surtax revenues or educational impact fee revenues.

The Florida Department of Revenue ("FDOR") has the responsibility to administer, collect and enforce all surtaxes, including the Sales Surtax. The proceeds of each county's discretionary sales surtax collections are transferred to the Discretionary Sales Surtax Trust Fund. A separate account in the trust fund is to be established for each county imposing such a surtax. FDOR is authorized to deduct 3% of the total revenue generated for all counties levying a surtax for administrative costs. The FDOR makes monthly disbursements of the Sales Surtax directly to the School Board, the County and the municipalities therein. Proceeds of the Sales Surtax are not available to make Lease Payments on the Series 2021 Leases.

Sales Surtax revenues were \$145,847,735 for Fiscal Year 2018-19, \$139,909,981 for Fiscal Year 2019-20 and are budgeted to be \$104,245,944 for Fiscal Year 2020-21. For the six month period ending December 31, 2020, the District collected \$43,622,348 in Sales Surtax revenues during Fiscal Year 2020-21. **The School Board has not pledged the Sales Surtax revenues for payment of Basic Lease Payments represented by the Series 2021 Certificates and does not expect to pay any of the Basic Lease Payments represented by the Series 2021 Certificates from Sales Surtax revenues.**

The amount of Sales Surtax revenues distributed to the District is subject to increase or decrease due to (i) increases or decreases in the dollar volume of taxable sales within the County, (ii) legislative changes relating to the sales tax, which may include changes in the scope of taxable sales, and (iii) other factors which may be beyond the control of the District.

Educational Impact Fees. The County imposes an educational impact fee based on an ordinance adopted by the County Commission in 1998. The ordinance was most recently amended in 2019, when Ordinance 2019-13 established, in part, revised rates to be collected. The educational impact fee is collected by the County for most new residential construction. The educational impact fees can only be used to acquire, construct, expand, and equip the educational

sites and educational capital facilities necessitated by new development and to pay for certain collection and legal defense costs.

For the Fiscal Year 2017-18, the District received \$6,030,958 in educational impact fee revenues. The District did not receive any educational impact fee revenues in Fiscal Year 2018-19, although approximately \$6,447,347 of such revenues were received by the District in September 2019 that were collected in Fiscal Year 2018-19. The District did not receive any educational impact fees in Fiscal Year 2019-20, although the County collected such fees for the District's benefit. The District expects to receive such funds in Fiscal Year 2020-21. The Board expects to receive \$30,000,000 in educational impact fee revenues in Fiscal Year 2020-21, which amount includes funds collected by the County in Fiscal Year 2019-20, but not previously transferred to the District. There can be no assurance that educational impact fee revenues will be available to the Board in the future, as impact fee rates, as well as their levy, are subject to the discretion of the Board of County Commissioners of the County. The County increased the educational impact fee rates in 2019, but has not otherwise modified the educational impact fee rates or suspended collection thereof in the past ten years. In addition, educational impact fee revenue collections will also vary depending on the rate at which the educational impact fees are imposed, the categories of the buildings on which they are imposed, and the rate of new construction in the County, all of which are outside the control of the Board. Therefore, the historical educational impact fee collections provided herein are not a reliable indication of the amount of revenues the Board can expect to receive in future years from the levy of educational impact fees nor does it indicate the amount of educational impact fees, if any, available to pay debt service on the Series 2021 Certificates. See "RISK FACTORS – Educational Impact Fees" herein. NOTWITHSTANDING THE FOREGOING, THE SCHOOL BOARD HAS NOT PLEDGED THE EDUCATIONAL IMPACT FEES FOR PAYMENT OF BASIC LEASE PAYMENTS REPRESENTED BY THE SERIES 2021 CERTIFICATES, AND THE SCHOOL BOARD DOES NOT ANTICIPATE USING EDUCATIONAL IMPACT FEES FOR SUCH PURPOSE.

AD VALOREM TAXATION

The following information is provided in view of the fact that a large portion of the Board's revenues are derived from ad valorem taxation.

Property Assessment and County Property Appraiser

General. Ad valorem taxes may be levied only by counties, school districts, municipalities, and certain special districts (railroad properties are centrally assessed at the State level). No State ad valorem taxes shall be levied upon real estate or tangible personal property. State law requires that all ad valorem taxation be assessed at a uniform rate within each taxing unit and, with certain exceptions, that real and personal property subject to ad valorem taxation be assessed at 100% of its just value. See "Limitation on Increase in Assessed Value of Property" below. The following property is generally subject to taxation in the manner provided by law: (a) all real and personal property in the State and all personal property belonging to persons residing in the State; and (b) all leasehold interests in property of the United States, of the State, or any political subdivision, municipality, agency, authority, or other public body corporate of the State. Pursuant to the

Constitution of the State of Florida and State law, certain of such property may be exempt from ad valorem taxation. See "– Exemptions from Ad Valorem Taxation" below.

Determination of Property Valuation. The Property Appraiser of the County (the "Property Appraiser") determines property valuation on real and tangible personal property subject to ad valorem taxation as of January 1 of each year. By July 1 of each year, the Property Appraiser notifies the County, the District, each municipality within the County, and each other legally constituted special taxing district within the County as to its just valuation, the legal adjustments and exemptions, and the taxable valuation. The taxable valuation is then used by each taxing body to calculate its ad valorem millage for the budget year. See "– Limitation on Increase in Assessed Value of Property" and "– Millage Set by Local Governing Body" below for limitations on increases in assessed value of property.

Limitation on Increase in Assessed Value of Property. The Constitution of the State of Florida limits the increases in assessed just value of homestead property to the lower of (a) 3% of the assessment for the prior year or (b) the percentage change in the Consumer Price Index for all urban consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics. The accumulated difference between the assessed value and the just value is known as the "Save Our Homes Benefit." Further, any change of ownership of homestead property or upon termination of homestead status such property shall be reassessed at just value as of January 1 of the year following the year of sale or change of status; new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead; and changes, additions, reductions or improvements to the homestead shall initially be assessed as provided for by general law.

Owners of homestead property may transfer up to \$500,000 of their Save Our Homes Benefit to a new homestead property purchased within three years of the sale of their previous homestead property to which such benefit applied if the just value of the new homestead is greater than or is equal to the just value of the prior homestead. If the just value of the new homestead is less than the just value of the prior homestead, then owners of homestead property may transfer a proportional amount of their Save Our Homes Benefit, such proportional amount equaling the just value of the new homestead divided by the just value of the prior homestead multiplied by the assessed value of the prior homestead.

For all levies other than school district levies, assessment increases for specified non-homestead real property may not exceed 10% of the assessment for the prior year. See "– Legislation Relating to Ad Valorem Taxation – Recent Amendments Relating to Ad Valorem Taxation" below.

Preparation of Tax Roll. The Property Appraiser applies the final certified millage of each taxing body to the assessed valuation on each item of real and tangible personal property, and prepares the final tax roll which is certified to the Tax Collector of the County (the "Tax Collector") by October 1. This permits the printing of tax bills for delivery on November 1 of each year. The tax bills contain all of the overlapping and underlying millages set by the various taxing bodies. All ad valorem taxes are collected by the Tax Collector and distributed to the various taxing bodies. See "– Tax Collection and Distribution by Tax Collector" below.

Appealing Property Valuation. Concurrently with notification to the various taxing bodies, the Property Appraiser notifies each property owner of the proposed valuation and the proposed millage on his or her property. If the individual property owner believes that his or her property has not been appraised at just value, the owner may (a) request an informal conference with the Property Appraiser to resolve the issue, (b) file a petition with the clerk of the County value adjustment board (the "Adjustment Board"), or (c) appeal to the Circuit Court within 60 days of the certification for collection of the tax roll or within 60 days of the issuance of a final decision by the Adjustment Board. A petition to the Adjustment Board must be signed by the taxpayer or be accompanied at the time of filing by the taxpayer's written authorization for representation by a qualified person. Property owners appealing the assessed value or assigned classification of their property must make a required partial payment of taxes (generally equal to 75% of the ad valorem taxes due, less the applicable statutory discount, if any) with respect to the properties that will have a petition pending on or after the delinquency date (normally April 1). A property owner's failure to make the required partial payment before the delinquency date will result in the denial of the property owner's petition. A taxpayer receives notice of the hearing and is required to provide the Property Appraiser with a list of evidence, copies of documentation, and summaries of testimony prior to the hearing before the Adjustment Board. The Adjustment Board holds public hearings on such petitions and may make adjustments to the valuations made by the Property Appraiser if such valuations are found not to be fair and at market value. The Adjustment Board must complete all required hearings and certify its decision with regard to all petitions and certify to the Property Appraiser the valuation to be used by June 1 following the tax year in which the assessments were made. The June 1 requirement shall be extended until December 1 in each year in which the number of petitions filed with the Adjustment Board increased by more than 10% over the previous year. These changes are then made to the final tax roll.

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Assessed Valuation of Taxable Property

The following table sets forth the percentage of taxable value to total assessed value for Fiscal Years 2015-16 through 2020-21.

School District of Palm Beach County, Florida Assessed Value of Taxable Property (in thousands)

Fiscal Year Ended June 30	Gross Assessed Value ⁽¹⁾	Total Taxable Value for Operating Millages	% Taxable to Total Assessed Value
2021	\$288,618,967	\$221,554,505	76.76%
2020	277,597,143	221,933,364	79.89
2019	264,726,097	200,498,118	75.74
2018	251,686,232	189,612,543	75.34
2017	237,323,968	178,279,409	75.12
2016	217,421,528	164,866,398	75.83

⁽¹⁾ Assessed value equals 100% of estimated value.

Source: Palm Beach County, Florida Property Appraiser.

Millage Set by Local Governing Body

General. The Constitution of the State of Florida provides that ad valorem taxes shall not be levied in excess of the following millages upon the assessed value of real estate and tangible personal property: for all county purposes, ten mills; for all municipal purposes, ten mills; for all school purposes, ten mills; for water management purposes for the northwest portion of the state lying west of the line between ranges two and three east, 0.05 mill; for water management purposes for the remaining portions of the state, 1.0 mill; and for all other special districts a millage authorized by law approved by voters. With respect to schools, the millage limitation does not apply to taxes approved at referendum by qualified electors in the County for general obligation bonds and certain other short-term, voter approved levies.

As described above, the Property Appraiser is required to certify to each taxing authority the aggregate taxable value of all non-exempt property within the jurisdiction of the taxing authority, as well as the prior year's tax revenues, for use in connection with the determination of the forthcoming budget and millage levy. The form on which such certification is made by the Property Appraiser is required to include instructions to each taxing authority describing the proper method of computing a millage rate, which, exclusive of new construction, additions to structures, deletions and property added due to geographic boundary changes, will provide the same ad valorem tax revenues for each taxing authority as was levied during the prior fiscal year. See "Millage Rollback Legislation" below.

Each respective millage rate, except as limited by law, is set on the basis of estimates of revenue needs and the total taxable property valuation within the taxing authority's respective jurisdiction. Ad valorem taxes are not levied in excess of actual budget requirements. State law requires the Board to adopt and maintain a balanced tentative budget and a balanced final budget, in which anticipated revenues less certain required deductions combined with beginning fund

balances equal appropriations. The Board is required to advertise its intent to adopt a tentative budget, including a capital outlay budget, within 29 days following receipt from the Property Appraiser of the preliminary certification of taxable value. The Board holds a public hearing on the tentative budget and the proposed tax rates within five days of its advertisement, and officially adopts the tentative budget and tax rates at the hearing. Thereafter, the Property Appraiser prepares tax millage notices for property owners within the District. The final budget and tax rate are fixed in September of each year, following a final public hearing and in accordance with statutory timelines. The Superintendent is responsible for preparing the preliminary and tentative budgets for recommendation to the Board. Generally, the final budget is substantially the same as the tentative budget since the Board's hiring plans and materials purchases have been determined before the final Budget is adopted. The Board adopted the final budget for the Fiscal Year 2020-21 on September 9, 2020.

As part of the budget process, the District is required to provide advance notice of the purposes for which the District intends to spend budgeted amounts, including those derived from the revenues generated from the Local Option Millage Levy, and to adopt a budget that shows the capital outlay expenditures applicable to each project. For information regarding the Local Option Millage Levy, see "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Sources" herein. The District currently lists in such notice all projects that may begin within the Fiscal Year which are reasonably anticipated to be funded from revenues generated from the estimated Local Option Millage Levy. This listing is provided to allow for public input for all capital outlay projects that are reasonably anticipated to be funded from the revenues.

Millage Rollback Legislation. In 2007, the Florida Legislature adopted a property tax plan that significantly impacted ad valorem tax collections for State local governments (the "Millage Rollback Legislation"). One component of the Millage Rollback Legislation required counties, cities, and special districts to rollback their millage rates for the Fiscal Year 2007-08 to a level that, with certain adjustments and exceptions, would generate the same level of ad valorem tax revenue as in Fiscal Year 2006-07; provided, however, depending upon the relative growth of each local government's own ad valorem tax revenues from 2001 to 2006, such rolled back millage rates were determined after first reducing 2006-07 ad valorem tax revenues by 0% to 9%. In addition, the Rollback Legislation also limited how much the aggregate amount of ad valorem tax revenues may increase in future fiscal years. A local government may override certain portions of these requirements by a supermajority, and for certain requirements, a unanimous vote of its governing body. School districts are not required to comply with the particular provisions of the Millage Rollback Legislation relating to limitations on increases in future years.

District Millage Rates. The following table contains current and historical millage rates (tax per \$1,000 of assessed value) for the Board for the Fiscal Years 2015-16 through 2020-21:

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	Fiscal Year Ended June 30					
	2016	2017	2018	2019	2020	2021
General Fund						
Required Local Effort ⁽¹⁾	5.014	4.572	4.271	4.074	3.916	3.762
Discretionary	0.748	0.748	0.748	0.748	0.748	0.748
Voter Approved ⁽²⁾	0.250	0.250	0.250	0.250	1.000	1.000
Subtotal	6.012	5.570	5.269	5.072	5.664	5.510
Debt Service	0.000	0.000	0.000	0.000	0.000	0.000
Capital Improvement	1.500	1.500	1.500	1.500	1.500	1.500
Total Millage Levy	7.512	7.070	6.769	6.572	7.164	7.010

⁽¹⁾ Inclusive of Prior Period Funding Adjustment Millage, if any.

⁽²⁾ Levied for operating purposes pursuant to Section 1011.71(9), Florida Statutes.

Source: The School District of Palm Beach County, Florida.

See "OPERATING REVENUES OF THE DISTRICT – Local Sources – Ad Valorem Taxes" and "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Revenue Sources – Local Option Millage Levy" herein for additional information on the various millages authorized to be levied by the school districts.

Countywide Millage Rates. The following table sets forth the tax rates in dollars per \$1,000 of taxable valuation for the County for the fiscal years 2012 through 2021.

County Wide Ad Valorem Millage Rates

Fiscal Year	District	County	Total Water District	Total County Wide
2021	7.0100	6.2202	0.2675	13.4977
2020	7.1640	6.2658	0.2795	13.7093
2019	6.5720	6.2964	0.2936	13.1620
2018	6.7690	6.3741	0.3100	13.4531
2017	7.0700	6.5288	0.3307	13.9295
2016	7.5120	6.6700	0.3551	14.5371
2015	7.5940	6.7619	0.3842	14.7401
2014	7.5860	6.8022	0.4110	14.7992
2013	7.7780	6.8767	0.4289	15.0836
2012	8.1800	6.8995	0.4363	15.5158

Source: The School District of Palm Beach County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ending June 30, 2020; 2021 figures provided by the District.

Tax Collection and Distribution by Tax Collector

General. All real and tangible personal property taxes are based on assessed values as certified and delivered to the Tax Collector by the Property Appraiser as described above. The Tax Collector mails to each property owner on the tax roll a tax bill for the taxes levied by the various taxing authorities in the County. Taxes may be paid upon receipt of such bill with discounts at the rate of 4% if paid in the month of November, 3% if paid in the month of December, 2% if paid in

the month of January, and 1% if paid in the month of February. Taxes paid during the month of March are without discount. Because of the discount in ad valorem taxes for payments made prior to March 1, taxes collected will likely never be 100% of the tax levy.

The Tax Collector is required to distribute the taxes collected to each governmental unit levying the tax. Such distribution is to be made four times during the first two months after the tax roll comes into its possession, and once per month thereafter.

Delinquent Taxes. All unpaid taxes on real and tangible property become delinquent on April 1 of the year following the year in which the taxes were levied. Delinquent real property taxes bear interest at the rate of 18% per year from April 1 until paid, or until payment is no longer required or until a tax certificate is sold at auction (from which time the interest rate shall be as bid by the buyer of the tax certificate). Delinquent tangible personal property taxes also bear interest at the rate of 18% per year from April 1 until paid. Delinquent personal property taxes must be advertised within 45 days after delinquency, and after May 1, the property is subject to warrant, levy, seizure and sale.

Tax Certificates and Tax Deeds. On or before June 1 or the 60th day after the date of delinquency, whichever is later, the Tax Collector must advertise once each week for three weeks and must sell tax certificates on all real property that is the subject of delinquent taxes. The tax certificates are sold to those bidding the lowest interest rate. Such certificates include the amount of delinquent taxes, the penalty interest accrued thereon and the cost of advertising. Delinquent tax certificates not sold at auction become the property of the County. State law provides that real property tax liens are superior to all other liens, except prior Internal Revenue Service liens.

To redeem a tax certificate, the owner of the property must pay all delinquent taxes, the penalty interest that accrued prior to the date of the sale of the tax certificate, charges incurred in connection with the sale of the tax certificate, omitted taxes, if any, and interest at the rate shown on the tax certificate (or interest at the rate of 5%, whichever is higher) from the date of the sale of the tax certificate to the date of redemption. If such tax certificates or liens are not redeemed by the property owner within two years, the holder of the tax certificates can cause the property to be sold to pay off the outstanding certificates and the interest thereon.

At any time after two years have elapsed since April 1 of the year of the issuance of a tax certificate and before the expiration of seven years, the holder of the tax certificate may apply for a tax deed with respect to any tax certificate it holds. Two years after such April 1, the County may make application for a tax deed with respect to any tax certificate it holds. Upon receipt of such applications, a public sale is advertised and held (unless the property is redeemed), and the highest bidder at such sale receives a tax deed for the property. Provisions are also made for the collection of delinquent tangible personal property taxes, but in a different manner, which includes the possible seizure of the tangible personal property.

Exemptions from Ad Valorem Taxation

General. State law provides for numerous exemptions and limitations on ad valorem taxation of real property and tangible personal property. Real property used for the following purposes is generally exempt from ad valorem taxation: religious, educational, literary, charitable,

scientific, and governmental uses. Certain additional exemptions and limitations are described below. This description does not purport to describe all exemptions available to property owners in the State, and reference is made to the Constitution of the State of Florida and Chapter 196, Florida Statutes, for a full description of such exemptions. In addition, State law allows for, but does not mandate, the imposition of some exemptions by local governments by ordinance. Certain recent amendments to existing provisions relating to ad valorem tax exemptions are described under "Legislation Regarding Ad Valorem Taxes – Recent Amendments Relating to Ad Valorem Taxation."

Constitutional Exemptions. The Constitution of the State of Florida provides for the following exemptions from ad valorem taxation:

Exempt Entities/Exempt Purposes. The Constitution of the State of Florida provides that all property owned by a municipality and used exclusively by it for municipal or public purposes shall be exempt from taxation. A municipality, owning property outside the municipality, may be required by general law to make payment to the taxing unit in which the property is located. Such portions of property as are used predominantly for educational, literary, scientific, religious or charitable purposes (exempt purposes) may be exempted by general law from taxation. State law provides that all property owned by an exempt entity, including educational institutions, and used exclusively for exempt purposes shall be totally exempt from ad valorem taxation and all property owned by an exempt entity, including educational institutions, and used predominantly for exempt purposes (at least 50%) shall be exempted from ad valorem taxation to the extent of the ratio that such predominant use bears to the nonexempt use.

Household Goods and Personal Effects. The Constitution of the State of Florida provides that there shall be exempt from taxation, cumulatively, to every head of a family residing in the State, household goods and personal effects to the value fixed by general law, not less than \$1,000 and to every widow or widower or person who is blind or totally and permanently disabled, property to the value fixed by general law not less than \$500. State law exempts from taxation to every person residing and making his or her permanent home in the State, all household goods and personal effects and exempt property up to the value of \$500 of every widow, widower, blind person, or totally and permanently disabled person who is a resident of the State.

Tangible Personal Property and Renewable Energy Devices. The Constitution of the State of Florida provides that by general law and subject to conditions specified therein, \$25,000 of the assessed value of property subject to tangible personal property tax shall be exempt from ad valorem taxation. Effective January 1, 2018 through December 31, 2037, the assessed value of solar devices or renewable energy source devices subject to tangible personal property tax may be exempt from ad valorem taxation, subject to limitations provided by general law.

Property Dedicated in Perpetuity for Conservation. The Constitution of the State of Florida provides that there shall be granted an ad valorem tax exemption for certain real property dedicated in perpetuity for conservation purposes, including real property encumbered by perpetual conservation easements or by other perpetual conservation protections, as defined by general law.

Homestead Exemption. The Constitution of the State of Florida provides for a homestead exemption. Every person who has the legal title or beneficial title in equity to real property in the

State and who resides thereon and in good faith makes the same his or her permanent residence or the permanent residence of others legally or naturally dependent upon such person is eligible to receive a homestead exemption of up to \$50,000. The first \$25,000 applies to all property taxes, including school district taxes. The additional exemption, up to \$25,000, applicable to the assessed value of the property between \$50,000 and \$75,000, applies to all levies other than school district levies. A person who is receiving or claiming the benefit of an ad valorem tax exemption or a tax credit in another state where permanent residency, or residency of another legally or naturally dependent upon the owner, is required as a basis for the granting of that ad valorem tax exemption or tax credit is not entitled to the homestead exemption. In addition to the general homestead exemption described in this paragraph, the following additional homestead exemptions are authorized by State law.

Certain Active Duty Military and Veterans. A military veteran who was honorably discharged, is a resident of the State, and who is disabled to a degree of 10% or more because of injury while serving during wartime may be entitled to a \$5,000 reduction in the assessed value of his or her property. This exemption is not limited to homestead property.

Permanently and Totally Disabled Veterans. A military veteran who is a resident of the State and was honorably discharged with a service-related total and permanent disability may be eligible for a total exemption from taxes on property they own and use as their homesteads. A similar exemption is available to disabled veterans confined to wheelchairs. Under certain circumstances, the veteran's surviving spouse may be entitled to carry over these exemptions.

Discounts for Disabled Veterans. Each veteran who is age 65 or older and is partially or totally permanently disabled may receive a discount on the assessed value of the property that the veteran owns and uses as a homestead. The discount is a percentage equal to the percentage of the veteran's permanent, service-connected disability as determined by the United States Department of Veteran's Affairs.

Deployed Military Personnel. Each person who receives a homestead exemption; who was a member of the United States military or military reserves, the United States Coast Guard or its reserves, or the Florida National Guard; and who was deployed during the preceding calendar year on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the Florida Legislature shall receive an additional exemption equal to a percentage of the taxable value of his or her homestead property. The applicable percentage shall be calculated as the number of days during the preceding calendar year the person was deployed on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the Legislature divided by the number of days in that year.

Exemption for Disabled First Responders. First responders who are totally and permanently disabled as a result of injuries sustained in the line of duty receive ad valorem tax relief on their homestead property. The amount of tax relief, to be defined by general law, can equal the total amount or a portion of the ad valorem tax otherwise owed on the homestead property. Florida defines first responders as law enforcement officers, correctional officers, firefighters, emergency medical technicians and paramedics.

Survivors of First Responders. Any real estate that is owned and used as a homestead by the surviving spouse of a first responder (law enforcement officer, correctional officer, firefighter, emergency medical technician or paramedic), who died in the line of duty may be granted a total exemption on homestead property if the first responder and his or her surviving spouse were permanent residents of the State on January 1 of the year in which the first responder died.

Certain Totally and Permanently Disabled Persons. Any real estate used and owned as a homestead by a quadriplegic, less any portion used for commercial purposes, is exempt from all ad valorem taxation. Real estate used and owned as a homestead by a paraplegic, hemiplegic, or other totally and permanently disabled person, who must use a wheelchair for mobility or who is legally blind, is exempt from taxation if the gross household income is below statutory limits.

Other Exemptions. Other exemptions include, but are not limited to, nonprofit homes for the aged (subject to income limits for residents), proprietary continuing care facilities, not for profit sewer water/waste water systems, certain hospital facilities and nursing homes for special services, charter schools, certain historic property used for commercial purposes, and certain tangible personal property.

Legislation Relating to Ad Valorem Taxation

Recent Amendments Relating to Ad Valorem Taxation. In recent legislative sessions, several legislative proposals and proposed constitutional amendments were passed (and approved by voters in the case of constitutional amendments) affecting ad valorem taxation, including classification of agricultural lands during periods of eradication or quarantine, deleting requirements that conservation easements be renewed annually, providing that just value of real property shall be determined in the first tax year for income restricted persons age 65 or older who have maintained such property as their permanent residence for at least 25 years, authorizing a first responder who is totally and permanently disabled as a result of injuries sustained in the line of duty to receive relief from ad valorem taxes assessed on homestead property, revising procedures with respect to assessments, hearings and notifications by the value adjustment board, and revising the interest rate on unpaid ad valorem taxes.

During the 2020 Florida legislative session, a constitutional amendment was proposed by the Legislature which would extend the discount on ad valorem taxes provided to certain honorably discharged veterans to their spouses (the "Surviving Spouse Exemption"). Specifically, the Surviving Spouse Exemption would allow the same ad valorem tax discount on homestead property for combat-disabled veterans age 65 or older to transfer to the surviving spouse of a veteran receiving the discount if the surviving spouse holds the legal or beneficial title to the homestead, permanently resides thereon, and does not remarry. The Surviving Spouse Exemption was approved by the electorate at the November 2020 general election and took effect on January 1, 2021.

Future Amendments Relating to Ad Valorem Taxation. Historically, various legislative proposals and constitutional amendments relating to ad valorem taxation have been introduced in each session of the Florida Legislature. Many of these proposals have provided for new or increased exemptions to ad valorem taxation and limited increases in assessed valuation of certain types of property or otherwise restricted the ability of local governments in the State to levy ad

valorem taxes at current levels. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would have a material adverse effect upon the collection of ad valorem taxes by the District, the District's finances in general or the District's ad valorem taxing power.

The following table sets forth the amounts billed and collected for ad valorem property taxes levied by the District for the Fiscal Years 2015 through 2020 and current collections for Fiscal Year 2020-21.

**The School District of Palm Beach County, Florida
Property Tax Levies and Collections
(All Governmental Funds)
(In Thousands)**

<u>Fiscal Year Ended June 30</u>	<u>Property Taxes Levied</u>	<u>Current Tax Collections</u>	<u>Total Tax Collections</u>	Percent of Current Tax Collected to Property Taxes Levied ⁽¹⁾
2021	\$1,555,753	\$1,450,630 ⁽²⁾	\$1,450,630 ⁽²⁾	93.24% ⁽²⁾
2020	1,510,984	1,447,624	1,447,809	95.81
2019	1,314,875	1,268,072	1,268,237	96.44
2018	1,283,487	1,237,398	1,237,519	96.41
2017	1,260,435	1,214,201	1,218,207	96.33
2016	1,238,476	1,193,392	1,201,557	96.36
2015	1,137,084	1,094,037	1,095,063	96.21

⁽¹⁾ Reflects percentage of current (rather than total) tax collections to taxes levied. Also, such figures are not adjusted to take into account discounts for early payment of property taxes. See "AD VALOREM TAXATION - Procedures for Tax Collections and Distribution" above.

⁽²⁾ Collections through April 7, 2021.

Source: The School District of Palm Beach County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ending June 30, 2020; Fiscal Year 2021 figures provided by the District.

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Principal Property Tax Payers

The following table contains the list of the County's ten largest taxpayers for the Fiscal Year ended June 30, 2020 as compared to June 30, 2011.

Palm Beach County, Florida Principal Property Tax Payers (in Thousands)

Taxpayer	Type Of Business	2020			2011		
		2019 Taxes	Rank	% of Total Aggregate Tax Levy	2010 Taxes	Rank	% of Total Aggregate Tax Levy
Florida Power & Light Company	Utility	\$101,430	1	3.23%	\$59,125	1	1.97%
Town Center	Retail Mall	10,870	2	0.35	7,286	3	0.24
Gardens Venture LLC	Retail Mall	7,334	3	0.23	-	-	-
Breakers Hotel - Palm Beach	Resort Hotel	6,964	4	0.22	3,222	10	0.11
Boca Owner LLC	Elevators	6,921	5	0.22	-	-	-
U.S. Sugar Corporation	Agriculture	5,545	6	0.18	5,597	4	0.19
CPT Phillips Point LLC	Property Manager	4,679	7	0.15	-	-	-
Palm Beach Outlets I LLC	Retail Mall	4,126	8	0.13	-	7	-
Okeelanta Corporation	Agriculture	3,936	9	0.13	3,475	-	0.12
KH ALTON LLC	Real Estate Developer	3,864	10	0.12	-	-	-
BellSouth Telecommunications	Telecommunications	-	-	-	8,055	2	0.27
Lawrence L. Landry	Charitable Foundation	-	-	-	4,804	5	0.16
Comcast of Florida/Georgia LLC	Cable/Internet Provider	-	-	-	3,562	6	-
Panthers BRHC Ltd.	Resort Hotel	-	-	-	3,359	8	0.11
TM Wellington Green Mall ⁽¹⁾	Retail Mall	-	-	-	3,309	9	0.11
Total		\$155,670		4.96%	\$101,795		3.28%

⁽¹⁾ TM Wellington Green Mall LP was owned by TJ Palm Beach Associates Ltd Partnership.

Source: The School District of Palm Beach County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020.

RECENT GOVERNMENTAL ACTIONS AFFECTING DISTRICT REVENUES

General

During recent years, various other legislative proposals and constitutional amendments relating to ad valorem taxation and District revenues have been introduced in the State Legislature. Many of these proposals provide for new or increased exemptions to ad valorem taxation, limit increases in assessed valuation of certain types of property or otherwise restrict the ability of local governments in the State to levy ad valorem taxes at recent, historical levels. Other proposals have sought to restrict the ability of local governments to use certain revenues for payment of debt service or provide for additional procedures and notices to issue tax-supported debt. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the District or its finances.

Constitutional Amendments Related to Class Size Reduction

Amendment 9 to the State Constitution required the State Legislature to provide funding for sufficient classrooms so that class sizes can be reduced to certain constitutional class size maximums by the beginning of the 2010 school year. Amendment 9, and Sections 1003.03 and 1013.735, Florida Statutes, relating to the implementation of Amendment 9 are referred to herein as the "Class Size Legislation."

The Class Size Legislation established constitutional class size maximums limiting students per class to no more than 18 for pre-kindergarten through 3rd grade, 22 for grades 4 through 8 and 25 for grades 9 through 12. Compliance is determined on a period-by-period basis. Through Fiscal Year 2009-10, the District complied with the requirements of the Class Size Legislation which was based on average class size at each school. Beginning in Fiscal Year 2010-11, the requirements were based on the number of students in each individual classroom and subsequently, schools that provided choice (e.g., charter, magnet, career and technical, etc.) continued to be required to meet average class size at each school. However, as the entire District is a Choice District, class size compliance is determined on a school-by-school basis. In the event a school district is not in compliance with such requirements (based on October student enrollment), the Class Size Legislation provides that the State shall reduce the class size funding, which can be adjusted for good cause. For those school districts that are in compliance with the Class Size Legislation, a reallocation bonus of up to 5% of the base student allocation shall be distributed. School districts not in compliance are required to submit to the Commissioner of Education a corrective action plan that describes specific actions the district will take in order to fully comply with the requirements by October of the following year. If the district submits the certified plan by the required deadline, 75% of the funds remaining after the reallocation to school districts will be reallocated based upon each school district's proportion of the total reduction.

The Class Size Legislation further created an "Operating Categorical Fund for Class Size Reduction," the "Classroom for Kids Program," the "District Effort Recognition Grant Program" and the "Class Size Reduction Lottery Revenue Bond Program" to provide funding for capital outlays and operating expenditures necessary in relation to these mandated class size reductions.

The Class Size Legislation requires each school board to consider implementing various policies and methods to meet these constitutional class sizes, including encouraging dual enrollment courses, encouraging the Florida Virtual School, maximizing instructional staff, reducing construction costs, using joint-use facilities, implementing alternative class scheduling, redrawing attendance zones, implementing evening and multiple sessions and implementing year-round and non-traditional calendars.

As of the October 2020 survey, the week during which the Department of Education determines compliance with class size maximums, the District had 100% of its schools in compliance.

Legislative Changes Relating to School Choice

During the State Legislature's 2016 Regular Session, the Florida Legislature enacted House Bill 7029 ("HB 7029"). Among other things, a parent whose child is not subject to a current

expulsion or suspension order may seek enrollment in and transport his or her child to any public school in the State, including a charter school, which has not reached capacity. The school district or charter school shall accept and report the student for purposes of funding through the FEFP. The school district or charter school may provide student transportation at their discretion. HB 7029 requires the capacity determinations of each school district and charter school to be current and identified on their respective school websites. Each school must provide preferential treatment in its controlled open enrollment process to: (1) dependent children of active duty military personnel who moved as a result of military orders, (2) children relocated due to foster care placement in a different school zone, (3) children relocated due to a court ordered change in custody as a result of separation or divorce, or the serious illness or death of a parent, and (4) students residing in the school district. Students residing in the school district may not be displaced by a student from another school district. A student who transfers may remain at the school until the student completes the highest grade level offered. This amendment took effect with the 2017-18 school year. At present, the impact of the school choice provisions of HB 7029 on the District's finances has been minimal.

HB 7029 also revises the method for enforcing compliance with the Class Size Legislation to clarify that for purposes of enforcing compliance, the calculation is based upon the statutory formula used to determine the reduction in class size categorical funding for noncompliance. At present, the Class Size Legislation compliance enforcement provisions of HB 7029 have not had any significant impact on the District's finances.

House Bill No. 7045 ("HB 7045") was passed during the 2021 Florida legislative session. HB 7045 merges the State's school choice programs for certain disabled students, and expands eligibility for school voucher programs for low- and middle-income students and students subject to harassment, consolidates existing school-choice programs, increases the amount of State funding for the consolidated school-choice programs to \$200 million and allows the use of scholarship funds for private school tuition and other expenses such as tutoring, computers, and internet access. The Governor has not yet signed such legislation into law. However, if such legislation is enacted, it is likely to have an adverse impact on the District's finances if a significant number of eligible students transition to private schools. See "RISK FACTORS - State Revenues" herein.

Distribution of Capital Outlay Funds to Charter Schools

During the Florida Legislature's 2017 Regular Session, the Florida Legislature passed HB 7069 ("HB 7069") which, among other things, requires school districts to distribute local capital outlay funds from the Local Option Millage Levy to charter schools. HB 7069 establishes the calculation methodology to determine the amount of local capital outlay funds from the Local Option Millage Levy a school district must distribute to each eligible charter school. Such calculation provides that the amount of local capital outlay funds from the Local Option Millage Levy a school district must distribute to each eligible charter school will be reduced by the school district's annual debt service obligation incurred as of March 1, 2017 (which include certain of the Current Leases, but not the Series 2021 Leases) that are being satisfied by Local Option Millage Levy revenues.

On March 11, 2018, then Governor Rick Scott approved CS/HB 7055. CS/HB 7055, among other things, revised certain of the requirements of HB 7069 relating to the required sharing of the Local Option Millage Levy revenues with charter schools. CS/HB 7055, among other things, specifies that charter school capital outlay funds shall consist of State funds when such funds are appropriated. However, if in any given year, the amount of State funds is not equal to, or is less than, the average charter school capital outlay funds per unweighted FTE student for the Fiscal Year 2018-19, multiplied by the estimated number of charter school students for the applicable fiscal year and adjusted for inflation from the previous year, charter school capital outlay funds shall also consist of the Local Option Millage Levy revenue. CS/HB 7055 also clarified that the debt service obligation that can be reduced from the distribution to charter schools is the debt service obligation incurred as of March 1, 2017, which has not been subsequently retired, and also requires each school district to annually certify to the State of Florida Department of Education the amount of the debt service obligation that can be reduced from the distribution to charter schools. The provisions of HB 7069 were subject to lawsuits filed by certain affected school boards, including the School Board. However, none of such suits were successful in challenging the legality of HB 7069. For Fiscal Year 2017-18, the impact of HB 7069 and CS/HB 7055 on the District reduced its capital budget by \$9.27 million. For Fiscal Year 2018-19, there was no impact on the District as Fiscal Year 2018-19 provided the baseline State funding for determining whether charter schools receive any Local Option Millage Levy revenues in future years. For Fiscal Year 2019-20, sufficient State charter capital outlay funds per FTE student were appropriated so that the District was not required to share any Local Option Millage Levy revenues with charter schools in the District in Fiscal Year 2019-20. The State 2020-21 education budget also provides for sufficient State charter capital outlay funds per FTE student such that the District will not be required to share any Local Option Millage Levy revenues with charter schools in the District in Fiscal Year 2020-21. However, no assurance can be given that the State will continue to allocate sufficient State funds in future years. See "RISK FACTORS - State Revenues" and " - Coronavirus (COVID-19)" herein.

Schools of Hope

In addition to requiring school districts to share the Local Option Millage Levy revenue with charter schools, HB 7069, as amended by HB 7070 in 2019, also establishes the Schools of Hope Program to encourage traditional public schools within the State and charter operators throughout the country to replicate their model and service students from persistently low-performing schools and students who reside in a Florida Opportunity Zone (as defined therein). These provisions of HB 7069, now codified in Section 1002.333, Florida Statutes, provide for the establishment of Schools of Hope, which are charter schools operated by a Hope Operator to service students from one or more persistently low-performing schools; are located within a Florida Opportunity Zone or in the attendance zone of the persistently low-performing school or within a five mile radius of such school, whichever is greater; and is a Title I eligible school. Section 1002.333, Florida Statutes, defines "persistently low-performing schools" as schools that have earned three consecutive school grades below a "C" pursuant to Section 1008.34, Florida Statutes, in at least three of the previous five years and has not earned a school grade of "B" or higher in the most recent two school years, and a school that was closed pursuant to Section 1008.33(4), Florida Statutes within two years of a notice of intent, and defines "Hope Operators" as nonprofit organizations that operate three or more charter schools with a record of serving students from low-income families and receives such designation from the Florida Department of

Education. Pursuant to Section 1002.333, Florida Statutes, the statutory requirements for the application, approval, and contract that apply to charter schools do not apply to Schools of Hope; instead, a Hope Operator submits a notice of intent to a school district in order to open a School of Hope and the school district is required to enter into a performance based agreement with a Hope Operator within 60 days of receiving a notice of intent.

Section 1002.333, Florida Statutes, also (a) provides Schools of Hope with certain statutory authority, including, but not limited to, allowing a School of Hope to be designated as a local educational agency for the purposes of receiving federal funds; (b) provides that Schools of Hope are exempt from Chapters 1000-1013, Florida Statutes, and all school board policies, except any laws related to (i) the student assessment program and school grading system, (ii) student progression and graduation, (iii) provisions of services to students with disabilities, (iv) civil rights, (v) student health, safety, and welfare, (vi) public meetings, (vii) public records, and (viii) the code of ethics for public officers and employees.; (c) provides provisions for facilities for Schools of Hope; (d) provides provisions for funding Schools of Hope, including that they be funded in accordance with the statutory provisions relating to funding for charter schools and be considered a charter schools for purposes of charter school capital outlay; (e) establishes the School of Hope Program to cover specified operational expenses for Schools of Hope; and (f) establishes the Schools of Hope Revolving Loan Program to help Schools of Hope cover school building construction and startup costs.

The District does not currently have any schools that are considered "persistently low-performing schools" under Section 1002.333, Florida Statutes. At this time, the School Board cannot determine what impact HB 7069 will have if any of the District's schools were to become persistently low-performing schools.

Public Safety Mandate

In 2018, the Florida Legislature passed Senate Bill 7026 ("SB 7026") which, among other things, includes provisions designed to: enhance school safety policies, procedures, and personnel at the State and local level; improve and expand mental health services; and revise laws and empower law enforcement and the courts to limit access to firearms by young adults or by individuals exhibiting a risk of harming themselves or others. Specifically, SB 7026 requires each school board and superintendent to partner with law enforcement agencies to establish or assign one or more safe-school officers at each school facility within the district by implementing any combination of the following options: (a) establish school resource officer programs through cooperative agreements with law enforcement agencies; (b) commission one or more school safety officers for the protection and safety of school personnel, property, and students within the school district; (c) at a school district's discretion, and if established by the sheriff's office, participate in the Guardian Program, which allows certain school employees (but not employees who exclusively perform classroom duties as classroom teachers) to carry a firearm on school grounds if such employee volunteers and completes the statutorily required training. During the 2019 Legislative session, the State Legislature passed CS/CS/SB 7030 ("SB 7030") which among other things, removes the prohibition on individuals who perform exclusively classroom duties as a teacher from participating in the Guardian Program. However, the decision to allow teachers to be armed guardians remains with each individual school board. In 2018, the Board adopted a resolution which prohibits arming teachers in District operated schools. The District added 75 new positions

in Fiscal Year 2018-19 and approximately 110 officers including school officers, detectives, K9s, trainers and sergeants in Fiscal Year 2019-20 to provide school safety officers at each District operated school. The School Board also has entered into contracts with the County Sheriff's Office and other local law enforcement agencies to supplement existing school resource officers until all positions are filled. For Fiscal Year 2019-20 only, the District assisted charter schools in complying with SB 7030, which includes the use of armed guards. The District is not paying for security at charter schools in Fiscal Year 2020-21. The estimated cost to the District for Fiscal Year 2020-21 is expected to be \$27 million.

RISK FACTORS

Each purchaser of Series 2021 Certificates is subject to certain risks and each prospective purchaser of Series 2021 Certificates is encouraged to read this Offering Statement in its entirety. Particular attention should be given to the factors described below which, among others, could affect the market price of the Series 2021 Certificates to an extent that cannot be determined.

Annual Right of the School Board to Terminate the Series 2021 Leases

Although the School Board has determined that the Series 2021 Facilities are necessary to its operations and currently intends to continue the Series 2021 Leases in force and effect for the maximum Lease Terms and has covenanted in the Series 2021 Leases that the Superintendent will include a sufficient amount in the tentative budget to enable the School Board to make all Lease Payments due in each Fiscal Year, the School Board is not required to appropriate funds for Lease Payments due in each Fiscal Year. If for any Fiscal Year, the School Board does not approve a final budget which appropriates sufficient funds from legally available revenues in a line item specifically identified for payment of its obligations under the Current Leases, the Series 2021 Leases and any Additional Lease, or if no final budget is adopted as of the last day upon which a final budget is required to have been adopted under Florida law for payment of its obligations under the Master Lease, the Master Lease shall terminate as of the date of adoption of the final official budget, or such last day, whichever is earlier.

THE LIKELIHOOD THAT THE SERIES 2021 LEASES WILL BE TERMINATED AS THE RESULT OF AN EVENT OF NON-APPROPRIATION IS DEPENDENT UPON CERTAIN FACTORS THAT ARE BEYOND THE CONTROL OF THE SERIES 2021 CERTIFICATE HOLDERS, INCLUDING THE CONTINUING FUTURE UTILITY OF THE SERIES 2021 FACILITIES AND OTHER FACILITIES OF THE SCHOOL BOARD AND CHANGES IN POPULATION OR DEMOGRAPHICS WITHIN THE DISTRICT.

Limitation Upon Disposition; Ability to Sell or Relet

Following an event of default under the Series 2021 Leases or non-appropriation of funds, the Trustee as assignee of the Corporation may take possession of the Series 2021 Facilities and sell or re-let the leasehold interests therein. The Trustee's ability to actually achieve such a disposition of such Series 2021 Facilities is limited by its inability to convey fee simple title to the Series 2021 Facilities and by the governmental nature of the Series 2021 Facilities. Moreover, it is possible that a court of competent jurisdiction could enjoin the sale or re-letting of the Trustee's interest in the Series 2021 Facilities because of the essential governmental nature thereof. There

can be no assurance that the remedies available to the Trustee upon any such termination of the Lease Term of all Leases and the disposition of the (a) Series 2021A Facilities will produce sufficient amounts to make timely payments of the principal and interest portions due on the outstanding Series 2021A Certificates and (b) Series 2021B Facility will produce sufficient amounts to make timely payments of the principal and interest portions due on the outstanding Series 2021B Certificates.

Tax Effect Upon Termination of Series 2021A Lease

Upon termination of the Series 2021A Lease, there is no assurance that payments made by the Trustee with respect to the Series 2021A Certificates and designated as interest will be excludable from gross income for federal income tax purposes. See "TAX TREATMENT" herein.

Applicability of Securities Laws

After termination of the Series 2021 Leases, the transfer of a Series 2021 Certificate may be subject to or conditioned upon compliance with the registration provisions of applicable federal and state securities laws. Accordingly, there is no assurance that liquidity of the Series 2021 Certificates will not be impaired following termination of the Series 2021 Leases.

Local Option Millage Revenue

The amount which can be realized by the District derived from the Local Option Millage Levy can be affected by a variety of factors not within the control of the District or the School Board including, without limitation, fluctuations in the level of the assessed valuation of property within the District. See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS" herein. Moreover, the School Board is not legally required to impose the Local Option Millage Levy. See "SECURITY FOR THE SERIES 2021 CERTIFICATES – Limited Obligation of the School Board" and "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Sources" herein.

The maximum Local Option Millage Levy is also subject to change pursuant to changes in applicable law and may be subject to sharing with charter schools in the District in future years. See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Sources" herein and "RECENT GOVERNMENTAL ACTIONS AFFECTING DISTRICT REVENUES – Distribution of Capital Outlay Funds to Charter Schools" herein for information regarding legislation that requires the School Board to share Local Option Millage Levy revenues with charter schools in the District.

Educational Impact Fees

The educational impact fees are subject to revision and repeal by the Board of the County. Further, various bills have been introduced in the Florida Legislature over the past several years that would eliminate the ability of certain governmental entities, including the County or the District, to levy impact fees for the construction or remodeling of educational facilities or restrict the ability of local governments to raise impact fees above certain percentages in a given year. To date, such bills have not been passed. However, there can be no assurance that legislation will not

be introduced and enacted in the current or future legislative sessions that restricts, or eliminates, the District's ability to receive such impact fees.

Construction Cost Maximums

Section 1013.64(6)(b), Florida Statutes, prohibits a district school board from using funds from any sources (including the Sales Surtax and educational impact fees) for new construction of educational plant space with a total cost per student station, including change orders, greater than the amounts set forth in Section 1013.64(6)(b)1., Florida Statutes, as adjusted. However, if a contract for architectural and design services or for construction management services has been executed before July 1, 2017, a district school board may use funds from any sources for the new construction of educational plant space and such educational plant space is exempt from the total cost per student station requirements. As of July 1, 2019, if the new construction of educational plant space is subject to a lease-purchase agreement entered into pursuant to Section 1011.71(2)(e), Florida Statutes (such as the Series 2021 Leases), a district school board (i) may use certain local funding sources (including the Sales Surtax, educational impact fees, and voter approved ad valorem taxes, in each case if legally available for such purpose) to pay for the new construction of educational plant space, and (ii) may, but is not required to, use Local Option Millage Levy revenues and certain state funding sources to pay (a) for the portion of the cost for new construction of educational plant space which does not exceed the total cost per student station requirements or (b) for certain other costs that are not included in cost per student station calculation (such as legal and administrative costs, site improvement costs and capital costs related to school security/hardening). The Series 2021 Facilities are being financed pursuant to separate lease-purchase agreements. If any portion of the Series 2021 Facilities were to exceed the total cost per student station limits, the School Board would use legally available educational impact fees to pay the LOML Ineligible Portion of the Series 2021 Certificates. However, as described herein, the School Board expects to comply with the total cost per student station requirements with respect to the Series 2021 Facilities and therefore intends to use Local Option Millage Levy revenues proceeds to pay all of the Basic Lease Payments represented by the Series 2021 Certificates as authorized by Section 1013.64(6)(b), Florida Statutes.

State Revenues

A large portion of the District's funding is derived from State sources. See "FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT" herein. A significantly large percentage of such State revenues is generated from the levy of the State sales tax. The amounts budgeted for distribution from the State to the District are subject to change in the event that projected revenues are not realized, particularly in light of the economic downturn in the State as a result of the coronavirus pandemic. See "- Coronavirus (COVID-19)" below.

On March 19, 2020, the Florida Legislature adopted a State education budget for State Fiscal Year 2020-21, which commenced July 1, 2020, providing for an approximately \$776 million or 3.55% increase in State and local FEFP funding for K-12 public schools over State Fiscal Year 2019-20, reflecting a per-pupil increase of approximately \$183 per student or 2.40% over Fiscal Year 2019-20. The approved budget eliminated the Best and Brightest Teacher/Principal bonus program and, in turn, provided for \$500 million for teacher salary increases intended to raise the minimum teacher salary in the State to \$47,500. The funds for minimum teacher salary increases

are provided via a new State categorical program, the Teacher Salary Increase Allocation. The budget provides that funds earmarked for teacher salary increases shall be allocated based on each district's share of the base FEFP allocation, and that such funds may be provided in multiple years in order to achieve a particular salary goal. On June 29, 2020, the Governor signed the State 2020-21 budget into law, while using his line-item veto authority to reduce the budget by over \$1 billion. The State education budget approved by the Governor eliminated \$134.6 million in appropriations for the Discretionary Lottery and Florida School Recognition Program. However, the approved education budget included the \$500 million of funds referenced above to raise the minimum teacher salary in the State. The budget approved by the Governor provides for an approximately \$641 million or 2.93% increase in State and local FEFP funding for K-12 public schools over State Fiscal Year 2019-20, reflecting a per pupil increase of approximately \$137 per student or 1.79% over State Fiscal Year 2019-20. In anticipation of potential budget reductions or State funding proration, the District set aside approximately \$42 million to cover any State funding reduction. Notwithstanding the foregoing, no State budget reductions are expected for Fiscal Year 2020-21. See "RISK FACTORS - Coronavirus (COVID-19)" herein. Based on the Governor's approved budget, the estimated increase for the District is approximately \$33.8 million in State and local FEFP funds (net of charter school students and McKay and Family Empowerment Scholarship students) over Fiscal Year 2019-20. The District estimates the cost of raising the minimum teacher salary in the District to \$47,500 will be within the amount provided by the State for such purposes. However, there can be no assurance that funding for K-12 public schools will increase exactly as provided for in the approved budget.

On April 30, 2021, the Florida Legislature adopted the State education budget for State Fiscal Year 2021-22, which commences July 1, 2021, providing for an approximately \$149 million or 0.66% decrease in State and local FEFP funding for K-12 public schools over State Fiscal Year 2020-21, reflecting a per-pupil decrease of approximately \$203 per student or 2.54% over Fiscal Year 2020-21. The adopted education budget allocates \$464.3 million as a Student Revenue Allocation, \$264.3 of which funds are intended to address a potential State funding shortfall due to a return of students to public schools in 2021-22 who are not currently enrolled in a public school in the State and the remaining \$200 million of which is designated for funding of the State's revised school choice programs pursuant to HB 7045 (See "RECENT GOVERNMENTAL ACTIONS AFFECTING DISTRICT REVENUES - Legislative Changes Relating to School Choice" herein). However, such Student Reserve Allocation is not included as part of State FEFP funding. The adopted budget also includes \$550 million for teacher salary increases and provides that funds earmarked for teacher salary increases shall be allocated based on each district's share of the base FEFP allocation, and that such funds may be provided in multiple years in order to achieve a particular salary goal. The budget has not been sent to the Governor for approval. The Governor has line-item veto power over specific items in the budget, so there can be no assurance that the final budget signed into law by the Governor will be identical to that passed by the Legislature. Once the budget is sent to the Governor, he will have 15 days to revise it based on his line item veto authority, or sign it into law. Based upon the adopted budget, the estimated decrease for the District is approximately \$29.6 million (inclusive of charter school students and McKay and Family Empowerment Scholarship students) in State and local FEFP funds over Fiscal Year 2020-21. However, there can be no assurance that funding for K-12 public schools will decrease exactly as provided for in the current adopted budget.

Additional Leases

Pursuant to the Master Lease, the School Board may enter into other Leases in addition to the Current Leases and the Series 2021 Leases. Failure to appropriate funds to make Lease Payments under any such Lease will, and an event of default under any such Lease may, result in the termination of all Leases, including the Series 2021 Leases. Upon any such termination of all Leases, the School Board must surrender certain Facilities, including the Series 2021 Facilities (but excluding certain designated facilities) to the Trustee for sale or lease. The proceeds of any such disposition of the Facilities will be applied to the payment of the applicable Series of Certificates. In no event will owners of the Series 2021 Certificates of a Series have any interest in or right to any proceeds of the disposition of Facilities financed with the proceeds of another Series of Certificates except as described herein. There can be no assurance that the remedies available to the Trustee upon any such termination of all Leases and the disposition of the Series 2021A Facilities will produce sufficient amounts to pay the outstanding Series 2021A Certificates. There can be no assurance that the remedies available to the Trustee upon any such termination of all Leases and the disposition of the Series 2021B Facilities will produce sufficient amounts to pay the outstanding Series 2021B Certificates.

Additional Indebtedness

The School Board may issue additional indebtedness from time to time other than in connection with the Master Lease secured by or payable from available revenues without the consent of the Owners of the Series 2021 Certificates. Incurring such additional indebtedness may adversely affect the School Board's ability to make Lease Payments under the Master Lease. See "FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT - Obligations Under Unrelated Lease Purchase Agreements" herein.

Legislative Changes

In recent years, legislation has been introduced that required certain percentages of school district funding be spent on particular activities and imposed additional funding restrictions and other requirements on school districts. Many proposals have sought to provide for new or increased exemptions to ad valorem taxation, limit increases in assessed valuation of certain types of property or otherwise restrict the ability of local governments in the State to levy ad valorem taxes at historical levels. Other proposals have sought to restrict the ability of local governments to use certain revenues for payment of debt service or provide for additional procedures and notices in order to issue tax-supported debt. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the current legislative session or in the future that would, or might apply to, or have a material adverse effect upon, the District or its finances.

Effect of Sequestration on Lease Payments

Pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended, the President of the United States ordered that certain automatic spending cuts be implemented pursuant to calculations provided by the United States Office of Management and Budget in its Report to the Congress on sequestration dated March 1, 2013. The cuts include mandatory

reductions in the amounts scheduled to be paid by the federal government to issuers of build America bonds, Qualified Zone Academy Bonds, Qualified School Construction Bonds, New Clean Renewable Energy Bonds and Qualified Energy Conservation Bonds (collectively, "Direct-Pay Bonds") under Sections 54AA or 6431 of the Internal Revenue Code.

Payments to issuers of Direct-Pay Bonds from the budget accounts associated with these bonds were originally subject to an effective reduction of 8.7 percent of the amount budgeted for such payments on and after March 1, 2013 through September 30, 2013. For payments to issuers of Direct-Pay Bonds for federal fiscal year 2019, which ended September 30, 2019, the annual sequester rate was 6.2 percent. Unless otherwise resolved, sequestration may continue through the end of federal fiscal year 2024, with reductions in subsidy payments expected to vary between 5.5 percent and 7.3 percent of what would otherwise be received.

For federal fiscal year 2020-21 (ending September 30, 2021), the School Board anticipates its aggregate expected annual Issuer Subsidy to be reduced by 5.7% resulting in a corresponding increase in interest costs for the District that must be paid from other revenue sources.

Climate Change and Natural Disasters

The State is naturally susceptible to the effects of extreme weather events and natural disasters including floods, droughts, and hurricanes, which could result in negative economic impacts on communities including the District. Such effects can be exacerbated by a longer term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the District. The economic impacts resulting from such extreme weather events could include a loss of revenue, interruption of service, and escalated recovery costs.

Property Insurance

Principally as a result of the substantial property damage caused by hurricanes and other storms in Florida and other parts of the United States over the last few years, property insurance premiums have risen dramatically for Florida property owners. It has become impossible or economically impracticable for many school districts within the State, including the District, to obtain property insurance with the level of coverage they have historically secured. The amount of property insurance required under the Master Lease is determined annually by the Superintendent, in consultation with the Risk Management Department of the School Board and the School Board is required to follow the recommendation of the Superintendent so long as the recommended insurance is available at commercially reasonable costs and otherwise satisfies the requirements of the Master Lease. The School Board is also required to maintain eligibility for assistance by the FEMA. The District property insurance for calendar year 2021 provides for \$60 million in coverage with the first \$10 million layer being self-insured. The District also has a \$25 million FEMA Obtain and Maintain Policy which covers \$53 million of facilities that received FEMA funding in the past and are not eligible for FEMA reimbursement at this time. As such, given the current insurance market in the State and coverage levels available to the District at commercially reasonable costs, the District is in compliance with the property insurance requirements contained within the Master Lease provisions. In the event the District suffers

substantial damage to its property that is not covered by its current insurance or is not eligible for Federal reimbursement, the District's financial condition could be adversely impacted. However, in such unlikely event, the District's financial condition could be adversely impacted and Facilities subject to the Master Lease may not be replaced or repaired adequately.

Coronavirus (COVID-19)

The Novel Coronavirus 2019 ("COVID-19") pandemic, along with various governmental measures taken to protect public health in light of the pandemic, has had an adverse impact on global financial markets and economies, including financial markets and economic conditions in the United States. The impact of the COVID-19 pandemic on the U.S. economy has been broad based and has negatively impacted national, state and local economies. In response to such expectations, then-President Trump on March 13, 2020, declared a "national emergency," which, among other effects, allows the executive branch to disburse disaster relief funds to address the COVID-19 pandemic and related economic dislocation.

On March 9, 2020, Florida Governor Ron DeSantis declared a state of emergency in Florida due to the spread of COVID-19 (the "Gubernatorial Disaster Proclamation"). In addition, the Governor signed various executive orders that, among other effects, (i) closed all bars and restaurants to dine-in customers, (ii) suspended new reservations for vacation rentals through April 30, 2020 and (iii) issued a "Safer at Home" order which closed non-essential businesses and prohibited all public and private gatherings of 10 people or more for the duration of the Gubernatorial Disaster Proclamation, other than for religious activities. On April 29, 2020, Governor DeSantis announced that many parts of Florida, excluding Palm Beach, Broward and Miami-Dade counties, could begin phase one of the reopening process on May 4, 2020, which allowed, among other things, elective surgeries to resume, restaurants to offer outdoor seating while practicing safe social distancing and indoor seating at 25% capacity and retail establishments to operate at 25% of indoor capacity. The County began phase one of the reopening process on May 18, 2020, and the parts of Florida which began such phase on May 4, 2020 moved to full phase one reopening which, among other things, allows restaurants and retail establishments to operate at 50% capacity and gyms to reopen at 50% capacity. On June 5, 2020, most of Florida, excluding the County, and Broward and Miami-Dade counties, entered phase two of reopening with bars and movie theaters, among others, reopening at 50% capacity and restaurants, retail establishments and gyms allowed to operate at full capacity, and gatherings of up to 50 people permitted. However, on June 26, 2020, due to a significant increase in COVID-19 cases, the State suspended on-premises consumption of alcohol at bars. The County moved to phase two of reopening on September 8, 2020. On September 25, 2020, Governor DeSantis issued an executive order immediately moving the State to the final phase of reopening. The executive order, among other things, lifts all restrictions on restaurants and other businesses in the State, although local governments may limit capacity at restaurants to between 50-100% for public health reasons. In December 2020, COVID-19 vaccines were approved and began to be administered under emergency use authorizations. The County is currently administering vaccines for, among other groups, educators in schools in the County. The efficacy of the vaccines could be impacted by the spread of new variants of COVID-19, which may be more highly transmissible. If the COVID-19 pandemic worsens, it is uncertain whether there will be any reinstatement of governmental restrictive measures in the State.

The State's finances are likely to be adversely affected by the continued spread of COVID-19, the various governmental actions in response thereto and changes in the behavior of businesses and people. The State derives a significant portion of its annual revenues from the collection of sales tax. The impact of COVID-19 is expected to result in significant decreases in state and local sales tax revenues as a result of decreased tourism and commercial activity throughout the State. The State has released a voluntary disclosure on the impacts of COVID-19, which is available on the State of Florida Division of Bond Finance website. The District currently cannot predict what impact this will have on the level of State funding the District receives or on the District's collection of local revenues, including Local Option Millage revenues, or its credit rating. In anticipation of potential budget reductions or State funding proration, the District implemented a hiring freeze in March 2020, which resulted in savings from the closure of school facilities and an increase in fund balance for Fiscal Year 2020-21. Notwithstanding the foregoing, no State budget reductions are expected for Fiscal Year 2020-21. See "OPERATING REVENUES OF THE DISTRICT – State Sources," "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – State Sources" and "Local Sources" and "RISK FACTORS – State Revenues" herein.

On March 17, 2020, the Florida Department of Education issued guidance closing all schools in the State through April 15, 2020, which was subsequently extended to May 1, 2020. Commencing March 30, 2020, the District began distance learning for its students. Additionally, all employees were advised to work from home. On April 18, 2020, Governor DeSantis announced all schools in Florida would remain closed for the remainder of the 2019-20 school year. While the District schools were physically closed to students, instruction and services to students continued at all schools through the end of the 2019-20 school year. All District faculty prepared plans that continued instructional delivery and the District had in place an operational strategy for all essential operations through the end of the 2019-20 school year. To date, there has been no short-term adverse impact on the revenues of the District as a result of school closings and distance learning and the District's expenses for Fiscal Year 2019-20 were reduced, resulting in an increase in fund balance for the beginning of Fiscal Year 2020-21.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was signed into law. Among other provisions, the CARES Act created an Education Stabilization Fund to support K-12 schools and colleges and universities during the COVID-19 outbreak. The Educational Stabilization Fund includes a total of \$30.75 billion in relief divided into three separate pools: (1) funds to K-12 schools; (2) funds to higher education; and (3) funds to governors. Florida received approximately \$873.8 million in funds for K-12 schools, approximately \$770.2 million in funds for higher education and approximately \$173 million in funds to the Governor for use as grants to local educational agencies. Funds for K-12 schools were distributed to school districts and charter schools based on their share of Title I-A funds. To date, the District has received approximately \$14.6 million of such CARES Act funds. However, such funds are also required to be shared with charter schools and private schools in the County. Funds to local districts can be used for coronavirus-response activities, such as planning for and coordinating during long-term school closures, purchasing educational technology to support online learning for all students, and additional activities authorized by federal elementary and secondary education laws. Funds in the Governor's Education Relief Fund can be used at the Governor's discretion to provide emergency support grants to K-12 schools, colleges and universities and child care/early education providers. The CARES Act requires that any entity that receives funds from the Education Stabilization Fund must continue to pay its employees and

contractors to the extent practicable during the period of any disruptions or closures related to coronavirus. The District cannot currently predict the full impact of the CARES Act on the District's operations.

On July 6, 2020, the Commissioner of the Florida Department of Education (the "FDOE") issued an Emergency Order (the "Fall 2020 Emergency Order") regarding, among other things, the reopening of brick and mortar schools for the 2020-21 school year and eliminating or adjusting certain State requirements to allow State revenues for the Fall 2020 semester to be distributed to school districts based on pre-COVID-19 enrollment forecasts pursuant to the adopted State budget signed by Governor DeSantis. The Fall 2020 Emergency Order required all school boards to open brick and mortar schools at least five days per week for all students in order to provide a full panoply of services to families who wish to educate their children in traditional brick and mortar schools, subject to advice and orders of health experts. The Fall 2020 Emergency Order also allowed for alternative instructional approaches (i.e., distance learning and/or hybrid models) outside of the traditional in-person instruction and virtual school. Each school district providing for alternative instructional options were required to submit a plan to the FDOE for approval in order to have students in such alternative instruction models count for purposes of State FEFP funding. Such alternative instructional plans were required to (1) ensure students receive the same number of instructional hours, the same content and same level of feedback and interaction that students in a physical setting would receive, (2) allow students to transition off the alternative plan and return to traditional in-person instruction and (3) share monitoring data to demonstrate the students learning remotely are progressing. The School Board allowed parents to select from three instructional models for the 2020-21 school year comprised of (1) full-time eLearning connected to and provided by district schools, (2) full-time face-to-face instruction contingent upon health and safety guidance and (3) full-time enrollment in the District's virtual school. Notwithstanding the foregoing, on August 31, 2020, all District students began the academic year with eLearning. On September 21, 2020, the District students began learning via their selected instructional model. The District's reopening plan was approved by the Florida Department of Education.

On November 30, 2020, the Commissioner of the FDOE issued an additional Emergency Order (the "Spring 2021 Emergency Order") that provides for funding stability for school districts and a release from strict adherence to certain State requirements for the Spring 2021 semester. The Spring 2021 Emergency Order provides that State revenues for the Spring 2021 semester will continue to be distributed to school districts based upon pre-COVID-19 enrollment forecasts for such period, with modifications to ensure that any school district with increased actual enrollment is funded for that increase. The funds to cover an increase in enrollment in any individual school district or school districts will be proportionally spread across all school districts. In order to take advantage of the benefits of the Spring 2021 Emergency Order, each school district must continue to comply with the requirements of the Fall 2020 Emergency Order and also submit a Spring 2021 Educational Plan to FDOE for approval, which, among other things, provides for (1) an intervention plan for students identified for expanded learning and supplemental interventions and services, (2) transitioning students who are not making adequate progress in an innovative instructional model to another learning model (in-person or virtual) and (3) not unreasonably restricting parents from changing the learning modality for their child. The District's Spring 2021 Educational Plan has been approved by FDOE. However, there can be no assurance that the District's State funding for the Spring 2021 semester will be as provided for in the currently approved budget.

On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (the "CRRSA") was signed into law. Among other provisions, the CRRSA created a second Education Stabilization Fund ("ESSER II") to support K-12 schools and colleges and universities during the COVID-19 outbreak. Funds for elementary and secondary public schools were allocated to each state as a grant and each state is required to allocate at least 90% of such funds as sub-grants to local education agencies (including charter schools classified as local education agencies) in the state based upon their share of Title I-A funds. The ESSER II Fund includes a total of \$81.88 billion in relief. Florida is expected to receive approximately \$2.82 billion in ESSER II funds for use as sub-grants to K-12 schools. The District expects to receive approximately \$171.4 million in ESSER II funds for use through September 30, 2023. However, such funds are also required to be shared with charter schools and private schools in the County. Funds to local districts can be used for coronavirus-response activities, such as planning, coordinating and implementing activities during long-term school closures, purchasing educational technology to support online learning for all students, addressing learning loss, school repairs and improvements to reduce risk of virus transmission and additional activities authorized by federal elementary and secondary education laws. The District cannot currently predict the full impact of the CRRSA on the District's operations.

On March 11, 2021, President Biden signed The American Rescue Plan Act of 2021 (the "Rescue Act") into law to address the impacts of COVID-19. The Rescue Act, among other things, provides (1) \$123.8 billion in emergency relief funds to elementary and secondary public schools, (2) \$2.75 billion in emergency assistance to non-public schools (including an estimated \$7 billion for Florida) and (3) \$39.6 billion in emergency relief for higher education. Funds for elementary and secondary public schools will be allocated to each state as a grant and each state is required to allocate at least 90% of such funds as sub-grants to local education agencies (including charter schools classified as local education agencies) in the state based upon their share of Title I-A funds. Under the Rescue Act, at least 20% of the funds allocated to local education agencies must be used to address learning loss. School districts may use the remaining funds for certain activities specified in the Rescue Act to help schools reopen safely, including repairing ventilation systems, reducing class size to ensure social distancing and purchasing personal protective equipment. Each state is required to grant allocations of such funds within 60 days of receipt, and such funds shall remain available for allocation through September 30, 2023. Based on preliminary estimates, the District expects to receive approximately \$354.4 million in Rescue Act funds.

Due to the evolving nature of the outbreak and federal, State and local responses thereto, the long-term impacts of the COVID-19 crisis are unknown and dependent on factors such as the length of any shutdown or partial inaccessibility of school facilities, the extent to which the faculty and staff or the student population is directly affected and is unable to attend class, teach or provide services, and the impact on the economy as a whole within the State. While the District has seen increased costs associated with the reopening of District schools, including an increase in operational costs incurred to implement distance learning strategies, to provide students and staff with personal protective equipment or to clean, sanitize and maintain its facilities, such increased costs are expected to be offset with CARES Act funds, Rescue Act funds or other federal funds, in combination with the District's cost-reduction strategies that have been in place since March 2020. At this time, the School Board also cannot predict with certainty the impacts of the outbreak on the District's revenues for the 2021-22 Fiscal Year and beyond, including whether

there will be a reduction in State funding, a decline in student enrollment, a reduction in taxable assessed values of properties in the District, or a reduction in ad valorem tax collections.

Cybersecurity

Computer networks and systems used for information transmission and collection are vital to the efficient operations of the District. District systems provide support to departmental operations and District services by collecting and storing sensitive information, including intellectual property, security information, proprietary business process information, information regarding suppliers and business partners, and personally identifiable information of students and employees (collectively, "Computer Information"). The secure processing, maintenance and transmission of Computer Information is critical to effective departmental operations and the appropriate provision of services. Increasingly, governmental entities are being targeted by cyber-attacks seeking to obtain Computer Information or disrupt critical services. A rapidly changing cyber risk landscape may introduce new vulnerabilities that attackers and hackers can exploit in their efforts to effect breaches or service disruptions. Employee error and/or malfeasance may also contribute to a loss of Computer Information or other system disruptions. The District has a multilayered information security program that meets guidelines established by the National Institute of Standards and Technology. There are established policies and procedures which include Acceptable Usage Policies and Information Security Guidelines. The District has next generation firewalls with unified threat management features enabled which include firewall, application control, web filter, and intrusion detection and prevention. Cyber security operations are handled internally. The District has had no significant cyber security events where information was compromised within the last three years. There is a mandatory Security and Privacy Awareness training that all District employees must take annually to educate users regarding cyber security threats and ways to avoid becoming a victim as well as learn about protections in place through the District and ways to minimize vulnerabilities both at work and at home. The District also maintains cyber risk insurance to help mitigate its exposure to security attacks that are known to cripple an organization's technology system and/or fraudulently confiscate funds.

While District cybersecurity and operational safeguards are periodically tested, no assurances can be given that such measures will ensure against all cybersecurity threats or attacks. Cybersecurity breaches could damage or compromise the District's computer network and the confidentiality, integrity, or availability of the District's computer system or the Computer Information. The potential disruption, access, modification, disclosure or destruction of Computer Information could result in the interruption of District services, the initiation of legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, and could cause a material disruption in the District's operations or the appropriate provision of District services. The costs of remedying any such damage or protecting against future attacks could be substantial and in excess of the maximum amount of the District's cyber risk insurance policy. Further, the litigation to which the District could be exposed following a cybersecurity breach could be significant, which could cause the District to incur material costs related to such legal claims or proceedings.

LITIGATION

There is no litigation now pending or threatened: (i) to restrain or enjoin the issuance or sale of the Series 2021 Certificates; (ii) questioning or affecting the validity of the Series 2021 Leases or the obligation of the School Board to make Lease Payments; or (iii) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution or delivery of the Series 2021 Certificates.

The District is involved in certain other litigation and disputes incidental to its operations. Upon the basis of information presently available, the Office of General Counsel of the District believes that there are substantial defenses to such litigation and disputes and that, in any event, any ultimate liability in excess of applicable insurance coverage resulting therefrom will not materially adversely affect the financial position or results of operations of the District. In addition to the typical on-going litigation that the District is involved in, there is currently pending a consolidated lawsuit brought by charter schools seeking to force the District to share a pro rata portion of the proceeds of the 1.0 mill operating levy that was approved by voter referendum in November 2018. See "OPERATING REVENUES OF THE DISTRICT - Local Sources" herein. While the Circuit Court granted the District's Motion for Summary Judgment in the consolidated case on August 23, 2019, the charter schools appealed and on April 22, 2020 the Fourth District Court of Appeal issued a 2-1 decision in favor of the School Board in the case. The plaintiff charter schools then filed a motion for a rehearing en banc at the District Court of Appeal and certification of a question of great public importance to the Florida Supreme Court. The motion for rehearing en banc with the District Court of Appeal was granted. On February 24, 2021, the en banc District Court of Appeal issued a judgment reversing its prior 2-1 decision in favor of the School Board, remanded the case back to the Circuit Court and ordered the Circuit Court to enter an order denying the School Board's motion for summary judgment and granting the charter schools' motion for summary judgment. The majority opinion of the court found that the 1.0 mill voter approved operating levy constituted a "current operating discretionary millage levy" within the meaning of Section 1002.33(17)(b), Florida Statutes, and was therefore required to be shared with charter schools in the District, despite voter-approved ballot language that specifically excluded charter schools from receiving a portion of the levy. The majority found that ballot language excluding charter schools from sharing in the levy could be severed from the remaining ballot language and the levy could remain in full force and effect. The District Court of Appeal did not address whether the charter schools should receive revenues from the operating levy retroactively, or only prospectively, but instead asked the Circuit Court to conduct any necessary proceedings to address that issue. Since the District has largely expended revenues from the additional operating millage since it was first levied in Fiscal Year 2019-20, any requirement to share funds retroactively could have an adverse financial impact on the District. Based on current charter school enrollment, the District estimates that the financial impact to the District of this ruling, if ultimately upheld, would be approximately \$22 million per year that the District would have to share with charter schools in the District. In the event the ruling is upheld, the District would likely have to reduce costs throughout the District, primarily by reducing the items funded by the referendum proceeds including teacher salary supplements.

The full District Court of Appeal, in an effort to preserve the School Board's ability to appeal the ruling, also certified a question of great public importance to the Florida Supreme Court asking whether a local referendum for additional operational millage pursuant to Section 1011.71,

Florida Statutes, could specifically exclude charter schools in the district from sharing in such millage. The School Board filed a Motion for Reconsideration with the District Court of Appeal, which motion was denied. The School Board is currently considering whether to pursue an appeal to the Florida Supreme Court. Assuming the appeal is filed with the Florida Supreme Court, it is uncertain whether the Florida Supreme Court will accept jurisdiction and entertain arguments on the case.

RATINGS

Moody's Investors Service ("Moody's") and Fitch Ratings ("Fitch") have assigned ratings of "Aa3" (stable outlook) and "AA-" (stable outlook), respectively, to the Series 2021 Certificates. An explanation of the rating and outlook given by Moody's may be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, (212) 553-0501. An explanation of the rating and outlook given by Fitch may be obtained from Fitch at 33 Whitehall Street, New York, New York 10004, (212) 908-0500. Certain information and materials concerning the Series 2021 Certificates, the School Board and the District were furnished to Moody's and Fitch by the District. If in its judgment circumstances so warrant, any rating service may raise, lower or withdraw its rating or outlook. If a downward change or withdrawal occurs, it could have an adverse effect on the resale price of the Series 2021 Certificates. The above ratings and outlooks are not recommendations to buy, sell or hold the Series 2021 Certificates.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Section 517.051, Florida Statutes, and the regulations promulgated thereunder require that full and fair disclosure is made of any bonds or other debt obligations of the District that have been in default as to payment of principal or interest at any time after December 31, 1975. The District is not and has not since December 31, 1975, been in default as to payment of principal and interest on its bonds or other debt obligations.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, execution, delivery and sale of the Series 2021 Certificates are subject to the approving legal opinion of Greenberg Traurig, P.A., Miami, Florida and Edwards & Feanny, P.A., Miami, Florida, Co-Special Tax Counsel. The proposed form of such opinion is included herein as Appendix D. Certain legal matters relating to disclosure will be passed upon for the School Board by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Co-Disclosure Counsel. Certain legal matters will be passed upon for the School Board and the Corporation by the Office of General Counsel of the District. Certain legal matters will be passed upon for the Underwriters by Bryant Miller Olive P.A., Miami, Florida, Underwriters' Counsel. Co-Special Tax Counsel, Co-Disclosure Counsel and Underwriters' Counsel will receive fees for services provided in connection with the issuance of the Series 2021 Certificates, which fees are contingent upon the issuance of the Series 2021 Certificates.

Co-Special Tax Counsels' opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Co-Special Tax Counsel as of

the date thereof. Co-Special Tax Counsel assumes no duty to update or supplement the opinions to reflect any facts or circumstances that may thereafter come to Co-Special Tax Counsels' attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Co-Special Tax Counsels' opinions are not a guarantee of a particular result, and are not binding on the IRS or the courts; rather, such opinions represent Co-Special Tax Counsels' professional judgment based on review of existing law, and in reliance on the representations and covenants deemed relevant to such opinion.

UNDERWRITING

The Series 2021A Certificates are being purchased by J.P. Morgan Securities LLC and the other underwriters listed on the cover page hereof (collectively, the "Underwriters") at an aggregate purchase price of \$134,643,634.98 which represents the \$101,905,000.00 aggregate principal amount of the Series 2021A Certificates, plus bond premium of \$32,977,588.10 and less an underwriters' discount of \$238,953.12. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the Series 2021A Certificates if any Series 2021A Certificates are purchased. The Series 2021A Certificates may be offered and sold to certain dealers at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

The Series 2021B Certificates are being purchased by the Underwriters at an aggregate purchase price of \$9,911,703.79 which represents the \$9,935,000.00 aggregate principal amount of the Series 2021B Certificates, less an underwriters' discount of \$23,296.21. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the Series 2021B Certificates if any Series 2021B Certificates are purchased. The Series 2021B Certificates may be offered and sold to certain dealers at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District, for which they received or will receive customary fees and expenses.

Citigroup Global Markets Inc. ("Citigroup"), one of the Underwriters of the Series 2021 Certificates, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup will compensate Fidelity for its selling efforts with respect to the Series 2021 Certificates.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2021 Certificates, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer

Agreement, each of CS&Co. and LPL may purchase Series 2021 Certificates from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2021 Certificates that such firm sells.

A Siebert Williams Shank & Co., LLC ("SWS") affiliate ("Affiliate"), which is a registered investment advisor, has sub-advisory agreements relating to three clients with PFM Asset Management LLC, which is an investment advisor affiliate of PFM Financial Advisors LLC. Affiliate's business is separate from SWS' and the SWS employees who cover Issuer are not involved in the activities of Affiliate.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Co-Special Tax Counsel and Co-Disclosure Counsel may, from time-to-time, serve as counsel to the Underwriters on matters unrelated to the issuance of the Series 2021 Certificates.

TAX TREATMENT

Series 2021A Certificates

General. The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the School Board must continue to meet after the issuance of the Series 2021A Certificates in order that the interest portion of the Basic Lease Payments represented by the Series 2021A Certificates be and remain excludable from gross income of the holders thereof for Federal income tax purposes. The School Board's failure to meet these requirements may cause the interest portion of the Basic Lease Payments designated and paid as interest to the Series 2021A Certificate holders to be included in gross income for Federal income tax purposes retroactively to the date of execution and delivery of the Series 2021A Certificates. The School Board has covenanted to take the actions required by the Code in order to maintain the excludability from gross income for Federal income tax purposes of the interest portion of the Basic Lease Payments designated and paid as interest to the Series 2021A Certificate holders and not to take any actions that would adversely affect that excludability.

In the opinion of Co-Special Tax Counsel, assuming continuing compliance by the School Board with the tax covenants referred to above and the accuracy of certain representations of the School Board, under existing statutes, regulations, rulings and court decisions, the interest portion of the Basic Lease Payments represented by the Series 2021A Certificates will be excludable from

gross income for Federal income tax purposes; and, further, the interest portion of the Basic Lease Payments represented by the Series 2021A Certificates will not be an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals. No opinion is expressed with respect to the Federal income tax consequences of any payments received with respect to the Series 2021A Certificates following termination of the Master Lease as a result of non-appropriation of funds or the occurrence of an event of default thereunder. Co-Special Tax Counsel expects to deliver opinions at the time of issuance of the Series 2021A Certificates substantially in the forms set forth in Appendix D.

Co-Special Tax Counsel is further of the opinion that the Series 2021A Certificates and the portion of the Basic Lease Payments designated and paid as interest to the owners of the Series 2021A Certificates will not be subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined therein; provided, however, that no opinion is expressed with respect to tax consequences under the laws of the State of Florida of any payments received with respect to the Series 2021A Certificates following termination of the Master Lease as a result of non-appropriation of funds or the occurrence of an event of default thereunder.

Except as described above, Co-Special Tax Counsel will express no opinion regarding the Federal or State income tax consequences resulting from the receipt or accrual of the interest portion of the Basic Lease Payments designated and paid as interest to the Series 2021A Certificate holders or the ownership or disposition of the Series 2021A Certificates. Prospective purchasers of Series 2021A Certificates should be aware that the ownership of Series 2021A Certificates may result in other collateral Federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Series 2021A Certificates or, in the case of a financial institution, that portion of the owner's interest expense allocable to the interest portion of the Basic Lease Payments represented by the Series 2021A Certificates, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by the applicable statutory percentage of certain items, including the interest portion of the Basic Lease Payments represented by the Series 2021A Certificates, (iii) the inclusion of the interest portion of the Basic Lease Payments represented by the Series 2021A Certificates in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of the interest portion of the Basic Lease Payments represented by the Series 2021A Certificates in the passive income subject to Federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year and (v) the inclusion by recipients of certain Social Security and Railroad Retirement benefits of receipts and accrual of the interest portion of the Basic Lease Payments represented by the Series 2021A Certificates in determining whether a portion of such benefits are included in gross income for Federal income tax purposes.

Co-Special Tax Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Co-Special Tax Counsel as of the date hereof. Co-Special Tax Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Co-Special Tax Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Co-Special Tax Counsel's opinions are not a guarantee of a particular result, and are not binding on the IRS or the courts; rather, such opinions represent Co-Special Tax

Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

Possibility of Future Changes in Tax Law. From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress or in the State legislature that, if enacted into law, could alter or amend one or more of the federal tax matters, or state tax matters, respectively, described above, including, without limitation, the excludability from gross income of interest on the Series 2021A Certificates, adversely affect the market price or marketability of the Series 2021A Certificates, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would apply to the Series 2021A Certificates. If enacted into law, such legislative proposals could affect the market price or marketability of the Series 2021A Certificates. Prospective purchasers of the Series 2021A Certificates should consult their tax advisors as to the impact of any proposed or pending legislation.

Information Reporting and Backup Withholding. Interest paid on tax-exempt bonds such as the Series 2021A Certificates is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Series 2021A Certificates from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Series 2021A Certificates, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the Series 2021A Certificates and proceeds from the sale of Series 2021A Certificates. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2021A Certificates. This withholding generally applies if the owner of Series 2021A Certificates (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2021A Certificates may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Bond Premium. Certain of the Series 2021A Certificates ("Premium Certificates") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Certificate, based on the yield to maturity of that Premium Certificate (or, in the case of a Premium Certificate callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Certificate), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Certificate. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Certificate, the owner's tax basis in the Premium Certificate is reduced by the amount of bond premium that accrues during the period of ownership.

As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Certificate for an amount equal to or less than the amount paid by the owner for that Premium Certificate.

Owners of Premium Certificates should consult their own tax advisers as to the determination for federal income tax purposes of the amount of bond premium properly accruable in any period with respect to the Premium Certificates and as to other federal tax consequences and the treatment of bond premium for purposes of state and local taxes on, or based on, income.

Series 2021B Certificates

In General. THE PORTION OF BASIC LEASE PAYMENTS REPRESENTING INTEREST ON THE SERIES 2021B CERTIFICATES IS NOT EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. In general, prospective purchasers of the Series 2021B Certificates should consult their tax advisors regarding the federal, state, local, and foreign tax consequences of acquisition, ownership, and disposition of Series 2021B Certificates. For example, the legal defeasance of the Series 2021B Certificates may result in a deemed sale or exchange of the Series 2021B Certificates under certain circumstances, with concomitant tax consequences.

Co-Special Counsel is of the opinion that the Series 2021B Certificates and the portion of Basic Lease Payments representing interest thereon are not subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in said Chapter 220.

The following summary is not a complete analysis or description of all potential U.S. federal tax considerations that may be relevant to, or of the actual tax effect that any of the matters described herein will have on, a particular Owner of Series 2021B Certificates, and is generally limited to U.S. Owners. "U.S. Owners" are beneficial Owners of the Series 2021B Certificates that for U.S. federal income tax purposes are individual citizens or residents of the United States, corporations or other entities taxable as corporations created or organized in or under the laws of the United States or any state or the District of Columbia, and certain estates or trusts with specific connections to the United States. As used in this summary, the term "Non-U.S. Owner" means a beneficial Owner of Series 2021B Certificates that is not a U.S. Owner.

In particular, this summary does not address (a) special classes of taxpayers that are subject to special treatment under the federal income tax laws, such as S corporations, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, real estate investment trusts, grantor trusts, former citizens of the United States, broker-dealers, traders in securities, and tax-exempt organizations, (b) persons that own Series 2021B Certificates as a hedge against, or as obligations that are hedged against, currency risk, or that are part of a hedge, straddle, conversion, or other integrated transaction, or (d) persons whose functional currency is not the U.S. dollar. This summary also does not address the tax consequences to an Owner of Series 2021B Certificates held through a partnership or other pass-through entity treated as a partnership for federal income tax purposes. **Partnerships holding Series 2021B Certificates, and partners in such partnerships, should consult their tax**

advisors regarding the tax consequences of an investment in the Series 2021B Certificates, including their status as U.S. Owners.

Further, this discussion is limited to persons purchasing the Series 2021B Certificates for cash in this original offering at the respective prices indicated on the inside front cover of this Official Statement (the "issue prices"). Owners that purchase the Series 2021B Certificates at prices other than their respective issue prices or after their original execution and delivery should consult their tax advisors regarding other tax considerations, such as market discount, as to all of which Co-Special Counsel expresses no opinion. This discussion assumes that the Series 2021B Certificates will be held as capital assets within the meaning of Code Section 1221.

Certain U.S. Federal Income Tax Consequences to U.S. Owners

Interest. In general, portions of Basic Lease Payments representing interest paid or accrued on the Series 2021B Certificates, generally will be taxable to a U.S. Owner as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for federal income tax purposes. Under recently-enacted legislation known as the Tax Cuts and Jobs Act, U.S. Owners that use an accrual method of accounting for U.S. federal income tax purposes generally are required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements. This rule generally is effective for tax years beginning after December 31, 2017, (or, for debt securities issued with original issue discount, for tax years beginning after December 31, 2018). Accrual method U.S. Owners should consult their tax advisors regarding the potential applicability of this rule to their particular situation.

Disposition of the Series 2021B Certificates. Upon the sale, exchange, retirement, or other taxable disposition of a Bond, a U.S. Owner, in general, will recognize gain or loss equal to the difference between the amount realized from the sale, exchange, retirement, or other disposition and the Owner's adjusted basis, or applicable portion of the adjusted basis, in the Series 2021B Certificates. The Owner's adjusted basis generally will equal the Owner's cost of the Series 2021B Certificates, reduced by any portion of the Basic Lease Payments representing principal payments (and any other payments on the Series 2021B Certificates not treated as qualified stated interest). Any such gain or loss generally will be long-term capital gain or loss, provided that the Series 2021B Certificates have been held for more than one year at the time of disposition. Net long-term capital gain recognized by an individual U.S. Owner generally will be subject to tax at a lower rate than that for net short-term capital gain or ordinary income. The deductibility of capital losses is subject to limitations.

Additional Tax on Net Investment Income. An additional 3.8% tax is imposed on the "net investment income" of certain U.S. citizens and residents, and on the undistributed "net investment income" of certain estates and trusts. Among other items, "net investment income" generally includes gross income from interest and certain net gain from the sale, exchange, redemption, or other taxable disposition of a debt instrument that produces interest, minus certain deductions. **A U.S. Owner that is an individual, estate, or trust should consult its tax advisor regarding the applicability of this additional tax.**

Information Reporting and Backup Withholding. The portion of Basic Lease Payments on the Series 2021B Certificates representing interest payable to the U.S. Owner is subject to federal tax reporting and related requirements, subject to certain exceptions. A non-corporate U.S. Owner of the Series 2021B Certificates may be subject to backup withholding (currently at a rate of 24%) with respect to "reportable payments," which include Basic Lease Payments representing interest paid on the Series 2021B Certificates and the gross proceeds of a sale, exchange, redemption, or retirement of the Series 2021B Certificates, unless the Owner provides an accurate taxpayer identification number and certifies on an IRS Form W-9, under penalties of perjury, that the Owner is not subject to backup withholding and otherwise complies with applicable requirements of the backup rules or otherwise establishes an exemption.

Certain U.S. Federal Income Tax Consequences to Non-U.S. Owners

Interest. Subject to the discussion below under "*Application of Foreign Account Tax Compliance Act*", the portion of Basic Lease Payments representing interest on any Series 2021B Certificates owned by a Non-U.S. Owner is generally not subject to U.S. federal income or withholding tax, provided that:

- the Non-U.S. Owner does not own, actually or constructively, 10% or more of the total combined voting power of all classes of voting stock of the Issuer, and is not a controlled foreign corporation related to the Issuer, directly or indirectly, through stock ownership;
- the Non-U.S. Owner is not a bank receiving such interest in the manner described in Code Section 881(c)(3)(A); and
- the Non-U.S. Owner certifies on IRS Form W-8BEN or W-8BEN-E, under penalties of perjury, that it is not a United States person. Special certification rules apply to Bonds that are held through foreign intermediaries.

If, however, a Non-U.S. Owner is engaged in a trade or business in the United States, and if interest on the Series 2021B Certificates is effectively connected with the conduct of such trade or business (and, if an income tax treaty applies, the interest is attributable to a permanent establishment or fixed base maintained by the Non-U.S. Holder in the United States), such interest portion will be subject to U.S. federal income tax in a manner similar to that for Series 2021B Certificates owned by a U.S. Owner, as described above, and, in the case of a Non-U.S. Owner that is a foreign corporation, may also be subject to an additional branch profits tax (currently imposed at a rate of 30%, or a lower applicable treaty rate) on its effectively connected earnings and profits, subject to adjustments. **Non-U.S. Owners should consult their tax advisors regarding the tax consequences of owning the Series 2021B Certificates.**

Disposition of the Series 2021B Certificates. Subject to the discussion below under "*Application of Foreign Account Tax Compliance Act*", a Non-U.S. Owner generally will not be subject to U.S. federal income or withholding tax on any amount of gain recognized by the Non-U.S. Owner upon the sale, exchange, retirement, or other taxable disposition of a Series 2021B Certificates unless:

- the gain is effectively connected with the conduct of a trade or business in the United States by the Non-U.S. Owner (and, if an income tax treaty applies, is attributable to a permanent establishment or fixed base maintained by the Non-U.S. Owner in the United States); or
- in the case of an individual, the Non-U.S. Owner is present in the United States for 183 days or more in the taxable year in which the sale, exchange, retirement, or other taxable disposition takes place and certain other conditions are met.

Application of Foreign Account Tax Compliance Act. The Foreign Account Tax Compliance Act ("FATCA") generally imposes a 30% withholding tax on interest payments and gross proceeds from the sale of interest-bearing obligations for payments made after the relevant effective date to (i) certain foreign financial institutions that fail to certify their FATCA compliance and (ii) non-financial foreign entities if certain disclosure requirements related to direct and indirect United States shareholders and/or United States accountholders are not satisfied.

Under applicable Treasury Regulations and administrative guidance, a 30% FATCA withholding tax generally will be imposed, subject to certain exceptions, on payments of interest on Series 2021B Certificates where such payments are made to persons described in the immediately preceding paragraph. While FATCA withholding would also have applied to payments of gross proceeds from the sale or other disposition of Series 2021B Certificates on or after January 1, 2019, proposed Treasury Regulations eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued.

With respect to payments made to a "foreign financial institution" either as a beneficial owner or as an intermediary, the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such institution (i) enters into (or is otherwise subject to) and complies with an agreement with the U.S. government (a "FATCA Agreement") or (ii) is required by and complies with applicable foreign law enacted in connection with an intergovernmental agreement between the United States and a foreign jurisdiction (an "IGA"), in either case to, among other things, collect and provide to the United States or other relevant tax authorities certain information regarding U.S. account holders of such institution. With respect to payment made to a foreign entity that is not a financial institution (as a beneficial owner), the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such entity provides to the withholding agent a certification that such entity does not have any "substantial" U.S. owner (generally, any specified U.S. person that owns, directly or indirectly, more than a specified percentage of such entity) or identifies its "substantial" U.S. owners.

If the Series 2021B Certificates are held through a foreign financial institution that enters into (or is otherwise subject to) a FATCA Agreement, subject to certain exceptions, such foreign financial institution (or, in certain cases, a person paying amounts to such foreign institution) generally will be required to withhold the 30% FATCA tax on the payment of dividends or the items described above made to (i) a person (including an individual) that fails to comply with certain information requests, or (ii) a foreign financial institution that has not entered into (and is not otherwise subject to) a FATCA Agreement, and that is not required to comply with FATCA pursuant to applicable foreign law enacted in connection with an IGA. Coordinating rules may

limit duplicative withholding where the withholding described above under "*Information Reporting and Backup Withholding*" also applies.

If any amount of, or in respect of, U.S. withholding tax were to be deducted or withheld from payments made on Series 2021B Certificates because of a failure by the investor (or an institution through which an investor holds the Series 2021B Certificates) to comply with FATCA, none of the County, any paying agent, or any person would, pursuant to the terms of the Series 2021B Certificates, be required to pay additional amounts with respect to any Series 2021B Certificates because of the deduction or withholding of such tax. **Non-U.S. Owners should consult their tax advisors regarding the application of FATCA to the ownership or disposition of Series 2021B Certificates.**

FINANCIAL ADVISOR

PFM Financial Advisors LLC, Orlando, Florida, is serving as Financial Advisor to the School Board. The Financial Advisor assisted in matters relating to the planning, structuring, execution and delivery of the Series 2021 Certificates and provided other advice. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Offering Statement. The Financial Advisor did not engage in any underwriting activities with regard to the sale of the Series 2021 Certificates. The fees of the Financial Advisor are contingent upon the issuance of the Series 2021 Certificates.

BASIC FINANCIAL STATEMENTS

Excerpted information from the comprehensive annual financial report of the District for the Fiscal Year ended June 30, 2020, included in this Offering Statement have been audited by RSM US LLP, independent certified public accountants, as stated in their report appearing in Appendix B. RSM US LLP has not performed any examinations or audits in connection with the issuance of the Series 2021 Certificates.

FORWARD LOOKING STATEMENTS

This Offering Statement contains certain "forward-looking statements" concerning the School Board's or the District's operations, performance and financial condition, including its future economic performance, plans and objectives and the likelihood of success in developing and expanding. These statements are based upon a number of assumptions and estimates which are subject to significant uncertainties, many of which are beyond the control of the School Board or District. The words "may," "would," "could," "will," "expect," "anticipate," "believe," "intend," "plan," "budget," "estimate" and similar expressions are meant to identify these forward-looking statements. Actual results may differ materially from those expressed or implied by these forward-looking statements.

CONTINUING DISCLOSURE

The School Board has covenanted and undertaken for the benefit of the Series 2021 Certificate holders to execute and deliver a Disclosure Dissemination Agent Agreement (the "Disclosure Agreement") on the date of initial issuance of the Series 2021 Certificates. Pursuant to the Disclosure Agreement, the School Board will agree to provide certain financial information and operating data relating to the District and the Series 2021 Certificates in each year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. Such covenant shall only apply so long as the Series 2021 Certificates remain Outstanding under the related Series 2021 Lease, the Series 2021 Lease have not been terminated or there has not occurred an event of non-appropriation resulting in a termination. The agreement shall also terminate upon the termination of the continuing disclosure requirements of Rule 15c2-12(b)(5), as amended (the "Rule"), of the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934, by legislative, judicial or administrative action. The Annual Report will be filed by the School Board with the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access System described in the Disclosure Agreement attached hereto as Appendix E. The notices of material events will be filed by the School Board, or its dissemination agent, if any, with the MSRB. The specific nature of the information to be contained in the Annual Report and the notices of material events are described in "APPENDIX E - FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT" to be dated and delivered at the time of issuance of the Series 2021 Certificates. These undertakings have been made in order to assist the Underwriters in complying with the Rule. Failure of the School Board to comply with the Disclosure Agreement is not considered an event of default under the Series 2021 Leases, the Series 2021 Trust Agreements or the Disclosure Agreement; however, any Series 2021 Certificate holder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the School Board to comply with its obligations under the Disclosure Agreement.

With respect to the Series 2021 Certificates, no party other than the School Board is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the aforementioned Rule. The District intends to fully comply with all current and future continuing disclosure undertakings. In furtherance thereof, the District has engaged Digital Assurance Certification, L.L.C. as its dissemination agent, in order to ensure ongoing and future compliance with its obligations under the Rule, particularly as it relates to material event filings.

MISCELLANEOUS

The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as representation by the Underwriters. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Offering Statement nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the District or the School Board from the date hereof.

This Offering Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in this Offering Statement involving matters of opinion, whether or not expressly so

stated are intended as such and not as representations of fact. This Offering Statement is not to be construed as a contract or agreement between the District and the purchasers or the holders of any of the Series 2021 Certificates.

This Offering Statement has been duly executed and delivered by the authority of the School Board.

**THE SCHOOL BOARD OF PALM BEACH
COUNTY, FLORIDA**

By: Frank A. Barbieri, Jr., Esq.
Chair

By: Donald E. Fennoy II, Ed.D
Superintendent of Schools

APPENDIX A

INFORMATION CONCERNING PALM BEACH COUNTY, FLORIDA

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INFORMATION CONCERNING PALM BEACH COUNTY, FLORIDA

General Information

Palm Beach County, Florida (the "County") was founded in 1909 and encompasses an area of 2,385 square miles, making it the largest county in the State of Florida (the "State"). It is located on the southeast coast of the Florida peninsula with 46 miles of Atlantic Ocean frontage and 25 miles of frontage on Lake Okeechobee. The County has a semi-tropical climate with an average temperature of 75 degrees Fahrenheit and an average rainfall of 62 inches. The temperate climate and other natural amenities, including 88 local, State and federal recreational areas of more than 10 acres and 163 golf courses, have enabled the County to develop a year-round tourist industry.

There are 39 incorporated municipalities within the County encompassing a total of 337 square miles, or approximately 17% of the County's area. An estimated 56% of the County's population resides within the municipalities. The City of West Palm Beach is the County seat and is the largest city in population in the County. The County had a 2019 population of 1,496,770.

Population

In 2019, Palm Beach County was the third largest county in the State in terms of population. Its population increased 65.3% from 1970 - 1980, 49.7% from 1980 - 1990, 31.0% from 1990 - 2000, 13.8% from 2001 to 2010 and 13.4% from 2010 to 2019.

**Population Growth
2010 - 2019**

Year	Palm Beach County		Florida		United States	
	Population	% Change	Population	% Change	Population	% Change
2010	1,320,134	-	18,801,310	-	308,745,538	-
2011	1,336,760	1.3%	19,055,607	1.4%	311,583,481	0.9%
2012	1,354,936	1.4	19,302,016	1.3	313,877,662	0.7
2013	1,376,462	1.6	19,551,678	1.3	316,059,947	0.7
2014	1,398,656	1.6	19,853,880	1.5	318,386,329	0.7
2015	1,424,256	1.8	20,219,111	1.8	320,738,994	0.7
2016	1,450,890	1.9	20,627,237	2.0	323,071,755	0.7
2017	1,470,344	1.3	20,977,089	1.7	325,122,128	0.6
2018	1,482,876	0.9	21,254,926	1.3	326,838,199	0.5
2019	1,496,770	0.9	21,492,056	1.1	328,329,953	0.5
2020	N/A	-	21,733,312	1.1	329,484,123	0.4

N/A = Not Available.

Source: U.S. Census Bureau, Population Division.

Income

The following table shows the per capita personal income reported for the County, the State and the United States.

Per Capita Personal Income 2010-2019

Year	Palm Beach County		Florida		U.S.	
	Dollars	% of Florida	% of U.S.	Dollars	% of U.S.	
2010	\$54,556	141.8%	134.6%	\$38,475	94.9%	\$40,547
2011	57,789	144.0	135.2	40,131	93.9	42,739
2012	62,780	152.7	140.7	41,115	92.2	44,605
2013	60,974	149.8	135.9	40,696	90.7	44,860
2014	66,201	153.5	140.6	43,140	91.6	47,071
2015	70,278	155.2	143.4	45,273	92.4	49,019
2016	71,373	154.9	142.7	46,073	92.1	50,015
2017	77,041	158.8	147.8	48,504	93.1	52,118
2018	81,445	159.8	149.2	50,964	93.3	54,606
2019	83,268	158.8	147.4	52,426	92.8	56,490

Source: U.S. Bureau of Economic Analysis.

The age distribution in the County is similar to that of Florida, but differs significantly with that of the nation. Both the County and Florida have a considerably larger proportion of persons 65 years and older than the rest of the nation.

Palm Beach County Population Distribution by Age Group 2016-2019

Age Group	2016	2017	2018	2019*
0-19	312,780	315,139	315,258	316,016
20-44	420,095	424,095	425,772	429,073
45-64	380,838	384,897	386,698	387,137
65+	337,177	346,213	355,148	364,544

Source: U.S. Census Bureau, Population Division.

* Estimated figures.

Employment

Tourism and agriculture, together with the service industries related to these activities, are the leading sources of income for the County's residents. Manufacturing, primarily electronics and other high technology products, also plays an important role in the County's economy. The table that follows shows the County's estimated average annual employment by major industry.

Palm Beach County, Florida
Average Annual Employment Covered by Unemployment Compensation
2018-2019

	Average Annual Employment		Percent of Total*	
	2018	2019	2018	2019
All Industries	606,445	615,892	100.00%	100.00%
Accommodation and Food Services	69,004	69,563	11.38	11.29
Administrative and Waste Services	50,539	51,552	8.33	8.37
Agriculture, Forestry, Fishing & Hunting	6,798	6,500	1.12	1.06
Arts, Entertainment, and Recreation	19,030	19,839	3.14	3.22
Construction	36,864	37,956	6.08	6.16
Educational Services (private & public)	39,423	40,646	6.50	6.60
Finance and Insurance	22,961	23,336	3.79	3.79
Health Care and Social Assistance	91,736	95,179	15.13	15.45
Information	10,078	9,585	1.66	1.56
Management of Companies and Enterprises	10,006	10,767	1.65	1.75
Manufacturing	19,995	20,098	3.30	3.26
Mining	139	111	0.02	0.02
Other Services, Ex. Public Admin	25,626	25,888	4.23	4.20
Professional and Technical Services	44,675	44,871	7.37	7.29
Public Administration	26,453	26,807	4.36	4.35
Real Estate and Rental and Leasing	17,145	17,795	2.83	2.89
Retail Trade	78,193	78,029	12.89	12.67
Transportation and Warehousing	12,712	13,827	2.10	2.25
Unclassified	529	701	0.09	0.11
Utilities	2,826	1,927	0.47	0.31
Wholesale Trade	21,713	20,916	3.58	3.40

* Percentages may not equal due to rounding.

Source: Florida Research and Economic Information Database Application.

Palm Beach County
Annual Average Labor Force and Unemployment Estimates
2010-2019

Year	Civilian Labor Force	Unemployment Rates		
		Palm Beach County	Florida	United States
2010	645,737	11.0%	11.1%	9.6%
2011	652,697	10.0	10.0	8.9
2012	660,634	8.5	8.5	8.1
2013	672,215	7.1	7.2	7.4
2014	684,170	5.9	6.3	6.2
2015	689,637	5.1	5.5	5.3
2016	707,957	4.7	4.8	4.9
2017	723,093	4.2	4.2	4.4
2018	726,179	3.6	3.6	3.9
2019	733,663	3.3	3.1	3.7

Source: Florida Research and Economic Information Database Application.

Largest Employers

The following table shows employment at the ten principal employers in the County in 2020.

Employer	No. of Employees
Palm Beach County School District	22,049
Palm Beach County Government	11,652
Tenet Healthcare Group	6,505
NextEra Energy (Florida Power & Light)	4,807
Florida Atlantic University	2,898
Hospital Corporation of America (HCA)	2,806
Boca Raton Regional Hospital	2,800
Veterans Health Administration	2,700
The Breakers	2,300
Bethesda Hospital East/West	2,282

Source: Palm Beach County, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2020.

Tourism

The County government is making a concentrated and continuing effort to increase the number of visitors to our area each year, which is expected to generate a 4% increase in revenues in fiscal year 2020. There are an estimated 85,800 people employed in jobs related to the tourism industry, with direct spending from visitors contributing over \$7.4 billion annually to the County's economy. During fiscal year 2019, the County had an all-time record high in bed tax revenues of \$54.2 million.

Agriculture

The County agricultural acreage has remained stable for the last nine years. The County still leads the State, and all counties east of the Mississippi River, in agricultural proceeds. The County leads the nation in the production of sugarcane and fresh sweet corn. It leads the State in the production of sweet bell peppers, rice, lettuce, radishes, Chinese vegetables, specialty leaf produce, celery, eggplant, herbs and sod. The 451,375 acres dedicated to agriculture represent 36% of the County's total land mass. It ranks third in Florida in nursery production with estimated sales at \$139 million and leads the state in agricultural wages and salary with over \$348 million. The industry currently uses bagasse, a sugarcane by-product, in conjunction with other waste wood products as the fuel source for the largest agriculturally based biomass co-generation plant in the United States for electricity generation.

Bioscience

Scripps Research Institute and the Max Planck Florida Institute are anchors to an eight million square feet bioscience cluster in northern Palm Beach County. A "cluster" of related biotechnology businesses will form a hub to strengthen the County's position as a leader in this industry. Smaller bio-related companies, such as Ocean Ridge Biosciences LLC, Strides Pharma, Detraxi, CSL Plasma, Gift of Life Marrow Registry, Expansion Therapeutics, and Beacon Global Health Initiatives have either expanded or moved to the County.

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Construction

Building permit activity in the County has been reported as follows:

**Building Permit Activity
County of Palm Beach, Florida
(Dollars in Thousands)
2011-2020**

Calendar Year	Single and Multi-Family	Residential Valuation
2011	1,049	\$278,202
2012	1,580	411,211
2013	2,055	553,779
2014	1,987	595,492
2015	2,136	619,229
2016	2,458	671,339
2017	2,054	650,494
2018	2,178	686,871
2019	2,714	858,999
2020	2,167	1,008,470

Source: The School District of Palm Beach County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020.

Banking

The total deposits of banking institutions in the County as of June 30 of each of the years indicated below were as follows:

**Total Bank Deposits
(in thousands)**

Fiscal Year	Commercial Banks	Federal Savings and Loan Associations
2011	\$32,136,000	\$5,773,000
2012	33,720,000	3,296,000
2013	36,761,000	2,362,000
2014	38,274,000	2,295,000
2015	42,750,000	2,285,000
2016	46,859,000	2,284,000
2017	48,379,000	2,255,000
2018	50,325,000	2,334,000
2019	51,189,000	2,634,000
2020	58,422,000	2,728,000

Source: Federal Deposit Insurance Corporation internet address <https://www7.fdic.gov/sod>.

APPENDIX B

**EXCERPTED INFORMATION FROM THE COMPREHENSIVE ANNUAL
FINANCIAL REPORT OF THE SCHOOL BOARD OF PALM BEACH COUNTY,
FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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The School District of Palm Beach County

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2020



STRONG SCHOOLS...
STRONG COMMUNITIES.
1 MILL REFERENDUM AT WORK

FISCAL YEAR

2020



3300 Forest Hill Boulevard • West Palm Beach, FL 33406



RSM US LLP

Independent Auditor's Report

The Honorable Chairperson and Board Members of
The School District of Palm Beach County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The School District of Palm Beach County, Florida (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, Schedule of Changes in the District's Total Other Post-Employment Benefits Liability and Related Ratios, Schedule of the District's Proportionate Share of the Net Pension Liability – FRS, Schedule of District Contributions – FRS, Schedule of the District's Proportionate Share of the Net Pension Liability – HIS, and Schedule of District Contributions – HIS*, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules are the responsibility of management and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual non-major fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated November 20, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

RSM US LLP

West Palm Beach, Florida
November 20, 2020

The School District of Palm Beach County, Florida's (the "District") management discussion and analysis (MD&A) is designed to provide an objective and easy to read analysis of the District's financial activities for the fiscal year ended June 30, 2020, based on currently known facts, decisions or conditions. It is intended to provide a broad overview using a short-term and long-term analysis of the District's activities based on information presented in the financial report and fiscal policies that have been adopted by the seven elected members of the school board (the "Board"). Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, identify changes in the District's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget) and identify individual fund issues or concerns.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The reader of this statement should take time to read and evaluate all sections of this report, including the notes that are provided in addition to this MD&A.

FINANCIAL HIGHLIGHTS

- The net position of the District decreased \$17.2 million, or 1.1%, from \$1.550 billion to \$1.533 billion. Enrollment at district schools increased 0.4%, approximately 690 students, while charter schools experienced a 5.0% increase in enrollment (approximately 1,020 students) which resulted in the District passing through additional FEFP revenue.
- The District's total long-term debt increased by \$33.7 million or 2.3% primarily due to issuance of new COPS 2020A for par of \$103.8 million with a premium of \$25.5 million and Equipment Loan proceeds of \$14.7 million, partially offset by debt repayments of \$87.7 million and amortization of Issuance Premiums (discussed in Note 9).
- Total revenues increased by \$168.0 million or 7.0%, from \$2.384 billion to \$2.552 billion when compared to the prior year.
 - General revenue accounted for \$1.930 billion, or 75.6%, of all revenues and increased \$187.2 million or 10.7%. This increase is primarily attributed to property tax increase of \$187.0 million (mainly due to 5.0% increase in property values and 9.0% higher millage rate due to referendum increase of .75 mills), as well as higher Impact fees and higher FEFP revenue partially offset by lower sales tax revenue and investment earnings (mainly due to lower investment rates).
 - Program specific revenue in the form of charges for services, grants and contributions accounted for \$622.0 million, or 24.4% of all revenues and decreased \$19.1 million or 3.0%. The decrease is primarily attributed to a decrease in school lunch and breakfast programs and the after school / summer camp fee based program revenue when schools were closed due to the COVID-19 pandemic.
- Total expenses increased \$248.1 million from \$2.321 billion to \$2.569 billion. This increase is primarily related to additional referendum teacher retention supplements of \$117.9 million, mental health and security referendum expenses of \$35.1 million, \$41.7 million non-capitalizable capital outlay spending of penny sales tax referendum funds, additional pension expense of \$25 million required for GASB #68, additional compensated absences due to COVID-19 limited employee use of vacation and sick days, and raises given to employees in 2020.

- The District’s governmental funds reported combined ending fund balances of \$824.5 million, an increase of \$129.7 million as compared with the prior year.
 - The General Fund (the primary operating fund), reflected on a current financial resources basis, ended the year with a fund balance of \$210.3 million, which is an increase of \$26.5 million over the prior year. Of the fund balance amount, \$64.0 million is classified as unassigned that is available to cover unanticipated financial needs and includes the Board approved contingency, \$103.0 million is classified as assigned, \$39.1 million is classified as restricted and \$4.1 million is classified as nonspendable. During the current year, General Fund revenues (including other financing sources) exceeded expenditures (including other financing uses) by \$26.5 million, primarily due to cost containment measures taken once schools closed due to COVID-19, higher than anticipated interest earnings, and staff vacancies.
 - Capital Improvement Fund, a major fund, has a restricted fund balance of \$144.9 million which is an increase of \$30.5 million over the prior year. Ad Valorem Taxes for Capital Projects were \$15.3 million more this year while spending for various projects also increased \$7.2 million. Transfers Out to other Funds increased \$13.2 million.
 - The Sales Tax Fund, another major fund, has a restricted fund balance of \$190.1 million which is a decrease of \$12.1 million when compared with the prior year. Local Sales Tax revenue decreased \$5.9 million this year, which is primarily a result of the COVID pandemic impact on Palm Beach County’s local economy. Capital spending increased as projects progressed. The decrease in fund balance relates to sales tax project spending exceeding collections in the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – management’s discussion and analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District’s operations *in more detail* than the government-wide statements.
- The *governmental funds* statements tell how *basic* services like instruction and instructional support services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-term* and *long-term* financial information about the activities the District operates *like businesses*, such as group health self-insurance and long term claim self-insurance.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Figure 1 Major Features of Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as instructional costs	Activities the District operates similar to private businesses: health internal service fund and worker's compensation, automobile and general liability claims fund; and school police internal service fund	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus

Figure 1, above, summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred outflows liabilities, and deferred inflows – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, the reader needs to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, all the District's activities are reported as governmental activities.

- *Governmental activities* – All of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes, sales taxes and state formula aid finance most of the activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, the District provides additional information with the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. There are two types of proprietary funds:
 - *Enterprise funds* account for goods and services provided to those outside the District, generally on a user-charge basis. Currently, the District has no enterprise funds.
 - *Internal service funds* report self-insurance activities charged to the District's other programs and activities and Internal Service fund activities charged to schools for school police officers.
- *Fiduciary funds* – The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong.
 - The District excludes these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Financial Statements – The notes provided, disclosures and additional information that are essential to a full understanding of the financial information presented in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information, as well as combining and individual fund statements and schedules beginning with page 77.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Government-Wide

The District’s net position was \$1.533 billion at June 30, 2020. The largest portion of the District’s net position, \$1.814 billion, reflect its investment in capital assets (i.e. land, buildings, furniture, buses and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District’s net position (\$537.5 million) represents resources that are subject to external restrictions on how they may be used.

Table 1

Summary of Net Position Governmental Activities (in thousands)				
	June 30, 2020	June 30, 2019	Increase (Decrease)	Percentage Change
Current and other assets	\$ 1,360,164	\$ 1,197,041	\$ 163,123	13.6%
Capital assets (net)	3,154,831	3,155,834	(1,003)	(0.0%)
Total assets	<u>4,514,995</u>	<u>4,352,875</u>	<u>162,120</u>	3.7%
Deferred Loss on Debt Refunding	84,341	95,143	(10,802)	(11.4%)
Pension & OPEB Related	446,914	438,511	8,403	1.9%
Total Deferred Outflows of Resources	<u>531,255</u>	<u>533,654</u>	<u>(2,399)</u>	(0.4%)
Current and other liabilities	431,430	432,725	(1,295)	(0.3%)
Long-term liabilities	<u>2,970,271</u>	<u>2,770,826</u>	<u>199,445</u>	7.2%
Total liabilities	<u>3,401,701</u>	<u>3,203,551</u>	<u>198,150</u>	6.2%
Pension & OPEB Related	<u>111,256</u>	<u>132,501</u>	<u>(21,245)</u>	(16.0%)
Total Deferred Inflows of Resources	<u>111,256</u>	<u>132,501</u>	<u>(21,245)</u>	(16.0%)
Net position:				
Net investment in Capital Assets	1,814,240	1,768,987	45,253	2.6%
Restricted	537,506	519,938	17,568	3.4%
Unrestricted (deficit)	<u>(818,453)</u>	<u>(738,448)</u>	<u>(80,005)</u>	(10.8%)
Total net position	<u>\$ 1,533,293</u>	<u>\$ 1,550,477</u>	<u>\$ (17,184)</u>	(1.1%)

Cash and other assets increased \$163.1 million or 13.6%, primarily as a result of cash and taxes receivable generated by the capital projects funds. Long-term Liabilities increased \$199.4 million or 7.2% primarily as a result of issuance of COPS 2020A, additional equipment note, higher compensated absences, OPEB, and Pension liabilities, partially offset by debt service payments. See footnote 9 for additional information regarding Long Term Liabilities.

The analyses in Table 1, on page 7, and Table 2, below, focus on the summary of net position and summary of changes in net position for the District's governmental activities.

Table 2

Summary of Changes in Net Position				
Governmental Activities				
(in thousands)				
	June 30, 2020	June 30, 2019	Increase (Decrease)	Percentage Change
Revenues:				
Program revenue:				
Charges for services	\$ 42,101	\$ 56,678	\$ (14,577)	(25.7%)
Operating grants and contributions	556,919	562,289	(5,370)	(1.0%)
Capital grants and contributions	23,005	22,204	801	3.6%
General revenue:				
Property taxes	1,456,747	1,269,724	187,023	14.7%
Local sales taxes	139,910	145,848	(5,938)	(4.1%)
Grants and contributions not restricted	277,540	265,547	11,993	4.5%
Investment earnings	21,226	26,075	(4,849)	(18.6%)
Other general revenue	34,313	35,366	(1,053)	(3.0%)
Total revenues	<u>2,551,761</u>	<u>2,383,731</u>	<u>168,030</u>	<u>7.0%</u>
Functions/Programs Expenses				
Instruction	1,365,308	1,225,972	139,336	11.4%
Instructional support services	227,932	195,060	32,872	16.9%
Board	8,849	8,323	526	6.3%
General administration	13,780	14,484	(704)	(4.9%)
School administration	121,136	113,823	7,313	6.4%
Facilities acquisition and construction	175,394	133,721	41,673	31.2%
Fiscal services	8,043	7,511	532	7.1%
Food services	93,598	103,194	(9,596)	(9.3%)
Central services	20,483	18,034	2,449	13.6%
Student transportation services	56,917	59,704	(2,787)	(4.7%)
Operation and maintenance of plant	265,215	224,701	40,514	18.0%
Administrative technology services	6,919	7,183	(264)	(3.7%)
Community services	39,301	45,745	(6,444)	(14.1%)
Interest on long-term debt	50,970	53,496	(2,526)	(4.7%)
Unallocated depreciation/amortization	115,100	109,908	5,192	4.7%
Total expenses	<u>2,568,945</u>	<u>2,320,859</u>	<u>248,086</u>	<u>10.7%</u>
Change in net position	(17,184)	62,872	(80,056)	(127.3%)
Net Position - beginning	1,550,477	1,487,605	62,872	4.2%
Net Position - ending	<u>\$ 1,533,293</u>	<u>\$ 1,550,477</u>	<u>\$ (17,184)</u>	<u>(1.1%)</u>

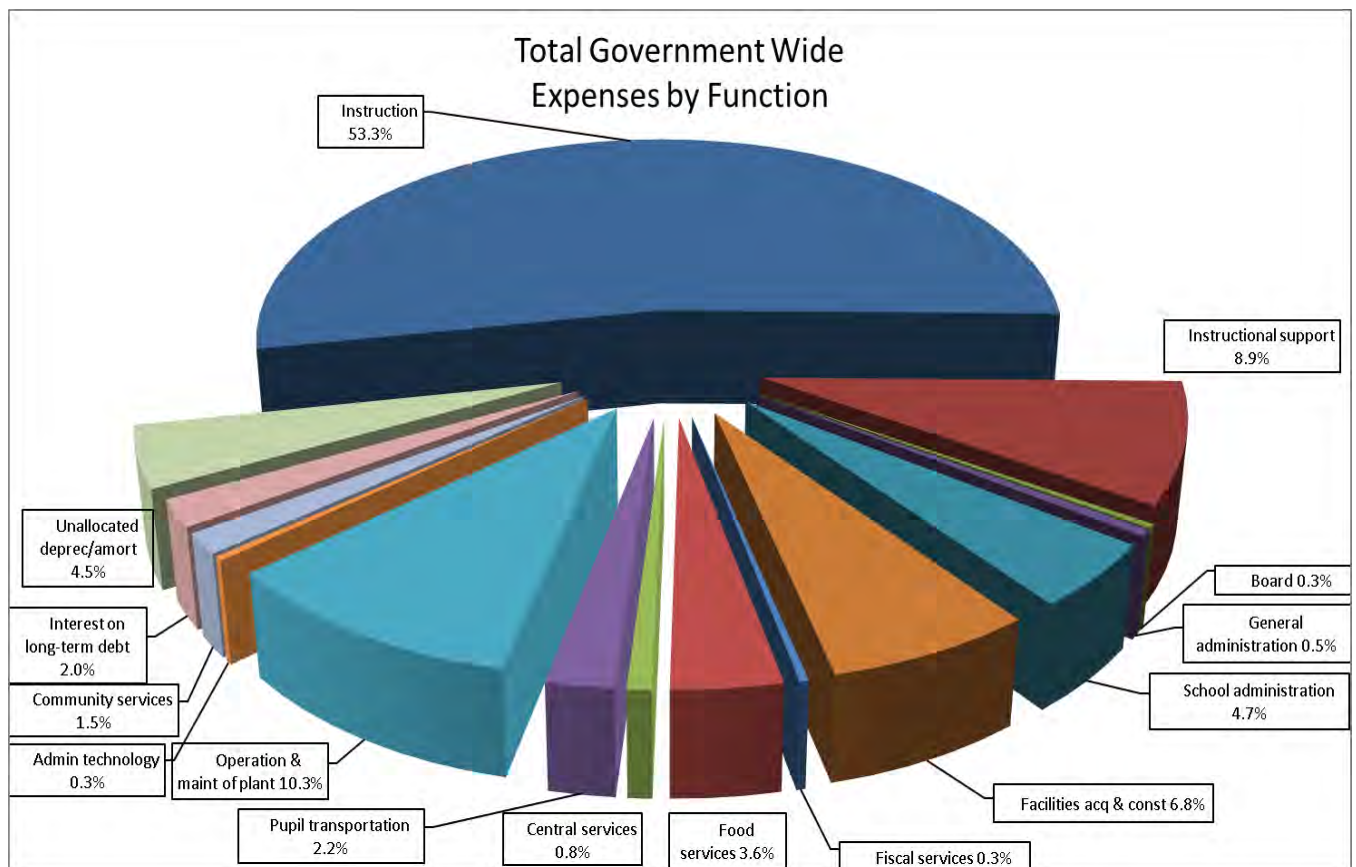
The results of this year’s operations for the District as a whole are reported in the Statement of Activities. Table 2, on previous page, takes the information from that statement and rearranges them slightly so the reader can see the total revenues and expenses for the current year compared to fiscal year 2019.

As reported in the Statement of Activities, the cost of all of the governmental activities this year was \$2.569 billion. Some costs were paid by those who benefited from the programs (\$42.1 million), or by other governments and organizations who subsidized certain programs with grants and contributions (\$579.9 million). The District paid for the remaining “public benefit” portion of the governmental activities with \$1.457 billion in property taxes, \$139.9 million in Sales Tax, \$277.5 million in grants and contributions not restricted to specific programs, \$21.2 million in investment earnings, and \$34.3 million in other general revenue.

Property taxes increased \$187.0 million or 14.7%, which is primarily attributed to a 5.0% increase in property values and 9% increase in millage rate due to increase of .75 mills referendum approved for this year. Sales Tax Revenue decreased \$5.9 million or 4.1%, which represents the impact of business closure due to COVID-19.

Investment Earning decreased \$4.9 million or 18.6%, as a result of 36% lower interest rates partially offset by 18% higher average invested cash balances.

The pie chart below represents total expenses classified by function.



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

As of June 30, 2020 the District's governmental funds reported a combined fund balance of \$824.5 million, which is an increase of \$129.7 million or 18.7% over the prior year.

The General Fund, which is the chief operating fund of the District and is always considered a major fund, had a fund balance of \$210.3 million which is an increase of \$26.5 million or 14.4%. The increase is primarily due to cost containment measures taken once schools closed due to COVID-19, higher than anticipated interest earnings, staff vacancies, and less than expected charter school enrollment. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$64.0 million.

The Capital Improvement Fund, another major fund, reported an ending fund balance of \$144.9 million which is an increase of \$30.5 million or 26.6% due to the timing of revenue and capital outlay spending.

The Sales Tax Fund, another major fund, reported an ending fund balance of \$190.1 million which is a decrease of \$12.1 million or 6.0% primarily due to capital outlay spending of the Sales Tax Referendum projects.

Other Non-Major Governmental Funds, which represent a summarization of all the other non-major governmental funds, ended the year with total fund balance of \$279.1 million, which is an increase of \$84.8 million or 43.6%. This increase is primarily due to issuance of COPS 2020-A offset by capital spending.

Proprietary Funds

The District's internal service funds reported a combined net position of \$138.2 million. The Health Internal Service Fund ended the year with a net position of \$121.2 million, which is decrease of \$0.4 million or 0.3% under last year. The Worker's Compensation and Claims Fund ended the year with a net position of \$28.5 million, which is an increase of \$5.2 million or 22.0% due to premiums exceeding claims and other expenses because of school closures due to COVID-19 and many employees working remotely. The newly created School Police Internal Service Fund ended the year with a net position loss of \$11.6 million, which will be funded over the next five years. Proprietary funds use accrual basis accounting, thus this Fund records actuarially determined long term liabilities.

General Fund Budgetary Highlights

During the year, revenue increased \$3.0 million from original to final budget with higher interest income and FEMA reimbursements related to Hurricane IRMA, Capital Maintenance Transfers In decreased \$11.0 million and appropriations decreased \$8.7 million (primarily in Maintenance of Plant Operations).

The General Fund actual expenditures were less than the budgeted appropriations. This is primarily due to staff vacancies as well as enhanced cost containment measures put in place once schools closed down due to COVID-19, such as a hiring freeze on all positions, elimination of all temporary positions, and waiver process related to spending for the entire district.

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As shown in Table 3, at June 30, 2020, the District had \$3.155 billion invested in a broad range of capital assets, including land, construction in progress, improvements other than buildings, buildings and fixed equipment, furniture, fixtures and equipment, motor vehicles, audio visual materials and computer software. This amount represents a net decrease (including additions, deletions and depreciation) of \$1.0 million from last year. Capital spending in the current year includes the acquisition of 102 buses for \$11.2 million, 276 other vehicles worth \$8.2 million, computer technology of \$23.0 million (including \$19.3 million for approximately five thousand interactive smart panels), capital construction in progress of \$68.0 million, land of \$2.5 million, and equipment and classroom spending of \$4.2 million.

In November 2016, the taxpayers of Palm Beach County approved a one-penny sales surtax of which fifty percent will be for the District. These capital dollars will allow the District to continue its effort to provide state-of-the-art facilities, which include modernizations, facility renewal projects, remodeling projects, new school construction, buses and support vehicles, security systems and technology infrastructure for all of its students.

Table 3

Capital Assets at Year End Governmental Activities (in thousands)			
	June 30, 2020	June 30, 2019	Increase (Decrease)
Land	\$ 346,140	\$ 343,655	\$ 2,485
Construction in progress	80,705	13,298	67,407
Improvements other than buildings	59,835	60,011	(176)
Buildings and fixed equipment	4,155,691	4,171,119	(15,428)
Furniture, fixtures and equipment	149,483	140,100	9,383
Motor vehicles	133,577	122,459	11,118
AV materials and computer software	49,402	50,654	(1,252)
Less: accumulated depreciation	(1,820,002)	(1,745,462)	(74,540)
Total capital assets, net	<u>\$ 3,154,831</u>	<u>\$ 3,155,834</u>	<u>\$ (1,003)</u>

Long-term Debt

As shown in Table 4, on next page, at the end of this year, the District had \$1.474 billion in debt outstanding, which is \$33.7 million higher than last year. The increase is primarily related to the issuance of COPS 2020A of \$103.8 million (plus premium of \$25.5 million) and new Equipment Loan of \$14.7 million offset in part by debt principal repayments of \$93.5 million and amortization of issuance premium of \$11.9 million. See Note 9 of the Notes to the Financial Statements for more information on long-term liabilities.

Table 4

Long-term Debt Outstanding at Year End			
Governmental Activities			
(in thousands)			
	June 30, 2020	June 30, 2019	Increase (Decrease)
Notes / Loans Payable	\$ 26,832	\$ 22,374	\$ 4,458
Capital Outlay Bond Issues	6,498	8,542	(2,044)
Certificates of Participation	1,305,860	1,278,343	27,517
Plus: Issuance Premium	135,243	131,463	3,780
Total	<u>\$ 1,474,433</u>	<u>\$ 1,440,722</u>	<u>\$ 33,711</u>

The District's certificates of participation are rated Aa3 by Moody's Investors Service, and AA- by Standard and Poor's Corporation, and AA- by Fitch Ratings Services.

The District is subject to State laws that limit the amount of State Board of Education Capital Outlay Bond Issues outstanding to 10% of the non-exempt assessed valuation. At June 30, 2020, the statutory limit for the District was approximately \$21.9 billion, providing additional debt capacity of approximately \$21.9 billion.

State Statute requires that no more that 75% of the capital millage levy be used for COP debt service. Two trends have lowered the district's debt capacity in this area. First, property values decline between fiscal year 2009 and fiscal year 2013. Second, the Florida Legislature lowered the allowable capital millage rate from 2.0 mills to 1.75 mills in fiscal year 2009 and again from 1.75 to 1.50 mills in fiscal year 2010. In the course of two years, the Legislature reduced district debt service capacity by 25%. Debt service payments remain in compliance at 45.6% of capital millage proceeds. The District's legal lease purchase agreement remaining debt issuance capacity is \$77.4 million, and \$5.2 based on Board Policy recommends no more than 50% of capital millage levy Other long-term obligations (not included above) include liabilities for compensated absences, estimated long-term claims, other post-employment benefits, and net pensions.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The School District's revenues are determined in large part by the Florida Legislature and Governor. Funding per student is set as part of the State's annual budget approval. Local school board taxing authority is also governed at the state level with the Legislature dictating the largest component of school property taxes, known as the Required Local Effort (RLE), and through statutory caps that limit the remaining components of the school levy.

Fiscal year 2021 budget year is expected to be challenging due to the uncertainty in the severity and length of the economic crisis caused by the COVID-19 pandemic. District funding is largely dependent on the actions of the Florida Legislature and Governor. On August 14, 2020, the Legislature's Office of Economic and Demographic Research (EDR) released an updated estimate of general revenue available for fiscal years 2021 and 2022. The loss in District revenue could be up to \$91.5 million in fiscal year 2021 and \$53.3 million in fiscal year 2022 assuming the projected loss in state revenue is allocated proportionally based on state education funding as percentage of general revenue. In anticipation of these shortfalls, the district prioritized saving as much as possible to establish a reserve in fiscal year 2021 to help offset potential state funding reductions and COVID-19 related costs. In March 2020, the district implemented a hiring and spending freeze, supplemented by the savings generated by the closure of school buildings, generating \$26.5 million through June 30, 2020. As part of the fiscal year 2021 budget

development process, an additional \$17.0 million was saved through strategic realignments in departments.

The District will continue to receive the 1.0 millage referendum approved in November 2018 generating over \$200 million for District operated schools in fiscal year 2021. The referendum will fund investments in teacher pay through recruitment and retention supplements, school behavioral health positions, school psychologists, expanded mental health co-located services, arts and music education, and school safety.

School security has been a priority for the District prior to the passage of the Marjory Stoneman Douglas High School Public Safety Act in 2018. The District has consistently invested significantly more in school security than revenue received from the state Safe School Allocation. It will be a challenge to manage the competing priorities of school security and mental health versus academic initiatives and providing fair compensation for all employees that keeps pace with inflation.

Future budgets are dependent on the Florida Legislature, voter support and property tax values. The 1.0 mill referendum will sun set June 30, 2023, unless renewed by the voters. In addition, House Bill 7123 approved by the 2019 Legislature mandates future voted discretionary millages approved on or after July 1, 2019 must be shared with charter schools based upon student enrollment. As a result, any future operating millage referendum in 2022 or beyond will be subject to this requirement absent a change in legislation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact:

Michael J. Burke, Chief Financial Officer
The School District of Palm Beach County, Florida
3328 Forest Hill Boulevard, Suite C-316
West Palm Beach, FL 33406

Visit our website at:

<http://www.palmbeachschools.org/>

View an electronic copy of our CAFR at:

<https://www.palmbeachschools.org/cms/one.aspx?pageId=6498336>

BASIC FINANCIAL STATEMENTS



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THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
STATEMENT OF NET POSITION
JUNE 30, 2020
(amounts expressed in thousands)

	Primary Government
	Governmental Activities
ASSETS	
Cash, cash equivalents and investments	\$ 1,242,685
Ad Valorem and Sales Taxes receivable	54,007
Accounts, deposits and interest receivable	1,516
Due from other governments or agencies	45,549
Inventories	9,153
Restricted assets (cash with fiscal agent)	2,461
Other assets	4,793
Capital assets:	
Land	346,140
Construction in progress	80,705
Improvements other than buildings	59,835
Buildings and improvements	4,155,691
Furniture, fixtures and equipment	149,483
Motor vehicles	133,577
Audio/video materials and software	49,402
Less accumulated depreciation	(1,820,002)
Total capital assets, net of depreciation	<u>3,154,831</u>
TOTAL ASSETS	<u>4,514,995</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on debt refunding	84,341
Pension Related Items	402,933
OPEB Related Items	43,981
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>531,255</u>
LIABILITIES	
Accounts and contracts payable	62,083
Accrued payroll and payroll deductions	92,036
Current notes payable	115,000
Retainage payable on contracts	6,553
Deposits payable	944
Interest payable	26,957
Unearned revenue	4,462
Noncurrent liabilities:	
Portion due or payable within one year:	
Loans/note payable	8,154
Bonds payable	1,119
Liability for compensated absences	15,712
Certificates of participation payable	75,570
Estimated claims	22,840
Portion due or payable after one year:	
Loans/note payable	18,678
Bonds payable	6,416
Liability for compensated absences	196,716
Certificates of participation payable	1,364,496
Estimated claims	33,366
Total other post-employment benefits	199,429
Net Pension Liability	1,151,170
TOTAL LIABILITIES	<u>3,401,701</u>
DEFERRED INFLOWS OF RESOURCES	
Pension Related Items	92,813
OPEB Related Items	18,443
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>111,256</u>
NET POSITION	
Net Investment in capital assets	1,814,240
Restricted for:	
Categorical carryover programs	5,624
Debt service	102,549
Capital projects	375,125
School food service	12,723
Other purposes (See Note 14)	41,485
Unrestricted (deficit)	(818,453)
TOTAL NET POSITION	<u>\$ 1,533,293</u>

The notes to the financial statements are an integral part of this statement.

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Instruction	\$ 1,365,308	\$ 1,983	\$ 357,301	\$ 10,349
Instructional support services	227,932	-	58,632	-
Board	8,849	-	-	-
General administration	13,780	-	3,517	-
School administration	121,136	-	7,180	-
Facilities acquisition & construction	175,394	-	-	11,151
Fiscal services	8,043	-	198	-
Food services	93,598	11,911	75,285	-
Central services	20,483	-	902	-
Student transportation services	56,917	931	28,817	-
Operation of plant	184,872	-	12,615	-
Maintenance of plant	80,343	-	-	-
Administrative technology services	6,919	-	428	-
Community services	39,301	27,276	8,745	-
Interest on long-term debt	50,970	-	3,299	1,505
Unallocated depreciation expense (See Note 6)	115,100	-	-	-
Total primary government governmental activities	\$ 2,568,945	\$ 42,101	\$ 556,919	\$ 23,005

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for capital projects

Local sales taxes, levied for capital projects

Grants and entitlements not restricted to specific programs

Investment earnings

Other

Total general revenues

Change in net position

Net Position—beginning

Net Position—ending

The notes to the financial statements are an integral part of this statement.

**Net (Expense)
Revenue and Changes
in Net Position**

**Primary Government
Governmental
Activities**

\$	(995,675)
	(169,300)
	(8,849)
	(10,263)
	(113,956)
	(164,243)
	(7,845)
	(6,402)
	(19,581)
	(27,169)
	(172,257)
	(80,343)
	(6,491)
	(3,280)
	(46,166)
	(115,100)
	<u>(1,946,920)</u>

	1,151,676
	305,071
	139,910
	277,540
	21,226
	34,313
	<u>1,929,736</u>
	(17,184)
	1,550,477
\$	<u><u>1,533,293</u></u>

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020
(amounts expressed in thousands)

	GENERAL FUND	CAPITAL IMPROVEMENT
	<u> </u>	<u> </u>
ASSETS		
Cash, cash equivalents and investments	\$ 385,847	\$ 142,601
Ad Valorem and Sales taxes receivable	24,910	6,597
Accounts and interest receivable	1,516	-
Due from other governments or agencies	5,680	-
Due from other funds	17,000	-
Inventories	4,139	-
Other assets	73	-
TOTAL ASSETS	<u>439,165</u>	<u>149,198</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts and contracts payable	14,141	4,027
Accrued payroll and payroll deductions	92,898	-
Tax anticipation notes payable	115,000	-
Accrued interest payable	1,919	-
Due to other funds	-	-
Retainage payable on contracts	-	258
Deposits payable	944	-
Unearned revenue	174	-
TOTAL LIABILITIES	<u>225,076</u>	<u>4,285</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	3,783	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,783</u>	<u>-</u>
FUND BALANCES		
Nonspendable	4,139	-
Restricted	39,123	144,913
Committed	-	-
Assigned	103,044	-
Unassigned	64,000	-
TOTAL FUND BALANCES	<u>210,306</u>	<u>144,913</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 439,165</u>	<u>\$ 149,198</u>

The notes to the financial statements are an integral part of this statement.

SALES TAX	OTHER NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 199,857	\$ 281,039	\$ 1,009,344
22,500	-	54,007
-	-	1,516
-	38,005	43,685
-	-	17,000
-	5,014	9,153
-	-	73
<u>222,357</u>	<u>324,058</u>	<u>1,134,778</u>
27,908	14,601	60,677
-	5,897	98,795
-	-	115,000
-	7	1,926
-	17,000	17,000
4,316	1,979	6,553
-	-	944
-	4,288	4,462
<u>32,224</u>	<u>43,772</u>	<u>305,357</u>
-	1,143	4,926
-	1,143	4,926
-	5,014	9,153
190,133	234,163	608,332
-	18	18
-	39,948	142,992
-	-	64,000
<u>190,133</u>	<u>279,143</u>	<u>824,495</u>
\$ <u>222,357</u>	\$ <u>324,058</u>	\$ <u>1,134,778</u>



THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020
(amounts expressed in thousands)

Total Fund Balances - Governmental Funds \$ 824,495

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Cost of capital assets	\$ 4,974,833	
Accumulated depreciation	(1,820,002)	
Total capital assets, net of depreciation		3,154,831

Deferred outflows/inflows of resources are reported in the statement of net position but not recognized in the governmental funds since they do not represent current resources:

Deferred Outflow - Net unamortized amount for refunding transactions	84,341	
Deferred Outflow - Pensions	390,726	
Deferred Outflow - OPEB	43,399	
Deferred Inflow - Pensions	(89,231)	
Deferred Inflow - OPEB	(18,199)	
		411,036

Expenditures for insurance and software extending over more than one accounting period not allocated between or among accounting periods, but accounted for as expenditures of the period of acquisition in the funds.

4,720

An internal service fund is used by management to charge the costs of health premiums, workers' compensation, auto and general liability, and school police to individual funds. The net position of the internal service fund is included in governmental activities in the statement of net position.

Assets and Deferred Outflows of Resources	250,455	
Liabilities and Deferred Inflows of Resources	112,304	
Net position		138,151

Revenues that have been deferred or unearned in the governmental funds but are recognized as revenue in the governmental-wide financial statements.

4,926

Long-term liabilities are not due and payable in the current period and not reported as liabilities in the governmental funds. Long-term liabilities (net of premiums) at year-end consist of:

Loans / Notes payable	26,832	
Bonds payable	7,535	
Certificates of participation payable	1,440,066	
Compensated absences	201,839	
Total other post employment benefits (OPEB)	196,786	
Net pension liability	1,106,777	
Accrued interest on long-term debt	25,031	
		(3,004,866)

Total Net Position - Governmental Activities **\$ 1,533,293**

The notes to the financial statements are an integral part of this statement.

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(amounts expressed in thousands)

	GENERAL FUND	CAPITAL IMPROVEMENT
REVENUES:		
Local sources:		
Ad valorem taxes	\$ 1,151,676	\$ 305,071
Local sales taxes	-	-
Interest income and other	9,547	3,161
School age child care fees	27,276	-
Food service sales	215	-
Impact fees	-	-
Local grants and other	25,422	-
Total local sources	<u>1,214,136</u>	<u>308,232</u>
State sources:		
Florida education finance program	361,814	-
Capital outlay and debt service	113	-
Food service	-	-
Class size reduction	222,100	-
Charter school capital outlay	-	-
State grants and entitlements	34,400	-
Total state sources	<u>618,427</u>	<u>-</u>
Federal sources:		
Federal grants and entitlements	8,334	-
National school lunch act	-	-
Total federal sources	<u>8,334</u>	<u>-</u>
TOTAL REVENUES	<u>1,840,897</u>	<u>308,232</u>
EXPENDITURES:		
Current:		
Instruction	1,232,065	-
Instructional support services	163,163	-
Board	8,204	-
General administration	9,966	-
School administration	113,218	-
Facilities acquisition and construction	491	34,285
Fiscal services	7,270	-
Food services	89	-
Central services	18,076	-
Student transportation services	53,580	-
Operation of plant	178,221	-
Maintenance of plant	76,172	-
Administrative technology services	6,451	-
Community services	34,789	-
Total Current Expenditures	<u>1,901,755</u>	<u>34,285</u>

The notes to the financial statements are an integral part of this statement.

SALES TAX	OTHER NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ -	\$ 1,456,747
139,910	-	139,910
3,668	1,765	18,141
-	-	27,276
-	11,697	11,912
-	6,447	6,447
5,029	8,838	39,289
<u>148,607</u>	<u>28,747</u>	<u>1,699,722</u>
-	-	361,814
-	7,627	7,740
-	1,003	1,003
-	-	222,100
-	10,349	10,349
-	9,430	43,830
-	<u>28,409</u>	<u>646,836</u>
-	122,884	131,218
-	73,453	73,453
-	<u>196,337</u>	<u>204,671</u>
<u>148,607</u>	<u>253,493</u>	<u>2,551,229</u>
-	69,891	1,301,956
-	51,140	214,303
-	-	8,204
-	3,257	13,223
-	147	113,365
116,073	24,853	175,702
-	172	7,442
-	91,085	91,174
-	902	18,978
-	314	53,894
-	3	178,224
-	-	76,172
-	-	6,451
-	3,032	37,821
<u>116,073</u>	<u>244,796</u>	<u>2,296,909</u>

(Continued)

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(amounts expressed in thousands)**

	<u>GENERAL FUND</u>	<u>CAPITAL IMPROVEMENT</u>
Capital outlay	\$ 1,338	\$ 11,180
Debt service:		
Retirement of principal	-	-
Interest	1,508	-
Fiscal charges	-	-
TOTAL EXPENDITURES	<u>1,904,601</u>	<u>45,465</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(63,704)</u>	<u>262,767</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	90,519	1,756
Transfers out	(275)	(234,062)
Loans Incurred	-	-
Issuance of long-term and refunded debt	-	-
Net premium (discount) from issuance of long-term and refunded debt	-	-
Payments to refunded debt escrow agent	-	-
Proceeds from loss recoveries	-	-
Sale of capital assets and other	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>90,244</u>	<u>(232,306)</u>
NET CHANGE IN FUND BALANCES	26,540	30,461
FUND BALANCES, JULY 1, 2019	<u>183,766</u>	<u>114,452</u>
FUND BALANCES, JUNE 30, 2020	<u>\$ 210,306</u>	<u>\$ 144,913</u>

The notes to the financial statements are an integral part of this statement.

SALES TAX	OTHER NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 54,401	\$ 50,121	\$ 117,040
-	87,722	87,722
-	61,797	63,305
75	786	861
<u>170,549</u>	<u>445,222</u>	<u>2,565,837</u>
<u>(21,942)</u>	<u>(191,729)</u>	<u>(14,608)</u>
9,867	155,117	257,259
-	(22,922)	(257,259)
-	14,700	14,700
-	108,738	108,738
-	26,440	26,440
-	(5,793)	(5,793)
-	4	4
-	206	206
<u>9,867</u>	<u>276,490</u>	<u>144,295</u>
<u>(12,075)</u>	<u>84,761</u>	<u>129,687</u>
<u>202,208</u>	<u>194,382</u>	<u>694,808</u>
<u>\$ 190,133</u>	<u>\$ 279,143</u>	<u>\$ 824,495</u>

(Concluded)

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(amounts expressed in thousands)

Total net change in fund balances - governmental funds \$ 129,687

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capitalized capital outlay (\$117,113) in excess of depreciation expense (\$115,100) in the current period. 2,013

Governmental funds report the effect of bond insurance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt Refunding Amortization	\$ (10,802)	
Premium on Current Year Issuance	(26,440)	
Premium/Discount Amortization	16,866	
	<hr/>	(20,376)

Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 4,926

Revenues reported in the governmental funds that were reported as revenue in the statement of activities in the prior year under full accrual. (3,884)

Repayment of notes / loans is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 10,242

Note / Loan proceeds provided current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. (14,700)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 83,265

Bond refunding proceeds provided current financial resources to governmental funds. Bond refunding payments are expenditures in the governmental funds. The amount by which the refunding payment (\$5,793) exceeded refunding proceeds (\$4,918) in the current period. 875

Proceeds of Lease-Purchase Agreements provide current financial resources for governmental funds, but issuing debt increases long-term liabilities in the statement of net position. (103,820)

The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position. (3,015)

Expenses in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds.

Prepaid Insurance & Software	60	
Compensated Absences	(12,449)	
Other Post Employment Benefits	(7,239)	
Pension Expense	(77,275)	
Accrued Interest on Long-Term Debt	1,347	
	<hr/>	(95,556)

An internal service fund is used by management to charge the costs of self insurance claims (including health, workers compensation, auto and general liability) to individual funds, and the cost of school police to schools. The net loss of the internal service fund is reported with governmental activities.

 (6,841)

Change in net position of governmental activities \$ (17,184)

The notes to the financial statements are an integral part of this statement.

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(amounts expressed in thousands)

	Budgeted Amounts		Actual (Budgetary Basis)	Variances -	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
REVENUES:					
Local sources	\$ 1,219,529	\$ 1,214,136	\$ 1,214,136	\$ (5,393)	\$ -
State sources	612,606	618,427	618,427	5,821	-
Federal sources	5,804	8,334	8,334	2,530	-
TOTAL REVENUES	<u>1,837,939</u>	<u>1,840,897</u>	<u>1,840,897</u>	<u>2,958</u>	<u>-</u>
EXPENDITURES:					
Instruction	1,358,392	1,334,350	1,233,441	24,042	100,909
Instructional support services	160,759	176,222	163,167	(15,463)	13,055
Board	9,958	9,989	8,204	(31)	1,785
General administration	11,079	11,267	9,966	(188)	1,301
School administration	110,217	113,791	113,221	(3,574)	570
Facilities acquisition and construction	741	701	499	40	202
Fiscal services	7,264	7,901	7,270	(637)	631
Food Services	8	199	89	(191)	110
Central services	18,290	18,985	18,084	(695)	901
Student transportation services	54,012	57,757	53,580	(3,745)	4,177
Operation of plant	175,186	178,502	178,630	(3,316)	(128)
Maintenance of plant	89,544	77,860	76,234	11,684	1,626
Administrative Technology Services	6,714	6,843	6,451	(129)	392
Community services	55,592	54,539	34,832	1,053	19,707
Debt service	1,891	2,001	1,508	(110)	493
TOTAL EXPENDITURES	<u>2,059,647</u>	<u>2,050,907</u>	<u>1,905,176</u>	<u>8,740</u>	<u>145,731</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(221,708)</u>	<u>(210,010)</u>	<u>(64,279)</u>	<u>11,698</u>	<u>145,731</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	103,098	90,519	90,519	(12,579)	-
Transfers out	(200)	(275)	(275)	(75)	-
TOTAL OTHER FINANCING SOURCES	<u>102,898</u>	<u>90,244</u>	<u>90,244</u>	<u>(12,654)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (118,810)</u>	<u>\$ (119,766)</u>	<u>25,965</u>	<u>\$ (956)</u>	<u>\$ 145,731</u>
FUND BALANCE, JULY 1, 2019 (GAAP BASIS)			<u>183,766</u>		
FUND BALANCE, JUNE 30, 2020 (BUDGETARY BASIS)			<u>209,731</u>		
Adjustment To Conform With GAAP:					
Elimination of encumbrances			<u>575</u>		
FUND BALANCE, JUNE 30, 2020 (GAAP BASIS)			<u>\$ 210,306</u>		

The notes to the financial statements are an integral part of this statement.



THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020
(amounts expressed in thousands)

	Governmental Activities
	Internal Service Fund
ASSETS	
Current Assets:	
Cash, cash equivalents and investments	\$ 233,341
Due from other agencies	1,864
Total Current Assets	<u>235,205</u>
Noncurrent Assets:	
Restricted cash	2,461
Total Noncurrent Assets	<u>2,461</u>
Total assets	<u>237,666</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension	12,207
Other post-employment benefits	582
Total Deferred Outflows of Resources	<u>12,789</u>
LIABILITIES	
Current liabilities:	
Accounts payable	1,406
Accrued payroll and payroll deductions	1,379
Portion due or payable within one year:	
Estimated unpaid claims	22,840
Total Current Liabilities	<u>25,625</u>
Noncurrent liabilities:	
Portion due or payable after one year:	
Liability for compensated absences	2,451
Estimated unpaid claims	33,366
Other post-employment benefits	2,643
Pension	44,393
Total Noncurrent Liabilities	<u>82,853</u>
Total liabilities	<u>108,478</u>
DEFERRED INFLOWS OF RESOURCES	
Pension	3,582
Other post-employment benefits	244
Total Deferred Inflows of Resources	<u>3,826</u>
NET POSITION	
Unrestricted	<u>\$ 138,151</u>

The notes to the financial statements are an integral part of this statement.

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(amounts expressed in thousands)

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES:	
Premium revenue	\$ 222,932
Charges for services	62,763
Pharmacy Rebates	13,112
Other operating revenue	1,448
TOTAL OPERATING REVENUES	300,255
OPERATING EXPENSES:	
Salaries	23,241
Benefits	45,524
Purchased services	7,945
Energy	249
Supplies	557
Capital Outlay	830
Claims and other expenses	232,353
TOTAL OPERATING EXPENSES	310,699
OPERATING LOSS	(10,444)
NONOPERATING REVENUES:	
Interest and other income	3,603
TOTAL NONOPERATING REVENUES	3,603
CHANGE IN NET POSITION	(6,841)
NET POSITION - Beginning of year	144,992
NET POSITION - End of year	\$ 138,151

The notes to the financial statements are an integral part of this statement.

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(amounts expressed in thousands)

	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash receipts from interfund premiums and charges for services	\$ 285,695
Cash payments for claims and administration	(240,055)
Cash receipts for pharmacy rebates	13,112
Cash payments for salaries and benefits	(30,305)
Other receipts	948
Net cash provided by operating activities	<u>29,395</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and other income	3,603
Net cash provided by investing activities	<u>3,603</u>
Net increase in cash and cash equivalents	32,998
Cash and cash equivalents, beginning of year*	<u>202,804</u>
Cash and cash equivalents, end of year*	<u><u>\$ 235,802</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (10,444)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Changes in assets, liabilities, deferred inflows, and deferred outflows of resources:	
(Increase) decrease in due from other agencies	1,136
Increase (decrease) in payroll and payroll deductions	1,338
Increase (decrease) in accounts payable	(460)
Increase (decrease) in pension	34,923
Increase (decrease) in post-employment benefits	2,199
Increase (decrease) in estimated unpaid claims	703
Total adjustments	<u>39,839</u>
Net cash provided by operating activities	<u><u>\$ 29,395</u></u>

*Includes Restricted Cash

The notes to the financial statements are an integral part of this statement.

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020
(amounts expressed in thousands)

	PRIVATE- PURPOSE TRUST FUND	AGENCY FUND
	FLORIDA FUTURE EDUCATORS OF AMERICA	SCHOOL INTERNAL FUNDS
ASSETS		
Cash, cash equivalents and investments	\$ 336	\$ 21,616
Accounts receivable	-	449
TOTAL ASSETS	<u>\$ 336</u>	<u>\$ 22,065</u>
LIABILITIES		
Accounts payable	\$ -	\$ 251
Due to student organizations	-	21,814
TOTAL LIABILITIES	<u>-</u>	<u>\$ 22,065</u>
NET POSITION - RESTRICTED		
Held in trust for scholarships	<u>336</u>	
TOTAL NET POSITION	<u>\$ 336</u>	

The notes to the financial statements are an integral part of this statement.

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(amounts expressed in thousands)**

	PRIVATE- PURPOSE TRUST FUND
	FLORIDA FUTURE EDUCATORS OF AMERICA
ADDITIONS	
Donations	\$ 92
Interest	1
TOTAL ADDITIONS	<u>93</u>
DEDUCTIONS	
Scholarships	<u>88</u>
TOTAL DEDUCTIONS	<u>88</u>
CHANGE IN NET POSITION	5
RESTRICTED NET POSITION - Beginning of year	<u>331</u>
RESTRICTED NET POSITION - End of year	<u>\$ 336</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District of Palm Beach County, Florida (the "District") have been prepared to conform with Accounting Principles Generally Accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Pursuant to Florida Statutes, Section 1010.01, the Superintendent of Schools is responsible for keeping records and accounts of all financial transactions in the manner prescribed by the State Board of Education. The following is a summary of the more significant of these policies.

A. Reporting Entity

The District and its governing board are organized and operated under Section 4, Article IX, of the Constitution of Florida and Chapter 1001 of Florida Statutes. The District's boundaries are coterminous with those of Palm Beach County. Management of the School District is independent of county and city governments. The membership of the governing board of the District (the "Board") consists of seven members elected from single member districts for overlapping four-year terms. The Superintendent is appointed by the Board to act as executive officer of the District.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. In accordance with GASB 14, "The Financial Reporting Entity," as amended by GASB 39, "Determining Whether Certain Organizations Are Component Units" and GASB 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", the criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and are either able to impose its will on the organization and there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or the nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be incomplete. Applying this definition, District management has determined that the component unit and/or joint venture reportable within the accompanying financial statements is the Palm Beach School Board Leasing Corporation (the "Corporation").

Blended Component Unit - The Corporation's sole purpose is to provide for financing and construction of certain District school facilities. Additionally, the Corporation is legally separate from the District and the Board of the Corporation consists of the seven Board members of the District. Therefore, the financial activities of the Corporation have been blended (reported as if it were part of the District) with those of the District. The Corporation does not publish individual component unit financial statements.

Based on assessing the criteria of classifying entities as component units under GASB 61, charter schools do not meet the component unit requirements and are not reported within the financial statements of the District.

Since the District is independent of and is not financially accountable for other governmental units or civic entities, these financial statements represent the operations of the District, the Corporation, as well as all of the funds of the District as a governmental unit.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for Fiduciary Funds. The District eliminates from the Statement of Net Position and the Statement of Activities all interfund receivables and payables and transfers between funds as well as the transactions associated with its Internal

Service Funds.

The government-wide statements are prepared using the economic resources measurement focus and accrual basis accounting. This is the same approach used in the preparation of the Proprietary Fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Non-major funds are aggregated and presented in a single column. Internal Service Funds are aggregated and presented in a single column in the Proprietary Fund statements. Fiduciary Funds are reported by fund type.

The Governmental Funds are accounted for on the "flow of current financial resources" measurement focus. Governmental fund financial statements are prepared using the current financial resource measurement focus and the modified accrual basis of accounting. The Proprietary Fund is accounted for on an "economic resources" measurement focus. Accordingly, the Statement of Revenues, Expenses and Changes in Fund Net Position for the Proprietary Fund reports increases and decreases in total economic net worth. The private purpose trust fund is reported using the economic resources measurement focus.

GOVERNMENTAL FUNDS

Governmental Funds are those through which most District functions are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in the Proprietary Fund and Fiduciary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial resources rather than upon determination of net income. The following are the District's major Governmental Funds:

General Fund

The General Fund is the primary operating fund of the District. Ad valorem tax revenues, revenues from the Florida Education Finance Program ("FEFP") and other receipts not allocated by law or contractual agreement to other funds are accounted for in this fund. Similarly, general operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from this fund.

Capital Improvement Fund

The Capital Improvement Fund accounts for locally received funds, primarily ad valorem tax revenue, and funds are used to fund COPS Debt Service, capital maintenance and other capital projects.

Sales Tax Fund

Sales Tax Fund accounts for locally received funds, primarily sales tax revenue, for the acquisition, construction

or renovation of capital facilities, and acquisition of new computer technology, equipment and vehicles.

Other Non-Major Governmental Funds

The Other Non-Major Governmental Funds are a summary of all the other non-major governmental funds.

PROPRIETARY FUNDS

The Proprietary Fund is used to account for ongoing activities where the intent is that charges made to users will cover the costs of the services provided. The measurement focus is upon the determination of net income. The only Proprietary Fund that the District has is its Internal Service Funds. A Proprietary Fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Operating expenses for Internal Service Funds include salaries, benefits, administrative expenses, and claims paid. All items not meeting this definition are reported as nonoperating revenues and expenses.

Internal Service Funds

Internal Service Fund is used to account for the financing of goods and services provided by one department to another on a cost reimbursement basis. The District has two self-insurance Internal Service Funds, one for group health, and one for worker's compensation, general and auto liability claims. Expenditures of the self-insurance funds are charged back to the appropriate governmental fund. Effective July 1, 2019 the District established School Police Internal Service Fund to aggregate and charge out the actual cost of school police officers to the schools. The negative net position in this new fund will be funded over a 5-year period.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the District on behalf of outside related organizations or on behalf of other funds within the District. The Fiduciary Funds are prepared under the economic resources measurement focus and the accrual basis of accounting.

Agency Funds

Agency Funds consist of activity funds, which are established at each school to record the receipts and disbursements of various school activities administered for the general welfare of the students and completion of certain planned objectives and special programs of school groups. The District retains no equity interest in these funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private Purpose Trust Fund

A trust fund was established in January 1993 and is used to account for a District-supported Florida Future Educators of America. Revenues consist of employee donations and interest income. Expenditures represent scholarships for future teachers, which are awarded in accordance with the trust requirements.

BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recognized in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and Fiduciary Funds use the accrual basis of accounting.

Modified Accrual

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to

be used to pay liabilities of the current period. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants and interest on investments. The District considers all revenues (with the exception of the expenditure-driven grants) as available if they are collected within sixty (60) days after year-end. The expenditure driven grants are considered available if received within one year from the balance sheet date. Current year property tax revenue is recognized when levied for, if available. Amounts are considered available if received by the District within sixty (60) days subsequent to fiscal year end. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized as expenditures when due/paid; and (2) expenditures related to liabilities reported as general long-term obligations are recognized when due, such as compensated absences, Other Post-Employment Benefits (OPEB), pensions, claims payables, bonds, loans and leases.

In applying the susceptible to accrual concept to revenues from Federal and State sources, the legal and contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before the District will receive any amounts; therefore, revenues are recognized based upon the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In all cases, monies received before the revenue recognition criteria have been met are reported as advance payments or deferred inflows.

Accrual

Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

Revenue Recognition

Program and General Revenues – Amounts reported as program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

State Revenue Sources – Revenues from State sources for current operations are primarily from the Florida Education Finance Program (“FEFP”), administered by the Florida Department of Education (“FDOE”), under the provisions of Chapter 1011, Florida Statutes. This revenue is recognized in the year of entitlement. The District files reports on full time equivalent (“FTE”) student membership with the FDOE. The FDOE accumulates information from these reports and calculates the allocation of FEFP funds to the District. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review. Normally, such adjustments are treated as reductions of revenue in the year the reduction is made, as amounts are not significant.

The District receives and recognizes revenue from the State to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical educational programs.

The State allocates gross receipt taxes, generally known as Public Education Capital Outlay money, to the District on an annual basis. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from FDOE

Property Taxes – Property tax revenue anticipated to be collected is recognized in the fiscal year for which it is levied. Delinquent taxes collected in subsequent periods are recognized as revenue during the fiscal year in which they are received.

Sales Tax – Sales tax revenue anticipated to be collected within sixty days of year-end is recognized in the fiscal year collected by the county.

Federal Revenue Sources – The District receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to, and approved by, various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

Use of Resources – When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

C. Budgetary Policies

Expenditures are controlled by budgetary systems in accordance with various legal and administrative requirements that govern the District's operations. The budget represents a process through which policy decisions are made, implemented and controlled. The budget is adopted on a basis consistent with GAAP, except for encumbrances. The budgetary process includes encumbrances in the current year budget. The encumbrances are reported as expenditures on the budgetary basis of accounting.

Annual budgets are legally adopted for all funds except the Fiduciary Funds. The budget amounts for revenues and expenditures reflect all amendments to the original budget dated September 11, 2019 with the final amendments approved by the Board. Significant dates in the budgeting timetable follow:

1. The Palm Beach County Property Appraiser certifies to the District the taxable value of all nonexempt District property by July 1 of each year, or the Clerk of the Circuit Court is required to certify an interim tax roll.
2. Within 24 days of tax roll certification, the Board considers and approves for advertising a tentative budget.
3. Within 29 days after tax roll certification, the District advertises the tentative budget and the millage rates therein.
4. A public hearing to adopt the tentative budget and proposed millage rate is held not less than two nor more than five days after the budget is advertised.
5. Within 35 days of tax roll certification, the District notifies the Palm Beach County Property Appraiser of proposed millage rates.

At a final public hearing within 80 days, but not less than 65 days, after tax roll certification, the Board adopts the District budget.

The major functional level is the legal level of budgetary control. Per Board policy, management is authorized to make budget amendments at function level with Board approval. All interim budget amendments between major functional areas within each fund are submitted to the Board for approval. Federal and State grant budget amendments which require State approval prior to processing are also submitted to the Board for approval with monthly amendments.

Unreserved appropriations are cancelled at the end of the fiscal year. However, encumbered appropriations for funds do not lapse at the end of the fiscal year. Restricted, committed and assigned fund balances at June 30, 2020 for funds under budgetary control have been re-appropriated for the fiscal year 2021 operating budget within the appropriate fund. Programs restricted for carryover include all State categorical grants required to be expended on specific programs and District approved carryover programs.

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve a portion of an applicable appropriation, is utilized for budgetary control purposes. Encumbrances are not the equivalent of expenditures, and accordingly, amounts assigned for encumbrances at the governmental fund level indicate that portion of the fund balance segregated for expenditure upon vendor performance.

E. Cash, Cash Equivalents and Investments

The District maintains a Treasurer's pool for the District's cash and investments. Each fund's portion of the pool is reported as cash, cash equivalents and investments in the financial statements. Investments recorded at fair value consist of direct obligations of the United States Treasury, U.S. Government Agency Securities, U.S. Government sponsored agencies, U.S. Treasury Securities, AAA rated local government investment pools, corporate notes, U.S. Government Supported Corporate Debt, and other investments allowable by the District's investment policy. The District categorizes its investments according to the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on observable and unobservable inputs used in establishing the fair value of a financial asset or liability. All money market mutual funds are AAA rated by the various rating agencies and each fund is registered as a 2a-7 fund with the SEC and recorded at amortized cost. Rule 2a-7 of the Investment Company Act of 1940, comprises the rules governing money market funds. For purposes of the statement of cash flows, each fund's portion of the pool is considered cash equivalents, which are money market funds and all highly liquid investments with a maturity of three months or less when purchased.

F. Inventories

Inventories are valued at the lower of cost or net realizable value, using the average cost method. The District's inventories include various items consisting of school supplies, paper, textbooks, fuel, commodities, etc. USDA commodities received from the Federal government are recorded at the value established by the Federal government using the average cost method. Inventorial items are recorded as expenditures when shipped to schools and department offices (the consumption method). The nonspendable fund balance at the governmental fund level is equal to the amount of inventories at year-end to indicate the portion of the governmental fund balances that are nonspendable.

G. Prepaid Items

Expenditures for insurance and similar services extending over more than one accounting period are not allocated between or among accounting periods in the governmental funds and are instead accounted for as expenditures in the period of acquisition (Purchase method). In the Government-Wide financial statements these amounts are reported as other assets and will be charged to expense in the period used or consumed.

H. Capital Assets

Capital assets represent the cumulative amount of capital assets owned and in use by the District. Purchased assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position. Gifts or contributions are recorded at estimated acquisition value at the time received. The District's capitalization levels are \$1,000 on tangible personal property,

\$100,000 on building improvements, \$50,000 on improvements other than buildings and \$100,000 on intangible assets. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets except land and construction in progress are depreciated.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Furniture, Fixtures and Equipment	3 – 15 years
Motor Vehicles	5 – 10 years
Audio/Video Materials & Software	3 – 5 years
Buildings and Improvements	15 – 50 years
Improvements Other Than Buildings	15 years
Intangibles	5 years

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position has a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) that will not be recognized as an outflow of resources (expense/expenditure) until then. One item is the net carrying amount of debt refunding reported in the government-wide statement of net position. A deferred loss on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or new refunding debt. A second item, in accordance with GASB 68, reports pension related deferred outflows of resources and deferred inflows of resources on its financial statements. A third item, in accordance with GASB 75, reports OPEB related deferred inflows of resources on its financial statements.

On the Government-Wide financial statements Deferred Outflows of Resources activity for fiscal year ended June 30, 2020 is as follows (in thousands):

	Ending Balance			Ending Balance
	June 30, 2019	Increase	Decrease	June 30, 2020
Deferred Outflows of Resources				
Net Carrying Amount of Deferred Refunding	\$ 95,143	\$ -	\$ 10,802	\$ 84,341
Pension Related - FRS (see Note 10)	358,993	333,281	358,993	333,281
Pension Related - HIS (see Note 10)	66,134	69,652	66,134	69,652
OPEB Related (see Note 11)	13,384	30,597	-	43,981
Total Deferred Outflows of Resources	\$ 533,654	\$ 433,530	\$ 435,929	\$ 531,255

In addition to liabilities, the statement of net position has a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has \$4.5 million Unavailable Revenue (\$3.4 million is related to Medicaid administration claims and \$1.1 million related to FEMA claims and fuel tax credit) that qualifies as a deferred inflow of resources and it is shown in the governmental funds Balance Sheet under the modified accrual basis of accounting.

On the Government-Wide financial statements, Deferred Inflows of Resources total \$111.3 million as shown below (in thousands):

	Ending Balance June 30, 2019	Increase	Decrease	Ending Balance June 30, 2020
Deferred Inflows of Resources				
Pension Related - FRS (see Note 10)	\$ 71,103	\$ 57,852	\$ 71,103	\$ 57,852
Pension Related - HIS (see Note 10)	41,212	34,961	41,212	34,961
OPEB Related (see Note 11)	20,186	-	1,743	18,443
Total Deferred Inflows of Resources	\$ 132,501	\$ 92,813	\$ 114,058	\$ 111,256

J. Long Term Debt

In the fund-level financial statements, governmental funds report the face amount of debt issued and debt principal payments, as well as any premiums (discounts) as other financing sources (uses). Debt issuance costs and principal payments are reported as debt service expenditures. In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net position. Bond premiums/ discounts and Bond insurance cost are amortized over the life of the bonds.

K. Self-Insurance

The District is self-insured for health (health insurance for employees and eligible dependents) and portions of its general and automobile liability insurance and workers' compensation (insurance for various risks of loss related to torts; theft of; damage to; destruction of assets; errors and omissions; injury to employees and natural disasters). The estimated liability for self-insured risks represents an estimate of the amount to be paid on insurance claims reported and on insurance claims incurred but not reported (See Note 7).

Consistent with GAAP guidelines, in the Proprietary Fund financial statements, the liability for self-insured risks is recorded under the accrual basis of accounting. Expenditures of the self-insurance funds are charged back to the appropriate governmental fund.

L. Compensated Absences

Compensated absences are obligations to employees for accumulated vacation and sick leave. These amounts also include the related employer's share of applicable taxes and retirement contributions. District employees may accumulate unused vacation and sick leave up to a specified amount depending on their date of hire. Vacation and sick leave are payable to employees upon termination or retirement at the current rate of pay on the date of termination or retirement.

The District uses the vesting method to calculate the compensated absences amounts. The entire compensated absence liability is reported on the government-wide financial statements. The portion related to employees in the Internal Service Fund is recorded at the fund level. The current portion is the amount estimated to be used in the following year. To liquidate the liability, an expenditure is mainly recognized in the general fund as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations (See Note 9).

M. Pensions

In the government-wide statement of net position, liabilities are recognized for the District's proportionate share of each pension plan's net pension liability. The portion related to employees in the Internal Service Fund is recorded at the fund level. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to deductions from the FRS's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Pension liabilities are liquidated in the governmental fund in which the employee is charged. Investments are reported at fair value. The District's retirement plans and related amounts are described in a subsequent note

N. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets/deferred outflows of resources and liabilities/deferred inflows of resources and disclosures of contingent assets/deferred outflows of resources and liabilities/deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

O. Post-Employment Benefits Other Than Pensions (OPEB)

The District applies GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the measurement, recognition, and display of OPEB expenditures or expenses, liabilities and assets as discussed in a subsequent note. OPEB is unfunded at June 30, 2020.

P. Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This standard will become effective immediately. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 83, Certain Asset Retirement Obligations; Statement No. 84, Fiduciary Activities; Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements; Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period; Statement No. 90, Majority Equity Interests; Statement No. 91, Conduit Debt Obligations; Statement No. 92, Omnibus 2020; Statement No. 93, Replacement of Interbank Offered Rates; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting); Implementation Guide No. 2018-1, Implementation Guidance Update—2018; Implementation Guide No. 2019-1, Implementation Guidance Update—2019; Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, Leases; Implementation Guide No. 2019-3, Leases. Management is aware of this standard and intends to properly evaluate the impact and ensure that any accounting and reporting impact is properly addressed specifically with regards to implementation of Statement No. 84, Fiduciary Activities and Statement No. 87, Leases.

Recently Issued Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which will be effective for the District beginning with its year ending June 30, 2020. The objective of this Statement is to improve guidance regarding what constitutes fiduciary activities for accounting and financial reporting purposes, the recognition of liabilities to beneficiaries, and how fiduciary activities should be reported. The effective dates of GASB 84 statements and guidance are postponed by one year from the effective date within the original statement.

In June 2017, the GASB issued Statement No. 87, *Leases*, which will be effective for the District beginning with its year ending June 30, 2021. This Statement outlines new guidance that establishes a single approach to accounting for and reporting leases by state and local governments. The goal is to better align reporting these leases with their particular situations, as well as provide greater transparency and usefulness of financial statements. The effective dates of GASB 87 statements and guidance are postponed by eighteen months from the effective date within the original statement.

In June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, will be effective for the District beginning with its year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The effective dates of the following GASB 89 statements and guidance are postponed by one year from the effective date within the original statement.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests-an Amendment of GASB Statement No.14 and No. 61*, which will be effective for the District beginning with its year ending June 30, 2020. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information component units. The effective dates of GASB 90 statements and guidance are postponed by one year from the effective date within the original statement.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligation*, which will be effective for the District beginning with its year ending June 30, 2023. This standard will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosure. This standard is not expected to impact the District's financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*, which will be effective for the District beginning with its year ending year end June 30, 2022. This standard will enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports; (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; (3) The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits; (4) The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements; (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs)

in a government acquisition; (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; (8) Terminology used to refer to derivative instruments. This standard is not expected to impact the District's financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, which will be effective for the District beginning with its year ending year end June 30, 2022, with the exception of the removal of LIBOR as an appropriate benchmark interest rate which will become effective June 30, 2023. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended. This standard is not expected to impact the District's financial statements.

In April 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* which will be effective for the District beginning with its year ending year end June 30, 2023. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. This standard is not expected to impact the District's financial statements.

2. AD VALOREM TAXES

The Board is authorized by Florida Statutes to levy property taxes for District operations, capital improvements and debt service. Property taxes consist of ad valorem taxes on real and personal property within the District. The Palm Beach County Property Appraiser assesses property values and the Palm Beach County Tax Collector collects the property taxes.

Property values are assessed as of January 1 each year. The Board levies the property tax at the final budget hearing each year based on the assessed valuation of all non-exempt property. This levy finances the expenditures of the current fiscal year. Tax bills are mailed by the Palm Beach County Tax Collector on November 1 and are due no later than April 1. After this date, taxes become an enforceable lien on property. Discounts of up to 4% are available for early payment. The majority of ad valorem taxes are collected in November and December and remitted to the School Board. Section 197.383, Florida Statutes, requires the Palm Beach County Tax Collector to distribute the taxes collected to each taxing authority at least four times during the first two months after the tax roll comes into the Tax Collector's possession, and at least once per month thereafter. Taxes are considered delinquent if not paid prior to April 1. State law provides for enforcement of collection of taxes by the sale of tax certificates on real property and for levy upon, seizure and sale of personal property after the Palm Beach County Tax Collector initiates a sequence of required procedures resulting in a court order to carry out the action.

The State Legislature prescribes the maximum non-voted millage that may be levied by the Board for each fiscal year. The total millage rate levy was 7.164 mills (including 1.00 mills approved by voters in November 2018) and the total assessed value on which the 2019-20 levy was based was \$211.3 billion. Gross taxes

levied were approximately \$1.5 billion. Total revenue, net of discounts, was approximately \$1.5 billion. A portion of the taxes levied for the Local Capital Improvement Capital Project Fund, designated for repairs and maintenance programs are transferred to the General Fund as provided by Chapter 1013, Florida Statutes. For fiscal year 2020, the maintenance transfer amounted to approximately \$81.1 million. Additionally, approximately \$9.4 million was transferred for property insurance; bringing the total transfer from capital funds to approximately \$90.5 million.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

Florida Statutes authorize the deposit of District funds in demand deposits or time deposits of financial institutions approved by the State Treasurer and are defined as public deposits. All District public deposits are held in qualified public depositories pursuant to chapter 280, Florida Statutes, the "Florida Security for Public Deposits Act." Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The collateral pledging level may range from 50% to 125% depending upon the depository's financial condition and the length of time that the depository has been established. All collateral must be deposited with the State Treasurer. Any losses to public depositories resulting from insolvency are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessment against other qualified public depositories of the same type as the depository in default. All bank balances of the District are fully insured or collateralized. At June 30, 2020, the carrying amount of the District's cash deposits was approximately \$169.4 million and the bank balance was approximately \$184.6 million. The carrying amount of the Agency Fund - School Internal Funds cash deposits was approximately \$21.6 million.

The District receives interest on all balances in its cash accounts from the qualified public depository acting as its banking agent. Interest earnings are allocated to all funds based on the average daily balance of each fund's equity in the Treasurer's Pool.

Cash Equivalents consist of amounts invested in money market mutual funds, Florida Palm (FL Palm) and Florida Prime. FL Palm and Florida PRIME are external investment pools that are not registered with the Securities Exchange Commission (SEC), but do operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. Rule 2a-7 allows funds to use amortized cost to maintain a constant net asset value (NAV) of \$1.00 per share. Accordingly, the District's investments in both FL Palm and Florida PRIME are reported at the account balance, which is amortized cost. There are no restrictions or fees to withdrawal from either of these pools.

Investments

The District's investment policy permits investments in the Florida Prime Fund, FL Palm, securities of the United States Government, U.S. Government Agencies, Federal instrumentalities, interest bearing time deposit or savings accounts, repurchase agreements, commercial paper, corporate notes, bankers' acceptances, state and/or local government debt, and money market mutual funds. The District's investment advisor used the effective duration method to calculate effective duration measures for the securities held by the District. Besides measuring the sensitivity of the securities market value to changes in interest rates, the effective duration method accounts for any call (early redemption) features that a security may have.

In accordance with GASB *Statement No. 72, Fair Value Measurement and Application*, the District categorizes investments according to the fair value hierarchy established by this Statement. The hierarchy is based on valuation inputs used to measure the fair value of the asset as follows: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs to include quoted prices for similar assets in active and non-active markets; Level 3 inputs are significant unobservable inputs. Certain investments are measured at fair value using the net asset value per share (or its equivalent) practical expedient and have not been classified in the fair value hierarchy. The fair value amounts, presented in the

following table, are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net position.

As of June 30, 2020, the District had the following unrestricted cash and investments with stated maturities that were categorized as Level 1 and Level 2 (amounts in thousands):

Investments by Level	Balance (in thousands)	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Effective Duration (years)
Commercial Paper	\$ 122,930	\$ -	\$ 122,930	0.53
Core Fund Investments				
US Treasury - Notes	155,385	155,385	-	0.68
Federal Agency - Bond/Notes	9,821	-	9,821	2.46
Corporate Notes	22,206	-	22,206	1.55
Municipal Bonds	349	-	349	2.03
Bank Note	616	-	616	2.39
Total Investments by Fair Value Level	188,377	\$ 155,385	\$ 155,922	
Investments Reported at Amortized Cost				
FL Palm	190,788			
Money Market Funds	457,030			
Florida Prime	114,188			
Total Investments Reported at Amortized Cost	762,006			
Total Investments	950,383			
Cash Deposits	169,373			
Total Cash and Investments*	\$ 1,242,685			

* Excludes fiduciary funds

Interest Rate Risk

To limit exposure to fair value losses resulting from increases in interest rates, the District's Investment Policy limits operating funds to maturities of two years or less. Investments of reserves, project funds, debt proceeds and other non-operating funds ("core funds") shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed five (5) years and the average duration of the funds as a whole may not exceed three (3) years. The District's investment in the Federally Backed Securities (Fannie Mae, Freddie Mac (also known as Federal Home Loan Mortgage Corporation) and Farmer Mac) matures between July 2020 and January 2023. As of June 30, 2020, the District held \$8.1M in fair value of callable Corporate Notes, which permit the issuer to redeem the securities prior to their original maturity date.

Concentration of Credit Risk

The District's Investment Policy specifies the maximum percentage allocation to any single investment type as well as the maximum percentage holding per issuer. Up to 100% of the portfolio may be invested in U.S. Government securities, 80% may be invested in Federal Instrumentalities (US government sponsored agencies) with no more than 50% with a single issuer and 50% may be invested in US government agencies with no more than 25% with a single issuer. Corporate Notes are limited to 15% of the portfolio with no more than 5% with a single issuer.

PORTFOLIO / INVESTMENTS	CARRYING AMOUNT (in thousands)	PERCENTAGE OF INVESTMENT BALANCE	RATING S&P / MOODY'S
Money Market Funds			
Dreyfus Treasury and Agency	\$ 40,359	3.25%	AAAm/Aaa-mf
Federated Government Obligation	7,987	0.64%	AAAm/Aaa-mf
Fidelity Institutional Government Fund	18,684	1.50%	AAAm/Aaa-mf
Well Fargo	390,000	31.38%	AAAm/Aaa-mf
FL Palm	190,788	15.35%	AAAm
Florida Prime (SBA)	114,188	9.19%	AAAm
Commercial Paper	122,930	9.89%	A-1+/P-1
Investments in Fixed Income Securities			
US Treasury - Notes/Bill	155,385	12.50%	AA+/Aaa
Bank Note	616	0.06%	A/A 2
Corporate Notes	22,206	1.79%	(1)
Federally Backed Securities (Fannie Mae, Farmer Mac & Freddie Mac) - Long Term	9,821	0.79%	AA+/Aaa
Municipal Bonds	349	0.03%	NR/Aa1
Total Investments	1,073,312	86.37%	
Plus Cash Deposits	169,373	13.63%	
Total Cash and Investments	\$ 1,242,685	100.00%	

(1) Seventy six Corporate securities rating range - S&P (AAA / BBB+, NR) and Moody's (Aaa / Baa2)

As of June 30, 2020, all District investments were in compliance with the District's Investment Policy or Debt Management Policy and did not exceed portfolio allocation or issuer maximums.

Credit Risk

The District's Investment Policy lists the authorized investment types as well as the minimum allowable credit rating for each investment type. Corporate notes purchased for investment must be issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long term debt rating, at the time of purchase, at a minimum "A" by Moody's and a minimum long term debt rating of "A" by Standard & Poor's ("S&P"). The maximum length to maturity for corporate notes

shall be three (3) years from the date of purchase. As of June 30, 2020, the District held \$22.2 million of corporate notes of which had an S&P rating between AAA- and BBB+. All investments in the Federally Backed Securities (Fannie Mae, Freddie Mac (also known as Federal Home Loan Mortgage Corporation) and Farmer Mac) had an S&P rating of AA- and a Moody's rating of Aaa for securities held for more than one year. All other rated investments were rated between BBB+ and AAAM by S&P. As of June 30, 2020, the Local Government Investment Pools were rated AAAM by S&P.

Custodial Risk

The District's investment policy requires that all securities, with the exception of certificates of deposit, be held with a third party custodian; and all securities purchased by, and all collateral obtained by the District should be properly designated as an asset of the District. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal government, the state of Florida, or any other state or territory of the United States which has a branch or principal place of business in the state of Florida as defined in § 658.12, F.S., or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the state of Florida. Certificates of deposit will be placed in the provider's safekeeping department for the term of the deposit. Security transactions between a broker/dealer and the custodian involving the purchase or sale of securities by transfer of money or securities are made on a "delivery vs. payment" basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. As of June 30, 2020, the District's investment in fixed income securities was held with a third-party custodian.

4. DUE FROM OTHER GOVERNMENTS OR AGENCIES

At June 30, 2020, the District had a total of approximately \$45.5 million in Due From Other Governments or Agencies which consisted of the following balances (amount in thousands):

	<u>Due From Other Governments or Agencies</u>			
	General Fund	Other Non-major		Total
		Governmental Funds	Internal Service Fund	
Federal and State Sources				
Medicaid*	\$ 3,141	\$ -	\$ -	\$ 3,141
Grants and Entitlements	-	29,408	-	29,408
FEMA and Other Emergency Claims*	1,702	1,070	-	2,772
Fuel Tax*	-	73	-	73
Eduaction Facilities Security	-	6,787	-	6,787
CO&DS	-	14	-	14
Local Sources				
Early Learning Coalition	208	-	-	208
Pharmacy Rebates	-	-	1,864	1,864
Other	629	653	-	1,282
Total Due From Other Governments or Agencies	<u>\$ 5,680</u>	<u>\$ 38,005</u>	<u>\$ 1,864</u>	<u>\$ 45,549</u>

* All or partially recorded as Deferred Inflow - Unavailable Revenue at the fund level.

5. INTERFUND ACTIVITIES

Due to/from other funds consisted of the following balances at June 30, 2020 (amounts in thousands):

	Interfund Receivables	Interfund Payables
General Fund	\$ 17,000	\$ -
Other Non-Major Governmental Funds	-	17,000
Total Interfund	\$ 17,000	\$ 17,000

The amount payable by the Other Governmental Fund to the General Fund is to cover temporary cash shortages related to timing of receipts.

Interfund transfers for the year ended June 30, 2020 were as follows (amounts in thousands):

Transfer from:	Transfer to:				Total
	General Fund	Capital Improvement Fund	Sales Tax Fund	Other Non-Major Governmental Funds	
Capital Improvement	\$ 84,292	\$ -	\$ -	\$ 149,770	\$ 234,062
General Fund	-	-	-	275	275
Other Non-Major Governmental Funds	6,227	1,756	9,867	5,072	22,922
Total	\$ 90,519	\$ 1,756	\$ 9,867	\$ 155,117	\$ 257,259

Transfers to the General Fund relate primarily to funding for the maintenance, renovation and/or repair of school facilities, pursuant to Section 1011.71 of the Florida Statutes. Transfers to Other Governmental funds mainly relate to amounts transferred to make debt service payments and to fund minor capital projects.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 is as follows (amounts in thousands):

	Beginning Balance July 1, 2019	Additions and Transfer In	Retirements and Transfers Out	Ending Balance June 30, 2020
Non-Depreciable Assets:				
Land	\$ 343,655	\$ 2,500	\$ 15	\$ 346,140
Construction in Progress	13,298	67,867	460	80,705
Total Non-Depreciable Assets	356,953	70,367	475	426,845
Depreciable Assets:				
Improvements Other Than Buildings	60,011	584	760	59,835
Buildings and Improvements	4,171,119	-	15,428	4,155,691
Furniture, Fixtures & Equipment	140,100	26,841	17,458	149,483
Motor Vehicles	122,459	19,375	8,257	133,577
Audio/Video Materials & Software	50,654	406	1,658	49,402
Total Depreciable Assets	4,544,343	47,206	43,561	4,547,988
Less Depreciation For:				
Improvements Other Than Buildings	(42,780)	(3,477)	(543)	(45,714)
Buildings and Improvements	(1,489,040)	(86,908)	(13,476)	(1,562,472)
Furniture, Fixtures & Equipment	(102,882)	(12,220)	(16,969)	(98,133)
Motor Vehicles	(71,656)	(9,484)	(7,914)	(73,226)
Audio/Video Materials & Software	(39,104)	(3,011)	(1,658)	(40,457)
Total Accumulated Depreciation	(1,745,462)	(115,100)	(40,560)	(1,820,002)
Capital Assets, Net	\$ 3,155,834	\$ 2,473	\$ 3,477	\$ 3,154,831

Depreciation expense for the year ended June 30, 2020 of approximately \$115.1 million was not allocated to specific functions. The District's capital assets essentially serve all functions and as such, the depreciation expense is included as a separate line item in the statement of activities.

7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; administrative errors and omissions; injuries to employees, students and guests; as well as natural disasters and employee health and medical insurance. The District is self-insured for portions of its general and automobile liability insurance, workers compensation and employee health and medical insurance. Losses involving auto and general liability claims are limited (generally) by provisions of the Florida State Statute 768.28. A third party administers these self-insured funds. The District purchases commercial insurance for other risks including property, construction and other miscellaneous risks. The District has not experienced any significant reduction in insurance coverage from previous years nor has it paid any settlements in excess of insurance coverage in the past three years. This liability is typically liquidated from the internal service fund.

The employee health insurance claims liability is based on an analysis performed by management, which is based on historical trends. The remaining claims liability is based on an actuarial evaluation performed by an independent actuary as of June 30, 2020 using a discounted rate factor of 2.0%. The liability consists of claims reported and payable, as well as an estimate for claims incurred but not reported. At June 30, 2020,

the liability for claims consisted of approximately \$15.2 million, \$6.9 million and \$34.1 million for employee health, auto and general liability, and workers' compensation, respectively.

A summary of changes in the estimated liability for self-insured risks is as follows (amounts in thousands):

	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2020
Beginning Balance	\$ 59,128	\$ 57,694
Additions:		
Current year claims and changes in estimates	209,899	218,748
Reductions:		
Claim payments	(211,333)	(220,236)
Ending Balance	<u>\$ 57,694</u>	<u>\$ 56,206</u>

8. SHORT-TERM DEBT

Tax Anticipation Notes

On September 24, 2019, the District issued Tax Anticipation Notes ("TANS") Series 2019. The \$115.0 million issue has a coupon rate of 2.25% with an effective yield of 1.30%. The notes are dated October 3, 2019 and are due August 28, 2020.

Short-term debt activity for the year ended June 30, 2020 was as follows (amount in thousands):

	Beginning Balance July 1, 2019	Issued	Redeemed	Ending Balance June 30, 2020
Tax Anticipation Notes	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ 115,000</u>
Total short-term debt	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ 115,000</u>

Revolving Line of Credit (RLOC)

The District has an unused \$80.0 million from PNC Bank, used to finance sales tax projects. The District pays an unused fee of 0.10% each month. Should the District make a draw on the RLOC, interest would be assessed at a rate of 79% of 1-M Libor plus 0.41%. The line of credit can be increased to a maximum amount of \$200.0 million with appropriate notice to the Bank. The RLOC matures on June 27, 2022.

Events of default related to RLOC would be failure to pay timely, failure to observe and perform any covenant, condition or agreement for a period of 90 days, false statement or representations related to the agreement, filing of bankruptcy, reorganization, and insolvency. In addition, any debt of or assumed by the District with combined annual debt service in excess of \$10.0 million is not paid within any applicable grace period, the RLOC is due payable.

9. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2020, is as follows (amounts in thousands):

	Beginning Balance July 1, 2019	Additions	Reductions	Ending Balance June 30, 2020	Amounts Due Within One Year
Governmental Activities:					
Bonds, Notes and Other Payable:					
Notes/Loans Payable	\$ 22,374	\$ 14,700	\$ (10,242)	\$ 26,832	\$ 8,154
Capital Outlay Bond Issue	8,542	4,918	(6,962)	6,498	1,119
Certificates of Participation	1,278,343	103,820	(76,303)	1,305,860	75,570
	<u>1,309,259</u>	<u>123,438</u>	<u>(93,507)</u>	<u>1,339,190</u>	<u>84,843</u>
Plus Issuance Premium	131,463	26,440	(22,660)	135,243	-
Total Bonds, Notes and Other Payable	<u>1,440,722</u>	<u>149,878</u>	<u>(116,167)</u>	<u>1,474,433</u>	<u>84,843</u>
Other Liabilities:					
Compensated Absences	197,457	28,983	(14,012)	212,428	15,712
Self-Insurance					
Claims and Judgments	57,694	218,748	(220,236)	56,206	22,840
Net OPEB Liability	157,651	41,778	-	199,429	-
Net Pension Liability	1,041,663	109,507	-	1,151,170	-
Total Other Liabilities	<u>1,454,465</u>	<u>399,016</u>	<u>(234,248)</u>	<u>1,619,233</u>	<u>38,552</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 2,895,187</u>	<u>\$ 548,894</u>	<u>\$ (350,415)</u>	<u>\$ 3,093,666</u>	<u>\$ 123,395</u>

The compensated absences and post-employment benefits are generally liquidated by the General Fund. Long-term claims and judgments are liquidated by the Internal Service Funds. Pension contributions are paid by the governmental fund consistent with employee compensation. OPEB is pay as you go and charged to internal service fund.

Notes/Loans Payable

On February 20, 2014, the District entered into loan agreement 2014 with TD Equipment Finance for financing the acquisition of 119 buses. The \$14.0 million issue with a coupon of 1.235% is payable over 5 years and matured on August 1, 2018.

On July 2, 2015, the District entered into loan agreement 2015 with Banc of America Public Capital Corp for financing the acquisition of 125 buses and other equipment, a \$14.2 million issue with a coupon rate of 1.242%. Under the terms of the loan agreement the debt is payable over five years.

On November 19, 2015, the District entered into loan agreement 2015A with Banc of America Public Capital Corp for financing the acquisition of 18 HVAC systems and other equipment, a \$7.2 million issue with a coupon rate of 1.274%. Under the terms of the loan agreement the debt is payable over five years.

On March 18, 2016, the District entered into loan agreement 2016 with Banc of America Public Capital Corp for financing the acquisition of 60 buses and other equipment, a \$6.9 million issue with a coupon rate of 1.255%. Under the terms of the loan agreement the debt is payable over five years.

On October 18, 2018, the District entered into loan agreement 2018 with Banc of America Public Capital Corp for financing the acquisition of various HVAC systems and other components, a \$16.1 million issue with a coupon rate of 3.044%. Under the terms of the loan agreement the debt is payable over five years and will mature on August 1, 2023.

On September 06, 2019, the District entered into loan agreement 2019 with Banc of America Public Capital Corp for financing the acquisition of various HVAC systems and other components, a \$14.7 million issue with a coupon rate of 1.719%. Under the terms of the loan agreement the debt is payable over five years and will mature on August 1, 2024.

A summary of notes/loans payable terms are presented as follows (amounts in thousands):

Bus & Equipment Loans	Date of Issue	Amount Issued	Remaining Interest Rates (Percent)	Final Maturity Date	Debt		Debt	
					Outstanding June 30, 2019	Debt Issued	Debt Redeemed	Outstanding June 30, 2020
2015	07/02/15	\$ 14,235	-	02/01/20	\$ 2,903	\$ -	\$ 2,903	\$ -
2015 A	11/19/15	7,152	1.274%	08/01/20	2,185	-	1,452	733
2016	03/18/16	6,950	1.255%	02/01/21	2,827	-	1,405	1,422
2018	10/18/18	16,072	3.044%	08/01/23	14,459	-	3,045	11,414
2019	09/16/19	14,700	1.72%	08/01/24	-	14,700	1,437	13,263
		<u>\$ 59,109</u>			<u>\$ 22,374</u>	<u>\$ 14,700</u>	<u>\$ 10,242</u>	<u>\$ 26,832</u>

The annual future minimum loan payments are as follows (amounts in thousands):

Year Ended June 30	Principal	Interest	Total Principal and Interest
2021	\$ 8,154	\$ 558	\$ 8,712
2022	6,144	394	6,538
2023	6,294	244	6,538
2024	4,716	91	4,807
2025	1,524	13	1,537
Total	<u>\$ 26,832</u>	<u>\$ 1,300</u>	<u>\$ 28,132</u>

The District uses a Master Equipment Lease Purchase Agreement dated 2015 (direct placement), to finance the purchase of vehicles and equipment. In the event of a default, the Lessor may terminate the Lease. The Lessor may also demand all unpaid rental payments and liquidated damages. The Lessor may also request the District to convey any or all the equipment to the Lessor so the equipment can be sold or lease the equipment. The proceeds will be applied to the unpaid obligations. As of June 30, 2020, the District has four direct borrowings with \$26.8 million outstanding under the Master Equipment Lease Purchase Agreement.

Events of default related to Equipment Lease would be failure to pay within 10 days or failure to maintain insurance, failure to observe and perform any covenant, condition or agreement for a period of 30 days after written notice specifying such failure and requesting it be remedied. In addition, false statements or representation pursuant to the lease, any default occurs under any other agreement for borrowing money, lease financing, or otherwise receiving credit under which there is outstanding and aggregate amount of at

least 10% of the District's current indebtedness, appointment of a receiver, trustee, custodian or liquidator of all or a substantial part of the assets of the District, filing of bankruptcy, consolidation, merger or otherwise combine with any other entity, or sell, lease or dispose of all or a substantial portion of assets.

State Board of Education Capital Outlay Bond Issues

State Board of Education Capital Outlay Bond Issues ("COBI") are serviced entirely by the State using a portion of the District's share of revenue derived from motor vehicle license taxes pursuant to Chapter 320, Florida Statutes, and Article XII, Section 9(d), of the Florida Constitution. The State Board of Administration determines the annual sinking fund requirements. The amounts necessary to retire bonds and interest payable are withheld from the entitlement to the District. Interest rates on the COBI bonds range from 2.00% to 5.00%. Interest is payable semiannually on January 1 and July 1. The bonds are redeemable at par.

A summary of bond terms is presented as follows (amounts in thousands):

Capital Outlay Bond Issues	Date of Issue	Amount Issued	Remaining Interest Rates (Percent)	Final Maturity Date	Debt Outstanding June 30, 2019	Debt Issued	Debt Matured	Debt Refunded	Debt Outstanding June 30, 2020
COBI 2010-A (1)	10/14/2010	\$ 9,700	-	1/1/2030	\$ 5,775	\$ -	\$ 475	\$ 5,300	\$ -
COBI 2010-A (1)	10/14/2010	1,790	-	1/1/2022	700	-	215	485	-
COBI 2011-A	12/7/2011	5,820	3.0% to 5.0%	1/1/2023	2,025	-	445	-	1,580
COBI 2014-B	12/2/2014	4,275	-	1/1/2020	42	-	42	-	-
COBI 2020-A	1/14/2020	4,918	2.0% to 5.0%	1/1/2030	-	4,918	-	-	4,918
		<u>\$ 26,503</u>			<u>\$ 8,542</u>	<u>\$ 4,918</u>	<u>\$ 1,177</u>	<u>\$ 5,785</u>	<u>\$ 6,498</u>

(1) Refunded by COBI 2020-B

The debt service requirements through maturity to the holders of the Capital Outlay Bond Issue are as follows (amounts in thousands):

Year Ended June 30	Principal Capital Outlay Bonds	Interest	Total Principal and Interest
2021	\$ 1,119	\$ 283	\$ 1,402
2022	1,106	235	1,341
2023	959	191	1,150
2024	404	166	570
2025	424	146	570
2026-2030	2,486	264	2,750
Total	<u>\$ 6,498</u>	<u>\$ 1,285</u>	<u>\$ 7,783</u>

The District is subject to State Board of Education Administrative Rule 6A-1037(2) that limits the amount of State Board of Education Capital Outlay Bond Issues outstanding to 10% of the non-exempt assessed valuation. At June 30, 2020, the statutory limit for the District was approximately \$21.9 billion, providing additional debt capacity of approximately \$21.9 billion.

Capital Outlay Bond Issue Refunding

On January 14, 2020 the Florida Department of Education issued State Board of Education Capital Outlay Bonds, Series 2020-A (COBI 2020-A). The bonds were issued to advance refund the State Board of Education Capital Outlay Bonds, Series 2010-A (COBI 2010-A). The COBI 2020-A coupon rate ranges from 2.0% to 5.0%. The COBI 2020-A bonds are due on January 1, 2031. The District made a principal payment of \$5.8 million, recorded in the fund level financial statements as a payment to escrow agent. As a result of the refunding, the District achieved an economic savings (the difference between the debt service payments on the old and new debt) of \$867,000, or 15.0% of the principal amount being refunded.

Certificates of Participation

On November 16, 1994, the District entered into a Master Lease Purchase Agreement (the "Master Lease") dated November 1, 1994, with the Palm Beach School Board Leasing Corporation, a Florida not-for-profit corporation, to finance the acquisition and construction of certain facilities, and equipment for District operations. The Corporation was formed by the Board solely for the purpose of acting as the lessor for Certificates of Participation financed facilities, with the District as lessee. The Corporation issued Certificates of Participation (COP) to third parties, evidencing undivided proportionate interest in basic lease payments to be made by the District, as lessee, pursuant to the Master Lease. Simultaneously therewith, the Board entered into Ground Leases with the Corporation for the Facilities sites.

The District also sold Certificates of Participation Qualified Zone Academy Bonds ("QZAB"). The QZAB program is a financial instrument that provides a different form of subsidy from traditional tax-exempt bonds. Interest on QZABs is paid by the Federal government in the form of an annual tax credit to an eligible financial institution that holds the QZAB. The QZAB issuer is responsible for repayment upon maturity. The tax credits and bonding authority are made available by the Federal government to support innovative school partnerships; enhance reform initiatives, including augmenting Federal education programs, technology and vocational equipment; and development of curriculum or better teacher training to promote market driven technology. To be eligible, a school must:

1. Be located in an Empowerment Zone or an Enterprise Community or have 35% or more of its students eligible for free or reduced lunch under the National School Lunch Act.
2. Obtain cash and/or in-kind contribution agreements from partnerships equal to at least 10% of the gross proceeds of the QZAB.

The District deposits funds annually into an escrow account, which when coupled with interest earnings will be sufficient to pay off the principal at maturity.

As part of the American Reinvestment and Recovery Act, the District was authorized to issue up to \$67.7 million of Qualified School Construction Bonds (QSCB) for the purpose of new construction. The District chose to modernize two schools (Galaxy Elementary and Gove Elementary) and replace two roofs (Belle Glade Elementary and Pioneer Park Elementary). The District issued the bonds as Taxable Certificates of Participation through the Build America Bonds program, also created by the ARRA legislation. The District issued taxable bonds and receives a federal subsidy from the Treasury department equal to the difference between the taxable and tax-exempt rates. The Certificates were sold to Bank of America during a competitive sale held on November 3, 2010 and closed on November 15, 2010. The par amount was \$67.7 million and the interest rate was 5.40%. The District has paid interest only in 2019 when deposits to the sinking fund begin. The final maturity of the bonds is August 1, 2025. The total interest that will be paid over the life of

the bonds is \$53.7 million. A total subsidy of \$48.9 million will be recorded as revenue in the year earned. Therefore, the amount the District will pay net of the federal subsidy is \$4.9 million. In the current year, the District recorded \$3.3 million subsidy as revenue and \$3.7 million as interest expense resulting in a net impact of \$0.4 million.

Subsequent to the sale of the QSCB certificates, the District entered into a forward delivery agreement (FDA) classified as a nonparticipating interest-earning investment contract with Barclays Bank related to the COPs 2010A QSCB. A forward delivery agreement is a type of investment in which the investor purchases eligible securities on a periodic basis from the agreement provider at a fixed rate of return. The Board expects to purchase eligible securities, which consist of direct obligations of or obligations guaranteed by the US Treasury and AAA-rated senior debt obligations of Fannie Mae, Freddie Mac the FHLB and Federal Farm Credit System from Barclays on a semi-annual basis beginning July 19, 2019 through the final maturity date of August 1, 2025. The Agreement will generate a guaranteed fixed rate of return of 4.262% or \$8.1 million. The interest earnings associated with this transaction will completely offset the interest due (net of the federal subsidy) and will generate an additional \$3.0 million to be used to repay the principal in 2025.

The Corporation leases facilities and equipment to the District under the Master Lease. The Master Lease is automatically renewable annually unless terminated, in accordance with the provisions of the Master Lease, as a result of default or the failure of the Board to appropriate funds to make lease payments in its final official budget. Failure to appropriate funds to pay lease payments under any lease will, and an event of default under any lease may, result in the termination of all leases. The remedies on default or upon an event of non-appropriation include the surrender of the COP, Series 2000A, Series 2001A, Series 2002A, Series 2002B, Series 2002C, Series 2002D, Series 2003A, Series 2003B, Series 2004A, Series 2006A, Series 2007A, Series 2007B, Series 2007E; QZAB Series 2004, QZAB Series 2005, and QSCB Series 2010A Facilities by the District and the Trustee's re-letting for the remaining Ground Lease term, or the voluntary sale of the COP Series 2000A, Series 2001A, Series 2002A, Series 2002B, Series 2002C, Series 2002D, Series 2003A, Series 2003B, Series 2004A, Series 2006A, Series 2007A, Series 2007B, Series 2007E; QZAB Series 2004, QZAB Series 2005, and QSCB Series 2010A, Facilities by the School Board. In either case, the proceeds will be applied against the School Board's obligations under the Master Lease.

A summary of lease terms is presented as follows (amounts in thousands):

Certificate Series	Date of Issue	Amount Issued	Remaining Interest Rates (Percent)	Final Maturity Date	Debt			Debt		Ground Lease Term
					Outstanding June 30, 2019	Debt Issued	Debt Matured	Outstanding June 30, 2020		
2004 QZAB	04/30/2004	\$ 2,923	-	**	04/30/2020	\$ 2,923	\$ -	\$ 2,923	\$ -	N/A
2005 QZAB	12/15/2005	2,150	-	**	12/15/2020	2,150	-	-	2,150	N/A
2010A QSCB	11/15/2010	67,665	5.40%	*	08/01/2025	67,665	-	-	67,665	08/01/2032
2011A (1)	07/13/2011	112,425	4.00% to 5.00%		08/01/2021	17,860	-	5,630	12,230	08/01/2032
2011D (2)	11/15/2011	25,065	2.64%	**	08/01/2021	10,890	-	4,555	6,335	08/01/2021
2012A (3)	05/15/2012	20,085	5.00%		08/01/2022	1,795	-	-	1,795	08/01/2028
2012C (4)	08/09/2012	67,145	4.00% to 5.00%		08/01/2029	56,140	-	4,015	52,125	08/01/2029
2014B (5)	06/27/2014	166,010	4.00% to 5.00%		08/01/2025	124,445	-	15,615	108,830	08/01/2025
2014C (6)	07/29/2014	33,280	5.00%	**	08/01/2031	33,280	-	-	33,280	08/01/2031
2015A (7)	05/05/2015	106,315	2.52%	**	08/01/2022	42,735	-	18,345	24,390	08/01/2022
2015B (8)	01/14/2015	145,535	5.00%		08/01/2031	131,710	-	7,435	124,275	08/01/2031
2015D (9)	04/30/2015	221,640	5.00%		08/01/2032	202,725	-	5,275	197,450	08/01/2032
2015C (10)	10/28/2015	62,970	5.00%		08/01/2032	62,970	-	-	62,970	08/01/2032
2017A (11)	10/11/2017	147,850	5.00%		08/01/2027	147,850	-	-	147,850	08/01/2027
2017B (12)	12/26/2017	41,945	5.00%		08/01/2028	41,945	-	-	41,945	08/01/2032
2018A (13)	02/13/2018	114,770	5.00%		08/01/2027	111,990	-	10,260	101,730	08/01/2027
2018B (14)	02/28/2018	103,955	5.00%		08/01/2028	98,480	-	250	98,230	08/01/2028
2018C (15)	02/28/2018	120,790	5.00%		08/01/2029	120,790	-	2,000	118,790	08/01/2029
2020A	05/12/2020	103,820	5.00%		08/01/2034	-	103,820	-	103,820	08/01/2034
		<u>\$ 1,666,338</u>				<u>\$ 1,278,343</u>	<u>\$ 103,820</u>	<u>\$ 76,303</u>	<u>\$ 1,305,860</u>	

* 2010A QSCB - Average coupon rate before IRS subsidy is 5.4%. Net interest rate with IRS subsidy is 0.524%

**Outstanding direct placement debt

Notes to Certificates of Participation Series leases on previous pages:

- (1) Issued to advance refund and defease Series 2007B Certificates of Participation, refunded and partially defeased by 2015C Certificates of Participation. **
- (2) Issued to advance refund and defease a portion of Series 2003A Certificates of Participation. **
- (3) Issued to advance refund and defease a portion of Series 2002D Certificates of Participation, refunded and partially defeased by 2017B Certificates of Participation. **
- (4) Issued to advance refund and defease a portion of Series 2004A Certificates of Participation. **
- (5) Issued to advance refund and defease a portion of Series 2011B Certificates of Participation (which previously refunded Series 2001B Certificates of Participation). **
- (6) Issued to advance refund and defease Series a portion of 2007A Certificates of Participation. **
- (7) Issued to advance refund and defease a portion of Series 2005A Certificates of Participation (which previously refunded Series 2001A, 2002A, 2002C, and 2002D Certificates of Participation). **
- (8) Issued to advance refund and defease a portion of Series 2006A Certificates of Participation. **
- (9) Issued to advance refund and defease portions of Series 2007A and 2007E Cert. of Participation. **
- (10) Issued to advance refund and defease a portion of Series 2011A Certificates of Participation (which previously refunded Series 2007B Certificates of Participation). ***
- (11) Issued to advance refund and defease a portion of Series 2007C Certificates of Participation (which previously refunded Series 2001A and 2002C Certificates of Participation). **
- (12) Issued to advance refund and defease a portion of Series 2011A and 2012A Certificates of Participation

- (which previously refunded Series 2007B and 2002D Certificates of Participation). **
- (13) Issued to advance refund and defease Series 2002B Certificates of Participation. **
 - (14) Issued to advance refund and defease Series 2012B Certificates of Participation (which previously refunded Series 2002D Certificates of Participation). **
 - (15) Issued to advance refund and defease Series 2003B Certificates of Participation. **

** These refunding issues were done in order to achieve debt service savings.

The Certificates are not separate legal obligations of the Board but represent undivided proportionate interests in lease payments to be made from appropriated funds budgeted annually by the School Board for such purpose from current or other funds authorized by law and regulations of the Department of Education, including the local optional millage levy. However, neither the Board, the District, the State of Florida, nor any political subdivision thereof are obligated to pay, except from Board appropriated funds, any sums due under the Master Lease from any source of taxation. The full faith and credit of the Board and the District are not pledged for payment of such sums due under the Master Lease, and such sums do not constitute an indebtedness of the Board or the District within the meaning of any constitutional or statutory provision or limitation. A trust fund was established with a Trustee to facilitate payments in accordance with the Master Lease and the Trust Agreement. Various accounts are maintained by the Trustee in accordance with the trust indenture. Interest earned on invested funds is applied toward the basic lease payments. Basic lease payments are deposited with the Trustee semi-annually on June 30 and December 30 or January 5 (for variable rate issue), and are payable to Certificate holders on August 1 and February 1.

Due to the economic substance of the issuances of Certificates of Participation as a financing arrangement on behalf of the Board, the financial activities of the Corporation have been blended in with the financial statements of the District. For accounting purposes, due to the blending of the Corporation within the District's financial statements, basic lease payments are reflected as debt service expenditures when payable to Certificate holders. During the year ended June 30, 2020, no amount was expended for capital outlay in the Certificates of Participation Capital Projects Funds.

The District uses certificates of participation to finance capital projects, which is, based on a COP Master Lease Purchase Agreement dated 1994. If the School Board defaults on one series under the COP Master Lease, the default will apply to all series under the COP Master Lease. In the event of a default, the School Board is required to surrender and deliver all facilities financed under the COP Master Lease to the Trustee. The Trustee will then sell or lease the facilities. The proceeds will be applied to the unpaid obligations. Any excess remaining will be paid to the School Board. As of June 30, 2020, the District has five direct placements with \$66.2 million outstanding under the COP Master Lease Agreement.

Events of default related to COP would be if the School Board fails to pay in full any lease payment, failure to observe and perform any covenant or condition or agreement for 60 days after written notice specifying such failure and requesting it be remedied, filing of bankruptcy, insolvency, reorganization. However, any of these items caused by a failure of the School Board to appropriate funds shall not constitute an event of default.

The District uses a Master Equipment Lease Purchase Agreement, dated 2015, to finance the purchase of vehicles and equipment. In the event of a default, the Lessor may terminate the Lease. The Lessor may also demand all unpaid rental payments and liquidated damages. The Lessor may also request the District to convey any or all the equipment to the Lessor so the equipment can be sold or lease the equipment. The proceeds will be applied to the unpaid obligations. As of June 30, 2020, the District has four direct borrowings with \$26.8 million outstanding under the Master Equipment Lease Purchase Agreement.

Events of default related Master Equipment Lease Purchase Agreement would be failure to pay within 10 days or failure to maintain insurance, failure to observe and perform any covenant, condition or agreement for a period of 30 days after written notice specifying such failure and requesting it be remedied, false statements or representation pursuant to the lease, Any default occurs under any other agreement for borrowing money,

lease financing, or otherwise receiving credit under which there is outstanding and aggregate amount of at least 10% of the District's current indebtedness, appointment of a receiver, trustee, custodian or liquidator of all or a substantial part of the assets of the District, filing of bankruptcy, consolidation, merger or otherwise combine with any other entity, or sell, lease or dispose of all or a substantial portion of assets.

All Certificates of Participation issued are subject to arbitrage rebate. At June 30, 2020, the arbitrage liability was zero.

The debt service requirements through maturity to the holders of the Certificates of Participation, which will be serviced by the annual lease payments, are as follows (amounts in thousands):

Year ended June 30	Series 2011A	Series 2011D	Series 2012A	Series 2012C	Series 2014B	Series 2014C	Series 2015A
2021	\$ 5,895	\$ 4,670	\$ -	\$ 4,180	\$ 16,190	\$ -	\$ 5,475
2022	6,335	1,665	-	4,385	16,965	-	9,345
2023	-	-	1,795	4,565	17,685	-	9,570
2024	-	-	-	4,790	18,480	-	-
2025	-	-	-	5,030	39,510	-	-
2026-2030	-	-	-	29,175	-	16,175	-
2031-2035	-	-	-	-	-	17,105	-
Total	\$ 12,230	\$ 6,335	\$ 1,795	\$ 52,125	\$ 108,830	\$ 33,280	\$ 24,390

Year ended June 30	Series 2015B	Series 2015C	Series 2015D	Series 2017A	Series 2017B	Series 2018A	Series 2018B
2021	\$ 7,805	\$ -	\$ 5,535	\$ 12,805	\$ -	\$ 10,680	\$ 185
2022	8,200	-	5,815	3,740	-	11,255	6,310
2023	8,605	-	6,105	3,990	6,335	11,795	3,955
2024	9,040	-	6,410	15,020	6,365	12,365	6,785
2025	9,490	-	6,735	15,830	6,690	12,965	7,065
2026-2030	55,060	-	107,190	96,465	22,555	42,670	73,930
2031-2035	26,075	62,970	59,660	-	-	-	-
Total	\$ 124,275	\$ 62,970	\$ 197,450	\$ 147,850	\$ 41,945	\$ 101,730	\$ 98,230

Year ended June 30	Series 2018C	Series 2020A	Series 2005 QZAB	Series 2010A QSCB	Total Lease Payment	Total Interest	Total Lease Payment & Interest
2021	\$ -	\$ -	\$ 2,150	\$ -	\$ 75,570	\$ 61,389	\$ 136,959
2022	3,305	-	-	-	77,320	59,421	136,741
2023	6,930	-	-	-	81,330	55,767	137,097
2024	6,320	-	-	-	85,575	51,713	137,288
2025	7,145	-	-	-	110,460	47,317	157,777
2026-2030	95,090	-	-	67,665	605,975	142,496	748,471
2031-2035	-	103,820	-	-	269,630	31,269	300,899
Total	\$ 118,790	\$ 103,820	\$ 2,150	\$ 67,665	\$ 1,305,860	\$ 449,372	\$ 1,755,232

State Statute requires that no more that 75% of the capital millage levy be used for COP debt service. Two trends have lowered the District's debt capacity in this area. First, property values decline between fiscal year 2009 and fiscal year 2013. Second, the Florida Legislature lowered the allowable capital millage rate from

2.0 mills to 1.75 mills in fiscal year 2009 and again from 1.75 to 1.50 mills in fiscal year 2010. In the course of two years, the Legislature reduced District debt service capacity by 25%. During fiscal year 2020, the District analyzed the best structure of the future COP issues. Since most previously issued COP debt matures by 2030 and the remaining by 2032, it determined that significant savings should be achieved by shortening the maturity of future debt from 25 to 15 – 17 years with the principal payments beginning in 2030 with interest only for the first 10 years. Based on the wrapped structure, the District’s legal lease purchase agreement remaining debt issuance capacity is \$2.4 billion and \$410 million based on Board Policy which recommends no more than 50% of capital millage levy be used for COP debt service. Debt service payments remain in compliance at 45.05% of capital millage proceeds.

Defeased Debt

In prior years, the District defeased certain certificates of participation by creating separate irrevocable trust funds. New debt was issued and the proceeds were used to purchase U.S. Government Securities that were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments. These investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the financial statements.

As of June 30, 2020, the total amount of defeased debt outstanding but removed from the District’s financial statements amounted to \$45.0 million.

Certificates of Participation:

<u>Series</u>	<u>Maturities</u>	<u>Outstanding (in thousands)</u>	<u>Call Date</u>	<u>Defeased by COPS Series</u>
2011A	8/2022 - 8/2025	\$ 26,660	8/1/2021	2017B
2012A	8/1/2028	18,290	8/1/2022	2017B
Total Defeased COPS		\$ 44,950		

10. RETIREMENT PLANS

Florida Retirement System (FRS)

General Information about the FRS

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required

supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Website (www.dms.myflorida.com).

The District's pension expense in the governmental funds totaled \$111.2 million for the fiscal year ended June 30, 2020.

Aggregate Amount of Net Pension Liability, Deferred Outflow/Inflow and Expenses

The aggregate amount of deferred outflows, deferred inflows, and net pension liability reported in the statement of net position and the aggregate total pension expense reported in the statement of activities is as follows (in thousands):

	Net Pension Liability	Deferred Outflow of Resources	Deferred Inflow of Resources	Pension Expense
District's proportion of the FRS Pension Plan	\$ (790,136)	\$ 333,281	\$ 57,852	\$ 104,917
District's proportion of the HIS Pension Plan	(361,034)	69,652	34,961	7,281
Total	\$ (1,151,170)	\$ 402,933	\$ 92,813	\$ 112,198

FRS Pension Plan - Defined Benefit

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers* – Members who hold specified elective offices in local government.
- *Senior Management Service* – Members in senior management level positions.
- *Special Risk* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, “except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service”). All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service “except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service”). Members of the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service % Value	
<i>Regular Class members initially enrolled before July 1, 2011</i>	
Retirement up to age 62 or up to 30 years of service	1.60%
Retirement at age 63 or with 31 years of service	1.63%
Retirement at age 64 or with 32 years of service	1.65%
Retirement at age 65 or with 33 or more years of service .	1.68%
<i>Regular Class members initially enrolled on or after July 1, 2011</i>	
Retirement up to age 62 or up to 30 years of service	1.60%
Retirement at age 63 or with 31 years of service	1.63%
Retirement at age 64 or with 32 years of service	1.65%
Retirement at age 65 or with 33 or more years of service .	1.68%
<i>Elected County Officers Class</i>	3.00%
<i>Senior Management Service class</i>	2.00%
<i>Special Risk Class</i>	3.00%

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2019-20 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (1)
FRS, Regular	3.00	8.47
FRS, Elected County Officers	3.00	48.82
FRS, Senior Management Service	3.00	25.41
FRS, Special Risk Regular	3.00	25.48
DROP - Applicable to		
Members from All of the Above Classes	0.00	14.03
TRS, Plan E	6.25	11.90

Notes (1) Employer rates include 1.66 percent for the postemployment Health Insurance Subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the FRS Investment Plan.

The District's contributions to the Plan totaled \$110.1 million (which includes \$26.8 million of employee contributions) for the fiscal year ended June 30, 2020. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2020, the District reported a liability of \$790.1 million for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The District's proportionate share of the net pension liability was based on the District's 2018-19 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the District's proportionate share was 2.294 percent, which was a decrease of 0.022 from its proportionate share measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$104.7 million (\$188.2 million due to the District's share of changes in deferred inflows and deferred outflows of resources, reduced by \$83.3 million for the District's contributions subsequent to the measurement date) related to the FRS Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,865	\$ (490)
Change of assumptions	202,941	-
Net difference between projected and actual earnings on FRS pension plan investments	-	(43,715)
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	181	(13,647)
District FRS contributions subsequent to the measurement date	83,294	-
Total	\$ 333,281	\$ (57,852)

The deferred outflows of resources related to pensions, totaling \$83.3 million, resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Fiscal Year Ending June 30	Amount
2021	\$ 72,442
2022	15,430
2023	51,732
2024	40,402
2025	9,819
Thereafter	2,310
Total	\$ 192,135

Actuarial Assumptions. The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including Inflation
Investment rate of return	6.90 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details in valuation report.

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.3%	3.3%	1.2%
Fixed Income	18%	4.1%	4.1%	3.5%
Global Equity	54%	8.0%	6.8%	16.5%
Real Estate (property)	11%	6.7%	6.1%	11.7%
Private equity	10%	11.2%	8.4%	25.8%
Strategic Investment	6%	5.9%	57.0%	6.7%
Total	100%			

Assumed inflation - Mean	2.6%	1.7%
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Note: (1) as outlined in the Plan's investment policy

Discount Rate. The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions will be made at the statutorily required rates. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the valuations of the defined benefit pension plans pursuant to Section 216.136(10), Florida Statutes. The 6.90% rate of return assumption used in the June 30, 2019 calculations was determined by the Plan's consulting actuary to be reasonable and appropriate per Actuarial Standard of Practice No. 27 (ASOP 27) for accounting purposes, which differs from the rate used for funding purposes, which is used to establish the contribution rates for the Pension Plan. The discount rate used in the July 1, 2018 valuation was 7.00%.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate (amounts in thousands):

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 1,365,882	\$ 790,136	\$ 309,291

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan. At June 30, 2020, the District reported a payable of \$16.0 million for the outstanding amount of contributions owed to the Plan required for the fiscal year ended June 30, 2020.

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided. For the fiscal year ended June 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Federal Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2020, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled \$20.1 million for the fiscal year ended June 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2020, the District reported a net pension liability of \$361.0 million for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The District's proportionate share of the net pension liability was based on the District's 2018-19 fiscal year contributions relative to the total 2018-19 fiscal year contributions

of all participating members. At June 30, 2019, the District's proportionate share was 3.227 percent, which was a decrease of 0.023 from its proportionate share measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$7.3 million (\$27.4 million due to the District's share of changes in deferred inflows and deferred outflows of resources, reduced by \$20.1 million for the District's contributions subsequent to the measurement date) related to the HIS Plan.

In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 41,804	\$ (29,508)
Net difference between projected and actual earnings on HIS pension plan investments	233	-
Difference between expected and actual experience	4,385	(442)
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	3,112	(5,011)
District contributions subsequent to the measurement date	20,118	-
Total	\$ 69,652	\$ (34,961)

The deferred outflows of resources related to pensions, totaling \$20.1 million, resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Fiscal Year Ending June 30	Amount
2021	\$ 6,713
2022	4,717
2023	3,146
2024	(2,315)
2025	129
Thereafter	2,183
Total	\$ 14,573

Actuarial Assumptions. The total pension liability in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including Inflation
Municipal Bond Rates	3.50 percent

Mortality rates were based on the Generational RP-2000 with Projected Scale BB. While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

Discount Rate. The discount rate used to measure the total pension liability was 3.50 percent, down from 3.87 percent in the prior year. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 3.50 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate (amounts in thousands):

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
District's proportionate share of the net pension liability (asset)	\$ 412,139	\$ 361,034	\$ 318,469

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan. At June 30, 2020, the District reported a payable of \$3.0 million for the outstanding amount of contributions owed the HIS Plan required for the fiscal year ended June 30, 2020.

FRS – Defined Contribution Pension Plan

The District contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member’s account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on

the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Allocations to the investment member’s accounts during the 2019-20 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.75%
FRS, Elected County Officers	47.10%
FRS, Senior Management Services	23.69%
FRS, Special Risk Regular	23.76%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended June 30, 2020, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The District’s Contribution to the Investment Plan totaled \$13.7 million which includes \$6.6 million of employee contribution) for the fiscal year ended June 30, 2020. This excludes the HIS defined benefit pension plan contributions.

Payables to the Investment Plan. At June 30, 2020, the District reported a payable of \$2.2 million for the outstanding amount of contributions owed the Investment Plan required for the fiscal year ended June 30, 2020.

11. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The District follows the guidance contained in Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, (GASB 75); for certain post-employment health care benefits provided by the District for the fiscal year ended June 30, 2020

Plan Description.

Pursuant to Section 112.0801, Florida Statutes, the District is required to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees pay 100% of the blended (active and retiree combined) equivalent premium rates. The blended rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The plan is a single employer plan, and no separate financial statements of the Plan are issued. The OPEB Plan contribution requirements and benefit terms of the District and the OPEB Plan members are established and may be amended through recommendations of District staff and action from the Board. The plan is a single employer plan, and no separate financial statements of the Plan are issued. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Funding Policy.

The District is financing the post-employment benefits on a pay-as-you-go basis. Expenditures for these insurance premiums are prorated between the General Fund and other funds where the personnel are located. For fiscal year 2020, 799 retirees received health care benefits. The District provided required contributions of approximately \$7.7 million toward the annual OPEB cost. Retiree contributions total approximately \$5.6 million.

Total OPEB Liability.

The District’s total OPEB liability of \$199.4 million was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions and Other Inputs.

The total OPEB liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.21%
20-Year Tax-Exempt General Obligation Bonds	2.21%
Bond Rate Basis	Average Rating AA/Aa or higher
Salary Increases	2.5% per annum
Health Care Cost Trend Rate	6.5%
Medical Consumer Price Index Trend	Chained –CPI of 2.0% per annum
Inflation Rate	2.5% per annum
Census Data	Provided by the District as of June 2019.
Medicare Eligibility	All current and future retirees are assumed to be eligible for Medicare at age 65.
Actuarial Cost Method	Entry Age Normal based on level percentage of projected salary.
Amortization Method	Experience/Assumptions gains and losses are amortized over a closed period of 14.1 years starting the current fiscal year, equal

to the average remaining service of active and inactive plan members.

Plan Participation Percentage	The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 30% of all employees and their dependents who are eligible for the early retiree benefits will participate in the retiree medical plan. This assumes that a one-time irrevocable election to participate is made at retirement.
Mortality Rates	RP 2014 Generational Mortality Table projected using Scale MP-18, applied on a gender-specific basis.
Termination Tables	FRS Actuarial Valuation as of July 1, 2018
Retirement Tables	FRS Actuarial Valuation as of July 1, 2018

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information.

Projection of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The valuation date was June 30, 2019, and rolled forward to June 30, 2020.

Changes to the Total OPEB Liability.

Below are the details regarding the total OPEB liability for the measurement period from July 1, 2019 to June 30, 2020 (amounts in thousands):

	<u>Total OPEB Liability</u>
Balance Recognized at 7/1/2019	\$ 157,651
Changes for the Fiscal Year:	
Service Cost	7,678
Interest on the Total OPEB Liability	5,689
Changes in Assumptions and Other Inputs	34,005
Benefit Payments	(5,594)
Net Change in total OPEB	<u>41,778</u>
Total OPEB Liability at 6/30/2020	<u>\$ 199,429</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent as of June 30, 2019 to 2.21 percent as of June 30, 2020.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current discount rate (amounts in thousands):

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 239,688	\$ 199,429	\$ 167,971

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower and 1 percentage point higher than the current healthcare cost trend rates (amounts in thousands):

	1% Decrease	Healthcare Cost Current Trend	1% Increase
Total OPEB Liability	\$ 160,575	\$ 199,429	\$ 251,187

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the year ended June 30, 2020, the District recognized OPEB expense of \$15.0 million. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (amounts in thousands):

	Deferred Outflows	Deferred Inflows
Difference between Expected and Actual Experience	\$ -	\$ (6,713)
Changes of Assumptions or Other Inputs	43,981	(11,730)
Total	\$ 43,981	\$ (18,443)

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows (amounts in thousands):

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ 1,665
2022	1,665
2023	1,665
2024	1,665
2025	1,665
Thereafter	17,213
	<u>\$ 25,538</u>

12. NET POSITION AND FUND BALANCE REPORTING

Fund Balance

GASB 54 categorizes fund balance as either nonspendable or spendable. Nonspendable is defined as the portion of fund balance that includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. District nonspendable items include inventories.

Spendable is defined as a hierarchy of fund balance classifications that is available to be spent based on the element to which the District is bound to observe constraints imposed upon the use of resources:

- Restricted fund balance is constrained by external parties, and constitutional provisions or enabling legislation. District restricted balances includes: Carryover balances as a result of revenue received with constraints from Federal laws, Florida Statute, Florida School Board Rules, local ordinances or contract provisions.
- Committed fund balance can only be used for specific purposes pursuant to constraints imposed by formal action of the School Board. District committed balance includes: Funds committed by the School Board on June 2, 2010 for future purchase and installation of equipment needed to transmit and receive programming for The Education Network (TEN).
- Assigned fund balances are amounts that are constrained by the School Board or Superintendent to be used for a specific purpose. Florida Statute 1001.51, Duties and Responsibilities of District School Superintendent, delegates certain financial authority to the Superintendent.
- Unassigned fund balance is the residual classification for the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted assets first, followed by unrestricted assets. Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The District has not established a stabilization arrangement. Instead, the Board has established policy 2.55, Fund Balance for Contingency to set aside 3% of total annual operating fund appropriations and transfers from the operating fund to cover unanticipated financial needs and to avoid a budget deficit. At the end of the fiscal year, the unassigned general fund balance was \$64.0 million or 3.1% of general fund total expenditures.

The following table shows the District's fund balance classification at June 30, 2020 (in thousands):

	Major Funds				
	General Fund	Capital Improvement	Sales Tax	Other Non-Major Governmental	Total Governmental
FUND BALANCES:					
<u>Nonspendable:</u>					
<u>Inventory:</u>					
Textbooks	\$ 2,032	\$ -	\$ -	\$ -	\$ 2,032
Child Nutrition	-	-	-	5,014	5,014
Transportation	1,449	-	-	-	1,449
Warehouse	635	-	-	-	635
Other	23	-	-	-	23
Total Nonspendable	<u>4,139</u>	<u>-</u>	<u>-</u>	<u>5,014</u>	<u>9,153</u>
<u>Restricted for:</u>					
Categorical carryover programs	5,624	-	-	-	5,624
IB, AP, AICE & Industry cert prog	18,134	-	-	-	18,134
Industry Certification	8,044	-	-	-	8,044
School Improvement	1,667	-	-	-	1,667
Local Sales Tax Projects	-	-	190,133	-	190,133
Workforce development	4,213	-	-	-	4,213
Turn-Around Schls Ext Instruction	1,441	-	-	-	1,441
Child nutrition	-	-	-	7,709	7,709
Debt service	-	-	-	127,580	127,580
Capital projects	-	144,913	-	98,874	243,787
Total Restricted	<u>39,123</u>	<u>144,913</u>	<u>190,133</u>	<u>234,163</u>	<u>608,332</u>
<u>Committed to:</u>					
The Education Network program	-	-	-	18	18
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>18</u>	<u>18</u>
<u>Assigned to:</u>					
<u>School Operations</u>					
Instruction	38	-	-	-	38
Instructional support services	4	-	-	-	4
General & School admin	3	-	-	-	3
Central services	8	-	-	-	8
Pupil transportation services	8	-	-	-	8
Operation of plant	471	-	-	-	471
<u>Community services:</u>					
After care/summer camp	9,930	-	-	-	9,930
Pre-K/VPK Fee Based Activities	316	-	-	-	316
Community Schools	882	-	-	-	882
Other	43	-	-	-	43
Capital projects	117	-	-	39,948	40,065
Misc local grants/donations	3,622	-	-	-	3,622
Next year budget appropriations	87,602	-	-	-	87,602
Total Assigned	<u>103,044</u>	<u>-</u>	<u>-</u>	<u>39,948</u>	<u>142,992</u>
Unassigned	64,000	-	-	-	64,000
Total fund balance	<u>\$ 210,306</u>	<u>\$ 144,913</u>	<u>\$ 190,133</u>	<u>\$ 279,143</u>	<u>\$ 824,495</u>

13. COMMITMENTS AND CONTINGENCIES

The District receives funding from the State that is based, in part, on a computation of the number of full time equivalent ("FTE") students enrolled in different types of instructional programs. The accuracy of data compiled by individual schools supporting the FTE count is subject to State audit and, if found to be in error, could result in refunds or in decreases in future funding allocations. It is the opinion of management that any amounts of revenue which may be remitted back to the State due to errors in the FTE count, if any, will not be material to the financial position of the District.

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the District.

The District is involved in various lawsuits arising in the ordinary course of operations. In the opinion of management, the District's estimated aggregate liability with respect to probable losses has been provided for in the estimated liability for insurance risks and pending claims in the accompanying financial statements, after giving consideration to the District's related insurance coverage, as well as the Florida statutory limitations of governmental liability on uninsured risks. It is the opinion of management in consultation with legal counsel that any final settlements in these matters will not result in a material adverse effect on the financial position of the District.

The District has entered into various construction and other contracts that extend beyond year-end. The District has capital outlay commitments of \$186.3 million and other encumbrances of \$1.5 million as of June 30, 2020 are shown below (amounts in thousands):

	Encumbrances	Construction Commitments	Total
General Fund	\$ 575	\$ -	\$ 575
Capital Improvement	-	11,709	11,709
Sales Tax	-	114,664	114,664
Other Non-Major Governmental	967	59,940	60,907
Total Commitments	<u>\$ 1,542</u>	<u>\$ 186,313</u>	<u>\$ 187,855</u>

14. SUBSEQUENT EVENTS

On September 23, 2020, the District issued Tax Anticipation Notes ("TANS") Series 2020. The \$115.0 million issue has a coupon rate of 1.50% with an effective yield of 0.1589%. The notes are dated October 06, 2020.

In December 2019, a novel strain of coronavirus (COVID-19) surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. Costs related to COVID-19 continue to grow and are not fully known at this time, but CARES Act funding is expected to assist in offsetting these costs.

REQUIRED SUPPLEMENTARY INFORMATION



THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
June 30

**Schedule of the District's Proportionate Share of the Net Pension Liability -
Florida Retirement System Pension Plan (1)**
(amounts expressed in thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the FRS net pension liability (asset)	2.2943%	2.3163%	2.3208%	2.3253%	2.4332%	2.5354%
District's proportionate share of the FRS net pension liability (asset)	\$ 790,136	\$ 697,680	\$ 686,486	\$ 587,133	\$ 314,284	\$ 154,697
District's covered-employee payroll	\$ 1,072,877	\$ 1,051,957	\$ 1,011,258	\$ 989,739	\$ 966,098	\$ 971,624
District's proportionate share of the FRS net pension liability (asset) as a percentage of its covered-employee payroll	73.65%	66.32%	67.88%	59.32%	32.53%	15.92%
FRS Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

Note: (1) The amounts presented for each fiscal year were determined as of June 30 (in thousands). Additional years will be displayed as they become available.

Schedule of District Contributions – Florida Retirement System Pension Plan (1)
(amounts expressed in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required FRS contribution	\$ 83,294	\$ 72,055	\$ 66,459	\$ 60,417	\$ 57,082	\$ 59,324
District FRS contributions in relation to the contractually required contribution	(83,294)	(72,055)	(66,459)	(60,417)	(57,082)	(59,324)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,204,586	\$ 1,072,877	\$ 1,051,957	\$ 1,011,258	\$ 989,739	\$ 966,098
FRS contributions as a percentage of covered-employee payroll	6.91%	6.72%	6.32%	5.97%	5.77%	6.14%

**Schedule of the District's Proportionate Share of the Net Pension Liability -
Health Insurance Subsidy Pension Plan (1)**
(amounts expressed in thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the HIS net pension liability (asset)	3.2267%	3.2499%	3.2460%	3.2461%	3.1986%	3.3048%
District's proportionate share of the HIS net pension liability (asset)	\$ 361,034	\$ 343,983	\$ 347,078	\$ 378,316	\$ 326,211	\$ 309,012
District's covered-employee payroll	\$ 1,072,877	\$ 1,051,957	\$ 1,011,258	\$ 989,739	\$ 966,098	\$ 971,624
District's proportionate share of the HIS net pension liability (asset) as a percentage of its covered-employee payroll	33.65%	32.70%	34.32%	38.22%	33.77%	31.80%
HIS Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
June 30

Schedule of District Contributions – Health Insurance Subsidy Pension Plan (1)
(amounts expressed in thousands)

	2020	2019	2018	2017	2016	2015
Contractually required HIS contribution	\$ 20,118	\$ 17,883	\$ 17,613	\$ 17,178	\$ 16,674	\$ 12,227
District HIS contributions in relation to the contractually required contribution	(20,118)	(17,883)	(17,613)	(17,178)	(16,674)	(12,227)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,204,586	\$ 1,072,877	\$ 1,051,957	\$ 1,011,258	\$ 989,739	\$ 966,098
HIS contributions as a percentage of covered-employee payroll	1.67%	1.67%	1.67%	1.70%	1.68%	1.27%

Note: (1) The amounts presented for each fiscal year were determined as of June 30 (in thousands). Additional years will be displayed as they become available.

Schedule of Changes in the District's Total
Other Postemployment Benefits Liability and Related Ratios (1)
(amounts expressed in thousands)

	2020	2019	2018	2017
Service Cost	\$ 7,678	\$ 7,418	\$ 7,142	\$ -
Interest	5,688	5,591	5,546	-
Differences between expected and actual experience		(3,464)		
Changes of assumptions or other inputs	34,006	14,398	(7,413)	-
Benefit Payments	(5,594)	(4,455)	(6,557)	-
Net change in total OPEB Liability	41,778	19,488	(1,282)	-
Total OPEB Liability - beginning	157,651	138,163	139,445	-
Total OPEB Liability - ending	\$ 199,429	\$ 157,651	\$ 138,163	\$ 139,445
District's covered-employee payroll	\$ 989,952	\$ 956,475	\$ 1,036,539	\$ 1,011,258
Total OPEB Liability as a percentage of covered-employee payroll	20.15%	16.48%	13.33%	13.79%

Note: (1) The amounts presented for each fiscal year were determined as of June 30 (in thousands). GASB Statement No. 75 requires the schedule to show information for 10 years. Additional years will be displayed as they become available.

Change in Assumption:

The discount rate was changed from 3.50 percent as of June 30, 2019 to 2.21 percent as of June 30, 2020



RSM US LLP

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards***

Independent Auditor's Report

To the Chairperson and Members
The School District of Palm Beach County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The School District of Palm Beach County, Florida (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

West Palm Beach, Florida
November 20, 2020

APPENDIX C

CERTAIN LEGAL DOCUMENTS

The Master Lease

Amendment to Master Lease Purchase Agreement

Form of Schedule 2021A

Form of Schedule 2021B

Form of Series 2021A Ground Lease

Form of Series 2021B Ground Lease

The Master Trust Agreement

Form of Series 2021A Supplemental Trust Agreement

Form of Series 2021B Supplemental Trust Agreement

Form of Series 2021A Assignment

Form of Series 2021B Assignment

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MASTER LEASE PURCHASE AGREEMENT

PALM BEACH SCHOOL BOARD LEASING CORP.
as Lessor

AND

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA
acting as the governing body of
the School District of Palm Beach County, Florida

Dated as of November 1, 1994

TABLE OF CONTENTS

ARTICLE V.

ARTICLE I.

DEFINITIONS AND EXHIBITS

SECTION 1.1. Definitions 4
SECTION 1.2. Rules of Construction 13

ARTICLE II.

LEASE AND SUBLEASE OF FACILITIES AND FACILITY SITES

SECTION 2.1. Lease and Sublease of Facilities and Facility Sites 15
SECTION 2.2. Lease Term 15
SECTION 2.3. Acquisition of Facilities 15
SECTION 2.4. School Board's Liability 17
SECTION 2.5. Possession and Enjoyment 17
SECTION 2.6. Trustee Access to Facilities 17
SECTION 2.7. Disclaimer of Warranties 17
SECTION 2.8. Warranties of the Facilities 18
SECTION 2.9. Compliance with Law 18
SECTION 2.10. Representations, Covenants and Warranties of the School Board 18
SECTION 2.11. Representations, Covenants and Warranties of Corporation 20

ARTICLE III.

LEASE PAYMENTS

SECTION 3.1. Payment of Lease Payments 21
SECTION 3.2. Credits to Lease Payments 23
SECTION 3.3. Basic Lease Payment Components 23
SECTION 3.4. Lease Payments to be Unconditional 24
SECTION 3.5. Non-Appropriation 24
SECTION 3.6. Surrender of Facilities 25

ARTICLE IV.

TERMINATION

SECTION 4.1. Termination of Lease Term 27
SECTION 4.2. Effect of Termination 27

ARTICLE IX.

MISCELLANEOUS

SECTION 9.1. Notices 50
SECTION 9.2. Binding Effect 50
SECTION 9.3. Severability 50
SECTION 9.4. Amendments 50
SECTION 9.5. Execution in Counterparts 51
SECTION 9.6. Captions 51
SECTION 9.7. Interest 51
SECTION 9.8. Compliance with Trust Agreement 51
SECTION 9.9. Memorandum of Lease 51
SECTION 9.10. Applicable Law 51
SECTION 9.11. Waiver of Choice of Remedies 52

EXHIBIT A - FORM OF SCHEDULE
EXHIBIT B - FORM OF SCHOOL BOARD'S CERTIFICATE

COVENANTS OF SCHOOL BOARD

SECTION 5.1. Maintenance of the Facilities by the School Board 28
SECTION 5.2. Taxes, Other Governmental Charges and Utility Charges 28
SECTION 5.3. Provisions Regarding Insurance 28
SECTION 5.4. Damage, Destruction or Condemnation 31
SECTION 5.5. Insufficiency of Net Proceeds 32
SECTION 5.6. Advances 32
SECTION 5.7. Release and Indemnification 32
SECTION 5.8. Payment and Performance Bonds and other Guaranty 33
SECTION 5.9. Essential Governmental Functions 33
SECTION 5.10. Tax Exemption; Rebates 33
SECTION 5.11. Budget and Tax Levy 34
SECTION 5.12. Compliance with Law, Regulations, Etc. 34
SECTION 5.13. Environmental Compliance 36
SECTION 5.14. Prosecution and Defense of Suits 38
SECTION 5.15. Waiver of Laws 39

ARTICLE VI.

TITLE

SECTION 6.1. Title to Facility Sites and Facilities 40
SECTION 6.2. Liens 41
SECTION 6.3. Use of the Facilities and Facility Sites 42
SECTION 6.4. Substitution of Facilities 42

ARTICLE VII.

ASSIGNMENT, OPTION TO PURCHASE, AND PREPAYMENT

SECTION 7.1. Assignments; Subleasing 44
SECTION 7.2. Prepayment 45
SECTION 7.3. Prepayment Deposit 46
SECTION 7.4. Refunding Certificates 47

ARTICLE VIII.

EVENTS OF DEFAULT AND REMEDIES

SECTION 8.1. Events of Default Defined 48
SECTION 8.2. Remedies on Default 49
SECTION 8.3. No Remedy Exclusive 49

MASTER LEASE PURCHASE AGREEMENT

THIS MASTER LEASE PURCHASE AGREEMENT dated as of November 1, 1994 (this "Master Lease"), between the School Board of Palm Beach County, Florida, acting as the governing body of the School District of Palm Beach County, Florida (the "District"), a body corporate pursuant to Article IX, Section 4(a) of the Florida Constitution (1968) and Chapter 230, Florida Statutes, as amended, as lessee (the "School Board"), and Palm Beach School Board Leasing Corp., a not-for-profit corporation organized and existing under and pursuant to Chapter 617 and Section 237.40, Florida Statutes, as amended, as lessor (the "Corporation").

W I T N E S S E T H

WHEREAS, the School Board has the power, under Section 230.23(2) Florida Statutes, to receive, purchase, acquire, lease, sell, hold, transmit and convey title to real and personal property for educational purposes, and under Section 230.23(9) Florida Statutes, to enter into leases or lease-purchase agreements of grounds and educational facilities, or of educational facilities, including equipment built, installed or established therein or attached thereto for school purposes in accordance with the provisions of Chapter 235, Florida Statutes (collectively, the "Act"); and

WHEREAS, the Corporation is a "private corporation" within the meaning of Section 230.23(9)(b)5, Florida Statutes, as amended, and is a "direct support organization" within the meaning of Section 237.40, Florida Statutes, as amended; and

WHEREAS, the School Board is or shall be the owner of certain real property located in Palm Beach County (which, together with all buildings, structures and improvements now or hereafter erected or situated thereon, any easements or other rights or privileges in adjoining property inuring to the fee simple owner of such land by reason of ownership of such land, and all fixtures, additions, alterations or replacements thereto, now or hereafter located in, on or used in connection with or attached or made to such land, to the extent title thereto may vest in the School Board, is hereinafter referred to as a "Facility Site"); and

WHEREAS, pursuant to a resolution duly adopted by the School Board on October 19, 1994 the School Board has determined that it is in the best interest of the District for the School Board to enter into and execute this Master Lease and certain related documents thereto for the purpose of lease purchasing certain real property, buildings and improvements, and the equipment, fixtures and furnishings to be built, installed or established therein for educational purposes ("Facilities") from the Corporation from time

to time, which Facilities must, to the extent required by Florida law, be listed on the Educational Plant Survey for Palm Beach County Schools conducted from time to time by the State Department of Education; and

WHEREAS, Facilities approved by the State Department of Education may be lease-purchased from time to time pursuant to Schedules substantially in the form of Exhibit A hereto (individually, a "Schedule"), each such Schedule upon execution and delivery by the School Board and the Corporation together with the provisions of the Master Lease to constitute a separate lease agreement (a "Lease"); and

WHEREAS, the School Board as lessor and the Corporation as lessee may enter into one or more ground leases from time to time with respect to one or more Facility Sites (individually, a "Ground Lease"); and

WHEREAS, the ground leasing of a Facility Site, the subleasing of a Facility Site back to the School Board and the lease-purchase financing or refinancing of the Facilities set forth on a particular Schedule, are herein collectively referred to as a "Project"; and

WHEREAS, at the direction of the School Board, the Corporation will provide for the payment of the cost of acquiring, constructing and installing Facilities from time to time by entering into a Master Trust Agreement dated as of November 1, 1994 (as the same may be amended or supplemented from time to time, the "Trust Agreement") with NationsBank of Florida, N.A., Fort Lauderdale, Florida, as Trustee (the "Trustee") pursuant to which the Corporation shall (a) establish a trust and assign to the Trustee all of said Corporation's right, title and interest in and to this Master Lease and all Schedules hereto, (b) direct the Trustee to execute and deliver to the public from time to time, Series of Certificates of Participation representing undivided proportionate interests in the right to receive the Basic Lease Payments to be made by the School Board pursuant to each Lease relating thereto and (c) deposit the proceeds of each Series of Certificates with the Trustee and direct the Trustee to hold the proceeds of the sale of such Certificates in trust subject to application only to pay the costs of acquisition, construction and installation of the Facilities to be financed under the Lease relating thereto and identified on a Schedule and related costs including, without limitation, capitalized interest, accrued interest and costs of issuance and to make lease payments; and

WHEREAS, each Certificate of a Series shall represent an undivided proportionate interest in the principal portion of the Basic Lease Payments due and payable under one or more particular Leases relating to such Series on the maturity date or earlier prepayment date of such Certificate and in the interest portion of

such Basic Lease Payments due and payable semiannually, to and including such maturity date or earlier prepayment date; and

WHEREAS, the relationship between the Corporation and the School Board under this Master Lease shall be a continuing one and Facilities may, from time to time, be added to or deleted from this Master Lease in accordance with the terms hereof and of the Schedule describing such Facilities; and

WHEREAS, the School Board intends for this Master Lease to remain in full force and effect until the last Lease Payment Date for any Project, unless sooner terminated in accordance with the terms provided herein; and

WHEREAS, Section 230.23(9), Florida Statutes, as amended, provides that the provisions of this Master Lease shall be subject to approval by the Florida Department of Education, which approval has been received; and

WHEREAS, Section 235.056(3)(c)3, Florida Statutes, as amended, provides that no lease purchase agreement entered into pursuant thereto shall constitute a debt, liability or obligation of the State of Florida or the School Board or shall be a pledge of the faith and credit of the State or the School Board, all as further provided in Section 3.1 hereof;

NOW, THEREFORE, in consideration of the mutual agreements and covenants herein contained and for other valuable consideration, the parties hereto mutually agree as follows:

-2-

-3-

ARTICLE I.

DEFINITIONS AND EXHIBITS

SECTION 1.1. Definitions. The terms set forth in this Section shall have the meanings ascribed to them for all purposes of this Master Lease unless the context clearly indicates some other meaning, or unless otherwise provided in a particular Schedule. Terms used herein and not otherwise defined shall have the meaning given to them in the Trust Agreement.

"Acquisition Account" shall mean any Acquisition Account established pursuant to Section 401 of the Trust Agreement and in any Supplemental Trust Agreement.

"Additional Lease Payment" shall mean any amounts payable by the School Board under the terms of this Master Lease other than a Basic Lease Payment or a Supplemental Payment, as set forth in a Schedule to this Master Lease and so designated.

"Assignment Agreement" shall mean any assignment agreement pursuant to which the Corporation shall have assigned to the Trustee all of its right, title and interest in and to a Ground Lease and the Lease or Leases created by one or more particular Schedules, including its right to receive Lease Payments under such Lease or Leases.

"Authorized Corporation Representative" shall mean the President of the Corporation and any person or persons designated by the Corporation and authorized to act on behalf of the Corporation by a written certificate delivered to the Trustee signed on behalf of the Corporation by the Chairperson of the Board of Directors containing the specimen signature of each such person.

"Authorized School Board Representative" shall mean the Chairperson and any person or persons designated by the Chairperson and authorized to act on behalf of the School Board by a written certificate delivered to the Trustee signed on behalf of the School Board by the Chairperson containing the specimen signature of each such person.

"Basic Lease Payment" shall mean, with respect to each Lease, or each Facility financed under such Lease, as of each Lease Payment Date, the amount set forth in a Schedule to this Master Lease corresponding to such Lease Payment Date and designated as a Basic Lease Payment in such Schedule.

"Business Day" shall mean a day other than Saturday, Sunday or day on which banks in the State of New York or State of Florida are authorized or required to be closed, or a day on which the New York Stock Exchange is closed.

"Certificate" or "Certificates" shall mean the Certificates of Participation executed and delivered from time to time by the Trustee pursuant to the Trust Agreement and any Supplemental Trust Agreement. Each Series of Certificates issued under the Trust Agreement and any Supplemental Trust Agreement shall bear a Series designation to identify such Series of Certificates to a particular Schedule to this Master Lease.

"Certificate holder" or "Holder of Certificates" shall mean the registered owner of any Certificate or Certificates.

"Certificate of Acceptance" shall mean the certificate of the School Board substantially in the form of Exhibit B to this Master Lease to be delivered pursuant to the provisions of Section 2.3 hereof.

"Chairperson" shall mean the Chairperson of the School Board and any person or persons designated by the School Board and authorized to act on behalf of the Chairperson.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder and under the Internal Revenue Code of 1954.

"Commencement Date" shall mean the date set forth in each Schedule hereto which is the effective date of such Schedule.

"Completion Date" shall mean, with respect to the Facilities described in a particular Schedule, the date specified by the School Board in a Certificate of Acceptance as the date of completion of acquisition, construction and installation of such Facilities.

"Contractor" shall mean the person, firm, corporation or joint venture authorized to do business in Florida with whom a contract has been made directly with the School Board for the performance of the work with respect to any Facilities described by the Instructions to Bidders and General Conditions.

"Corporation" shall mean Palm Beach School Board Leasing Corp., a Florida not-for-profit corporation, its successors and assigns.

"Cost" shall mean costs and expenses related to the acquisition, construction and installation of any Facilities including, but not limited to (i) costs and expenses of the acquisition of the title to or other interest in real property, including leasehold interests, easements, rights-of-way and licenses, including, without limitation, lease payments to be made by the Corporation under the terms of a Ground Lease until the expected acceptance of the Facilities related thereto as described herein, (ii) costs and expenses incurred for labor and materials and payments to contrac-

-4-

-5-

tors, builders, materialmen and vendors, for the acquisition, construction and installation of the Facilities, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may be advisable or necessary prior to completion of any of the Facilities which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction and installation of Facilities, (v) costs and expenses required for the acquisition and installation of equipment or machinery that comprise part of the Facilities, (vi) all costs which the School Board shall be required to pay for or in connection with additions to, and expansions of Facilities, (vii) all costs which the School Board shall be required to pay to provide improvements, including offsite improvements, necessary for the use and occupancy of Facilities, including roads, walkways, water, sewer, electric, fire alarms and other utilities, (viii) any sums required to reimburse the School Board for advances made by it for any of the above items or for other costs incurred and for work done by it in connection with Facilities, (ix) deposits into any Reserve Account established pursuant to Section 401 of the Trust Agreement and any Supplemental Trust Agreement and any recurring amounts payable to a provider of a Reserve Account Letter of Credit/Insurance Policy, (x) fees, expenses and liabilities of the School Board, if any, incurred in connection with the acquisition, construction and installation of Facilities, (xi) Costs of Issuance, and (xii) interest during construction and for a reasonable period of time up to six (6) months thereafter.

"Costs of Issuance" shall mean the items of expense incurred in connection with the authorization, sale and delivery of each Series of Certificates, which items of expense shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee, any Credit Facility Issuer and any provider of a Reserve Account Letter of Credit/Insurance Policy, legal fees and charges, professional consultants' fees, fees and charges for execution, delivery, transportation and safekeeping of Certificates, premiums, costs and expenses of refunding Certificates and other costs, charges and fees, including those of the Corporation, in connection with the foregoing.

"Costs of Issuance Subaccount" shall mean a Costs of Issuance Subaccount within an Acquisition Account established pursuant to Section 401 of the Trust Agreement and in any Supplemental Trust Agreement in connection with the issuance of a Series of Certificates.

"Credit Facility" shall mean, with respect to a Series of Certificates, the letter of credit, insurance policy, guaranty, surety bond or other irrevocable security device, if any, sup-

porting the obligations of the School Board to make Basic Lease Payments relating to such Series of Certificates.

"Credit Facility Issuer" shall mean, with respect to a Series of Certificates, the issuer of the Credit Facility, if any, for such Series of Certificates.

"District" shall mean the School District of Palm Beach County, Florida.

"Event of Extraordinary Prepayment" shall mean one or more of the events so designated in Section 7.2 hereof.

"Excess Earnings" shall mean, with respect to each Series of Certificates, the amount by which the earnings on the Gross Proceeds of such Certificates exceeds the amount which would have been earned thereon if such Gross Proceeds were invested at a yield equal to the yield on the interest portion of the Basic Lease Payments represented by such Certificates, as such yield is determined in accordance with the Code and amounts earned on the investment of earnings on the Gross Proceeds of such Certificates.

"Facility" or "Facilities" shall mean "educational facilities" as defined in Section 235.011(5), Florida Statutes, as amended, to be acquired from the proceeds of a Series of Certificates, consisting of real property, if any, buildings and improvements, and the equipment, fixtures and furnishings which are to be built, installed or established on such buildings or improvements, and all appurtenances thereto and interests therein, all as set forth on a Schedule or Schedules from time to time.

"Facility Site" shall mean the real property (together with all buildings, structures and improvements erected or situated thereon, any easements or other rights or privileges in adjoining property inuring to the fee simple owner of such land by reason of ownership of such land, and all fixtures, additions, alterations or replacements located on, or used in connection with, or attached or made to, such land) either (i) owned by the School Board at the time of the issuance of a Series of Certificates to finance Facilities relating thereto or (ii) to be acquired by the School Board subsequent thereto but not paid for out of the proceeds of such Series of Certificates, upon which a Facility is to be located within the District and more particularly described in a Ground Lease.

"Fiscal Year" shall mean the twelve month fiscal period of the School Board which under current law commences on July 1 in every year and ends on June 30 of the succeeding year.

"Government Obligations" shall mean any obligations which as to both principal and interest constitute non-callable direct obligations of, or non-callable obligations fully and

-6-

unconditionally guaranteed by, the full faith and credit of the United States of America, including bonds or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America to the extent unconditionally guaranteed by the full faith and credit of the United States of America.

"Gross Proceeds" shall mean, with respect to each Series of Certificates, unless inconsistent with the provisions of the Code, in which case as provided in the Code, (i) amounts received by or on behalf of the Corporation from the sale of such Certificates; (ii) amounts received as a result of investments of amounts described in (i); (iii) amounts treated as transferred proceeds of such Certificates in accordance with the Code; (iv) amounts treated as proceeds under the provisions of the Code relating to invested sinking funds; (v) securities or obligations pledged, if any, as security for payment of Basic Lease Payments under the Master Lease (which amounts are limited in accordance with Sections 235.056(3) and 236.25(2)(e), Florida Statutes, as amended); (vi) amounts received with respect to obligations acquired with Gross Proceeds; (vii) amounts used to pay the principal and interest portions of Basic Lease Payments represented by such Certificates; (viii) amounts in any Reserve Account established pursuant to the Trust Agreement and a Supplemental Trust Agreement; and (ix) amounts received as a result of the investment of Gross Proceeds not described in (i) above.

"Ground Lease" shall mean one or more ground leases, between the School Board and the Corporation, as amended and supplemented from time to time, pursuant to which the School Board shall ground lease one or more Facility Sites to the Corporation.

"Instructions to Bidders and the General Conditions" shall mean the Instructions to Bidders and the General Conditions of the School Board as in effect from time to time.

"Insurance Consultant" shall mean a nationally recognized independent insurance company or broker, selected by the School Board, that has actuarial personnel experienced in the area of insurance for which the School Board is to be self-insured.

"Lease" shall mean each separate Schedule to this Master Lease executed and delivered by the School Board and the Corporation, together with the terms and provisions of this Master Lease.

"Lease Payment Account" shall mean any Lease Payment Account established pursuant to Section 401 of the Trust Agreement and in any Supplemental Trust Agreement.

"Lease Payment Date" shall mean, with respect to a Lease, each date set forth on the corresponding Schedule designated as a Lease Payment Date for such Lease.

"Lease Payments" shall mean, with respect to each Lease, all amounts payable by the School Board pursuant to the terms of a Lease, including Basic Lease Payments, Additional Lease Payments and Supplemental Payments.

"Lease Term" shall mean, with respect to each Lease, the period from the date of the Lease through the end of the then current Fiscal Year plus each annual or lesser renewal period thereafter during which such Lease is maintained in effect in accordance therewith, with the maximum number of renewals being specified in the Schedule corresponding to such Lease.

"Master Lease" shall mean this Master Lease Purchase Agreement dated as of November 1, 1994, between the Corporation and the School Board and any and all modifications, alterations, amendments and supplements hereto.

"Net Proceeds" shall mean, with respect to one or more Facilities financed under a Lease, proceeds from any insurance, condemnation, performance bond, Federal or State flood disaster assistance, or any other financial guaranty (other than a Credit Facility Issuer) paid with respect to such Facilities remaining after payment therefrom of all expenses, including attorneys' fees, incurred in the collection thereof; and, with respect to insurance, to the extent that the School Board elects to self-insure under Section 5.3 hereof, any moneys payable from any appropriation made by the School Board in connection with such self-insurance.

"Opinion of Counsel" shall mean an opinion signed by an attorney or firm of attorneys of recognized standing and who are qualified to pass on the legality of the particular matter (who may be counsel to the School Board or Special Tax Counsel) selected by the School Board.

"Outstanding" when used with reference to the Certificates, shall mean, as of any date, Certificates theretofore or thereupon being authenticated and delivered under the Trust Agreement except:

(i) Certificates canceled by, or duly surrendered for cancellation to, the Trustee at or prior to such date;

(ii) Certificates (or portions of Certificates) for the payment or prepayment of which moneys, equal to the principal portion or Prepayment Price thereof, as the case may be, with interest to the date of maturity or Prepayment Date, shall be held in trust under the Trust Agreement and set aside for such payment or prepayment, (whether at or prior to the maturity or Prepayment Date), provided that if such Certificates (or portions of

-8-

-9-

Certificates) are to be prepaid, notice of such prepayment shall have been given as provided in Article III of the Trust Agreement;

(iii) Certificates in lieu of or in substitution for which other Certificates shall have been executed and delivered pursuant to Article III of the Trust Agreement; and

(iv) Certificates deemed to have been paid as provided in subsection (b) of Section 801 of the Trust Agreement.

"Payment Date" shall mean a date on which the principal portion or the interest portion of Basic Lease Payments is payable to Certificate holders pursuant to the terms of such Certificates.

"Permitted Encumbrances" shall mean in regard to a Facility Site:

(i) the Lease relating thereto and any liens and encumbrances created or permitted thereby;

(ii) the Assignment Agreement relating thereto and any liens and encumbrances created or permitted thereby;

(iii) the Trust Agreement and liens and encumbrances created or permitted thereby;

(iv) any Ground Lease applicable thereto and any liens and encumbrances created or permitted thereby;

(v) subject to the provisions of Section 6.2 of the Master Lease, any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right in respect thereof if payment is not yet due under the contract in question or if such lien is being contested in accordance with the provisions of the Master Lease.

(vi) (a) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law; (b) any liens for taxes, assessments, levies, fees, water and sewer rents or charges and other government and similar charges, which are not due and payable or which are not delinquent or the amount or validity of which are being contested and execution thereon is stayed; (c) easements, rights-of-way, servitudes, restrictions, oil, gas or other mineral reservations and other minor defects, encumbrances and irregularities in the title to any property which, in the opinion of the School Board, do not materially impair the use of such property or materially and adversely affect the value thereof; and (d) rights reserved to or vested in any municipality or public authority to control or regulate any property or to use such property in any manner that do not in the Opinion of Counsel, materially affect the use of the Facility Site for educational purposes or the benefits enjoyed by any Permitted Transferee in the

-10-

Payment Date, plus an amount equal to a pro rata portion of any Additional Lease Payments and Supplemental Payments then due and owing under the Lease relating to such Facility, including any prepayment premiums payable on the Certificates prepaid.

"Qualified Financial Institution" shall mean a bank, trust company, national banking association or a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or the Federal National Mortgage Association or any insurance company or other corporation (i) whose unsecured obligations or uncollateralized long term debt obligations have been assigned a rating by a Rating Agency which is not lower than AA/Aa, or which has issued a letter of credit, contract, agreement or surety bond in support of debt obligations which have been so rated; or (ii) which collateralizes its obligations at all times at levels in compliance with the requirements of the Rating Agencies for ratings not lower than AA/Aa.

"Rating Agency" shall mean each of Standard & Poor's Ratings Group, Moody's Investors Service and any other nationally recognized rating service which shall have provided a rating on any Outstanding Certificates.

"Reimbursement Agreement" shall mean, with respect to each Lease, any reimbursement agreement among the Corporation, the School Board and any Credit Facility Issuer.

"Reserve Account" shall mean any Reserve Account established pursuant to Section 405 of the Trust Agreement and in any Supplemental Trust Agreement.

"Reserve Account Letter of Credit/Insurance Policy" shall mean the irrevocable letter or line of credit, insurance policy, surety bond or guarantee agreement issued by a Qualified Financial Institution in favor of the Trustee which is to be deposited into a Reserve Account in order to fulfill the Reserve Account Requirement relating thereto.

"Reserve Account Requirement" shall mean, in regard to a Reserve Account to secure a Series of Certificates, such amounts, if any, as shall be provided in the Supplemental Trust Agreement authorizing the issuance of such Series and in the Schedule relating thereto, provided such Reserve Account Requirement shall not exceed the least of (i) the maximum annual amount of Basic Lease Payments represented by Certificates of the Series secured by such Reserve Account in the current or any subsequent Fiscal Year, (ii) 125% of the average annual amount of Basic Lease Payments represented by Certificates of the Series secured by such Reserve Account in the current or any subsequent Fiscal Years, and (iii) 10% of the stated principal amount (or issue price net of accrued

-12-

Facility Site under the Ground Lease, the Assignment Agreement and the Trust Agreement; and

(vii) any other liens or encumbrances permitted by the Schedule relating to such Facility Site, provided such lien or encumbrance shall not, as expressed in an Opinion of Counsel, materially adversely affect the intended use of such Facility Site by the School Board for educational purposes or the benefits enjoyed by any Permitted Transferee in the Facility Site under the Ground Lease, the Assignment Agreement and the Trust Agreement, and such liens and encumbrances are approved by the Credit Facility Issuer for the Series of Certificates relating to such Facility Site.

"Prepayment Account" shall mean any Prepayment Account established pursuant to Section 401 of the Trust Agreement and in any Supplemental Trust Agreement.

"Prepayment Date" shall mean the date on which optional prepayment, extraordinary prepayment or mandatory sinking fund prepayment of Basic Lease Payments represented by a Series of Certificates Outstanding shall be made pursuant to the Trust Agreement and any Supplemental Trust Agreement.

"Prepayment Price" shall mean, with respect to any Certificate, the principal amount thereof together with the premium, if any, applicable upon an optional prepayment, payable upon prepayment thereof pursuant to such Certificate and the Trust Agreement or any Supplemental Trust Agreement, together with accrued interest represented by such Certificate to the Prepayment Date.

"Project" shall mean the lease-purchase financing and construction or refinancing of the Facilities set forth on a particular Schedule and, if all or a portion of such Facilities shall be comprised of real property, the ground leasing of the related Facility Site by the School Board to the Corporation and the subleasing of such Facility Site back to the School Board.

"Project Fund" shall mean the trust fund designated as the "Project Fund" created and established in Section 401 of the Trust Agreement.

"Purchase Option Price" shall mean, with respect to any Facility financed under a Lease, as of each Lease Payment Date, the Basic Lease Payment then due plus the amount so designated and set forth on the Schedule for such Facility as the remaining principal portion of the Purchase Option Price, minus any credits pursuant to the provisions of Section 3.2 hereof, plus, an amount equal to the interest to accrue with respect to the Certificates to be prepaid as a result of the release of such Facility from the Lease, from such Lease Payment Date to the next available date for prepaying such Certificates, unless such prepayment shall occur on such Lease

-11-

interest if the issue has more than a de minimis part of original issue discount or premium) of such Series of Certificates.

"Schedule" shall mean a schedule, as amended and supplemented from time to time, to this Master Lease to be executed and delivered by the School Board and the Corporation for each Project, substantially in the form of Exhibit A hereto.

"School Board" shall mean the School Board of Palm Beach County, Florida, a body corporate and the governing body of the District.

"Series" or "Series of Certificates" shall mean the aggregate amount of each series of Certificates evidencing an undivided proportionate interest of the owners thereof in a particular Lease and the Basic Lease Payments thereunder, issued pursuant to the Trust Agreement or a Supplemental Trust Agreement.

"Special Tax Counsel" shall mean Greenberg, Traurig, Hoffman, Lipoff, Rosen & Quentel, P.A., Miami, Florida, Cunningham & Self, West Palm Beach, Florida and Michael B. Brown, P.A., West Palm Beach, Florida or any other attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of the interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"State" shall mean the State of Florida.

"Superintendent" shall mean the Superintendent of Schools of the District.

"Supplemental Payments" shall mean all amounts due under a Lease other than Basic Lease Payments and Additional Lease Payments.

"Supplemental Trust Agreement" shall mean any agreement supplemental or amendatory of the Trust Agreement.

"Trust Agreement" shall mean the Master Trust Agreement dated as of November 1, 1994 entered into by and between the Corporation and the Trustee, and any Supplemental Trust Agreement.

"Trustee" shall mean NationsBank of Florida, N.A., Fort Lauderdale, Florida and its successors or assigns which may at any time be substituted in its place pursuant to the provisions of the Trust Agreement.

SECTION 1.2. Rules of Construction. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing

-13-

persons shall include firms, associations and corporations, including public bodies as well as natural persons.

The terms "hereby", "hereof", "hereto", "herein", "hereunder", and any similar terms, as used in this Master Lease, refer to this Master Lease.

ARTICLE II.

LEASE AND SUBLEASE OF FACILITIES AND FACILITY SITES

SECTION 2.1. Lease and Sublease of Facilities and Facility Sites. The Corporation hereby agrees to demise, lease and sublease to the School Board, and the School Board hereby agrees to hire, take, lease and sublease from the Corporation, the right, title and interest of the Corporation in and to the Facilities and Facility Sites, listed on each Schedule hereto, on the terms and conditions set forth in this Master Lease. For purposes of each Lease, all materials and services in respect of which amounts are paid by the Trustee for the acquisition, construction and installation of a Facility (including monies disbursed for Costs of Issuance) shall be deemed accepted by the School Board hereunder upon execution of a requisition by the School Board directing payment therefor under Section 402 of the Trust Agreement. The School Board hereby agrees that it has received valuable consideration for the portion of Basic Lease Payments representing Costs of Issuance and will pay the Lease Payments in respect of same, subject to the provisions hereof.

SECTION 2.2. Lease Term. This Master Lease shall be for an original Term commencing on the date hereof through and including June 30, 1995, and automatically renewable annually thereafter through the last date set forth on any Schedule hereto unless sooner terminated in accordance with the provisions hereof, including in particular Sections 3.5 and 4.1 hereof. Upon expiration or termination of the Lease Term, other than pursuant to Section 4.1(b) or (c) hereof, the Trustee, the School Board and the Corporation, at the expense of the School Board, shall execute and deliver such documents, if any, as shall be necessary to evidence such termination. The useful life of the Facilities shall extend beyond the last date set forth on the particular Schedule relating to such Facilities.

SECTION 2.3. Acquisition of Facilities. The School Board shall be responsible for acquisition, construction and installation of the Facilities, as agent for the Corporation, pursuant to the specifications of the School Board, including the letting of all contracts for the acquisition, construction and installation of the Facilities and for supervising the acquisition, construction and installation of the Facilities.

Contracts in connection with the acquisition, construction and installation of the Facilities shall be let in accordance with the competitive bidding policies of the School Board and laws applicable to school boards, including where applicable the requirements of Sections 235.056(3) and 235.26, Florida Statutes, as amended, Chapters 234 and 237, Florida Statutes, as amended, and regulations promulgated by the State Department of Education thereunder, including Rule 6A-2 FAC, and § 6A - 1.013 FAC regarding pool

-14-

-15-

purchases, and in accordance with the Instructions to Bidders and General Conditions. All rules and regulations of the State Department of Education applicable to acquisition and construction of educational facilities by the School Board shall apply to the same extent to the acquisition and construction of the Facilities by the School Board acting in its capacity as agent for the Corporation.

Moneys deposited in the Acquisition Account established with respect to particular Facilities shall be disbursed from time to time to pay the Costs of such Facilities, all as provided in Section 402 of the Trust Agreement and the applicable provisions of a Supplemental Trust Agreement. The School Board agrees that it will deliver to the Trustee completed requisitions in the form attached to the Trust Agreement as Exhibit B, and upon completion of acquisition, construction and installation of the Facilities, the School Board will deliver a Certificate of Acceptance in the form attached hereto as Exhibit B in order for the Trustee to make the final advances therefor in accordance with the provisions of the Trust Agreement. The School Board further agrees to deliver the items described in Section 402 of the Trust Agreement with respect to the acquisition of each portion of a Facility constituting land or an interest therein, to be financed hereunder.

The School Board shall be responsible for, and shall use its best efforts to effect the completion of acquisition, construction and installation of the Facilities, whether or not amounts in the Acquisition Account relating to such Facilities are sufficient to pay the Costs thereof. If moneys are improperly drawn from the Acquisition Account, the School Board upon proper notification thereof shall deposit an amount sufficient to restore the balance therein with the Trustee, no later than thirty (30) days following receipt of such notification.

Upon determination by the School Board prior to delivery of a Certificate of Acceptance that amounts on deposit in the Acquisition Account for particular Facilities will exceed the actual costs of such Facilities, the School Board may amend the related Lease and Ground Lease for the purpose of financing additional Facilities or portions of Facilities from such funds on deposit in such Acquisition Account.

The School Board may determine not to acquire, construct or install one or more of the Facilities relating to a particular Lease, or may determine to substitute one or more of the Facilities relating to a particular Lease for other approved Facilities. Upon determination by the School Board not to acquire, construct or install one or more of the Facilities relating to a particular Lease, or to substitute one or more of the Facilities relating to a particular Lease, the School Board may amend the related Lease and Ground Lease for the purpose of deleting or substituting such Facilities.

-16-

SECTION 2.4. School Board's Liability. As between the Corporation and the School Board, the School Board assumes liability for all risks of loss with respect to the Facilities. The School Board shall maintain in force during the entire acquisition, construction and installation period of any Facilities, property damage insurance as required by Section 5.3 hereof and (for the benefit of Certificate holders), as assignee of the Corporation, the Trustee shall be named as an additional insured and loss payee thereon. In the event the School Board or Corporation receives any damages or other moneys from any contractor, manufacturer or supplier of any portion of the Facilities or its surety pursuant to this Section 2.4 or Section 5.3, such moneys shall be paid to the Trustee for disposition in accordance with Section 5.4 hereof.

SECTION 2.5. Possession and Enjoyment. From and after the acceptance by the School Board of any Facilities in accordance with the terms of this Master Lease, the Corporation agrees that it will not interfere with the quiet use and enjoyment of the Facilities by the School Board during the Lease Term relating to such Facilities and that the School Board shall during such Lease Term peaceably and quietly have and hold and enjoy such Facilities, without hindrance or molestation from the Corporation, except as expressly set forth herein. At the request of the School Board and at the School Board's cost, the Corporation shall join in any legal action in which the School Board asserts its right to such possession and enjoyment to the extent the Corporation lawfully may do so. Upon expiration or termination of the Lease Term other than as a result of nonappropriation or default, the School Board shall enjoy full right, title and interest in and to the Facilities, unless the Facilities are otherwise disposed of in accordance with the terms of this Master Lease.

SECTION 2.6. Trustee Access to Facilities. During the Lease Term of each Lease the School Board agrees that the Trustee, as assignee of the Corporation or its agents, shall have the right during the School Board's normal working hours on the School Board's normal working days to examine and inspect the Facilities for the purpose of assuring that the Facilities are being properly maintained, preserved, and kept in good repair and condition.

SECTION 2.7. Disclaimer of Warranties. The School Board acknowledges that each of the Corporation, the Trustee, the Certificate holders and any Credit Facility Issuer or issuer of a Reserve Account Letter of Credit/Insurance Policy MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE TITLE TO, VALUE, DESIGN, CONDITION, HABITABILITY, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF ANY FACILITIES OR ANY PORTION THEREOF, OR AS TO THE QUALITY OR CAPACITY OF THE MATERIAL OR WORKMANSHIP IN SUCH FACILITIES OR ANY WARRANTY THAT SUCH FACILITIES WILL SATISFY THE REQUIREMENTS OF ANY LAW, RULE, SPECIFICATIONS OR CONTRACT WHICH PROVIDES FOR SPECIFIC MACHINERY, OPERATORS

-17-

OR SPECIAL METHODS OR ANY OTHER WARRANTY OF ANY KIND WHATSOEVER. In no event shall the Corporation, the Trustee, the Certificate holders or any Credit Facility Issuer or issuer of a Reserve Account Letter of Credit/Insurance Policy be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Master Lease or the existence, furnishing, functioning or School Board's use of the Facilities, or any item, product or service provided for in this Master Lease.

SECTION 2.8. Warranties of the Facilities. The Corporation hereby appoints the School Board its agent and attorney-in-fact during the Lease Term to assert from time to time whatever claims and rights, including warranties of the Facilities, which the Corporation or the School Board may have against the contractor, manufacturer or supplier of any Facilities or portion thereof.

SECTION 2.9. Compliance with Law. The School Board and the Corporation each represents, warrants and covenants that it has complied and will comply throughout the Lease Term of each Lease with the requirements of Sections 235.056(3) and 286.011, as well as Chapter 119, Florida Statutes relating to public access to its records and the openness of its meetings to the public.

SECTION 2.10. Representations, Covenants and Warranties of the School Board. The School Board represents, covenants and warrants as follows:

(a) The School Board is the governing body of the District, a body corporate pursuant to Article IX, Section 4(a) of the Florida Constitution (1968) and Chapter 230, Florida Statutes, has power to enter into this Master Lease and each Schedule hereto and has duly authorized and taken the necessary acts required prior to (including all required approvals) the execution and delivery of this Master Lease. The School Board warrants that this Master Lease, upon the execution and delivery hereof, is a valid, legal and binding limited obligation of the School Board, payable from current or other funds authorized by law and appropriated for such purpose as provided in Section 3.1 hereof.

(b) Neither the execution and delivery of this Master Lease nor of any Schedule nor the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the terms and conditions hereof and thereof conflicts with or results in a breach of the terms, conditions, or provisions of any restriction or any agreement or instrument to which the School Board is now a party or by which the School Board is bound or constitutes a default under any of the foregoing, nor conflicts with or results in a violation of any provision of law governing the School Board and no representation, covenant and warranty

herein is false, misleading or erroneous in any material respect.

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, known to be pending or threatened against or affecting the School Board nor to the best of the knowledge of the School Board is there any basis therefor, wherein an unfavorable decision, ruling, or finding would materially and adversely affect the transactions contemplated by the School Board or which would adversely affect, in any way, the validity or enforceability of this Master Lease or any material agreement or instrument to which the School Board is a party, used or contemplated for use in the consummation of the transactions contemplated hereby.

(d) The estimated Cost of the Facilities shall not be less than the amount set forth on each Schedule relating to such Facilities (as such Schedule may be amended prior to the delivery by the School Board of a Certificate of Acceptance). The Facilities will be designed and constructed so as to comply with all applicable building and zoning ordinances and regulations, if any, and any and all applicable judicial and state standards and requirements relating to the Facilities and Facility Sites.

(e) The moneys in each Acquisition Account and any investment earnings thereon will be used only for payment of Cost of the Facilities, including payment of Basic Lease Payments.

(f) The School Board shall have fee simple title to all Facility Sites, subject only to Permitted Encumbrances, prior to entering into any Ground Lease with respect to such Facility Sites or amending any Ground Lease to add Facility Sites.

(g) In its use of the Facilities, the School Board shall comply with all applicable Federal, State and local governmental laws, regulations, ordinances, rules, orders, standards and codes and with all hazard insurance underwriters' standards applicable to the Facilities.

(h) Adequate water, sanitary sewer and storm sewer utilities, electric power, telephone and other utilities are available to the Facilities.

(i) The School Board intends, and will intend upon execution and delivery of each Schedule that this Master Lease shall remain in full force and effect until the last Lease Payment Date for any Facility hereunder.

-19-

-18-

ARTICLE III.

LEASE PAYMENTS

SECTION 3.1. Payment of Lease Payments. Subject to the conditions stated herein, the School Board agrees to pay the Basic Lease Payments stated on each particular Schedule hereto and agrees to pay and discharge Additional Lease Payments, including all other amounts, liabilities and obligations which the School Board assumes or agrees to pay to the Corporation or to others as provided herein and on each Schedule hereto, together with interest on any overdue amount, PROVIDED HOWEVER, THAT NEITHER THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION THEREOF, SHALL BE OBLIGATED TO PAY, EXCEPT FROM SCHOOL BOARD APPROPRIATED FUNDS, ANY SUMS DUE HEREUNDER FROM ANY SOURCE OF TAXATION AND THE FULL FAITH AND CREDIT OF THE SCHOOL BOARD AND THE DISTRICT IS NOT PLEDGED FOR PAYMENT OF SUCH SUMS DUE HEREUNDER AND SUCH SUMS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE SCHOOL BOARD OR THE DISTRICT WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. NEITHER THE CORPORATION, THE TRUSTEE, NOR ANY CERTIFICATE HOLDER MAY COMPEL THE LEVY OF ANY AD VALOREM TAXES BY THE SCHOOL BOARD TO PAY THE LEASE PAYMENTS HEREUNDER. All Basic Lease Payments, Additional Lease Payments and all Supplemental Payments shall be made from current or other funds authorized by law and appropriated for such purpose by the School Board.

On each Lease Payment Date, the School Board shall pay to the Trustee, in lawful money of the United States of America, the Basic Lease Payments for such Lease Payment Date, less any credits as contemplated by Section 3.2 hereof, and less any reductions as contemplated by Section 4.2 hereof. The School Board agrees to deposit such amounts with the Trustee on each Lease Payment Date in order to assure that sufficient moneys will be available to the Trustee to make timely distribution thereof to the Certificate holders, or to reimburse any Credit Facility Issuer as provided in the following paragraph, all in accordance with the Trust Agreement. In the event that the Trustee has not received such Basic Lease Payments on such Lease Payment Date, the Trustee shall notify the School Board on the Business Day following the day payment was due that such Basic Lease Payments have not been received; provided, however, that such notice is for the purpose of convenience only and the School Board's obligation to make such payments shall in no way be conditioned by the giving or receipt of such notice. Once established under the initial Schedule, Lease Payment Dates shall be the same under all future Lease Schedules.

THE SCHOOL BOARD MAY NOT BUDGET AND APPROPRIATE FUNDS TO MAKE LEASE PAYMENTS SELECTIVELY ON A LEASE BY LEASE BASIS, BUT MUST APPROPRIATE FUNDS FOR ALL LEASES OR NONE OF THEM.

The School Board shall also pay, when due, directly to the party entitled thereto, Additional Lease Payments and Supplemental

-21-

-20-

Payments in accordance with the terms of this Master Lease and each Schedule hereto and the Trust Agreement. Additional Lease Payments for each separate Lease entered into under this Master Lease include, without limitation, optional prepayment premiums, Trustee fees and expenses, Corporation expenses, Credit Facility Issuer fees and expenses, if any, and all other amounts due the Trustee under the Trust Agreement or this Master Lease and a Credit Facility Issuer under any Reimbursement Agreement, all as set forth on a particular Schedule hereto. Supplemental Payments for each separate Lease hereunder include, without limitation, amounts required to be paid under Sections 5.1, 5.2, 5.6, 5.10 and 6.2 hereof, and amounts necessary to restore the balance in the Reserve Account for a particular Series of Certificates to the Reserve Account Requirement for such Series as provided in Section 405(b) of the Trust Agreement, or recurring amounts payable to a provider of a Reserve Account Letter of Credit/Insurance Policy.

The School Board hereby authorizes the Trustee, as assignee of the Corporation, (i) to create a Reserve Account to be held by the Trustee under the Trust Agreement for each Series of Certificates unless otherwise provided by the Schedule relating thereto, (ii) to deposit in each Reserve Account a portion of the proceeds from the sale of the Series of Certificates relating thereto, or in lieu thereof, or in substitution for the full amounts then on deposit therein or in an amount equal to the difference between the amount required to be deposited and the sum, if any, on deposit in a Reserve Account, to provide a Reserve Account Letter of Credit/Insurance Policy equal to the Reserve Account Requirement relating to such Series, or combination of a portion of the proceeds from the sale of a Series of Certificates and a Reserve Account Letter of Credit/Insurance Policy, and (iii) to use such amounts or amounts drawn on the Reserve Account Letter of Credit/Insurance Policy deposited in each sub-account of the Reserve Account as set forth in Section 405 of the Trust Agreement. In the event the aggregate amount of any cash, the value of any Investment Securities and the stated amount of any Reserve Account Letter of Credit/Insurance Policy in a Reserve Account shall be less than the Reserve Account Requirement provided therefor, the School Board shall pay to the Trustee from moneys budgeted and appropriated as Basic Lease Payments during the current Fiscal Year as Supplemental Payments an amount equal to such deficiency within thirty (30) days of receipt of notice of the deficiency from the Trustee. In the event the Trustee makes a draw on a Reserve Account Letter of Credit/Insurance Policy to pay amounts equal to Basic Lease Payments represented by a Series of Certificates, the School Board shall cause the amount which the Trustee can draw upon such Reserve Account Letter of Credit/Insurance Policy (or its original stated amount, if the School Board shall have deposited into the related Reserve Account a Letter of Credit/Insurance Policy pursuant to this Section) to be reinstated. In the event a Reserve Account Letter of Credit/Insurance Policy on deposit in a Reserve Account expires or is terminated, the School Board shall, simultaneously

-22-

facility or Facilities financed hereunder. The interest portion of each Basic Lease Payment shall be calculated on the basis of a 360 day year consisting of twelve 30 day months.

SECTION 3.4. Lease Payments to be Unconditional. Subject to Sections 3.1 and 3.5 hereof the obligations of the School Board to make Lease Payments and to pay all other amounts provided for herein and in each Schedule and to perform its obligations under this Master Lease and each Schedule, shall be absolute and unconditional, and such Lease Payments and other amounts shall be payable without abatement or any rights of set-off, recoupment or counterclaim the School Board might have against any supplier, contractor, the Corporation, the Trustee or any other person and whether or not the Facilities are accepted for use or used by the School Board or available for use by the School Board, whether as a result of damage, destruction, condemnation, defect in title or failure of consideration or otherwise. This Master Lease shall be deemed and construed to be a "net lease".

SECTION 3.5. Non-Appropriation. Notwithstanding anything in this Master Lease to the contrary, the cost and expense of the performance by the School Board of its obligations under this Master Lease and each Schedule hereto and the incurrence of any liabilities of the School Board hereunder and under each Schedule hereto including, without limitation, the payment of all Lease Payments and all other amounts required to be paid by the School Board under this Master Lease and each Schedule hereto, shall be subject to and dependent upon appropriations being duly made from time to time by the School Board for such purposes. Under no circumstances shall the failure of the School Board to appropriate sufficient funds constitute a default or require payment of a penalty, or in any way limit the right of the School Board to purchase or utilize educational facilities similar in function to those leased hereunder.

Unless the School Board, at a public meeting held prior to the end of the then current Fiscal Year, shall give notice of its intent not to appropriate the funds necessary to make all Lease Payments coming due in the following Fiscal Year under this Master Lease and each Schedule hereto, the Superintendent shall include in the Superintendent's tentative budget proposal the funds necessary to make such Lease Payments, and the Lease Term of all Leases shall be automatically renewed on June 30 of the current Fiscal Year, for the following Fiscal Year, subject to appropriation being made by the School Board in the final official budget. If Lease Payments are due hereunder during the period prior to the adoption of the School Board's final official budget for an ensuing Fiscal Year, the Lease Term of all Leases shall be deemed extended only if the tentative budget or extension of the prior budget (whether by Board action or operation of law) makes available to the School Board moneys which may be legally used to make the Lease Payments due hereunder during such period. If no such appropriation is made in

-24-

with such expiration or termination, either replace such Letter of Credit/Insurance Policy with a subsequent Reserve Account Letter of Credit/Insurance Policy with a stated amount equal to the Reserve Account Requirement or transfer to the Trustee, for deposit in such Reserve Account in which such Policy had been deposited, an amount of cash equal to the Reserve Account Requirement.

SECTION 3.2. Credits to Lease Payments. The Lease Payments due hereunder shall be reduced when applicable by the amounts credited as follows:

(a) The Trustee shall deposit into the Lease Payment Account established with respect to each Lease, interest income in accordance with the Trust Agreement, amounts in excess of the Reserve Account Requirement transferred to the Lease Payment Account pursuant to Section 405(d) of the Trust Agreement and amounts transferred from the Capitalized Interest Account to the Lease Payment Account pursuant to Section 403 of the Trust Agreement, and apply such amounts as provided therein.

(b) Unless otherwise provided in the Schedule related thereto, upon the completion of acquisition and construction of the Facilities financed under a particular Lease and payment of all Costs of such Facilities or upon the termination of the Lease Term of a particular Lease pursuant to Section 4.1 hereof, the amounts, if any, on deposit in the Acquisition Account for the related Series of Certificates shall be transferred to the Lease Payment Account for such Series, to be applied to Basic Lease Payments next coming due under the Lease; provided, however, that if, upon delivery by the School Board of a Certificate of Acceptance indicating completion of the acquisition, construction, installation and payment of all costs of the Facilities financed under a particular Lease (including the failure of the School Board to acquire any component of such Facilities), there shall remain in the related Acquisition Account an amount greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year under such Lease, the entire remaining amount shall be transferred to the related Prepayment Account in accordance with Section 7.2(b) hereof.

(c) There shall be deposited in the Lease Payment Account or the Prepayment Account for a Series of Certificates, as the case may be, Net Proceeds realized in the event of damage, destruction or condemnation to be applied to Basic Lease Payments under the related Lease, or to the Prepayment Price of such Series of Certificates, all as provided for in Section 5.4(b) hereof.

SECTION 3.3. Basic Lease Payment Components. A portion of each Basic Lease Payment is paid as and represents the payment of interest and the balance of each Basic Lease Payment is paid as and represents the payment of principal. Each Schedule hereto shall set forth such components of each Basic Lease Payment for each

-23-

the final official budget, or if no official budget is adopted as of the last day upon which a final budget is required to have been adopted under Chapter 237, Florida Statutes and applicable regulations thereunder, the Lease Term of all Leases shall terminate as of the date of adoption of the final official budget, or such last day, whichever is earlier.

If the School Board declares its intent at such public meeting prior to the end of the then current Fiscal Year not to appropriate the funds, the Lease Term of all Leases shall not be automatically renewed for the following Fiscal Year, but shall terminate on June 30th of the current Fiscal Year. The final Lease Term may be for a period which is less than a full Fiscal Year.

The School Board shall provide written notice of any non-appropriation of funds described herein to the Trustee, any Credit Facility Issuer and any issuer of a Reserve Account Letter of Credit/Insurance Policy within three (3) Business Days thereafter.

THE SCHOOL BOARD MAY NOT BUDGET AND APPROPRIATE FUNDS TO MAKE LEASE PAYMENTS SELECTIVELY ON A LEASE BY LEASE BASIS, BUT MUST APPROPRIATE FUNDS FOR ALL LEASES OR NONE OF THEM.

SECTION 3.6. Surrender of Facilities. (A) Upon the termination of the Lease Term of all Leases prior to the payment of all Lease Payments scheduled therefor or without the payment of the then applicable Purchase Option Price of the Facilities financed under such Lease, or (B) as provided in Section 8.2 hereof upon the occurrence of an event of default, the School Board shall immediately surrender and deliver possession of all the Facilities financed under this Master Lease and all Schedules hereto to the Trustee as assignee of the Corporation or any person designated by it, in the condition, state of repair and appearance required under this Master Lease, in accordance with the instructions of the Corporation. Upon such surrender, the transferee shall sell or lease the Facilities if then practicable in such manner and to such person or persons for any lawful purpose or purposes, as it shall, in its sole discretion, determine to be appropriate. The proceeds derived by such transferee from any such sale or lease of Facilities shall be applied first to the payment in full of the Series of Certificates relating to such Facilities (including all amounts owing under the applicable Lease) and then to the payment of any accrued but unpaid obligations of the Corporation under Section 3 of the Ground Lease relating to such Facilities. Any excess after all such payments shall be paid to the School Board.

If the School Board shall refuse or fail to voluntarily deliver possession of the Facilities to the Corporation or its assignee as above provided, the Corporation or its assignee may enter into and upon the Facilities, or any part thereof, and repossess the same and thereby restore the Corporation or its assignee to its former possessory estate as lessee under the

-25-

related Ground Lease and lessor hereunder and expel the School Board and remove its effects forcefully, if necessary, without being taken or deemed to be guilty in any manner of trespass in order that the Corporation or its assignee may sell or re-let the leasehold interest in the Facilities, subject to Permitted Encumbrances, for any lawful purpose or purposes, for the remainder of the term of the related Ground Lease, if applicable, and the School Board shall have no further possessory right whatsoever in the Facilities, for the remainder of the term of the respective Ground Lease; the Corporation or its assignee may exercise all available remedies at law or in equity to evict the School Board and to enjoy its possessory rights to all Facility Sites under one or more Ground Leases; and the School Board shall be responsible for the payment of damages in an amount equal to the Lease Payments which would have accrued hereunder, calculated on a daily basis, for any period during which the School Board fails to surrender the Facilities or for any other loss suffered by the Corporation or its assignee as a result of the School Board's failure to surrender the Facilities, all without prejudice to any remedy which might otherwise be available to the Corporation or its assignee for arrears of Lease Payments or for any breach of the School Board's covenants herein contained.

Upon the termination of the Lease Term of all Leases as a result of a default by the School Board, the Corporation or its assignee shall have, in addition to the rights and remedies described above, the right to sue for compensatory damages, including upon failure of the School Board to surrender possession of the Facilities to the Corporation or its assignee, damages for any loss suffered by the Corporation or its assignee as a result of the School Board's failure to take such actions as required, including reasonable legal fees.

The School Board, as owner of the Facility Sites, may voluntarily and in cooperation with the Corporation or its assignee as owner of the Facilities, sell the Facility Sites and the Facilities, the proceeds of such sale to be applied by the Trustee in the manner described above in this section. The sale of any particular Facility Site and Facility thereon shall require the consent of the Credit Facility Issuer, if any, insuring the Series of Certificates relating to such Facility Site and Facility thereon. If applicable, such sale shall be conducted in accordance with the requirements of Section 235.04(1), Florida Statutes and the rules of the State Department of Education promulgated thereunder.

ENR/PRIED/202401-4.11/0374

-26-

ARTICLE IV.

TERMINATION

SECTION 4.1. Termination of Lease Term. The Lease Term will terminate upon the earliest of any of the following events:

(a) with respect to all Leases, on the latest Lease Payment Date set forth in any Schedule attached to this Master Lease;

(b) with respect to all Leases, in the event of nonappropriation of funds for payment of Lease Payments as provided in Sections 3.1, 3.4 and 3.5 of this Master Lease;

(c) with respect to all Leases, upon a default by the School Board with respect to any Lease and the termination of the Lease Term of all Leases by the Trustee pursuant to Section 8.2(1) of this Master Lease;

(d) with respect to a particular Lease, upon payment by the School Board of the Purchase Option Price of the particular Facilities leased under such Lease, or upon provision for such payment pursuant to Section 7.3 hereof, provided, however, that upon such provision for payment the obligation to make Lease Payments under such Lease shall continue to be payable solely from such provision for payment.

SECTION 4.2. Effect of Termination.

(a) Upon the termination of the Lease Term for the reason referred to in Section 4.1(b) or (c) hereof, the provisions of Section 3.6 shall be applicable. Upon such termination for the reason referred to in Section 4.1(c) hereof, the provisions of Sections 8.2 and 8.3 shall also be applicable.

(b) In the event of termination of the Lease Term for the reason referred to in Section 4.1(d) hereof, there shall be applied solely from the amounts deposited pursuant to Section 7.3 hereof as a reduction against such Basic Lease Payments to become due after such termination an amount equal to the Basic Lease Payments applicable to the Facilities.

(c) Notwithstanding the termination of the Lease Term pursuant to Section 4.1 hereof, the representations of the School Board set forth in Section 2.10 hereof and the provisions of Sections 5.7 and 5.10 hereof shall survive such termination.

ENR/PRIED/202401-4.11/0374

-27-

ARTICLE V.

COVENANTS OF SCHOOL BOARD

SECTION 5.1. Maintenance of the Facilities by the School Board. The School Board agrees that at all times during each Lease Term, the School Board will, at the School Board's own cost and expense, maintain, preserve and keep the Facilities in good repair and condition, and that the School Board will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals, interior and exterior, thereto. The Corporation shall have no obligation in any of these matters, or for the making of repairs, improvements or additions to the Facilities. If the School Board fails to perform such obligations the Trustee may perform the School Board's obligations or perform work resulting from the School Board's actions or omissions and the cost thereof (together with interest until reimbursed) shall be immediately due and payable as Supplemental Payments.

SECTION 5.2. Taxes, Other Governmental Charges and Utility Charges. In the event that the ownership, leasing, use, possession or acquisition of the Facilities or Facility Sites are found to be subject to taxation in any form, the School Board will pay during each Lease Term, as the same come due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Facilities or Facility Sites and any facilities or other property acquired by the School Board as permitted under this Master Lease in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Facilities or Facility Sites, as well as all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Facilities and Facility Sites; provided that, with respect to any governmental charges that may lawfully be paid in installments over a period of years, the School Board shall be obligated to pay only such installments as have accrued during the time the Lease Term is in effect. If the School Board fails to perform such obligations the Trustee may perform the School Board's obligations and the cost thereof (together with interest until reimbursed) shall be immediately due and payable as Supplemental Payments.

SECTION 5.3. Provisions Regarding Insurance. During acquisition, construction and installation of the Facilities the School Board shall require any contractor to provide Workers' Compensation, Comprehensive General Liability Insurance, Property Insurance, Property coverage for contractor's equipment, Professional Liability Insurance, Builders Risk Insurance, Automobile Liability Insurance, and other insurance pursuant to the terms of the Instructions to Bidders and the General Conditions of the School Board. Contractors shall be required to provide builders' all risk property damage insurance in an amount not less than the full value of all work in place and materials and equipment provided or

ENR/PRIED/202401-4.11/0374

-28-

delivered by each supplier. The Trustee and the Corporation shall be named as additional insureds and loss payees wherever the School Board is to be so named, and shall be entitled to written notice of cancellation to the same extent as the School Board.

The School Board shall, during the Lease Term, purchase and maintain property insurance coverage in an amount not less than \$85,000,000 per occurrence, to the extent such insurance is available at commercially reasonable costs, covering the replacement cost of its property including the Facilities insuring against the perils of FIRE, LIGHTNING, WINDSTORM, HAIL, HURRICANE, WINDBLOWN RAIN, DAMAGE FROM WATER, EXPLOSION, AIRCRAFT, VEHICLES, SMOKE, VANDALISM AND MALICIOUS MISCHIEF, TRANSPORTATION HAZARDS, THEFT AND BURGLARY. The School Board shall maintain a self-insurance program for its combined general and automobile liability insurance coverage in an amount not less than \$200,000 per occurrence pursuant to the provisions contained within Florida Statute 768.28. The School Board shall also purchase and maintain, or cause to be purchased and maintained, boiler & machinery insurance coverage (including air conditioning equipment) in an amount not less than \$20,000,000 per accident.

The adequacy of the School Board's property insurance coverage shall be reviewed annually by the Insurance Consultant, and the School Board shall follow the recommendations of the Insurance Consultant so long as the recommended insurance is available at commercially reasonable costs and otherwise satisfies the criteria set forth herein. The School Board shall maintain eligibility for assistance by the Federal Emergency Management Agency.

The School Board may elect to self-insure for any such damage or liability, as provided above, upon the following terms and conditions:

(a) the self-insurance program shall be approved by the Insurance Consultant;

(b) The self-insurance program shall include a sound claims reserve fund out of which each self-insured claim shall be paid; the adequacy of such fund shall be evaluated at least annually by the Insurance Consultant; and any deficiencies in the fund shall be remedied in accordance with the recommendations of the Insurance Consultant;

(c) The self-insurance claims reserve fund shall be held in a bank account created for the purpose of maintaining such self-insurance funds, which bank account may be under the control of the School Board and may not be commingled with other School Board moneys; and

ENR/PRIED/202401-4.11/0374

-29-

(d) In the event the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund shall be maintained.

The School Board may also self-insure for the amount of the deductible portion of the above described insurance coverage. The School Board's present maximum self-insured limits are \$100,000 per occurrence for property coverage not including wind, and a maximum of \$10,000,000 and a minimum of \$10,000,000 per occurrence resulting from wind damage; \$200,000/\$200,000 per occurrence for combined general and automobile liability coverage; \$10,000 per accident for boiler & machinery (including air conditioning equipment). If the School Board revises such limits such that its self-insured retention exceeds 10% of the amount of property insurance recommended by the Insurance Consultant, the School Board will cause the adequacy of its self-insurance reserve fund to be reviewed by the Insurance Consultant on an annual basis.

Flood insurance shall be separately maintained for its property, including any of the Facilities, located in a federally designated flood plain, in such amounts per occurrence recommended by the Insurance Consultant as being available at commercially reasonable costs and in minimum amounts necessary to qualify for the Federal disaster relief programs. If such minimum amounts are not available at commercially reasonable costs in the opinion of the Insurance Consultant, the School Board shall self-insure for such amounts as will qualify for the Federal disaster relief program.

The sufficiency of the School Board's flood insurance coverage shall be reviewed at least annually by the Insurance Consultant, and the School Board shall follow the recommendations of the Insurance Consultant so long as the recommended insurance meets the criteria set forth in the preceding paragraph.

Any insurance policy issued pursuant to this Section 5.3 shall provide that the Corporation and the Trustee shall be notified of any proposed cancellation of such policy thirty (30) days prior to the date set for cancellation. Any policy of all risk property insurance must be obtained from a commercial insurance company or companies rated A by A.M. Best Company or in one of the two highest rating categories of Moody's and S&P, or otherwise approved by the Credit Facility Issuer. The School Board and the Trustee shall be named as insureds and loss payees.

If required by Florida law, the School Board shall carry or cause to be carried worker's compensation insurance covering all employees on, in, near or about the Facilities, and upon request, shall furnish or cause to be furnished to the Corporation and the Trustee certificates evidencing such coverage.

-30-

Board shall not be required to comply with the provisions of subparagraph (a) set forth above. If the Net Proceeds are equal to less than ten percent (10%) of the Remaining Principal Portion of the Basic Lease Payments relating to such Facilities, such Net Proceeds shall be deposited in the Lease Payment Account for the Series of Certificates relating to such Facilities to be credited against Basic Lease Payments next coming due in accordance with Section 3.2 (C) hereof. If the Net Proceeds are equal or greater than ten percent (10%) of the Remaining Principal Portion of the Basic Lease Payments relating to such Facilities, such Net Proceeds shall be deposited in the Prepayment Account for the Series of Certificates relating to such Facilities to be applied to the prepayment in part of the principal portion and accrued interest portion of Basic Lease Payments relating to such Facilities represented by the Certificates in accordance with Section 7.2 hereof.

SECTION 5.5. Insufficiency of Net Proceeds. If the School Board elects to repair, restore or replace the Facilities under the terms of Section 5.4(a) hereof and the Net Proceeds therefor are insufficient to pay in full the Cost of such repair, restoration or replacement, the School Board shall complete the work and pay any Cost in excess of the amount of the Net Proceeds, and the School Board agrees that, if by reason of any such insufficiency of the Net Proceeds the School Board shall make any payments pursuant to the provisions of this Section, the School Board shall not be entitled to any reimbursement therefor from the Corporation or the Trustee nor shall the School Board be entitled to any diminution of the amounts payable under the related Lease.

SECTION 5.6. Advances. In the event the School Board shall not elect to self-insure any risk that would otherwise require the maintenance of insurance coverage hereunder, and shall fail to maintain the full insurance coverage required hereunder, the Corporation may, but shall be under no obligation to, purchase the required policies of insurance and pay the premiums on the same, or if the School Board shall fail to keep the Facilities in good repair and operating condition, the Corporation may, but shall be under no obligation to, make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefor by the Corporation shall become immediately due and payable as a Supplemental Payment under the Lease relating to such Facilities which amounts, together with interest thereon (at an annual interest rate equal to the interest portion of the Basic Lease Payments, expressed as an annual interest rate) until paid, the School Board agrees to pay.

SECTION 5.7. Release and Indemnification. To the extent permitted by Florida law, including the provisions of Section 768.28 Florida Statutes, the School Board shall indemnify and save the Corporation and the Trustee harmless from and against any and all

-32-

In the event of any loss, damage, injury, accident, theft or condemnation involving the Facilities, the School Board shall promptly provide or cause to be provided to the Corporation and the Trustee written notice thereof, and make available or cause to be made available to the Corporation and the Trustee all information and documentation relating thereto.

Any insurance policy maintained pursuant to this Section 5.3 shall be so written or endorsed to provide that the Trustee (on behalf of the Certificate holders), and the Corporation are named as additional insureds, and the Trustee, the Corporation and the School Board are named as loss payees as their interests may appear and the Net Proceeds of any appropriation made in connection with a self-insurance election shall be payable to the School Board, the Corporation and the Trustee (on behalf of the Certificate holders) as their respective interests may appear. The Net Proceeds of any insurance required in this Section 5.3 or the Net Proceeds of any appropriation in connection with a self-insurance election shall be applied as provided in Section 5.4(a) and Section 5.4(b) hereof.

SECTION 5.4. Damage, Destruction or Condemnation. If prior to the termination of the Lease Term under a particular Lease, the Facilities financed under such Lease or any portion thereof are destroyed or are damaged by fire or other casualty, or title to, or the temporary use of such Facilities or any portion thereof shall be taken under the exercise of the power of eminent domain, the School Board shall, within sixty (60) days after such damage, destruction or condemnation elect one of the following two options by written notice from an Authorized School Board Representative of such election to the Corporation and the Trustee:

(a) **Option A - Repair, Restoration or Replacement.**

Except as provided below, the School Board will cause the Net Proceeds of any insurance or the Net Proceeds of any appropriation made in connection with a self-insurance election, or the Net Proceeds of any claim or condemnation award to be applied to the prompt repair, restoration, or replacement (in which case such replacement shall become subject to the provisions of the related Lease as fully as if it were the originally leased Facilities) of such Facilities. Any such Net Proceeds received by the Trustee shall be deposited in the related Acquisition Account and be applied by the Trustee toward the payment of the Cost of such repair, restoration or replacement, utilizing the same requisition process set forth in the Trust Agreement for the payment of the Cost of the Facilities from such Acquisition Account.

(b) **Option B - Partial Prepayment.** If the School Board has determined that its operations have not been materially affected and that it is not in the best interest of the School Board to repair, restore or replace that portion of the Facilities so damaged, destroyed or condemned, then the School

-31-

liability, obligations, claims and damages, including consequential damages and reasonable legal fees and expenses, arising out of, or in connection with, the transactions contemplated by this Master Lease, all Schedules hereto, any Ground Lease, any Assignment Agreement and the Trust Agreement including, without limitation, the issuance of Certificates, except in the case of liability, obligations, claims and damages arising out of their own negligence or willful misconduct.

SECTION 5.8. Payment and Performance Bonds and other Guaranty. The School Board agrees to cause any contractor to provide performance, payment and guarantee and any additional bonds or surety bonds, if and when required pursuant to the Instructions to Bidders and the General Conditions and the provisions of Section 255.05, Florida Statutes, and other applicable provisions of Florida Law. Such bonds or other surety shall be in dual obligee form, naming the School Board and the Trustee as dual obligees.

SECTION 5.9. Essential Governmental Functions. The School Board represents and warrants that the services to be provided by or from the Facilities are essential to the delivery of the School Board's essential governmental services, and covenants that during the Lease Term it will use the Facilities to perform essential governmental functions relating to its statutory responsibility of providing for public education throughout the District. The School Board represents and covenants that it has an immediate need for the Facilities, that it does not expect such need to diminish during the Lease Term and that it intends to use the Facilities for public school educational purposes throughout each Lease Term.

SECTION 5.10. Tax Exemption; Rebates. In order to maintain the exclusion from gross income for federal income tax purposes of the interest portion of the Basic Lease Payments paid to the Certificate holders, the School Board shall comply with the provisions of the Code applicable to this Master Lease and each Schedule thereto and each Series of Certificates issued under the Trust Agreement, including without limitation the provisions of the Code relating to the computation of the yield on investments of the Gross Proceeds of each Series of Certificates, reporting of earnings on the Gross Proceeds of each Series of Certificates, and rebating Excess Earnings to the Department of the Treasury of the United States of America. In furtherance of the foregoing, the School Board shall comply with the letter of instructions as to compliance with the Code with respect to each Lease and each Series of Certificates, to be delivered by Special Tax Counsel at the time each Series of Certificates is issued, as such letter may be amended from time to time, as a source of guidance for achieving compliance with the Code.

The School Board shall not take any action or fail to take any action which would cause a Lease and the Series of Certificates relating thereto to be "arbitrage bonds" within the meaning of

-33-

Section 148(a) of the Code or which would otherwise cause the portion of Basic Lease Payments under such Lease representing the payment of interest as set forth in Section 3.3 hereof to be includable in the gross income of the Certificate holders.

In the event that the School Board shall fail to rebate such Excess Earnings when due, the Corporation or its assignee may, but shall be under no obligation to, pay amounts due to the Treasury; and all amounts so advanced by the Corporation or its assignee shall become immediately due and payable as a Supplemental Payment under the Lease relating to such Series of Certificates which amounts, together with interest thereon (at an annual interest rate equal to the interest portion of the Basic Lease Payments relating thereto expressed as an annual interest rate) until paid, the School Board agrees to pay.

SECTION 5.11. Budget and Tax Levy. The School Board covenants that it shall cause the Superintendent to prepare and submit the budget recommendation in accordance with Section 3.5 hereof including provision for discretionary capital outlay millage under Section 236.25, Florida Statutes, as amended, and that the School Board will act on such recommendation, will hold public hearings, will adopt tentative and final official budgets, and will submit such budgets to the Department of Education for approval, all pursuant to the requirements of the Laws of Florida and the regulations of the Department of Education as in effect from time to time.

Subject to the right of non-appropriation set forth in Sections 3.1 and 3.5 hereof the School Board expects that its legally available revenues will be sufficient to meet its Lease Payment obligations under the Master Lease in each Fiscal Year.

SECTION 5.12. Compliance with Law, Regulations, Etc.

(a) The School Board has, after due inquiry, no knowledge and has not given or received any written notice indicating that its Facilities and Facility Sites or the past or present use thereof or any practice, procedure or policy employed by it in the conduct of its business materially violates any applicable law, regulation, code, order, rule, judgment or consent agreement, including, without limitation, those relating to zoning, building, use and occupancy, fire safety, health, sanitation, air pollution, ecological matters, environmental protection hazardous or toxic materials, substances or wastes, conservation, parking, architectural barriers to the handicapped, or restrictive covenants or other agreements affecting title to the Facilities (collectively, "Laws and Regulations"). Without limiting the generality of the foregoing, neither the School Board nor to the best of its knowledge, after due inquiry, any prior or present owner, tenant or subtenant of any of the Facilities and Facility Sites has, other than as set forth in subsections (a) and (b) of this Section or as

-34-

eties of (a) chrysotile (serpentine); (b) crocidolite (ricbeckite); (c) amosite (cumington-itegrinerite); (d) anthophyllite; (e) tremolite; and (f) actinolite.

"Environmental Regulations" shall mean all Laws and Regulations, now or hereafter in effect, with respect to Hazardous Materials, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. Section 9601, *et seq.*) (together with the regulations promulgated thereunder, "CERCLA"), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, *et seq.*) (together with the regulations promulgated thereunder, "RCRA"), the Emergency Planning and Community Right-to-Know Act, as amended (42 U.S.C. Section 11001, *et seq.*) (together with the regulations promulgated thereunder, "Title III"), the Clean Water Act, as amended (33 U.S.C. Section 1321, *et seq.*) (together with the regulations promulgated thereunder, "CWA"), the Clean Air Act, as amended (42 U.S.C. Section 7401, *et seq.*) (together with the regulations promulgated thereunder, "CAA"), the Florida Radiation Protection Act, as amended (Fla. Stat. Chapter 404) (together with all regulations promulgated thereunder, "FRPA") and the Toxic Substances Control Act, as amended (915 U.S.C. Section 2601 *et seq.*) (together with the regulations promulgated thereunder, "TSCA"), and any state or local similar laws and regulations and any so-called local, state or federal "superfund" or "superlien" law.

SECTION 5.13. Environmental Compliance.

(a) The School Board shall not use or permit the Facilities or Facility Sites or any part thereof to be used to generate, manufacture, refine, treat, store, handle, transport or dispose of, transfer, produce or process Hazardous Materials, except, and only to the extent, if necessary to maintain the improvements on the Facilities or Facility Sites and then, only in compliance with all Environmental Regulations, and any state equivalent laws and regulations, nor shall it permit, as a result of any intentional or unintentional act or omission on its part or by any tenant, subtenant, licensee, guest, invitee, contractor, employee and agent, the storage, transportation, disposal or use of Hazardous Materials or the Release or threat of Release of Hazardous Materials on, from or beneath the Facilities or Facility Sites or onto any other property excluding, however, those Hazardous Materials in those amounts ordinarily found in the inventory of or used in the maintenance of public schools and related facilities, the use, storage, treatment, transportation and disposal of which shall be in compliance with all Environmental Regulations. Upon the occurrence of any Release or threat of Release of Hazardous Materials, the School Board shall promptly commence and perform, or cause to be commenced and performed promptly, without cost to the Corporation all investigations, studies, sampling and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials, so released, on, from or beneath the

-36-

may have been remediated in accordance with Laws and Regulations, (i) used, treated, stored, transported or disposed of any material amount of flammable explosives, polychlorinated biphenyl compounds, heavy metals, chlorinated solvents, cyanide, radon, petroleum products, asbestos or any Asbestos Containing Materials, methane, radioactive materials, pollutants, hazardous materials, hazardous wastes, hazardous, toxic, or regulated substances or related materials, as defined in CERCLA, RCRA, CWA, CAA, TSCA, FRPA and Title III (as such term is defined in subsection (e)), and the regulations promulgated pursuant thereto, and in all other Environmental Regulations applicable to the School Board, any of the Facilities or Facility Sites or the business operations conducted by the School Board thereon (collectively, "Hazardous Materials") on, from or beneath its Facilities or Facility Sites, (ii) pumped, spilled, leaked, disposed of, emptied, discharged or released (hereinafter collectively referred to as "Release") any material amount of Hazardous Materials on, from or beneath its Facilities or Facility Sites, or (iii) stored any material amount of petroleum products at its Facility Sites in underground storage tanks.

(b) Excluded from the representations and warranties in subsection (a) hereof with respect to Hazardous Materials are those amounts ordinarily found in the inventory of or used in the maintenance of public schools and related facilities, the use, treatment, storage, transportation and disposal of which has been and shall be in compliance with all Laws and Regulations.

(c) No Facilities or Facility Sites located in an area of high potential incidence of radon has an unventilated basement or subsurface portion which is occupied or used for any purpose other than the corporation or support of the improvements to the Facilities.

(d) The School Board has not received any notice from any insurance company which has issued a policy with respect to the Facilities or Facility Sites or from the applicable state or local government agency responsible for insurance standards (or any other body exercising similar functions) requiring the performance of any repairs, alterations or other work, which repairs, alterations or other work have not been completed at the Facilities or Facility Sites. The School Board has not received any notice of default or breach which has not been cured under any covenant, condition, restriction, right-of-way, reciprocal easement agreement or other easement affecting its Facilities or Facility Sites which is to be performed or complied with by it.

(e) For purposes of this Section and Section 5.13 hereafter, the following terms shall have the following meanings:

"Asbestos Containing Materials" shall mean material in friable form containing more than one percent (1%) of the asbestiform vari-

-35-

Facilities or other property, in compliance with all Environmental Regulations. Notwithstanding anything to the contrary contained herein, underground storage tanks shall only be permitted subject to compliance with subsection (d) of this Section and only to the extent necessary to maintain the improvements on the Facilities or Facility Sites.

(b) The School Board shall comply with, and shall cause its tenants, subtenants, licensees, guests, invitees, contractors, employees and agents to comply with, all Environmental Regulations, and shall keep the Facility Sites free and clear of any liens imposed pursuant thereto (provided, however, that any such liens, if not discharged, may be bonded). The School Board shall cause each tenant under any lease, and use its best efforts to cause all of such tenant's subtenants, agents, licensees, employees, contractors, guests and invitees and the guests and invitees of all of the foregoing to comply with all Environmental Regulations with respect to the Facilities and Facility Sites; provided, however, that notwithstanding that a portion of this covenant is limited to the School Board's use of its best efforts, the School Board shall remain solely responsible for ensuring such compliance and such limitation shall not diminish or affect in any way the School Board's obligations contained in subsection (c) hereof as provided in subsection (c) hereof. Upon receipt of any notice from any Person with regard to the Release of Hazardous Materials on, from or beneath the Facilities and Facility Sites, the School Board shall give prompt written notice thereof to the Trustee, the Corporation and the Credit Facility Issuer (and, in any event, prior to the expiration of any period in which to respond to such notice under any Environmental Regulations).

(c) Irrespective of whether any representation or warranty contained in Section 5.12 is not true or correct, the School Board shall defend, indemnify and hold harmless the Corporation, the Trustee and the Credit Facility Issuer, its partners, depositors and each of its and their employees, agents, officers, directors, trustees, successors and assigns, from and against any claims, demands, penalties, fines, attorneys' fees (including, without limitation, attorneys' fees incurred to enforce the indemnification contained in this Section 5.13), consultants' fees, investigation and laboratory fees, liabilities, settlements (five (5) Business Days' prior notice of which the Corporation, the Trustee or the Credit Facility Issuer, as appropriate, shall have delivered to the School Board), court costs, damages, losses, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, occurring in whole or in part, arising out of, or in any way related to, (i) the presence, disposal, Release, threat of Release, removal, discharge, storage or transportation of any Hazardous Materials on, from or beneath the Facilities or Facility Sites, (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, (iii) any lawsuit brought or threatened,

-37-

settlement reached (five (5) Business Days' prior notice of which the Corporation, the Trustee or the Credit Facility Issuer, as appropriate, shall have delivered to the School Board) or governmental order relating to Hazardous Materials on, from or beneath any of the Facilities or Facility Sites, (iv) any violation of Environmental Regulations or subsection (a) or (b) hereof by it or any of its agents, tenants, employees, contractors, licensees, guests, subtenants or invitees, and (v) the imposition of any governmental lien for the recovery of environmental cleanup or removal costs. To the extent that the School Board is strictly liable under any Environmental Regulation, its obligation to the Corporation, the Trustee and the Credit Facility Issuer and the other indemnitees under the foregoing indemnification shall likewise be without regard to fault on its part with respect to the violation of any Environmental Regulation which results in liability to any indemnitee. The School Board's obligations and liabilities under this Section 5.13(c) shall survive the termination of this Master Lease.

(d) The School Board shall conform to and carry out a reasonable program of maintenance and inspection of all underground storage tanks, and shall maintain, repair, and replace such tanks only in accordance with Laws and Regulations, including but not limited to Environmental Regulations.

SECTION 5.14. Prosecution and Defense of Suits.

(a) The School Board shall promptly from time to time take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to any Facility Site or Facilities comprising a Project, or any portion thereof, and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall, to the extent permitted and limited by applicable law and only from moneys legally available for such purpose, indemnify or cause to be indemnified the Corporation for all loss, cost, damage and expense, which the Corporation may incur by reason of any such defect, cloud, suit, action or proceedings.

(b) The School Board shall defend, or cause to be defended against every suit, action or proceeding at any time brought against the Corporation, or its directors, officers and employees upon any claim arising out of the receipt, application or disbursement of any moneys held by the Trustee or arising out of the construction of Facilities comprising any Project and involving the rights of the Corporation, or its directors, officers and employees under this Master Lease or any act or omission of the directors, officers and employees done or omitted to be done within the scope of their respective office or employment, other than an act or omission which is the result of misconduct or negligence by such parties; provided, that the Corporation, at its election, may appear in and defend any such suit, action or proceeding. To the

-38-

ARTICLE VI.

TITLE

SECTION 6.1. Title to Facility Sites and Facilities. Throughout the term of each Ground Lease, fee title to the Facility Sites described therein shall be in the name of the School Board, subject to Permitted Encumbrances. Until the earlier of the date on which payment in full, or provision for payment of all Lease Payments under a particular Lease or payment of the then applicable Purchase Option Price of one or more Facilities financed under such Lease, as provided in Sections 7.2 or 7.3 hereof, has been made, or until substitution of comparable Facilities for Facilities financed under a Lease as provided in Section 6.4 hereof, title to such Facilities shall remain vested in the Corporation (except as otherwise provided in the related Schedule), subject to Permitted Encumbrances. At such time as payment, or provision for payment as provided in Section 7.2 or 7.3 hereof, of all Lease Payments or the then applicable Purchase Option Price of one or more Facilities has been made in full, the School Board shall be deemed to have exercised an option to purchase such Facilities and fee simple title to such Facilities free and clear of all encumbrances, except Permitted Encumbrances, shall vest in the School Board. Upon substitution of other Facilities for Facilities financed under a Lease as herein provided, fee simple title to the Facilities for which substitution has been made, shall vest in the School Board free and clear of all encumbrances except Permitted Encumbrances. The Corporation hereby appoints the School Board as its agent to prepare and file or record in appropriate offices such documents as may be necessary to cause record title to such Facilities to vest in the School Board. The Corporation agrees to immediately execute a warranty deed for the Facilities and a written surrender and release and an assignment without recourse or warranty of all its right, title, and interest under the related Lease and Ground Lease to the School Board, or shall execute amendments to the Lease Schedule, if appropriate in the case of the purchase of portions of the Facilities financed under a Lease, as well as all other instruments necessary to vest good and marketable fee simple title to the Facilities in the School Board and relinquish the Corporation's interest therein, subject only to Permitted Encumbrances. The related Ground Lease shall then be terminated, or modified, as provided therein. The Corporation shall request the execution of such instruments by the Trustee as necessary to effect the conveyances described herein.

There shall be no merger of a Lease or of the leasehold estate thereby created in any Facilities or Facility Sites with the fee estate in such Facilities or Facility Sites by reason of the fact that the same person may acquire or hold, directly or indirectly, a Lease or leasehold estate therein created or any interest therein, and the fee estate in the Facilities or Facility Sites relating to such Lease or any interest in such fee estate.

-40-

extent permitted and limited by applicable law and only from moneys legally available for such purpose, the School Board shall indemnify or cause to be indemnified the Corporation, against any and all claims, demands, costs or liability claimed or asserted by any person, arising out of such receipt, application or disbursement.

SECTION 5.15. Waiver of Laws. The School Board shall not at any time insist upon or plead in any manner whatsoever, or claim or suffer or take the benefit or advantage of any stay or extension law now or at any time hereafter in force which may adversely affect the covenants and agreements contained in this Master Lease and the benefit and advantage of any such law or laws is hereby expressly waived by the School Board to the extent that the School Board may legally make such waiver.

-39-

If required by a Credit Facility Issuer the School Board shall provide one or more policies of title insurance naming the School Board, the Corporation and the Trustee as insureds, as their interests may appear, in amounts as required by such Credit Facility Issuer. Proceeds of any payment under a title insurance policy shall be paid to the Trustee and held for application (at the direction of the School Board prior to the occurrence of an Event of Default or a nonappropriation hereunder) first, to cure any defect in title, and second, in accordance with the priorities set forth in Section 504(a) of the Trust Agreement. The execution of each Ground Lease and each amendment thereto adding or modifying a Facility Site shall be subject to the approval of the related Credit Facility Issuer (no approval shall be required to add a legal description and/or the permitted encumbrances for a Facility Site which has already been designated in such Ground Lease), if any, and at the time of such execution there shall be delivered by the School Board to the Trustee an Opinion of Counsel with respect to each Facility Site to the effect that there are no liens or encumbrances thereon that are not Permitted Encumbrances under the Master Lease, and that there shall be no merger of the fee estate of the School Board in the Facility Sites with the leasehold estates created therein by a Ground Lease or this Master Lease, notwithstanding the fact that the same person may hold one or more leasehold estates and such fee estate.

SECTION 6.2. Liens. Except as permitted under this Master Lease, during the Lease Term each of the Corporation and the School Board shall not, directly or indirectly, create, incur, assume or suffer to exist any security interest, pledge, lien, charge, encumbrance or claim on any of the Facilities or Facility Sites or leasehold interests therein, other than the respective rights of the Trustee, the Corporation and the School Board as herein provided. If such security interest, pledge, lien, charge, encumbrance or claim on any of the Facilities or Facility Sites or leasehold interests therein shall exist, it shall be the duty of the School Board, within ninety (90) days after the School Board shall have been given written notice of such security interest, pledge, lien, charge, encumbrance, or claim being filed, to cause the Facilities or Facility Sites to be released from such security interest, pledge, lien, charge, encumbrance, or claim either by payment or by posting of a bond or by the payment into a court of competent jurisdiction of the amount necessary to relieve and release the Facilities or Facility Sites from such security interest, pledge, lien, charge, encumbrance, or claim or in any other manner which, as a matter of law, will result within such period of ninety (90) days in releasing the Corporation and the title of the Corporation from such security interest, pledge, lien, charge, encumbrance or claim; provided, however, that if such security interest, pledge, lien, charge, encumbrance or claim cannot, with due diligence, be discharged or removed within such ninety (90) day period and the School Board has diligently commenced to discharge or remove such security interest, pledge,

-41-

lien, charge, encumbrance or claim within such period, the School Board shall have a reasonable period of time to discharge or remove such security interest, pledge, lien, charge, encumbrance or claim. The School Board shall reimburse the Corporation or the Trustee for any expense incurred by the Corporation or the Trustee in order to discharge or remove any such security interest, pledge, lien, charge, encumbrance or claim, provided, however, that neither the Corporation nor the Trustee is under any obligation to incur such expense without having been provided, in advance, with any amounts needed to pay such expense.

SECTION 6.3. Use of the Facilities and Facility Sites. The School Board will not use, or maintain the Facilities or Facility Sites improperly, carelessly, in violation of any applicable law or in a manner contrary to their use as educational facilities as contemplated by this Master Lease. The School Board shall provide all permits and licenses, if any, necessary for the acquisition, construction and installation of the Facilities and Facility Sites. In addition, the School Board agrees to comply in all respects (including, without limitation, with respect to the use and maintenance of the Facilities and Facility Sites) with all applicable laws of the jurisdictions in which the Facilities and Facility Sites are located and with all applicable regulations, orders and decrees of any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Facilities and Facility Sites; provided, however, that the School Board may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not adversely affect the interest or rights of the Corporation or the Trustee under this Master Lease.

SECTION 6.4. Substitution of Facilities. To the extent permitted by law, the School Board may substitute for any Facilities other facilities owned by the School Board, provided such substituted facilities (a) have the same or a greater remaining useful life, (b) have a fair market value equal to or greater than the Facilities for which they are substituted, (c) are of substantially equal utility as the Facilities to be replaced and meet the requirement of Section 5.9 hereof, (d) are free and clear of all liens and encumbrances, except Permitted Encumbrances and (e) are approved for substitution by the State Department of Education. To the extent that the facilities to be substituted serve a different educational function from the Facilities for which they are to be substituted, such substitution must also be approved by the Credit Facility Issuer, if any, for the Series of Certificates from which the Facilities to be replaced were originally financed. In order to effect such substitution, the Facilities to be replaced shall be released from the encumbrance of the related Lease and Ground Lease by appropriate instrument executed by the School Board and the Corporation (or Trustee as assignee of the Corporation) in form sufficient to leave good and marketable fee simple title to such Facilities in the School Board subject only to Permitted

Encumbrances, and the Facilities to be substituted shall likewise be incorporated in the appropriate Lease and Ground Lease modifications. The related Schedule shall be appropriately amended, and the related Ground Lease shall be amended or canceled and replaced, to reflect such substitution.

There shall also be delivered at the time of substitution an Opinion of Counsel addressed to the School Board, the Corporation, the Trustee and any Credit Facility Issuer as to the legality and validity of such substitution under the laws of the State and that such substitution will not adversely affect the exclusion from gross income for federal income tax purposes of the interest portion of the Basic Lease Payments paid to the related Certificate holders, a policy of title insurance (if required by the applicable Credit Facility Issuer) and an opinion of Counsel as described in Section 6.1 hereof with respect to the substitute Facility Site.

For purposes hereof, "fair market value" shall be determined on the basis of an MAI appraisal performed by an appraiser jointly selected by the School Board and the Trustee.

ARTICLE VII.

ASSIGNMENT, OPTION TO PURCHASE, AND PREPAYMENT

SECTION 7.1. Assignments; Subleasing.

(A) It is understood that substantially all right, title and interest of the Corporation in and to each Lease including the right to receive Basic Lease Payments thereunder, is to be assigned by the Corporation to the Trustee for the benefit of the holders of the Series of Certificates relating thereto, pursuant to the Assignment Agreement relating to such Lease. The School Board consents to such assignment and agrees that upon such assignment the Trustee shall have all of the rights of the Corporation thereunder, and shall be deemed to be the Corporation for all purposes of such Lease and the School Board agrees to pay to the Trustee at its principal corporate trust office all payments payable by the School Board to the Corporation pursuant to such Lease, notwithstanding any claim, defense, setoff or counterclaim whatsoever (whether arising from a breach of the Lease or otherwise) that the School Board may from time to time have against the Corporation or any person or entity associated or affiliated therewith.

(B) This Master Lease and each Schedule hereto may not be assigned by the School Board for any reason. However, Facilities may be subleased, as a whole or in part, by the School Board, without the necessity of obtaining the consent of the Corporation or its assignee, subject, however, to each of the following conditions:

(i) Such Facilities may be subleased for educational or other purposes, in whole or in part, subject to the rules and regulations of the State Department of Education, only to an agency or department or political subdivision of the State, or to another entity or entities if, in the opinion of Special Tax Counsel, such sublease will not impair the exclusion from federal income tax of the designated interest component of Basic Lease Payments payable by the School Board under the Lease relating to such Facilities;

(ii) This Master Lease, and the obligations of the School Board hereunder and under each Schedule hereto, shall, at all times during each Lease Term, remain obligations of the School Board, and the School Board shall maintain its direct relationships with the Corporation and its assignee, notwithstanding any sublease;

(iii) The School Board shall furnish or cause to be furnished to the Corporation and its assignee a copy of any sublease agreement;

(iv) No sublease by the School Board shall cause the Facilities to be used for any purpose which would adversely affect the exclusion from federal income taxation of the designated interest component of the Basic Lease Payments payable by the School Board under the Lease relating to such Facilities, or which would violate the Constitution, statutes or laws of the State, or the rules and regulations of the State Department of Education; and

(v) The term of any sublease cannot extend beyond the end of the then current Lease Term, and shall be subject to immediate cancellation upon the occurrence of a nonappropriation or event of default hereunder.

SECTION 7.2. Prepayment.

(A) **Optional.** The principal portion of the Basic Lease Payments due under a particular Lease represented by a Series of Certificates shall be subject to prepayment at the option of the School Board, in the manner and at the times set forth in the Schedule to this Master Lease relating to such Series.

(B) **Extraordinary.** In the event that:

(a) there shall remain in the Acquisition Account relating to a particular Series of Certificates upon delivery by the School Board of a Certificate of Acceptance indicating completion of the acquisition, construction, installation and payment of all costs of the Facilities financed under a Lease relating to such Series of Certificates (including the failure of the School Board to acquire any component of such Facilities) an amount greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year under such Lease, or

(b) there are Net Proceeds equal to or greater than ten percent (10%) of the remaining principal portion of the Basic Lease Payments relating to Facilities financed under a particular Lease, as a result of damage to or destruction or condemnation of any portion of such Facilities, and an election is made by the School Board in accordance with Section 5.4(b) hereof to apply the amount to the prepayment in part of the principal portions of Basic Lease Payments relating to such Facilities, or

(c) the Lease Term is terminated for the reasons referred to in Sections 4.1(b) or 4.1(c) hereof;

then, in each case, same shall constitute an "Event of Extraordinary Prepayment".

Each Event of Extraordinary Prepayment shall result in the following action, respectively:

(i) With respect to (a) and (b) above, the Corporation and the School Board shall pay such remaining Acquisition Account monies and Net Proceeds to the Trustee, and the Trustee shall deposit such funds in the respective Prepayment Accounts applicable to each Series of Certificates relating to such Leases to be used to prepay such Series of Certificates in the manner provided in the Trust Agreement; and

(ii) With respect to (c) above, at the election of a Credit Facility Issuer the Purchase Option Price of all Facilities shall become immediately due and payable, and the Trustee shall credit the balance remaining in all Funds and Accounts for each Series of Certificates to the Prepayment Account for such Series, and upon receipt of the Purchase Option Price of all Facilities, shall deposit such moneys to the credit of the related Prepayment Account for the Series relating to each such Facilities, to be used to prepay such Series of Certificates in the manner provided in the Trust Agreement.

In the event of prepayment in part under a particular Lease, the School Board will provide the Trustee a revised Schedule of Lease Payments reflecting said partial prepayment.

In the event of a payment in full of the Purchase Option Price of all Facilities financed hereunder, all covenants, agreements and other obligations of the School Board under this Master Lease shall cease, terminate and become void and be discharged and satisfied except as otherwise provided in Section 4.1(d) hereof. In such event the Trustee and the Corporation shall execute and deliver to the School Board all such instruments in recordable form at the School Board's expense as may be desirable to evidence such discharge and satisfaction.

SECTION 7.3. Prepayment Deposit. Notwithstanding any other provision of this Master Lease, the School Board may on any date secure the payment of all or a portion of the Purchase Option Price of all Facilities under a particular Schedule hereto and the related Series of Certificates, or with the prior consent of the Credit Facility Issuer, if any, for the Series of Certificates from which the Facilities in question were originally financed, the Purchase Option Price under a Schedule relating to all or a portion of one or more particular Facilities set forth on such Schedule and a corresponding amount of Certificates of the Series relating thereto, by a deposit with the Trustee as escrow holder under an escrow deposit agreement of amounts as set forth in Section 801 of the Trust Agreement.

In such event all covenants, agreements and other obligations of the School Board under the related Lease, or with respect to a

-46-

ARTICLE VIII.

EVENTS OF DEFAULT AND REMEDIES

SECTION 8.1. Events of Default Defined. The following shall be "events of default" under this Master Lease and the terms "event of default" and "default" shall mean, whenever they are used in this Master Lease, any one or more of the following events:

(a) Failure by the School Board to pay in full any Basic Lease Payment with respect to any Lease at the time and in the manner specified herein;

(b) Failure by the School Board to pay in full any Additional Lease Payment or Supplemental Payment with respect to any Lease at the time and in the manner specified herein, and such failure shall continue for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to the School Board by the Corporation, the Trustee or the related Credit Facility Issuer, if any, provided, however, that if the Authorized School Board Representative certifies to the Corporation, the Trustee or the related Credit Facility Issuer, if any, in writing that such default cannot with due diligence be cured within such thirty (30) day period and that the School Board has diligently commenced to cure such default within such period, the School Board shall have a reasonable period not exceeding sixty (60) days after written notice (unless further extended by the Credit Facility Issuer, or if there be none, the Trustee) to cure such default;

(c) Failure by the School Board to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in Section 8.1(a) or (b) for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied is given to the School Board by the Corporation, the Trustee or the related Credit Facility Issuer, or any representation of the School Board in this Lease Purchase Agreement shall have been untrue when made; provided, however, that if the Authorized School Board Representative certifies to the Corporation, the Trustee or the related Credit Facility Issuer, in writing that such default cannot with due diligence be cured within such sixty (60) day period and that the School Board has diligently commenced to cure such default within such period, the School Board shall have a reasonable period to cure such default; or

(d) the filing of a petition in bankruptcy (or any other commencement of a bankruptcy or similar proceeding by or against the School Board under any applicable bankruptcy, insolvency, reorganization or similar law, now or hereafter in

-48-

portion of the Purchase Option Price of all Facilities under such Lease, or with respect to one or more particular Facilities financed under such Lease, shall cease, terminate and become void and be discharged and satisfied in accordance with the provisions of Section 4.1(d) hereof (or, in the case of a deposit for a portion of a Facility, modified accordingly), except the obligation of the School Board to make or cause to be made, Basic Lease Payments and any Additional Lease Payments under such Lease from the deposit made by the School Board pursuant to this Section, and except as provided in Section 4.2(c) hereof. In such event, the Trustee shall provide statements for such period or periods as shall be requested by the School Board to be prepared and filed with the School Board and, upon the request of the School Board, the Corporation or the Trustee, as appropriate, shall execute and deliver to the School Board all such instruments in recordable form at the School Board's expense as may be desirable to evidence such discharge and satisfaction.

SECTION 7.4. Refunding Certificates. The Corporation shall direct the Trustee, when directed to do so by the School Board, to issue one or more Series of refunding Certificates under a Supplemental Trust Agreement for the purpose of providing for the payment of all or a portion of Outstanding Series of Certificates, the funding of a Reserve Account, if any, and the payment of the costs of issuance in connection with such Series of refunding Certificates. Simultaneously with the issuance and delivery of such Series of refunding Certificates the applicable proceeds thereof shall be deposited with the Trustee as escrow holder under an escrow deposit agreement in such amount as set forth in Section 801 of the Trust Agreement. Upon the deposit as aforesaid, the Trustee and the School Board shall enter into an amendment to the related Lease Schedule at the School Board's expense, in order to adjust the Lease Payments to be made under such Lease to an amount sufficient to pay, as and when the same mature and become due, the principal and interest portions of the Basic Lease Payments represented by the Series of refunding Certificates and by the original Series of Certificates to the extent that such Series has not been refunded (except to such extent as the same may be payable out of moneys or Government Obligations deposited pursuant to Section 7.3 hereof).

-47-

effect, and, in the case of involuntary proceedings, the failure of the same to be dismissed within one hundred eighty (180) days of the filing thereof.

If by reason of force majeure the School Board is unable in whole or in part to carry out the agreements on its part herein contained, other than the obligations on the part of the School Board contained in Article III hereof, the School Board shall not be deemed in default during the continuance of such inability. The Term "force majeure" as used herein shall mean, without limitation, the following: acts of God, strikes, lockouts or other industrial disturbances; acts of public enemies, orders or restraints of any kind of the government of the United States of America or any of its departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; hurricanes; fires; storms; droughts; floods; or explosions.

Notwithstanding anything contained in this Section 8.1 to the contrary, a failure by the School Board to pay when due any payment required to be made under this Master Lease and any Schedule hereto or a failure by the School Board to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Master Lease, resulting from a failure by the School Board to appropriate moneys as contemplated by Sections 3.5 and 5.11 hereof, shall not constitute an event of default under this Section 8.1.

SECTION 8.2. Remedies on Default. Whenever any event of default referred to in Section 8.1 shall have happened and be continuing, the Corporation shall have the right, without any further demand or notice except as hereinafter provided, to take one or any combination of the following remedial steps:

(1) upon written notice to the School Board, terminate the Lease Term of all Leases and, whether or not the Lease Term is terminated, exercise all available remedies at law or in equity as described in Section 3.6 hereof; or

(2) take whatever action at law or in equity as may appear necessary or desirable to collect all Lease Payments or other payments then due and thereafter to become due for the remainder of the then current Lease Term, or the Purchase Option Price then due, or to enforce performance and observance of any obligation, agreement or covenant of the School Board under this Master Lease.

SECTION 8.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Master Lease or now or hereafter existing at law or in equity, subject to any limitations set forth in Section 3.6 hereof.

-49-

ARTICLE IX.

MISCELLANEOUS

SECTION 9.1. Notices. All notices, certificates, requests or other communications (other than payments by the School Board) hereunder shall be in writing and shall be sufficiently given and shall be deemed given when delivered or three (3) Business Days after being mailed by first class mail, postage prepaid, to the parties at their respective places of business as follows (or to such other address as shall be designated by any party in writing to all other parties):

Corporation: 3340 Forest Hill Boulevard West Palm Beach, Florida 33406 Attention: President
School Board: 3340 Forest Hill Boulevard West Palm Beach, Florida 33406 Attention: Superintendent of Schools
Trustee: One Financial Plaza, 13th Floor Fort Lauderdale, Florida 33394 Attention: Corporate Trust Department

Copies of any notices shall be provided to all Credit Facility Issuers at the addresses provided in one or more Schedules.

Notice shall also be given by the School Board to the Rating Agencies of the occurrence of any one or more of the following: (i) the appointment of a Successor Trustee, (ii) the expiration or termination of a Credit Facility, (iii) the prepayment or defeasance of any of the Outstanding Certificates in accordance with Section 801 or 802 of the Trust Agreement or (iv) a material modification of or amendment to the Trust Agreement, this Master Lease, any Ground Lease, any Assignment Agreement, any Lease Schedule or any Credit Facility.

SECTION 9.2. Binding Effect. This Master Lease shall inure to the benefit of and shall be binding upon the Corporation and the School Board and their respective successors and assigns, including without limitation the Trustee pursuant to the Assignment Agreement.

SECTION 9.3. Severability. In the event any provision of this Master Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 9.4. Amendments. The terms of this Master Lease and any Lease Schedule shall not be waived, altered, modified, supple-

mented or amended in any manner whatsoever except by written instrument signed by the Corporation and the School Board and, if required under the terms of the Trust Agreement, by the Trustee, and consented to by each Credit Facility Issuer. Copies of amendments shall be provided to the Rating Agencies. Notwithstanding the foregoing, a Lease Schedule may be amended without obtaining the consent of the Credit Facility Issuer for the purpose of adding a legal description and/or the permitted encumbrances for a Facility Site which has already been designated in such Lease Schedule.

SECTION 9.5. Execution in Counterparts. This Master Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 9.6. Captions. The captions or headings in this Master Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Master Lease.

SECTION 9.7. Interest. All interest calculations hereunder shall be made on the basis of a 360-day year consisting of twelve 30-day months (unless otherwise provided with respect to Additional Lease Payments on a Schedule hereto).

SECTION 9.8. Compliance with Trust Agreement. The School Board hereby approves and agrees to the provisions of the Trust Agreement. The Corporation hereby agrees not to amend or modify the Trust Agreement in any way without the written consent of the School Board so long as this Master Lease shall be in effect. The School Board agrees to do all things within its power in order to enable the Corporation to comply with all requirements and to fulfill all covenants of the Trust Agreement which require the Corporation to comply with requests or obligations so that the Corporation will not be in default in the performance of any covenant, condition, agreement or provision of the Trust Agreement, and the School Board further agrees to comply with and perform any obligations to be complied with or performed by the School Board pursuant to the Trust Agreement.

SECTION 9.9. Memorandum of Lease. Simultaneously with the execution of this Master Lease and each Schedule hereto, and thereafter simultaneously with the execution of any Schedule, the School Board and the Corporation shall each execute, acknowledge and deliver a Memorandum of Lease with respect to the Master Lease and such Schedule. Said Memorandum of Lease shall not in any circumstances be deemed to change or otherwise to affect any of the obligations or provisions of such instrument.

SECTION 9.10. Applicable Law. This Master Lease shall be governed by and construed in accordance with the laws of the State of Florida.

SECTION 9.11. Waiver of Choice of Remedies. The School Board hereby waives any right it may have to cause the Corporation to choose any remedy and pursue such remedy to fruition, and agrees and consents that the Corporation may simultaneously and contemporaneously pursue two or more of the several remedies available to the Corporation, all of which are agreed to be concurrent and not alternative in any way, to the end that the Corporation may exercise any self help remedy under this Master Lease as to any Lease and may file and pursue to final judgment and final collection, actions (i) to eject the School Board and reclaim possession of any and all of the Projects, and (ii) against the School Board for money damages and (iii) against the School Board for performance of any covenants, all at the same time, in any combination, in one action and in several actions, and any of them, all at the Corporation's sole discretion, provided only that the Corporation may not ultimately recover more than the total amount provided herein plus such expenses and reimbursements as provided herein for preserving, maintaining and realizing on this Master Lease and the Leases.

IN WITNESS WHEREOF, the Corporation has caused this Master Lease to be executed in its corporate name by its duly authorized officers, and the School Board has caused this Master Lease to be executed in its name by its duly authorized members and officers on the date set forth below their respective signatures and all as of the day and year first written above.

{SRAL} PALM BEACH SCHOOL BOARD LEASING CORP. By: C. Monica Uhlhorn Secretary Date: November 16, 1994 By: Jody Gleason Vice President Date: November 16, 1994

{SRAL} THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA By: C. Monica Uhlhorn Secretary Date: November 16, 1994 By: Jody Gleason Vice Chairman Date: November 16, 1994

STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

I, Carmen M. Zopf, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Jody Gleason and C. Monica Uhlhorn, personally known to me to be the same persons whose names are, respectively, as Vice President and Secretary of PALM BEACH SCHOOL BOARD LEASING CORP., a Florida not-for-profit corporation, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said corporation, and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ^{15th} 16th day of November, 1994.

Carmen M. Zopf
NOTARY PUBLIC, STATE OF FLORIDA

NOTARY PUBLIC
SEAL OF OFFICE:



CARMEN M. ZOPF
MY COMMISSION EXPIRES
March 10, 1995
BONDED THRU NOTARY PUBLIC UNDERWRITERS

(Name of Notary Public, Print, Stamp or Type as Commissioned.)

- Personally known to me, or
 Produced identification: Id. License
(Type of Identification Produced)
 DID take an oath, or DID NOT take an oath.

-54-

EXHIBIT A

FORM OF SCHEDULE TO MASTER LEASE
PURCHASE AGREEMENT

SCHEDULE NO. _____
dated _____
to _____

Master Lease Purchase Agreement dated as of
November 1, 1994 between
Palm Beach School Board Leasing Corp.,
as Lessor (the "Corporation")

and

The School Board of Palm Beach County, Florida
as Lessee (the "School Board")

THIS SCHEDULE NO. (the "Schedule") is hereby entered into under and pursuant to that certain Master Lease Purchase Agreement dated as of November 1, 1994 (the "Master Lease"), pursuant to which the Corporation has agreed to lease-purchase unto the School Board and the School Board has agreed to lease-purchase from the Corporation, subject to the terms and conditions of the Master Lease incorporated herein, the Series _____ Facilities herein described (the "Series _____ Facilities"). The Master Lease with respect to this Schedule and as amended, modified and supplemented hereby, is referred to herein as the "Series _____ Lease". All terms not otherwise defined herein shall have the respective meanings set forth in the Master Lease, or in the Trust Agreement, including the Series _____ Supplemental Trust Agreement. All terms and conditions contained in the Master Lease, unless otherwise amended or superseded hereby are incorporated herein by reference.

SECTION 1. Definitions. For purposes of the Series _____ Lease the following terms have the meaning set forth below.

"Assignment Agreement" shall mean the Series _____ Assignment Agreement dated as of _____, between the Corporation and the Trustee.

"Certificates" or Series of Certificates" shall mean the \$ _____ Certificates of Participation, Series _____ dated as of _____, issued under the Trust Agreement and evidencing undivided proportionate interests of the owners thereof in Basic Lease Payments to be made by the School Board pursuant to the Master Lease.

"Commencement Date" for the Series _____ Lease is _____.

A - 1

STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

I, Carmen M. Zopf, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Jody Gleason and C. Monica Uhlhorn, personally known to me to be the same persons whose names are, respectively, as Vice Chairman and Secretary, respectively of THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said School Board, and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ^{15th} 16th day of November, 1994.

Carmen M. Zopf
NOTARY PUBLIC, STATE OF FLORIDA

NOTARY PUBLIC
SEAL OF OFFICE:



CARMEN M. ZOPF
MY COMMISSION EXPIRES
March 10, 1995
BONDED THRU NOTARY PUBLIC UNDERWRITERS

(Name of Notary Public, Print, Stamp or Type as Commissioned.)

- Personally known to me, or
 Produced identification: Id. License
(Type of Identification Produced)
 DID take an oath, or DID NOT take an oath.

-55-

"Series _____ Credit Facility" shall mean _____

"Series _____ Credit Facility Issuer" shall mean _____

"Series _____ Facilities" shall mean the Facilities described in this Schedule No. _____.

"Series _____ Facility Sites" shall mean the Facility Sites described in this Schedule No. _____, to be ground leased by the School Board to the Corporation, as the same may be amended or supplemented from time to time.

"Series _____ Ground Lease" shall mean the Series _____ Ground Lease dated as of _____, between the School Board as Lessor and the Corporation as Lessee, as amended or supplemented from time to time.

"Series _____ Supplemental Trust Agreement" shall mean the Series _____ Supplemental Trust Agreement dated as of _____, between the Corporation and the Trustee.

SECTION 2. Lease Term. The total of all Lease Terms of the Lease are expected to be approximately _____ years consisting of an "Original Term" of approximately _____ (_____) months from _____ through and including June 30, _____ and _____ (_____) Renewal Terms of twelve (12) months, each from July 1 through and including June 30 of the next succeeding calendar year, commencing July 1, _____, and ending on June 30, _____. Each Lease Term shall be subject to annual renewal pursuant to the provisions of Article III of the Master Lease.

SECTION 3. Series _____ Facilities to be Lease Purchased. The Series _____ Facilities to be leased purchased under the Series _____ Lease are described as follows:

A. General Description of the Series _____ Facilities to be Lease Purchased:

B. Estimated Costs of the Series _____ Facilities:

Facility	Site	Planning	Construction	Project Cost
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609(FRFD)040401-011/01/94

A - 2

SECTION 4. Series _____ Facility Site(s) to be Ground Leased to the Corporation and Permitted Encumbrances. The legal description of the Series _____ Facility Site(s) to be Ground Leased to the Corporation and Permitted Encumbrances in addition to those specified in the Master Lease is (are) as follows:

SERIES _____ FACILITIES (COMPOSITE)

PAYMENT DATE	BASIC LEASE PAYMENT	PRINCIPAL PORTION	INTEREST PORTION	REMAINING PRINCIPAL PORTION
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SECTION 5. Application of Certain Proceeds of Series _____ Certificates. The Trustee shall deposit the following sums in the following accounts from the proceeds of the Series _____ Certificates:

Amount	Account
\$ _____	Series _____ Acquisition Account
\$ _____	Series _____ Cost of Issuance Subaccount
\$ _____	Series _____ Reserve Account
\$ _____*	Series _____ Lease Payment Account

*Represents accrued interest.

SECTION 6. Basic Lease Payments. The principal portion and the interest portion of the Basic Lease Payments, the Payment Dates and the Remaining Principal Portion with respect to the Series _____ Facilities to be lease purchased and the Series _____ Certificates attributable to such Facilities are set forth below. If, upon delivery of the Certificate of Acceptance indicating completion of the acquisition, construction, installation and payment of all costs of the Series _____ Facilities, or if the School Board determines not to acquire one or more components of the Series _____ Facilities, it is determined that the cost of, and consequently the actual amount of Basic Lease Payments for a Series _____ Facility is different from the amount set forth herein at closing, this Section shall be revised as necessary to reflect the adjusted Schedule of Basic Lease Payments for all Series _____ Facilities to be lease purchased, and for each individual Series _____ Facility or group of Series _____ Facilities to be lease purchased.

The interest portion of the Basic Lease Payments represented by the Series _____ Certificates, expressed as an annual interest rate, is exempt from the limitations on interest rates set forth in Section 215.84, Florida Statutes, since the Series _____ Certificates are rated within the three highest rating categories by a nationally recognized rating service.

A - 3

Provide Basic Lease Payment Schedule for each Facility or group of Facilities financed hereunder]

SECTION 7. Additional Lease Payments. Additional Lease Payments with respect to the Series _____ Certificates consist of the following:

1. Trustee Fees:
2. Trustee Expenses:

SECTION 8. Prepayment Provisions. In addition to [or in lieu of] the prepayment provisions of Section 7.2 of the Master Lease, the principal portion of the Basic Lease Payments due as provided in Section 6 of this Schedule are subject to the following prepayment provisions:

- A. Optional Prepayment
- B. Extraordinary Prepayment

SECTION 9. Other Special Provisions.

A. The School Board hereby confirms its representations, covenants and warranties set forth in Section 2.10 of the Master Lease, except that all references therein to the Master Lease shall be deemed to refer to the Master Lease as supplemented by this Schedule No. _____, and except as otherwise provided below. The Corporation hereby confirms its representations, covenants and warranties set forth in Section 2.11 of the Master Lease, except that all references therein to the Master Lease shall be deemed to refer to the Master Lease as supplemented by this Schedule No. _____, and except as otherwise provided below.

A - 4

EXHIBIT B

SCHOOL BOARD'S CERTIFICATE

I, the undersigned Chairperson of the School Board of Palm Beach County, Florida (the "School Board"), do hereby certify pursuant to the terms of the Master Lease Purchase Agreement between the School Board and Palm Beach School Board Leasing Corp. (the "Corporation") dated as of November 1, 1994 and Schedule No. _____ thereto dated _____ (collectively, the "Lease"), as follows:

1. The School Board has, as agent for the Corporation, acquired the Series _____ Facilities described in Schedule No. _____
2. Such Series _____ Facilities meet the School Board's specifications therefor, and have been acquired to the School Board's satisfaction. This certificate constitutes the acceptance certificate for such Series _____ Facilities required by Section 2.3 of the Master Lease and Section 402 of the Master Trust Agreement dated as of November 1, 1994 between the Corporation and _____ Florida, as Trustee.
3. The actual cost of such Series _____ Facilities is as follows:
4. The Completion Date for such Series _____ Facilities is:
5. Terms defined in the Master Lease and Schedule No. _____ thereto and used in this certificate have the same meanings in this certificate as are ascribed to such terms in the Master Lease and Schedule No. _____ thereto.

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

By: _____
Name:
Title: Chairperson

Date: _____
PALM BEACH SCHOOL BOARD LEASING CORP.

By: _____
Name:
Title: President

B - 1

B. Notices. Copies of all matters required to be given to a Credit Facility Issuer pursuant to the Master Lease shall be given to the Series _____ Credit Facility Issuer at the following address:

IN WITNESS WHEREOF, the Corporation has caused this Schedule No. _____ to be executed in its corporate name by its duly authorized officers, and the School Board has caused this Schedule No. _____ to be executed in its name by its duly authorized members or officers on the date set forth below their respective signatures and all of the day and year first written above.

[SEAL] PALM BEACH SCHOOL BOARD LEASING CORP.

Attest: _____
By: _____

[SEAL] THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

Attest: _____
By: _____

A - 5

AMENDMENT TO MASTER LEASE PURCHASE AGREEMENT

By and among

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

And

PALM BEACH SCHOOL BOARD LEASING CORP.

And

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
(successor to NationsBank of Florida, N.A.), as trustee

THIS AMENDMENT TO MASTER LEASE PURCHASE AGREEMENT (the "Amendment") by and among The School Board of Palm Beach County, Florida, as the governing body of the School District of Palm Beach County, Florida (the "Lessee" or the "School Board"), the Palm Beach School Board Leasing Corp. (the "Corporation"), a not-for-profit corporation organized and existing under the laws of the State of Florida (the "Lessor" or the "Corporation"), and U.S. Bank National Association (successor to SouthTrust Bank of Florida, National Association), as trustee (the "Trustee") and assignee, is dated as of October 1, 2017 and effective on the Effective Date (as defined below) and amends that certain Master Lease Purchase Agreement dated as of November 1, 1994, as previously amended to date (the "Original Master Lease"), between the Lessor and the Lessee.

WITNESSETH:

WHEREAS, the School Board has deemed it to be in its best interest to lease-purchase certain real and personal property from time to time and has entered into the Original Master Lease between the Corporation, as lessor, and the School Board, as lessee; and

WHEREAS, pursuant to the Original Master Lease, the School Board has from time to time, by execution of a schedule to the Original Master Lease (each, a "Schedule" and together with the Master Lease, a "Lease"), directed the Corporation to acquire, construct and lease-purchase to the School Board the items of real or personal property described in such Schedule (which items of property are collectively referred to herein as "Facilities"); and

WHEREAS, the Corporation has entered into a Master Trust Agreement dated as of November 1, 1994 (the "Master Trust Agreement") with the Trustee, providing for the issuance of series of Certificates of Participation to the public from time to time, representing undivided proportionate interests in the principal portion and interest portion of the basic lease payments to be made by the School Board under the Master Lease and the Schedule or Schedules relating to such series of Certificates; and

WHEREAS, the School Board now wishes to amend the Original Master Lease to (a) revise the insurance provisions therein to reflect the change in the Florida insurance market since November 1, 1994, and (b) to clarify Section 9.4 with respect to amendments, which was written at a time when all Certificates were insured and therefor provided for the consent of insurers to amendments but did not provide for the consent of holders of Certificates to amendments; and

WHEREAS, the School Board has authorized this Amendment under Resolution adopted on September 6, 2017; and

WHEREAS, the Corporation has authorized this Amendment under Resolution adopted on September 6, 2017; and

WHEREAS, under Section 9.4 of the Original Master Lease, the Original Master Lease can be amended "by written instrument signed by the School Board and the Corporation and, if required under the terms of the Trust Agreement, by the Trustee, and consented to by each Credit Facility Issuer;" and

1

otherwise satisfies the criteria set forth herein. The School Board shall maintain eligibility for assistance by the Federal Emergency Management Agency.

In addition, the School Board may elect to self-insure for all or any portion of such coverage, as provided above. The self-insurance program shall be reviewed annually by the Superintendent, in consultation with the Insurance Consultant and risk management department.

Flood insurance shall be maintained for its property, including any of the Facilities, located in a federally designated special flood hazard area, in such amounts per occurrence recommended by the Insurance Consultant as being available at commercially reasonable costs and in minimum amounts necessary to qualify for the Federal disaster relief programs. If such minimum amounts are not available at commercially reasonable costs in the opinion of the Insurance Consultant, the School Board shall self-insure for such amounts as will qualify for the Federal disaster relief program.

The sufficiency of the School Board's flood insurance coverage shall be reviewed at least annually by the Superintendent, in consultation with the Insurance Consultant and risk management department of the School Board, and the School Board shall follow the recommendations of the Insurance Consultant so long as the recommended insurance meets the criteria set forth in the preceding paragraph.

Any insurance policy issued pursuant to this Section 5.3 shall provide that the Corporation and the Trustee shall be notified in writing of any proposed cancellation of such policy thirty (30) days prior to the date set for cancellation. Any policy of all risk property insurance must be obtained from a commercial insurance company or companies rated "Secure" by A.M. Best Company or in one of the three highest rating categories of Moody's and S&P.

In the event of any loss, damage, or condemnation involving the Facilities, the School Board shall promptly provide or cause to be provided to the Corporation and the Trustee written notice thereof, and make available or cause to be made available to the Corporation and the Trustee all information and documentation relating thereto.

Any insurance policy maintained pursuant to this Section 5.3 shall be so written or endorsed to provide that the Trustee (on behalf of the Certificate holders), and the Corporation are named as additional insureds, and the Trustee, the Corporation and the School Board are named as loss payees as their interests may appear and the Net Proceeds of any appropriation made in connection with a self-insurance election shall be payable to the School Board, the Corporation and the Trustee (on behalf of the Certificate holders) as their respective interests may appear. The Net Proceeds of the insurance required in this Section 5.3 or the Net Proceeds of any appropriation in connection with a self-insurance election shall be applied as provided in Section 5.4(a) and Section 5.4(b) hereof.

3

WHEREAS, under certain Schedules, Section 9.4 has been amended to provide, among other things, for consent of holders of Certificates when there is no Credit Facility Issuer, which amendments to Section 9.4 are not uniform;

NOW, THEREFORE, THIS AMENDMENT TO THE MASTER LEASE PURCHASE AGREEMENT WITNESSETH:

SECTION 1. DEFINITIONS. (a) For purposes of this Amendment the following terms have the meaning set forth below.

"Effective Date" shall mean the date on which this Amendment becomes effective in accordance with Section 8 hereof.

(b) Section 1.1 of the Original Master Lease is hereby revised by deleting the definition of "Insurance Consultant" therein and replacing it with the following (inserts are indicated by double underlining and deletions by strikethrough):

"Insurance Consultant" shall mean a nationally recognized independent insurance company, agent or broker, selected by the School Board, that has personnel experienced in the area of insurance which the School Board is to provide or for which the School Board is to be self-insured.

(c) All terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Original Master Lease.

SECTION 2. AMENDMENT OF SECTION 5.3 OF THE ORIGINAL MASTER LEASE. Section 5.3 of the Original Master Lease is hereby deleted in its entirety and in lieu thereof the following shall be inserted:

SECTION 5.3. Provisions Regarding Insurance. The School Board shall, during the Lease Term, purchase and maintain property insurance coverage against such risks and in such amounts as are customarily insured against in connection with the operation of facilities comparable in size and scope to the Facilities, and the School Board will carry and maintain or cause to be carried and maintained and pay, or cause to be paid, the premiums for at least the following insurance with respect to the Facilities, to the extent such insurance is available at commercially reasonable costs, insuring against the perils of FIRE, LIGHTNING, WINDSTORM, HAIL, HURRICANE, WINDBLOWN RAIN, DAMAGE FROM WATER, EXPLOSION, AIRCRAFT, VEHICLES, SMOKE, VANDALISM AND MALICIOUS MISCHIEF, TRANSPORTATION HAZARDS, THEFT AND BURGLARY.

Determination of the appropriate amount of insurance coverage shall be made annually by the Superintendent, in consultation with the Insurance Consultant and risk management department of the School Board, and the School Board shall follow the recommendations of the Superintendent so long as the recommended insurance is available at commercially reasonable costs and

2

SECTION 3. AMENDMENT OF SECTION 9.4 OF THE ORIGINAL MASTER LEASE. Section 9.4 of the Original Master Lease is hereby deleted in its entirety and in lieu thereof the following shall be inserted:

SECTION 9.4. Amendments. The terms of this Master Lease and any Schedule shall not be waived, altered, modified, supplemented or amended in any manner whatsoever except by written instrument signed by the Corporation and the School Board and, if required under the terms of the Trust Agreement, by the Trustee. Except as otherwise provided herein, the consent of the holders of at least a majority in principal amount of Outstanding Certificates who are affected by such waiver, alteration, modification, supplement or amendment shall be required. With respect to insured Certificates, the related Credit Facility Issuer, if any, shall consent in lieu of the consent of the holders of Certificates it insures; provided, however, in the event that a related Credit Facility Issuer's rating has been downgraded below the rating of the District the consent of such Credit Facility Issuer shall not be required and in lieu thereof the consent of the holders of Certificates it insures shall be required. Notwithstanding the foregoing, a Schedule may be amended without obtaining the consent of the holders of the affected Certificates or of a Credit Facility Issuer, if any, for the purpose of (1) adding a legal description and/or the permitted encumbrances for a Facility Site which has already been designated in such Schedule, (2) adding additional Facilities to be financed under such Schedule, (3) substituting Facilities in accordance with Section 6.4 hereof, or (4) releasing a Facility and/or a Facility Site or portion thereof if such Facility and/or Facility Site or portion thereof has been released from the lien of the Lease in accordance with the provisions thereof.

SECTION 4. PROVISIONS OF ORIGINAL MASTER LEASE NOT OTHERWISE MODIFIED. Except as expressly modified or amended hereby, the Original Master Lease shall remain in full force and effect.

SECTION 5. COUNTERPARTS. This Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 6. HEADINGS. Any heading preceding the text of the several Sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Amendment, nor shall they affect its meaning, construction or effect.

SECTION 7. LAWS. This Amendment shall be construed and governed in accordance with the laws of the State of Florida, without giving effect to principles of conflicts of laws.

4

SECTION 8. EFFECTIVE DATE. This Amendment shall become effective upon execution by the School Board, the Corporation and the Trustee and the consent of the holders of a majority in principal amount of the Outstanding Certificates or with the consent of the related Credit Facility Issuer, if any, in lieu of the consent of the holders of Certificates it insures.

IN WITNESS WHEREOF, the Trustee has caused this Amendment to Master Lease Purchase Agreement to be executed in its corporate name by its duly authorized officer, and the Corporation has caused this Amendment to Master Lease Purchase Agreement to be executed in its name by its duly authorized members or officers, and the School Board has caused this Amendment to Master Lease Purchase Agreement to be executed in its name by its duly authorized members or officers all as of the Effective Date.

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By: Donald E. Fennoy II, Ed.D.
Secretary

PALM BEACH COUNTY SCHOOL BOARD LEASING CORPORATION

By: Frank A. Barbieri, Jr.
President

[SEAL]

Attest:

By: Donald E. Fennoy II, Ed.D.
Secretary

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

By: Frank A. Barbieri, Jr.
Chairman



THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By: Nathan Turner
Vice President

IN WITNESS WHEREOF, the Trustee has caused this Amendment to Master Lease Purchase Agreement to be executed in its corporate name by its duly authorized officer, and the Corporation has caused this Amendment to Master Lease Purchase Agreement to be executed in its name by its duly authorized members or officers, and the School Board has caused this Amendment to Master Lease Purchase Agreement to be executed in its name by its duly authorized members or officers all as of the Effective Date.

[SEAL]

PALM BEACH COUNTY SCHOOL BOARD LEASING CORPORATION

Attest:

By: Donald E. Fennoy II, Ed.D.
Secretary

By: Frank A. Barbieri, Jr.
President

[SEAL]

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

Attest:

By: Donald E. Fennoy II, Ed.D.
Secretary

By: Frank A. Barbieri, Jr.
Chairman

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THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By: Nathan Turner
Vice President

SCHEDULE 2021A
dated as of May 1, 2021
to the
Master Lease Purchase Agreement dated as of
November 1, 1994, as amended as of May 12, 2020, between
Palm Beach School Board Leasing Corp.
as Lessor (the “Corporation”)

and

The School Board of Palm Beach County, Florida,
as Lessee (the “School Board”)

THIS SCHEDULE 2021A (the “Schedule”) is hereby entered into as of May 1, 2021, under and pursuant to that certain Master Lease Purchase Agreement dated as of November 1, 1994, as amended as of May 12, 2020 (the “Master Lease”) pursuant to which the Corporation has agreed to lease purchase unto the School Board and the School Board has agreed to finance the lease purchase from the Corporation, subject to the terms and conditions of the Master Lease incorporated herein, the Series 2021A Facilities herein described, together with the rights described in clauses (i), (ii) and (iii) of Section 1 of the Series 2021A Ground Lease (hereinafter defined). The Corporation hereby demises, leases and subleases to the School Board, and the School Board hereby hires, takes, leases and subleases from the Corporation, the Series 2021A Facilities and the Series 2021A Facility Sites described herein. The Master Lease with respect to this Schedule and as modified and supplemented hereby, is referred to herein as the “Series 2021A Lease”. All terms and conditions contained in the Master Lease, unless otherwise amended or superseded hereby are incorporated herein by reference.

Section 1. Definitions. For purposes of the Series 2021A Lease the following terms have the meanings set forth below. All terms used herein and not otherwise defined herein shall have the meanings given to them in the Master Lease or the Trust Agreement, including the Series 2021A Supplemental Trust Agreement, as appropriate.

“**Assignment Agreement**” shall mean the Series 2021A Assignment Agreement dated as of May 1, 2021, between the Corporation and the Trustee.

“**Certificates**” or “**Series 2021A Certificates**” shall mean the \$101,905,000 Certificates of Participation, Series 2021A dated as of the Closing Date, issued under the Trust Agreement and evidencing undivided proportionate interests of the owners thereof in Basic Lease Payments to be made by the School Board pursuant to the Master Lease.

“**Closing Date**” means the date of delivery of the Series 2021A Certificates to the respective Series 2021A Underwriters against payment therefor.

“**Commencement Date**” for the Series 2021A Lease is May 20, 2021.

“**Series 2021A Facilities**” shall mean the Facilities described in this Schedule 2021A, as this Schedule 2021A may be amended or supplemented from time to time.

“**Series 2021A Facility Sites**” shall mean the Facility Sites described in this Schedule 2021A to be ground leased by the School Board to the Corporation, as the same may be amended or supplemented from time to time.

“Series 2021A Supplemental Trust Agreement” shall mean the Series 2021A Supplemental Trust Agreement dated as of May 1, 2021, between the Corporation and the Trustee.

Section 2. Lease Term. The total of all Lease Terms of the Series 2021A Lease is expected to be approximately nineteen (19) years, two (2) months and eleven (11) days consisting of an “Original Term” of approximately one (1) month and eleven (11) days from the Commencement Date through and including June 30, 2021, and nineteen (19) Renewal Terms of twelve (12) months each, each from July 1 through and including June 30 of the next succeeding calendar year, commencing July 1, 2021 and ending June 30, 2040, and the last Renewal Term of approximately one (1) month from July 1, 2040 through and including August 1, 2040, provided that on such date no Series 2021A Certificates are “Outstanding” under the Trust Agreement. Each Lease Term shall be subject to annual renewal pursuant to the provisions of Article III of the Master Lease.

Section 3. Series 2021A Facilities to be Lease Purchased. A general description and the estimated costs of the Series 2021A Facilities to be lease-purchased under the Series 2021A Lease are described in Exhibit A attached hereto. The School Board reserves the right to substitute other facilities for the facilities set forth herein, in accordance with the requirements of the Master Lease.

Section 4. Series 2021A Facility Sites to be Ground Leased to the Corporation and Permitted Encumbrances. The legal descriptions of the Series 2021A Facility Sites to be ground leased to the Corporation and Permitted Encumbrances (in addition to those specified in the Master Lease) are as set forth in Exhibit B attached hereto. Substitutions may be made in accordance with the requirements of the Master Lease and the Series 2021A Ground Lease.

Section 5. Application of Certain Proceeds of Series 2021A Certificates. Pursuant to the provisions of Section 402 of the Series 2021A Supplemental Trust Agreement the Trustee will deposit the following sums attributable to the Series 2021A Facilities to be lease purchased hereunder in the following accounts from the proceeds of the Series 2021A Certificates:

<u>Amount</u>	<u>Account</u>
\$134,248,629.00	Series 2021A Acquisition Account
395,005.98	Series 2021A Cost of Issuance Subaccount

Section 6. Basic Lease Payments. The principal portion and the interest portion of the Basic Lease Payments, the Lease Payment Dates (each June 30 and December 30, commencing December 30, 2021) and the remaining principal portion with respect to the Series 2021A Facilities to be lease purchased and the Series 2021A Certificates attributable to such Series 2021A Facilities are set forth in Exhibit C hereto. If, upon delivery of the Certificate of Acceptance indicating completion of the acquisition, construction, installation and payment of all costs of the Series 2021A Facilities, or if the School Board determines not to acquire, construct or install one or more components of the Series 2021A Facilities, it is determined that the cost of, and consequently the actual amount of Basic Lease Payments for, a Series 2021A Facility is different from the amount set forth herein, Exhibit C shall be revised as necessary to reflect the adjusted Schedule of Basic Lease Payments for all Series 2021A Facilities to be lease-purchased. The Composite Schedule of Basic Lease Payments shall be no less than the principal and interest payments with respect to the portion of the Series 2021A Certificates relating to the Series 2021A Facilities and shall only be amended in the event of a prepayment or a prepayment deposit of the principal portion of Basic Lease Payments represented by such portion of the Series 2021A Certificates pursuant to Section 7.2 or 7.3 of the Master Lease, and prepayment or defeasance of a portion of Series 2021A Certificates pursuant to Article III of the Series 2021A Supplemental Trust Agreement or Section 801 of the Master Trust Agreement.

2

ACTIVE 55142553v5

available for such purpose pursuant to the Series 2021A Trust Agreement and the Series 2021A Lease, to the extent and subject to the limitations provided in the Series 2021A Lease-1.

Section 9. Other Special Provisions.

A. Representations.

(i) The School Board hereby represents, covenants and warrants that adequate water, sanitary sewer and storm sewer utilities, electric power, telephone and other utilities are available to the Series 2021A Facility Sites, or the cost of making them available is included in the School Board’s acquisition and construction budget for the Series 2021A Facilities.

(ii) The School Board hereby confirms its representations, covenants and warranties set forth in Section 2.10, 5.12 and 5.13 of the Master Lease and all references therein to the Facilities shall include the Series 2021A Facilities, except that all references therein to the Master Lease shall be deemed to refer to the Master Lease as supplemented by this Schedule 2021A, and except as otherwise provided below. The Corporation hereby confirms its representations, covenants and warranties set forth in Section 2.11 of the Master Lease and all references therein to the Facilities shall include the Series 2021A Facilities, except that all references therein to the Master Lease shall be deemed to refer to the Master Lease as supplemented by this Schedule 2021A, and except as otherwise provided below.

(iii) The School Board and the Corporation hereby represent that the Master Lease is in effect and that to their knowledge there are no defaults on the date of execution of this Schedule 2021A under any Lease, Ground Lease or the Trust Agreement.

B. Continuing Disclosure. The School Board hereby covenants and agrees to comply with the terms and provisions of the Disclosure Agreement. Notwithstanding any other provision of the Series 2021A Lease, failure of the School Board to comply with the Disclosure Agreement shall not be considered an Event of Default; however, provided it has been satisfactorily indemnified in accordance with Section 602 of the Master Trust Agreement as if it were proceeding under Section 602 of the Master Trust Agreement, the Trustee may (and, at the written request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount in Outstanding Series 2021A Certificates, shall) or any Holder of the Series 2021A Certificates or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the School Board to comply with its obligations under this Section 9.B. For purposes of this Section, “Beneficial Owner” means any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2021A Certificates (including persons holding Series 2021A Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2021A Certificates for federal income tax purposes.

C. Section 3.4(b) of the Master Lease. For purposes of the Series 2021A Lease, Section 5.4(b) of the Master Lease shall read as follows:

(b) **Option B - Deposit to Lease Payment Account or Acquisition Account.** Provided, however, if the School Board has determined that its operations have not been materially affected and that it is not in the best interest of the School Board to repair, restore or replace that portion of the Facilities as damaged, destroyed or condemned, then the School Board shall not be required to comply with the provisions of subparagraph (a) set forth above. If the Net Proceeds are (i) less than ten percent (10%) of the Remaining Principal Portion of the Basic Lease Payments relating to such Facilities and (ii) equal to

4

ACTIVE 55142553v5

The interest portion of the Basic Lease Payments represented by the Series 2021A Certificates, expressed as an annual interest rate, is exempt from the limitations on interest rates set forth in Section 215.84, Florida Statutes, since the Series 2021A Certificates are rated within the three highest rating categories by a nationally recognized rating service.

Section 7. Additional Lease Payments. Additional Lease Payments with respect to the Series 2021A Lease consist of a pro rata portion of the following amounts to be paid with respect to the Series 2021A Lease, except as otherwise provided herein:

- Trustee Fees: Acceptance Fee of \$1,000.
Annual administration fee of \$3,850, payable annually in advance.
- Trustee Expenses: \$1,500 for counsel fees, plus out-of-pocket expenses billed at cost.

Section 8. Prepayment Provisions. In addition to or in lieu of the prepayment provisions of Section 7.2 of the Master Lease, the principal portion of the Basic Lease Payments due as provided in Section 6 of this Schedule 2021A is subject to the following prepayment provisions:

A. Optional Prepayment.

On or after June 30, 2031, the principal portion of Basic Lease Payments are subject to prepayment by the School Board in whole or in part at any time at the option of the School Board, and if in part, in such order of due dates of the principal portion of the Basic Lease Payments as shall be designated by the School Board to be prepaid, at the Prepayment Price equal to 100% of the principal portion of Basic Lease Payments being prepaid plus the interest portion of the Basic Lease Payments with respect to such prepaid principal portion accrued to the Prepayment Date.

B. Extraordinary Prepayment.

In lieu of the Extraordinary Prepayment provisions set forth in Section 7.2(b) of the Master Lease, the following shall constitute Events of Extraordinary Prepayment with respect to the Series 2021A Lease:

(i) Section 7.2(B)(a) and (b) of the Master Lease shall not apply to the Series 2021A Certificates. The Series 2021A Certificates are not subject to extraordinary prepayment prior to maturity in the event of damage or destruction or condemnation of the Series 2021A Facilities. Notwithstanding anything in the Series 2021A Lease to the contrary, in lieu of the extraordinary prepayment provisions of Section 7.2(B)(b) of the Master Lease, the amount that would be allocable to the Series 2021A Certificates had they been subject to the extraordinary prepayment provisions of Section 7.2(B)(b) of the Master Lease, shall be used instead in accordance with the following: The Net Proceeds shall either (1) be applied to pay the Costs of other Facilities, in which case such other Facilities shall become subject to the provisions of this Series 2021A Lease as fully as if they were the originally leased Series 2021A Facilities or (2) at the direction of the School Board, upon delivery to the Trustee of a favorable opinion of Special Tax Counsel, such Net Proceeds shall be deposited in the Series 2021A Lease Payment Account to be credited against Basic Lease Payments next coming due in accordance with Section 3.2(c) of the Master Lease.

(ii) The principal portion of Basic Lease Payments due under the Series 2021A Lease shall be subject to prepayment in the event the Series 2021A Lease terminates prior to payment in full of all of the Basic Lease Payments due thereunder, to the extent the Trustee has monies

3

ACTIVE 55142553v5

or less than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year under such Lease, then such Net Proceeds may, at the option of the School Board, (x) be deposited in the Lease Payment Account for the Series of Certificates relating to such Facilities to be credited against Basic Lease Payments next coming due in accordance with Section 3.2(c) hereof or (y) deposited in the Acquisition Account for the Series of Certificates relating to such Facilities and applied to pay the Costs of other Facilities, in which case such other Facilities shall become subject to the provisions of the related Lease as fully as if they were the originally leased Facilities. If the Net Proceeds are (i) equal or greater than ten percent (10%) of the Remaining Principal Portion of the Basic Lease Payments relating to such Facilities or (ii) greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year under such Lease, then the Net Proceeds shall be deposited in the Acquisition Account for the Series of Certificates relating to such Facilities and applied to pay the Costs of other Facilities, in which case such other Facilities shall become subject to the provisions of the related Lease as fully as if they were the originally leased Facilities; provided, however, at the direction of the School Board, upon delivery to the Trustee of a Favorable Opinion, such Net Proceeds shall be deposited in the Lease Payment Account for the Series of Certificates relating to such Facilities to be credited against Basic Lease Payments next coming due in accordance with Section 3.2(c) hereof.

D. Amendment of Section 6.4 of the Master Lease. For purposes of the Series 2021A Lease, the following provision shall become effective upon execution by the School Board and the Corporation of this Schedule 2021A and the consent of the holders of a majority in principal amount of the Outstanding Certificates representing an interest in the Basic Lease Payments made under this Schedule 2021A. Purchase of the Series 2021A Certificates, except initial purchase by a Participating Underwriter, shall constitute consent by holders of the Series 2021A Certificates.

SECTION 6.4. Substitution of Facilities. To the extent permitted by law, on or after the Completion Date the School Board may substitute for any Facilities other facilities owned by the School Board, provided such substituted facilities (a) have the same or a greater remaining useful life, (b) have a fair market value equal to or greater than the Facilities for which they are substituted, (c) are of substantially equal utility as the Facilities to be replaced and meet the requirement of Section 5.9 hereof, (d) are free and clear of all liens and encumbrances, except Permitted Encumbrances and (e) if required by law, are approved by the State Department of Education. In addition, to the extent permitted by law, prior to the Completion Date the School Board may release and/or substitute for any Facilities to be acquired, constructed and installed under a particular Schedule other facilities to be acquired, constructed and installed, provided that (1) any substituted facilities satisfy the requirements of clauses (a), (c), (d) and (e) above and (2) following such substitution and/or release, the sum of (x) with respect to Facilities for which a Certificate of Acceptance has not been delivered, the Cost of the acquisition, construction and installation of the Facilities plus (y) with respect to Facilities for which a Certificate of Acceptance has been delivered, the fair market value of the Facilities, financed under the Schedule from which the Facilities are to be substituted and/or released is greater than or equal to the remaining principal portion of Basic Lease Payments due under such Schedule. In order to effect such substitution, the Facilities to be replaced shall be released from the encumbrance of the related Lease and Ground Lease by appropriate instrument executed by the School Board and the Corporation (or Trustee as assignee of the Corporation) in form sufficient to leave good and marketable fee simple title to such Facilities in the School Board subject only to Permitted Encumbrances, and the Facilities to be substituted shall likewise be incorporated in the appropriate Lease and Ground Lease modifications. The

5

ACTIVE 55142553v5

related Schedule shall be appropriately amended, and the related Ground Lease shall be amended or canceled and replaced, to reflect such substitution.

There shall also be delivered at the time of substitution an Opinion of Counsel as described in Section 6.1 hereof with respect to the substitute Facility Site.

For purposes hereof, "fair market value" shall be determined on the basis of an assessment prepared by the School Board.

E. Release of Series 2021A Facilities and Series 2021A Facility Sites. For purposes of the Series 2021A Lease, the following provision shall become effective upon execution by the School Board and the Corporation of this Schedule 2021A and the consent of the holders of a majority in principal amount of the Outstanding Certificates representing an interest in the Basic Lease Payments made under this Schedule 2021A. Purchase of the Series 2021A Certificates, except initial purchase by a Participating Underwriter, shall constitute consent by holders of the Series 2021A Certificates.

Notwithstanding anything to the contrary in the Master Lease, one or more Series 2021A Facilities financed by the Series 2021A Lease and/or Series 2021A Facility Sites or a portion thereof may be released from the lien of such Lease upon certification of the final cost per student station of such Series 2021A Facility or Facilities by the School Board to the State Department of Education pursuant to Section 1013.64(6)(b) Florida Statutes, if after the release of the Facility or Facilities the total construction cost of remaining Series 2021A Facilities subject to the lien of the Series 2021A Lease exceeds the remaining principal portion of the Basic Lease Payments payable under the Series 2021A Lease. The Series 2021A Facilities and/or the Series 2021A Facility Sites (or portions thereof) released under this Section 9.4.F. shall be deemed to be paid and fee simple title to such Series 2021A Facilities and/or Series 2021A Facility Sites (or portions thereof) shall vest in the School Board free and clear of all encumbrances except Permitted Encumbrances.

The Corporation hereby appoints the School Board as its agent to prepare and file or record in appropriate offices such documents as may be necessary to cause record title to such Series 2021A Facilities and Series 2021A Facility Sites (or portions thereof) to vest in the School Board, free and clear of all encumbrances except Permitted Encumbrances. The Corporation agrees to immediately execute all instruments necessary to vest good and marketable fee simple title to the released Series 2021A Facility Site or the Series 2021A Facility Sites (or portions thereof) in the School Board subject only to Permitted Encumbrances. The Series 2021A Ground Lease shall then be modified to remove the Series 2021A Facility Site or Series 2021A Facility Sites (or portions thereof), as provided therein. The Corporation shall request the execution of such instruments by the Trustee as may be necessary to effect the conveyance described herein.

F. Execution in Counterparts and/or Electronically Signed and/or Transmitted Signatures. This Schedule may be executed in several counterparts, each of which shall be an original and all of which constitute but one and the same instrument. Executed counterparts of this Schedule with signatures sent by electronic mail (i.e., in PDF format) or signed electronically via an electronic signature provider may be used in the place of original signatures on this Schedule, as set forth in Section 668.50, Florida Statutes. The parties intend to be bound by the signatures of the electronically mailed or signed signatures and the delivery of the same shall be effective as delivery of an original executed counterpart of this Schedule and any other closing certificates executed in connection with this Schedule. The parties to this Schedule hereby waive any defenses to the enforcement of the terms of this Schedule based on the form of the signature, and

ACTIVE 55142553v5

hereby agree that such electronically mailed or signed signatures shall be conclusive proof, admissible in judicial proceedings, of the parties' execution of this Schedule.

Section 10. Effective Date. Schedule 2021A, dated as of May 1, 2021, shall be effective on the Closing Date.

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ACTIVE 55142553v5

IN WITNESS WHEREOF, the Corporation has caused this Schedule 2021A to be executed in its corporate name by its duly authorized officers, and the School Board has caused this Schedule 2021A to be executed in its name by its duly authorized members or officers all as of the day and year first written above.

[SEAL] **PALM BEACH SCHOOL BOARD LEASING CORP.**
Attest:
By: _____ By: _____
Dr. Donald E. Fennoy II Frank A. Barbieri, Jr., Esq.
Secretary President

[SEAL] **THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**
Attest:
By: _____ By: _____
Dr. Donald E. Fennoy II Frank A. Barbieri, Jr., Esq.
Secretary Chair

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ACTIVE 55142553v5

SCHEDULE 2021B
dated as of May 1, 2021
to the
Master Lease Purchase Agreement dated as of
November 1, 1994, as amended as of May 12, 2020, between
Palm Beach School Board Leasing Corp.
as Lessor (the “Corporation”)

and

The School Board of Palm Beach County, Florida,
as Lessee (the “School Board”)

THIS SCHEDULE 2021B (the “Schedule”) is hereby entered into as of May 1, 2021, under and pursuant to that certain Master Lease Purchase Agreement dated as of November 1, 1994, as amended as of May 12, 2020 (the “Master Lease”) pursuant to which the Corporation has agreed to lease purchase unto the School Board and the School Board has agreed to finance the lease purchase from the Corporation, subject to the terms and conditions of the Master Lease incorporated herein, the Series 2021B Facility herein described, together with the rights described in clauses (i), (ii) and (iii) of Section 1 of the Series 2021B Ground Lease (hereinafter defined). The Corporation hereby demises, leases and subleases to the School Board, and the School Board hereby hires, takes, leases and subleases from the Corporation, the Series 2021B Facility and the Series 2021B Facility Site described herein. The Master Lease with respect to this Schedule and as modified and supplemented hereby, is referred to herein as the “Series 2021B Lease”. All terms and conditions contained in the Master Lease, unless otherwise amended or superseded hereby are incorporated herein by reference.

Section 1. Definitions. For purposes of the Series 2021B Lease the following terms have the meanings set forth below. All terms used herein and not otherwise defined herein shall have the meanings given to them in the Master Lease or the Trust Agreement, including the Series 2021B Supplemental Trust Agreement, as appropriate.

“Assignment Agreement” shall mean the Series 2021B Assignment Agreement dated as of May 1, 2021, between the Corporation and the Trustee.

“Certificates” or “Series 2021B Certificates” shall mean the \$9,935,000 Certificates of Participation, Series 2021B dated as of the Closing Date, issued under the Trust Agreement and evidencing undivided proportionate interests of the owners thereof in Basic Lease Payments to be made by the School Board pursuant to the Master Lease.

“Closing Date” means the date of delivery of the Series 2021B Certificates to the respective Series 2021B Underwriters against payment therefor.

“Commencement Date” for the Series 2021B Lease is May 20, 2021.

“Series 2021B Facility” shall mean the Facility described in this Schedule 2021B, as this Schedule 2021B may be amended or supplemented from time to time.

“Series 2021B Facility Site” shall mean the Facility Site described in this Schedule 2021B to be ground leased by the School Board to the Corporation, as the same may be amended or supplemented from time to time.

“Series 2021B Supplemental Trust Agreement” shall mean the Series 2021B Supplemental Trust Agreement dated as of May 1, 2021, between the Corporation and the Trustee.

Section 2. Lease Term. The total of all Lease Terms of the Series 2021B Lease is expected to be approximately fourteen (14) years, two (2) months and eleven (11) days consisting of an “Original Term” of approximately one (1) month and eleven (11) days from the Commencement Date through and including June 30, 2021, and fourteen (14) Renewal Terms of twelve (12) months each, each from July 1 through and including June 30 of the next succeeding calendar year, commencing July 1, 2021 and ending June 30, 2035, and the last Renewal Term of approximately one (1) month from July 1, 2035 through and including August 1, 2035, provided that on such date no Series 2021B Certificates are “Outstanding” under the Trust Agreement. Each Lease Term shall be subject to annual renewal pursuant to the provisions of Article III of the Master Lease.

Section 3. Series 2021B Facility to be Lease Purchased. A general description and the estimated costs of the Series 2021B Facility to be lease-purchased under the Series 2021B Lease are described in Exhibit A attached hereto. The School Board reserves the right to substitute other facilities for the facilities set forth herein, in accordance with the requirements of the Master Lease.

Section 4. Series 2021B Facility Site to be Ground Leased to the Corporation and Permitted Encumbrances. The legal descriptions of the Series 2021B Facility Site to be ground leased to the Corporation and Permitted Encumbrances (in addition to those specified in the Master Lease) are set forth in Exhibit B attached hereto. Substitutions may be made in accordance with the requirements of the Master Lease and the Series 2021B Ground Lease.

Section 5. Application of Certain Proceeds of Series 2021B Certificates. Pursuant to the provisions of Section 402 of the Series 2021B Supplemental Trust Agreement the Trustee will deposit the following sums attributable to the Series 2021B Facility to be lease purchased hereunder in the following accounts from the proceeds of the Series 2021B Certificates:

<u>Amount</u>	<u>Account</u>
\$9,812,153.00	Series 2021B Acquisition Account
99,550.79	Series 2021B Cost of Issuance Subaccount

Section 6. Basic Lease Payments. The principal portion and the interest portion of the Basic Lease Payments, the Lease Payment Dates (each June 30 and December 30, commencing December 30, 2021) and the remaining principal portion with respect to the Series 2021B Facility to be lease purchased and the Series 2021B Certificates attributable to such Series 2021B Facility are set forth in Exhibit C hereto. If, upon delivery of the Certificate of Acceptance indicating completion of the acquisition, construction, installation and payment of all costs of the Series 2021B Facility, or if the School Board determines not to acquire, construct or install one or more components of the Series 2021B Facility, it is determined that the cost of, and consequently the actual amount of Basic Lease Payments for, a Series 2021B Facility is different from the amount set forth herein, Exhibit C shall be revised as necessary to reflect the adjusted Schedule of Basic Lease Payments for all Series 2021B Facility to be lease-purchased. The Composite Schedule of Basic Lease Payments shall be no less than the principal and interest payments with respect to the portion of the Series 2021B Certificates relating to the Series 2021B Facility and shall only be amended in the event of a prepayment or a prepayment deposit of the principal portion of Basic Lease Payments represented by such portion of the Series 2021B Certificates pursuant to Section 7.2 or 7.3 of the Master Lease, and prepayment or defeasance of a portion of Series 2021B Certificates pursuant to Article III of the Series 2021B Supplemental Trust Agreement or Section 801 of the Master Trust Agreement.

2

ACTIVE 55142566v6

The interest portion of the Basic Lease Payments represented by the Series 2021B Certificates, expressed as an annual interest rate, is exempt from the limitations on interest rates set forth in Section 215.84, Florida Statutes, since the Series 2021B Certificates are rated within the three highest rating categories by a nationally recognized rating service.

Section 7. Additional Lease Payments. Additional Lease Payments with respect to the Series 2021B Lease consist of a pro rata portion of the following amounts to be paid with respect to the Series 2021B Lease, except as otherwise provided herein:

- Trustee Fees: Acceptance Fee of \$1,000.
Annual administration fee of \$3,850, payable annually in advance.
- Trustee Expenses: \$1,500 for counsel fees, plus out-of-pocket expenses billed at cost.

Section 8. Prepayment Provisions. In addition to or in lieu of the prepayment provisions of Section 7.2 of the Master Lease, the principal portion of the Basic Lease Payments due as provided in Section 6 of this Schedule 2021B is subject to the following prepayment provisions:

A. Optional Prepayment.

On or after June 30, 2031, the principal portion of Basic Lease Payments are subject to prepayment by the School Board in whole or in part at any time at the option of the School Board, and if in part, in such order of due dates of the principal portion of the Basic Lease Payments as shall be designated by the School Board to be prepaid, at the Prepayment Price equal to 100% of the principal portion of Basic Lease Payments being prepaid plus the interest portion of the Basic Lease Payments with respect to such prepaid principal portion accrued to the Prepayment Date.

B. Extraordinary Prepayment.

In lieu of the Extraordinary Prepayment provisions set forth in Section 7.2(b) of the Master Lease, the following shall constitute Events of Extraordinary Prepayment with respect to the Series 2021B Lease:

(i) Section 7.2(B)(a) and (b) of the Master Lease shall not apply to the Series 2021B Certificates. The Series 2021B Certificates are not subject to extraordinary prepayment prior to maturity in the event of damage or destruction or condemnation of the Series 2021B Facility. Notwithstanding anything in the Series 2021B Lease to the contrary, in lieu of the extraordinary prepayment provisions of Section 7.2(B)(b) of the Master Lease, the amount that would be allocable to the Series 2021B Certificates had they been subject to the extraordinary prepayment provisions of Section 7.2(B)(b) of the Master Lease, shall be used instead in accordance with the following: The Net Proceeds shall either (1) be applied to pay the Costs of other Facilities, in which case such other Facilities shall become subject to the provisions of this Series 2021B Lease as fully as if they were the originally leased Series 2021B Facility or (2) at the direction of the School Board, upon delivery to the Trustee of a favorable opinion of Special Tax Counsel, such Net Proceeds shall be deposited in the Series 2021B Lease Payment Account to be credited against Basic Lease Payments next coming due in accordance with Section 3.2(c) of the Master Lease.

(ii) The principal portion of Basic Lease Payments due under the Series 2021B Lease shall be subject to prepayment in the event the Series 2021B Lease terminates prior to payment in full of all of the Basic Lease Payments due thereunder, to the extent the Trustee has monies

3

ACTIVE 55142566v6

available for such purpose pursuant to the Series 2021B Trust Agreement and the Series 2021B Lease, to the extent and subject to the limitations provided in the Series 2021B Lease-1.

Section 9. Other Special Provisions.

A. Representations.

(i) The School Board hereby represents, covenants and warrants that adequate water, sanitary sewer and storm sewer utilities, electric power, telephone and other utilities are available to the Series 2021B Facility Site, or the cost of making them available is included in the School Board's acquisition and construction budget for the Series 2021B Facility.

(ii) The School Board hereby confirms its representations, covenants and warranties set forth in Section 2.10, 5.12 and 5.13 of the Master Lease and all references therein to the Facilities shall include the Series 2021B Facility, except that all references therein to the Master Lease shall be deemed to refer to the Master Lease as supplemented by this Schedule 2021B, and except as otherwise provided below. The Corporation hereby confirms its representations, covenants and warranties set forth in Section 2.11 of the Master Lease and all references therein to the Facilities shall include the Series 2021B Facility, except that all references therein to the Master Lease shall be deemed to refer to the Master Lease as supplemented by this Schedule 2021B, and except as otherwise provided below.

(iii) The School Board and the Corporation hereby represent that the Master Lease is in effect and that to their knowledge there are no defaults on the date of execution of this Schedule 2021B under any Lease, Ground Lease or the Trust Agreement.

B. Continuing Disclosure. The School Board hereby covenants and agrees to comply with the terms and provisions of the Disclosure Agreement. Notwithstanding any other provision of the Series 2021B Lease, failure of the School Board to comply with the Disclosure Agreement shall not be considered an Event of Default; however, provided it has been satisfactorily indemnified in accordance with Section 602 of the Master Trust Agreement as if it were proceeding under Section 602 of the Master Trust Agreement, the Trustee may (and, at the written request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount in Outstanding Series 2021B Certificates, shall) or any Holder of the Series 2021B Certificates or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the School Board to comply with its obligations under this Section 9.B. For purposes of this Section, “Beneficial Owner” means any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2021B Certificates (including persons holding Series 2021B Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2021B Certificates for federal income tax purposes.

C. Section 3.4(b) of the Master Lease. For purposes of the Series 2021B Lease, Section 3.4(b) of the Master Lease shall read as follows:

(b) **Option B - Deposit to Lease Payment Account or Acquisition Account.** Provided, however, if the School Board has determined that its operations have not been materially affected and that it is not in the best interest of the School Board to repair, restore or replace that portion of the Facilities as damaged, destroyed or condemned, then the School Board shall not be required to comply with the provisions of subparagraph (a) set forth above. If the Net Proceeds are (i) less than ten percent (10%) of the Remaining Principal Portion of the Basic Lease Payments relating to such Facilities and (ii) equal to

4

ACTIVE 55142566v6

or less than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year under such Lease, then such Net Proceeds may, at the option of the School Board, (x) be deposited in the Lease Payment Account for the Series of Certificates relating to such Facilities to be credited against Basic Lease Payments next coming due in accordance with Section 3.2(c) hereof or (y) deposited in the Acquisition Account for the Series of Certificates relating to such Facilities and applied to pay the Costs of other Facilities, in which case such other Facilities shall become subject to the provisions of the related Lease as fully as if they were the originally leased Facilities. If the Net Proceeds are (i) equal or greater than ten percent (10%) of the Remaining Principal Portion of the Basic Lease Payments relating to such Facilities or (ii) greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year under such Lease, then the Net Proceeds shall be deposited in the Acquisition Account for the Series of Certificates relating to such Facilities and applied to pay the Costs of other Facilities, in which case such other Facilities shall become subject to the provisions of the related Lease as fully as if they were the originally leased Facilities; provided, however, at the direction of the School Board, upon delivery to the Trustee of a Favorable Opinion, such Net Proceeds shall be deposited in the Lease Payment Account for the Series of Certificates relating to such Facilities to be credited against Basic Lease Payments next coming due in accordance with Section 3.2(c) hereof.

D. Amendment of Section 6.4 of the Master Lease. For purposes of the Series 2021B Lease, the following provision shall become effective upon execution by the School Board and the Corporation of this Schedule 2021B and the consent of the holders of a majority in principal amount of the Outstanding Certificates representing an interest in the Basic Lease Payments made under this Schedule 2021B. Purchase of the Series 2021B Certificates, except initial purchase by a Participating Underwriter, shall constitute consent by holders of the Series 2021B Certificates. .

SECTION 6.4. Substitution of Facilities. To the extent permitted by law, on or after the Completion Date the School Board may substitute for any Facilities other facilities owned by the School Board, provided such substituted facilities (a) have the same or a greater remaining useful life, (b) have a fair market value equal to or greater than the Facilities for which they are substituted, (c) are of substantially equal utility as the Facilities to be replaced and meet the requirement of Section 5.9 hereof, (d) are free and clear of all liens and encumbrances, except Permitted Encumbrances and (e) if required by law, are approved by the State Department of Education. In addition, to the extent permitted by law, prior to the Completion Date the School Board may release and/or substitute for any facilities to be acquired, constructed and installed under a particular Schedule other facilities to be acquired, constructed and installed, provided that (1) any substituted facilities satisfy the requirements of clauses (a), (c), (d) and (e) above and (2) following such substitution and/or release, the sum of (x) with respect to Facilities for which a Certificate of Acceptance has not been delivered, the Cost of the acquisition, construction and installation of the Facilities plus (y) with respect to Facilities for which a Certificate of Acceptance has been delivered, the fair market value of the Facilities, financed under the Schedule from which the Facilities are to be substituted and/or released is greater than or equal to the remaining principal portion of Basic Lease Payments due under such Schedule. In order to effect such substitution, the Facilities to be replaced shall be released from the encumbrance of the related Lease and Ground Lease by appropriate instrument executed by the School Board and the Corporation (or Trustee as assignee of the Corporation) in form sufficient to leave good and marketable fee simple title to such Facilities in the School Board subject only to Permitted Encumbrances, and the Facilities to be substituted shall likewise be incorporated in the appropriate Lease and Ground Lease modifications. The

5

ACTIVE 55142566v6

related Schedule shall be appropriately amended, and the related Ground Lease shall be amended or canceled and replaced, to reflect such substitution.

There shall also be delivered at the time of substitution an Opinion of Counsel as described in Section 6.1 hereof with respect to the substitute Facility Site.

For purposes hereof, "fair market value" shall be determined on the basis of an assessment prepared by the School Board.

E. Execution in Counterparts and/or Electronically Signed and/or Transmitted Signatures. This Schedule may be executed in several counterparts, each of which shall be an original and all of which constitute but one and the same instrument. Executed counterparts of this Schedule with signatures sent by electronic mail (i.e., in PDF format) or signed electronically via an electronic signature provider may be used in the place of original signatures on this Schedule, as set forth in Section 668.50, Florida Statutes. The parties intend to be bound by the signatures of the electronically mailed or signed signatures and the delivery of the same shall be effective as delivery of an original executed counterpart of this Schedule and any other closing certificates executed in connection with this Schedule. The parties to this Schedule hereby waive any defenses to the enforcement of the terms of this Schedule based on the form of the signature, and hereby agree that such electronically mailed or signed signatures shall be conclusive proof, admissible in judicial proceedings, of the parties' execution of this Schedule.

Section 10. Effective Date. Schedule 2021B, dated as of May 1, 2021, shall be effective on the Closing Date.

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IN WITNESS WHEREOF, the Corporation has caused this Schedule 2021B to be executed in its corporate name by its duly authorized officers, and the School Board has caused this Schedule 2021B to be executed in its name by its duly authorized members or officers all as of the day and year first written above.

[SEAL]

**PALM BEACH SCHOOL BOARD
LEASING CORP.**

Attest:

By: _____
Dr. Donald E. Fennoy II
Secretary

By: _____
Frank A. Barbieri, Jr., Esq.
President

[SEAL]

**THE SCHOOL BOARD OF PALM BEACH
COUNTY, FLORIDA**

Attest:

By: _____
Dr. Donald E. Fennoy II
Secretary

By: _____
Frank A. Barbieri, Jr., Esq.
Chair

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**SERIES 2021A
GROUND LEASE**

Dated as of May 1, 2021

BETWEEN

**THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA
acting as the governing body of
the School District of Palm Beach County, Florida,
as Lessor**

AND

**PALM BEACH SCHOOL BOARD LEASING CORP.
as Lessee**

(Series 2021A Facility Sites)

TABLE OF CONTENTS

	<u>Page</u>
Section 1. Lease of Series 2021A Facility Sites	5
Section 2. Ground Lease Term; Option to Renew	7
Section 3. Rent	8
Section 4. Title to Series 2021A Facility Sites; Possession	9
Section 5. Use of Series 2021A Facility Sites; Assignments and Subleases	10
Section 6. Right of Entry	11
Section 7. Default	11
Section 8. Quiet Enjoyment	11
Section 9. Liens	11
Section 10. Condemnation	12
Section 11. Estoppel Certificates	12
Section 12. Amendments	12
Section 13. Binding Effect	12
Section 14. No Merger of Leasehold Estate	13
Section 15. Notices	13
Section 16. Severability	13
Section 17. Applicable Law	13
Section 18. Execution in Counterparts and Electronically Signed and/or Transmitted Signatures	13
Section 19. Memorandum of Lease	14
Section 20. No Personal Liability	14
Section 21. Radon	14

EXHIBIT A Series 2021A Facility Sites

WHEREAS, the School Board desires to lease-purchase one or more particular educational facilities to be located on the Series 2021A Facility Sites, and desires to lease-purchase certain other educational facilities and sites (individually and collectively, the "Series 2021A Facilities"), pursuant to Schedule 2021A to the Master Lease (which schedule, upon being executed and delivered by the School Board and the Corporation, together with the terms and provisions of the Master Lease, constitutes a separate lease, as the same may be amended or supplemented from time to time, the "Series 2021A Lease"); and

WHEREAS, it is possible that a portion of the Series 2021A Facilities may be attached to one or more existing structures of the School Board adjacent to the Series 2021A Facility Sites; may be dependent upon adjacent property of the School Board for pedestrian and vehicular ingress, egress and access to and from and between the Series 2021A Facility Sites and the public roads adjoining the adjacent property of the School Board ("Access"); and may further be dependent upon the School Board's adjacent property for utility and other services which would be necessary for the full use and enjoyment of the Series 2021A Facility Sites including, but not limited to, drainage, sewer and water service, electric, telephone and gas service and parking of vehicles (collectively, "Services"); and

WHEREAS, the Corporation desires to acquire from the School Board, pursuant to this Series 2021A Ground Lease, and the School Board is willing to grant to the Corporation, the right to utilize the adjacent property of the School Board to the extent reasonably necessary for Access and for the Services, and the Corporation and the School Board desire to provide for the structural attachment of certain of the Series 2021A Facilities to the adjacent property of the School Board; and

WHEREAS, the School Board has on March 3, 2021, after due notice as required by law, held an open, public meeting on the proposal of entering into this Series 2021A Ground Lease, at which meeting a copy of this Series 2021A Ground Lease in substantially final form was available for inspection and review by the public; and

WHEREAS, provisions for the payment of the cost of acquiring and constructing the Series 2021A Facilities have been made by (a) establishing a trust pursuant to the Master Trust Agreement dated as of November 1, 1994, as supplemented by a Series 2021A Supplemental Trust Agreement dated as of May 1, 2021 (as the same may be further amended or supplemented from time to time, the "Trust Agreement"), between the Corporation and The Bank of New York Mellon Trust Company, N.A. (successor in interest to NationsBank of Florida, N.A.), Jacksonville, Florida, as trustee (the "Trustee"), and irrevocably assigning to the Trustee without recourse all of the Corporation's right, title and interest in and to this Series 2021A Ground Lease and the Series 2021A Lease (as defined in the Trust Agreement), except for certain rights to indemnification, to receive notices and to hold title to the Series 2021A Facilities, (b) directing the Trustee for such trust to execute and deliver to the public Certificates of Participation, Series 2021A (the "Series 2021A Certificates") evidencing undivided proportionate interests of the Owners thereof in the right to receive Basic Lease Payments to be made by the School Board, as lessee, pursuant to the Series 2021A Lease and (c) directing the Trustee to hold the proceeds of sale of the Series 2021A Certificates in trust subject to application only to pay the costs of acquisition and construction of the Series 2021A Facilities (as defined in the Trust Agreement) (collectively, the "Series 2021A Facilities"); and

**SERIES 2021A GROUND LEASE
(Series 2021A Facility Sites)**

THIS SERIES 2021A GROUND LEASE dated as of May 1, 2021, between THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA, (the "School Board") acting as the governing body of the School District of Palm Beach County, Florida (the "District"), as Lessor, and the PALM BEACH SCHOOL BOARD LEASING CORP. (the "Corporation"), a not-for-profit corporation organized and existing under and pursuant to Chapter 617 and Section 1001.453, Florida Statutes, as Lessee. Capitalized terms used, but not defined, herein shall have the meanings assigned thereto in the hereinafter described Trust Agreement.

WITNESSETH:

WHEREAS, the School Board has the power, under Section 1001.42(2), Florida Statutes, as amended, to receive, purchase, acquire, lease, sell, hold, transmit and convey title to real and personal property for educational purposes, and under Sections 1001.42(11), 1003.02(1)(f) and 1013.15(2), Florida Statutes, as amended, to enter into leases or lease-purchase agreements of grounds and educational facilities, or of educational facilities for school purposes; and

WHEREAS, the Corporation has the authority to acquire educational facilities by lease or deed for the benefit of the School Board; and

WHEREAS, the Corporation is a "private corporation" within the meaning of Section 1001.42(11)(b)5, Florida Statutes, as amended, and is a "direct support organization" within the meaning of Section 1001.453, Florida Statutes, as amended; and

WHEREAS, in order to carry out its powers and authority to acquire facilities and equipment, the School Board and the Corporation have entered into a Master Lease Purchase Agreement dated as of November 1, 1994, as amended as of May 12, 2020 (as the same may be further amended and supplemented from time to time, the "Master Lease"); and

WHEREAS, the School Board owns or holds a long-term lease on certain real property located in Palm Beach County, Florida and described in **Exhibit A** attached hereto, as the same may be amended from time to time by the addition of parcels of land to be acquired by the School Board in the future pursuant to one or more supplements thereto (which real property, together with all buildings, structures and improvements now or hereafter erected or situated thereon, any easements or other rights or privileges in adjoining property inuring to the fee simple owner or lessee of such land by reason of ownership of such land or a leasehold interest in such land, and all fixtures, additions, alterations or replacements thereto, now or hereafter located in, on or used in connection with or attached or made to such land is hereinafter referred to as a "Series 2021A Facility Site" or, in the case of separate parcels, such parcels are herein collectively referred to as the "Series 2021A Facility Sites"); and

WHEREAS, the costs of acquisition and construction of the Series 2021A Facilities may be financed by the issuance of refunding certificates and such refunding certificates would also represent a portion of the Basic Lease Payments due under the Series 2021A Lease (the Series 2021A Certificates, together with any other certificates which represent a portion of the Basic Lease Payments set forth in the Series 2021A Lease, the "Certificates"); and

WHEREAS, each Series 2021A Certificate represents an undivided proportionate interest in the principal portion of the Basic Lease Payments set forth in the Series 2021A Lease due and payable on the maturity date or earlier prepayment date of the Series 2021A Certificates and in the interest portion of the Basic Lease Payments set forth in the Series 2021A Lease due and payable semiannually, to and including such maturity date or earlier prepayment date; and

WHEREAS, the Corporation will assign to the Trustee all of its right, title and interest in and to this Series 2021A Ground Lease, the Series 2021A Lease and the Series 2021A Lease Payments (except for certain indemnification rights and the right of the Corporation to hold title to the Series 2021A Facilities and to receive notices), pursuant to the Series 2021A Assignment Agreement dated as of May 1, 2021 (as the same may be amended or supplemented from time to time, the "Series 2021A Assignment Agreement"); and

WHEREAS, the School Board intends for the Series 2021A Ground Lease to remain in full force and effect until 31 days after the last Lease Payment Date for the Series 2021A Facilities until payment in full of the Series 2021A Certificates, unless sooner terminated in accordance with the terms provided therein; and

WHEREAS, the School Board intends for this Series 2021A Ground Lease to remain in full force and effect until the termination of the Lease Term, as provided below.

NOW, THEREFORE, the School Board and the Corporation accordingly hereby covenant and agree as follows:

Section 1. Lease of Series 2021A Facility Sites. Subject to Permitted Encumbrances (as described in Exhibit A attached hereto and made a part hereof), the School Board hereby demises and leases the Series 2021A Facility Sites, more particularly described in Exhibit A, as the same may be amended from time to time pursuant to one or more supplements thereto, to the Corporation, and the Corporation hereby hires, takes and leases the Series 2021A Facility Sites from the School Board, for the term, at the rental and on the conditions herein set forth. Such demising and leasing shall include the following rights:

- (i) The right to utilize the adjacent property of the School Board for Access and for the Services reasonably necessary to the full use and enjoyment of the Series 2021A Facility Sites; provided that the locations on the adjacent property of the School Board utilized for such purposes shall be reasonably agreed upon by the Corporation and the School Board; and provided, further, that the rights shall include, but not necessarily be limited to, the right to utilize for such purposes any portion of the adjacent property of the School Board (e.g., the rights shall include, but not necessarily be limited to, the right to utilize for appropriate purposes, any drives, parking areas, drainage facilities or sewer, water, gas, electric or telephone lines from time to time

located upon the adjacent property of the School Board, together with the right to "tie-in" or "connect" thereto). If the Lease Term of the Series 2021A Lease terminates prior to the termination of the term of this Series 2021A Ground Lease, the School Board and the Corporation shall each have the right to install such meters or submeters as may be reasonably appropriate to the end that the Corporation is charged for consumption of such utilities on the Series 2021A Facility Sites.

(ii) The adjacent property of the School Board and the Series 2021A Facilities may contain certain elements, features or parts which are structural elements of both the adjacent property of the School Board and the Series 2021A Facilities. Such structural elements include, but are not necessarily limited to, the following:

(A) All utility lines, ducts, conduits, pipes and other utility fixtures and appurtenances which are located on or within either the Series 2021A Facility Sites or Series 2021A Facilities on the one hand or the adjacent property of the School Board on the other hand and which, directly or indirectly, in any way, service the other.

(B) All division walls (hereinafter referred to as "Party Walls") between the Series 2021A Facilities and the adjacent property of the School Board upon the common line between the Series 2021A Facility Sites and the adjacent property of the School Board (hereinafter referred to as the "Lot Line") provided that the mere fact that such a division wall is found not to be on the Lot Line shall not preclude that division wall from being a Party Wall.

(C) The roof and all roof support structures and any and all appurtenances to such roof and roof support structures including, without limitation, the roof covering, roof trim and roof drainage fixtures (collectively referred to as "Roofing") to the extent interrelated between the Series 2021A Facility Sites and the adjacent property of the School Board. Should the Roofing of any Series 2021A Facilities extend beyond the Lot Line, the right therefor is hereby granted and should the Roofing of the adjacent property of the School Board extend beyond the Lot Line onto the Series 2021A Facility Sites, the right therefor is hereby reserved.

(D) The entire concrete floor slab or wood floor system if utilized in lieu thereof and all foundational and support structures and appurtenances thereto to the extent interrelated between the Series 2021A Facilities and the adjacent property of the School Board (collectively referred to as "Flooring"). Should the Flooring of the Series 2021A Facilities extend beyond the Lot Line, the right therefor is hereby granted and should the Flooring of the adjacent property of the School Board extend beyond the Lot Line onto the Series 2021A Facility Sites, the right therefor is hereby reserved.

(iii) The Series 2021A Facility Sites rights further include the right of the Series 2021A Facilities to encroach upon the adjacent property of the School Board as a result of minor inaccuracies in survey, construction or reconstruction or due to

6

ACTIVE 55142502v3

Series 2021A Lease pursuant to Section 7.3 of the Master Lease, together in each case with payment of the sum of \$1.00. This Series 2021A Ground Lease may likewise be modified at the request of the School Board at any time, upon similar notice and modification of the Series 2021A Lease (a) to reflect the substitution of all or a portion of the Series 2021A Facilities and Series 2021A Facility Sites in accordance with Section 6.4 of the Master Lease, or (b) upon payment or provision for payment of the Purchase Option Price of all or a portion of one or more particular Series 2021A Facilities pursuant to Section 7.3 of the Master Lease, to reflect the release of one or more portions of the Series 2021A Facility Sites from this Series 2021A Ground Lease.

Section 3. Rent. (a) So long as the Lease Term has not been terminated as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the Corporation shall pay to the School Board as and for rental for the Series 2021A Facility Sites the sum of one dollar (\$1.00) per annum, which sum shall be due in advance on the Commencement Date (prorated) and annually thereafter on the first day of each renewal Lease Term. At the option of the Corporation, the Corporation may prepay all or a portion of the ground rent payable hereunder for the entire initial lease term hereof from the proceeds of sale of the Series 2021A Certificates or otherwise.

(b) From and after the date on which the Lease Term shall have been terminated as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the Corporation shall pay as and for rental for the Series 2021A Facility Sites an amount determined by an M.A.I. appraisal to be the fair market rental for the Series 2021A Facility Sites (the "Appraisal"), which Appraisal shall be prepared by an appraiser selected by the Trustee as assignee of the Corporation (the cost of such Appraisal to be paid by the Trustee from funds held by it under the Trust Agreement and reimbursed as provided in Article VI of the Trust Agreement); provided, however, that such fair market rental and the payment thereof shall be subject to the following adjustments and conditions:

(i) if the Lease Term shall have been terminated on a date other than June 30 of any year, the fair market rental determined pursuant to the Appraisal shall be prorated for the number of days between the date of termination and the next succeeding June 30;

(ii) for each twelve month period beginning on the July 1 next succeeding the date on which such termination occurs and beginning on each succeeding July 1, the amount of the fair market rental determined by the Appraisal shall be adjusted by the percentage (positive or negative) which is equal to the Implicit Price Deflator of the Consumer Price Index published by the United States Department of Commerce for the region of the United States where Florida is located or for the United States as a whole if not so published for such region;

(iii) the fair market rental due in any year shall be paid in the current year only to the extent that the moneys received by the Trustee as assignee of the Corporation from the exercise of the remedies permitted under the Series 2021A Lease during the preceding twelve months prior to such July 1 exceeded the principal and interest portion of Basic Lease Payments under the Series 2021A Lease payable for such

8

ACTIVE 55142502v3

settlement or movement. The encroaching Series 2021A Facilities shall remain undisturbed for as long as same exist and, for so long as such encroachment exists, that portion of the adjacent property of the School Board on which same exists shall be deemed to be a part of the Series 2021A Facility Sites. In addition, the Series 2021A Facility Sites rights include the right to utilize that portion of the adjacent property of the School Board as may be reasonably necessary in order to maintain and repair the Series 2021A Facilities. The Series 2021A Facility Sites rights further include cross rights of support and use over, upon, across, under, through and into the common structural elements in favor of the Corporation (and like rights are hereby reserved unto the School Board) for the continued use, benefit and enjoyment and continued support, service, maintenance and repair of all such common structural elements.

The School Board, at its sole expense, shall bring or cause to be brought to the Series 2021A Facility Sites adequate connections for water, electrical power, telephone, storm sewerage and sewerage, and shall arrange with the appropriate utility companies for furnishing such services and shall provide to the Series 2021A Facility Sites water services and capacity sufficient for the contemplated operation of the Series 2021A Facilities thereon; including, but not limited to, heating, ventilation and air conditioning equipment. Either the School Board or the Corporation shall have the right, at its own expense, to request and receive telephone and communication services from the utility companies furnishing such services subject to the customary rules and regulations of said utility companies whether the companies deliver such services directly through their own conduits or pipes, or through conduits and pipes owned by the School Board. The School Board agrees to grant such utility companies rights of access over, under and across the remaining property of the School Board adjoining the Series 2021A Facility Sites, if any, as shall be necessary and convenient for the efficient operation of the Series 2021A Facility Sites, and which do not materially impair the present and future uses of such remaining property of the School Board, if any.

Section 2. Ground Lease Term; Option to Renew. The initial Ground Lease Term for the Series 2021A Facility Sites shall commence on the commencement date of the Series 2021A Lease (the "Commencement Date") and shall end on August 1, 2045. If, upon the termination of the Lease Term as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the Corporation or the Trustee as the assignee of the Corporation excludes the School Board from possession of the Series 2021A Facility Sites and Series 2021A Facilities, the School Board grants to the Corporation the right and option to renew this Series 2021A Ground Lease for an additional term not to exceed five (5) years, at a fair market rental to be determined, adjusted and paid in the manner set forth in Section 3 of this Series 2021A Ground Lease.

Notwithstanding the foregoing, this Series 2021A Ground Lease may be terminated by the School Board on any date prior to the end of the initial term or any renewal term hereof, which date is at least one (1) day after the date of termination of the Series 2021A Lease, upon not less than ten (10) days prior written notice to the Corporation, (a) to reflect the addition of, or modification to, the description of Series 2021A Facility Sites, (b) upon payment of the Purchase Option Price, pursuant to Section 7.2 of the Master Lease, with respect to the Series 2021A Facilities, and full performance and satisfaction of the School Board's obligations under the Series 2021A Lease, or (c) upon the provision for payment of all Lease Payments under the

7

ACTIVE 55142502v3

preceding twelve months and other amounts described in Section 504 of the Trust Agreement; provided, however, that any portion of such fair market rental not paid in any year due to the provisions of this clause (iii) shall remain due and payable and shall accumulate from year to year and shall be paid in any future year to the extent that moneys received in such year from the exercise of the remedies permitted by the Series 2021A Lease exceed the principal and interest portion of Basic Lease Payments under the Series 2021A Lease and other amounts described in Section 504 of the Trust Agreement and the fair market rental due in such years; and

(iv) the failure to pay any portion of the fair market rental in any year due to insufficiencies of moneys realized from the exercise of the remedies permitted under the Series 2021A Lease (1) shall not give rise to any obligation to pay interest on such unpaid fair market rental and (2) shall not constitute a default under this Series 2021A Ground Lease by the Corporation or the Trustee as the assignee of the Corporation.

Section 4. Title to Series 2021A Facility Sites; Possession. (a) Upon the Commencement Date and throughout the term of this Series 2021A Ground Lease, fee title to the Series 2021A Facility Sites shall be in the name of the School Board, subject to Permitted Encumbrances; title to the Series 2021A Facilities constructed on the Series 2021A Facility Sites shall be in the name of the Corporation and shall remain severed from title to the Series 2021A Facility Sites until the earlier of (i) payment in full, or provision for payment, of all Lease Payments under the Series 2021A Lease or payment of the then applicable Purchase Option Price of the Series 2021A Facilities, in accordance with Sections 7.2 or 7.3 of the Master Lease and Section 2 hereof, or (ii) the end of the term of this Series 2021A Ground Lease.

(b) The Corporation shall at all times during the term of this Series 2021A Ground Lease have a leasehold estate in the Series 2021A Facility Sites with full right to vest the use, enjoyment and possession of such leasehold estate therein in a Permitted Transferee (as defined herein).

(c) Possession and use of the Series 2021A Facility Sites, together with all improvements thereon, shall, upon the last day of the term of this Series 2021A Ground Lease or earlier termination of this Series 2021A Ground Lease pursuant to Section 2 hereof, automatically revert to the School Board free and clear of liens and encumbrances other than Permitted Encumbrances without necessity of any act by the Corporation or any Permitted Transferee. Upon such termination of this Series 2021A Ground Lease, the Corporation shall peaceably and quietly surrender to the School Board the Series 2021A Facility Sites together with any improvements located in or upon the Series 2021A Facility Sites. Upon such surrender of the Series 2021A Facility Sites, the Corporation or any Permitted Transferee, at the reasonable request of the School Board, shall execute an instrument in recordable form evidencing such surrender and shall deliver to the School Board all books, records, construction plans, surveys, permits and other documents relating to, and necessary or convenient for, the operation of the Series 2021A Facility Sites in the possession of the Corporation or any Permitted Transferee.

(d) Any personal property of the Corporation, any Permitted Transferee or any Person which shall remain on the Series 2021A Facility Sites after expiration or earlier

9

ACTIVE 55142502v3

termination of the term of this Series 2021A Ground Lease and for thirty (30) days after request by the School Board for removal, shall, at the option of the School Board, be deemed to have been abandoned and may be retained by the School Board and the same may be disposed of, without accountability, in such manner as the School Board may see fit.

(e) If the Corporation or any Permitted Transferee holds over or refuses to surrender possession of the Series 2021A Facility Sites after expiration or earlier termination of this Series 2021A Ground Lease, the Corporation or any Permitted Transferee shall be a tenant at sufferance and shall pay rent equal to the fair market rental of the Series 2021A Facility Sites determined in the manner provided in Section 3(b) hereof.

Section 5. Use of Series 2021A Facility Sites; Assignments and Subleases. The Corporation may use the Series 2021A Facility Sites for any lawful purpose; however, the parties agree that unless the Series 2021A Lease shall have been terminated as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the Series 2021A Facility Sites shall be used solely for educational purposes. Unless the Series 2021A Lease shall have been so terminated, no assignment of this Series 2021A Ground Lease or subletting of the Series 2021A Facility Sites may be made except as provided in the Series 2021A Assignment Agreement, the Series 2021A Lease and the Trust Agreement without the prior written consent of the School Board. In the event that the Series 2021A Lease shall be terminated pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, then the Corporation's interest in this Series 2021A Ground Lease may be assigned by the Trustee to any third party (a "Permitted Transferee"), who may alter, modify, add to or delete from the Series 2021A Facilities existing from time to time on the Series 2021A Facility Sites.

The School Board represents and covenants that the Series 2021A Facility Sites are presently zoned to allow government use, and that the School Board shall take no action with respect to zoning or other land use regulation applicable to the Series 2021A Facility Sites except as directed by the Corporation. The School Board shall do everything in its power to assist the Corporation in obtaining such building permits, subdivision approvals, or zoning changes or variances as the Corporation may deem necessary or desirable or such other permits, licenses, approvals or other actions which the Corporation deems necessary or desirable in order to enable the Corporation to use the Series 2021A Facility Sites for such purposes as the Corporation shall determine, provided, however, that neither the Corporation nor any Permitted Transferee shall use or permit the Series 2021A Facility Sites to be used in violation of any valid present or future laws, ordinances, rules or regulations of any public or governmental authority at any time applicable thereto.

It is understood that all right, title and interest of the Corporation in and to this Series 2021A Ground Lease is to be irrevocably assigned by the Corporation to the Trustee pursuant to the Series 2021A Assignment Agreement, except that the Corporation shall continue to hold title to the Series 2021A Facilities as described in Section 4 hereof and in the Series 2021A Lease. The School Board agrees that upon such assignment the Trustee shall have all of the rights of the Corporation hereunder assigned to the Trustee, notwithstanding any claim, defense, setoff or counterclaim whatsoever (whether arising from a breach of this Series 2021A Ground Lease or otherwise) that the School Board may from time to time have against the Corporation or any person or entity associated or affiliated therewith. The School Board acknowledges that the

10

ACTIVE 55142502v3

Section 10. Condemnation. In the event that any person, public or private, shall by virtue of eminent domain or condemnation proceedings, or by purchase in lieu thereof, at any time during the Ground Lease Term acquire title to the Series 2021A Facility Sites:

(a) So long as the Series 2021A Lease is in effect, the Net Proceeds resulting therefrom shall be applied pursuant to the Master Lease as may be modified by the Series 2021A Lease.

(b) After the end of the Lease Term of the Series 2021A Lease, (i) if such person acquires title to such a substantial portion of the Series 2021A Facility Sites that the Corporation determines that it cannot economically make use of the residue thereof for the lawful purposes intended or permitted by this Series 2021A Ground Lease, such acquisition of title or payment of such claim shall terminate the Ground Lease Term, effective as of the date on which the condemning party takes possession thereof or on the date of payment of such claim, as applicable, and the Net Proceeds resulting therefrom shall be paid to the School Board and the Corporation, as their respective interests may appear; and (ii) if such person acquires title to a portion of the Series 2021A Facility Sites such that the Corporation determines that it can economically make beneficial use of the residue thereof for the purposes intended by this Series 2021A Ground Lease, then this Series 2021A Ground Lease shall continue in full force and effect and the Net Proceeds resulting therefrom shall be paid to the School Board and the Corporation, as their respective interests appear.

(c) Any taking of any portion of the Series 2021A Facility Sites shall be deemed substantial hereunder.

(d) It is understood that the foregoing provisions of this Section 10 shall not in any way restrict the right of the School Board or the Corporation to appeal the award made by any court or other public agency in any condemnation proceeding.

Section 11. Estoppel Certificates. The School Board, at any time and from time to time, upon not less than thirty (30) days prior written notice from the Corporation, will execute, acknowledge and deliver to the Corporation, or to whomsoever it may direct, a certificate of the School Board certifying that this Series 2021A Ground Lease is unmodified (or, if there have been any modifications, identifying the same), that this Series 2021A Ground Lease is in full force and effect and that there is no default hereunder (or, if so, specifying the default). It is intended that any such certificate may be relied upon by any Person.

Section 12. Amendments. No amendment may be made to this Series 2021A Ground Lease without the prior written consent of the Trustee. Notwithstanding the foregoing, this Series 2021A Ground Lease may be amended without the prior written consent of the Trustee for the purpose of adding or modifying a legal description and/or the permitted encumbrances for any designated Series 2021A Facility Site. Copies of all amendments hereto shall be provided to each Rating Agency (as defined in the Trust Agreement), whether effected pursuant to Section 702 or Section 703 of the Trust Agreement.

Section 13. Binding Effect. This Series 2021A Ground Lease shall inure to the benefit of and shall be binding upon the Corporation and the School Board and their respective

12

ACTIVE 55142502v3

Trustee is acting on behalf of the holders of the Series 2021A Certificates and any other Certificates representing an undivided proportionate interest in a portion of the Basic Lease Payments payable under the Series 2021A Leases, and may, under certain circumstances assign this Series 2021A Ground Lease to a Permitted Transferee.

Notwithstanding anything to the contrary herein or in any exhibit, instrument, document or paper relating to this Series 2021A Ground Lease or any of the transactions contemplated hereby, the parties hereto acknowledge and agree that upon the assignment by the Corporation of its rights hereunder to the Trustee pursuant to the Series 2021A Assignment Agreement, the Corporation shall have no further obligation, liability or responsibility hereunder and no party hereto nor its successors or assigns shall look to the Corporation for any damages, expenses, fees, charges or claims with respect to the failure of any obligations hereunder to be performed.

Section 6. Right of Entry. Unless the Series 2021A Lease shall have been terminated as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the School Board shall have the right for any of its duly authorized representatives to enter upon the Series 2021A Facility Sites at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 7. Default. In the event the Corporation shall be in default in the performance of any obligation on its part to be performed under the terms of this Series 2021A Ground Lease, which default continues for sixty (60) days following notice and demand for correction thereof to the Corporation, the School Board may exercise any and all remedies granted by law; provided, however, that so long as any Series 2021A Certificates representing an undivided proportionate interest in a portion of the Basic Lease Payments payable under the Series 2021A Leases are outstanding and except as provided in Section 2 herein, this Series 2021A Ground Lease shall not be terminated. The School Board shall have recourse solely against the leasehold estate of the Corporation in the Series 2021A Facility Sites, and any proceeds thereof, for the payment of any liabilities of the Corporation hereunder.

Section 8. Quiet Enjoyment. The Corporation at all times during the term of this Series 2021A Ground Lease shall peacefully and quietly have, hold and enjoy the Series 2021A Facility Sites, without hindrance or molestation subject to the provisions hereof and of the Series 2021A Lease, the Series 2021A Assignment Agreement and the Trust Agreement.

Section 9. Liens. Unless the Series 2021A Lease shall have been terminated as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, neither the School Board nor the Corporation shall, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to such Series 2021A Facility Sites, other than Permitted Encumbrances. The School Board shall reimburse the Trustee for any expense incurred by the Trustee in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim. Upon termination of the Series 2021A Lease as provided above, the Corporation, the Trustee and any Permitted Transferee may enter into a mortgage or other encumbrance of its leasehold estate in the Series 2021A Facility Sites, provided, however, that the School Board's title to the Series 2021A Facility Sites shall not be subject to or encumbered by any such mortgage or other encumbrance, including without limitation any mechanic's or materialman's liens.

11

ACTIVE 55142502v3

successors and assigns, provided, however, that the Trustee is entitled to the benefits of the provisions hereof.

Section 14. No Merger of Leasehold Estate. There shall be no merger of this Series 2021A Ground Lease or of the leasehold estate hereby created with the fee estate in the Series 2021A Facility Sites by reason of the fact that, through the exercise of remedies hereunder or otherwise, the same person may acquire or hold, directly or indirectly, this Series 2021A Ground Lease or leasehold estate hereby created or any interest herein or therein, and the fee estate in the Series 2021A Facility Sites or any interest in such fee estate. There shall be no merger of this Series 2021A Ground Lease with the Series 2021A Lease by reason of the fact that the School Board is the owner of the fee title to the Series 2021A Facility Sites and the leasehold estate in the Series 2021A Facilities created under the Series 2021A Lease or by reason of the fact that the Corporation is the owner of the leasehold estate in the Series 2021A Facility Sites created hereby and is the owner of the fee title in the Series 2021A Facilities as provided in the Series 2021A Lease.

Section 15. Notices. All notices, certificates, requests or other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when delivered by electronic means, including email, or mailed by certified mail, postage prepaid to the following addresses, or to such other address or addresses as shall be designated by the parties in writing:

Corporation:	3340 Forest Hill Boulevard West Palm Beach, Florida 33406 Attention: President
School Board:	3340 Forest Hill Boulevard West Palm Beach, Florida 33406 Attention: Superintendent of Schools
<u>With copies to</u>	
Trustee:	The Bank of New York Mellon Trust Company, N.A. 4655 Salisbury Road, Suite 300 Jacksonville, Florida 32256 Attention: Corporate Trust Department

Section 16. Severability. In the event any provision of this Series 2021A Ground Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 17. Applicable Law. This Series 2021A Ground Lease shall be governed by and construed in accordance with the laws of the State of Florida.

Section 18. Execution in Counterparts and Electronically Signed and/or Transmitted Signatures. This Series 2021A Ground Lease may be executed in several counterparts, each of which shall be an original and all of which constitute but one and the same

13

ACTIVE 55142502v3

instrument. Executed counterparts of this Series 2021A Ground Lease with signatures sent by electronic mail (i.e., in PDF format) or signed electronically via an electronic signature provider may be used in the place of original signatures on this Series 2021A Ground Lease, as set forth in Section 668.50, Florida Statutes. The parties intend to be bound by the signatures of the electronically mailed or signed signatures and the delivery of the same shall be effective as delivery of an original executed counterpart of this Series 2021A Ground Lease and any other closing certificates executed in connection with this Series 2021A Ground Lease. The parties to this Series 2021A Ground Lease hereby waive any defenses to the enforcement of the terms of this Series 2021A Ground Lease based on the form of the signature, and hereby agree that such electronically mailed or signed signatures shall be conclusive proof, admissible in judicial proceedings, of the parties' execution of this Series 2021A Ground Lease.

Section 19. Memorandum of Lease. Simultaneously with the execution of this Series 2021A Ground Lease, the School Board and the Corporation shall each execute, acknowledge and deliver a Memorandum of Lease with respect to this Series 2021A Ground Lease. Said Memorandum of Lease shall not in any circumstances be deemed to change or otherwise to affect any of the obligations or provisions of this Series 2021A Ground Lease. Upon the modification of this Series 2021A Ground Lease as provided in Section 2 hereof, the Memorandum of Lease shall be appropriately amended.

Section 20. No Personal Liability. No covenant or agreement contained in this Series 2021A Ground Lease shall be deemed to be the covenant or agreement of any member of the School Board or the Corporation or any officer, employee or agent of the School Board or the Corporation, or of any successor thereto, in an individual capacity, and neither the members of the School Board or the Corporation executing this Series 2021A Ground Lease nor any officer, employee, agent of the School Board or the Corporation shall be personally liable or accountable by reason of the execution or delivery hereof.

Section 21. Radon. Pursuant to Section 404.056, Florida Statutes, the following notification is hereby given: "RADON GAS: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit."

IN WITNESS WHEREOF, the Corporation has caused this Series 2021A Ground Lease to be executed in its corporate name and its corporate seal to be hereunto affixed and attested by its duly authorized officers and the School Board has caused this Series 2021A Ground Lease to be executed in its name and its seal to be hereunto affixed by its duly authorized officials, all as of the date first above written.

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

[SEAL]

By: _____
Frank A. Barbieri, Jr., Esq.
Chairman

Attest:

By: _____
Dr. Donald E. Fennoy II, Secretary

PALM BEACH SCHOOL BOARD LEASING CORP.

[SEAL]

By: _____
Frank A. Barbieri, Jr., Esq.
President

Attest:

By: _____
Dr. Donald E. Fennoy II, Secretary

STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

The undersigned, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Frank A. Barbieri, Jr., Esq. and Dr. Donald E. Fennoy II, personally known to me to be the same persons whose names are, respectively, as Chairman and Secretary, respectively of THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA, subscribed to the foregoing instrument, appeared before me this day, by means of physical presence or online notarization, and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said School Board, and delivered the said instrument as the free and voluntary act of said School Board and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ___ day of May, 2021.

NOTARY PUBLIC
SEAL OF OFFICE:

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print, Stamp or Type as Commissioned.)

- Personally known to me, or
- Produced identification

(Type of Identification Produced)

STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

The undersigned, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Frank A. Barbieri, Jr., Esq. and Dr. Donald E. Fennoy II, personally known to me to be the same persons whose names are, respectively, as President and Secretary, respectively of PALM BEACH SCHOOL BOARD LEASING CORP., a Florida not-for-profit corporation, subscribed to the foregoing instrument, appeared before me this day, by means of physical presence or online notarization, and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said corporation, and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ___ day of May, 2021.

NOTARY PUBLIC
SEAL OF OFFICE:

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print, Stamp or Type as Commissioned.)

- Personally known to me, or
- Produced identification

(Type of Identification Produced)

EXHIBIT A

SERIES 2021A FACILITY SITES

A. DESCRIPTION OF REAL ESTATE

05-C Boca Raton Area Elementary School

[TO FOLLOW]

03-000 Lake Worth Area High School

[TO FOLLOW]

B. PERMITTED ENCUMBRANCES

BOCA RATON AREA ELEMENTARY SCHOOL (05-C)

[TO FOLLOW]

LAKE WORTH AREA HIGH SCHOOL (03-000)

[TO FOLLOW]

NOTE: ALL RECORDING INFORMATION IS FROM THE PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA, UNLESS OTHERWISE SPECIFIED

A-1

ACTIVE 55142502v3

B-2

ACTIVE 55142502v3

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**SERIES 2021B
GROUND LEASE**

Dated as of May 1, 2021

BETWEEN

**THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA
acting as the governing body of
the School District of Palm Beach County, Florida,
as Lessor**

AND

**PALM BEACH SCHOOL BOARD LEASING CORP.
as Lessee**

(Series 2021B Facility Site)

TABLE OF CONTENTS

	<u>Page</u>
Section 1. Lease of Series 2021B Facility Site	5
Section 2. Ground Lease Term; Option to Renew	7
Section 3. Rent	8
Section 4. Title to Series 2021B Facility Site; Possession.....	9
Section 5. Use of Series 2021B Facility Site; Assignments and Subleases.....	10
Section 6. Right of Entry	11
Section 7. Default.....	11
Section 8. Quiet Enjoyment	11
Section 9. Liens.....	11
Section 10. Condemnation.....	12
Section 11. Estoppel Certificates	12
Section 12. Amendments	12
Section 13. Binding Effect.....	12
Section 14. No Merger of Leasehold Estate	13
Section 15. Notices	13
Section 16. Severability	13
Section 17. Applicable Law	13
Section 18. Execution in Counterparts and Electronically Signed and/or Transmitted Signatures.....	13
Section 19. Memorandum of Lease	14
Section 20. No Personal Liability	14
Section 21. Radon	14

EXHIBIT A Series 2021B Facility Site

WHEREAS, the School Board desires to lease-purchase one or more particular educational facilities to be located on the Series 2021B Facility Site, and desires to lease-purchase certain other educational facilities and sites (the "Series 2021B Facility"), pursuant to Schedule 2021B to the Master Lease (which schedule, upon being executed and delivered by the School Board and the Corporation, together with the terms and provisions of the Master Lease, constitutes a separate lease, as the same may be amended or supplemented from time to time, the "Series 2021B Lease"); and

WHEREAS, it is possible that a portion of the Series 2021B Facility may be attached to one or more existing structures of the School Board adjacent to the Series 2021B Facility Site; may be dependent upon adjacent property of the School Board for pedestrian and vehicular ingress, egress and access to and from and between the Series 2021B Facility Site and the public roads adjoining the adjacent property of the School Board ("Access"); and may further be dependent upon the School Board's adjacent property for utility and other services which would be necessary for the full use and enjoyment of the Series 2021B Facility Site including, but not limited to, drainage, sewer and water service, electric, telephone and gas service and parking of vehicles (collectively, "Services"); and

WHEREAS, the Corporation desires to acquire from the School Board, pursuant to this Series 2021B Ground Lease, and the School Board is willing to grant to the Corporation, the right to utilize the adjacent property of the School Board to the extent reasonably necessary for Access and for the Services, and the Corporation and the School Board desire to provide for the structural attachment of the Series 2021B Facility to the adjacent property of the School Board; and

WHEREAS, the School Board has on March 3, 2021, after due notice as required by law, held an open, public meeting on the proposal of entering into this Series 2021B Ground Lease, at which meeting a copy of this Series 2021B Ground Lease in substantially final form was available for inspection and review by the public; and

WHEREAS, provisions for the payment of the cost of acquiring and constructing the Series 2021B Facility have been made by (a) establishing a trust pursuant to the Master Trust Agreement dated as of November 1, 1994, as supplemented by a Series 2021B Supplemental Trust Agreement dated as of May 1, 2021 (as the same may be further amended or supplemented from time to time, the "Trust Agreement"), between the Corporation and The Bank of New York Mellon Trust Company, N.A. (successor in interest to NationsBank of Florida, N.A.), Jacksonville, Florida, as trustee (the "Trustee"), and irrevocably assigning to the Trustee without recourse all of the Corporation's right, title and interest in and to this Series 2021B Ground Lease and the Series 2021B Lease (as defined in the Trust Agreement), except for certain rights to indemnification, to receive notices and to hold title to the Series 2021B Facility, (b) directing the Trustee for such trust to execute and deliver to the public Certificates of Participation, Series 2021B (the "Series 2021B Certificates") evidencing undivided proportionate interests of the Owners thereof in the right to receive Basic Lease Payments to be made by the School Board, as lessee, pursuant to the Series 2021B Lease and (c) directing the Trustee to hold the proceeds of sale of the Series 2021B Certificates in trust subject to application only to pay the costs of acquisition and construction of the Series 2021B Facility (as defined in the Trust Agreement) (the "Series 2021B Facility"); and

**SERIES 2021B GROUND LEASE
(Series 2021B Facility Site)**

THIS SERIES 2021B GROUND LEASE dated as of May 1, 2021, between THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA, (the "School Board") acting as the governing body of the School District of Palm Beach County, Florida (the "District"), as Lessor, and the PALM BEACH SCHOOL BOARD LEASING CORP. (the "Corporation"), a not-for-profit corporation organized and existing under and pursuant to Chapter 617 and Section 1001.453, Florida Statutes, as Lessee. Capitalized terms used, but not defined, herein shall have the meanings assigned thereto in the hereinafter described Trust Agreement.

WITNESSETH:

WHEREAS, the School Board has the power, under Section 1001.42(2), Florida Statutes, as amended, to receive, purchase, acquire, lease, sell, hold, transmit and convey title to real and personal property for educational purposes, and under Sections 1001.42(11), 1003.02(1)(f) and 1013.15(2), Florida Statutes, as amended, to enter into leases or lease-purchase agreements of grounds and educational facilities, or of educational facilities for school purposes; and

WHEREAS, the Corporation has the authority to acquire educational facilities by lease or deed for the benefit of the School Board; and

WHEREAS, the Corporation is a "private corporation" within the meaning of Section 1001.42(11)(b)5, Florida Statutes, as amended, and is a "direct support organization" within the meaning of Section 1001.453, Florida Statutes, as amended; and

WHEREAS, in order to carry out its powers and authority to acquire facilities and equipment, the School Board and the Corporation have entered into a Master Lease Purchase Agreement dated as of November 1, 1994, as amended as of May 12, 2020 (as the same may be further amended and supplemented from time to time, the "Master Lease"); and

WHEREAS, the School Board owns or holds a long-term lease on certain real property located in Palm Beach County, Florida and described in **Exhibit A** attached hereto, as the same may be amended from time to time by the addition of parcels of land to be acquired by the School Board in the future pursuant to one or more supplements thereto (which real property, together with all buildings, structures and improvements now or hereafter erected or situated thereon, any easements or other rights or privileges in adjoining property inuring to the fee simple owner or lessee of such land by reason of ownership of such land or a leasehold interest in such land, and all fixtures, additions, alterations or replacements thereto, now or hereafter located in, on or used in connection with or attached or made to such land is hereinafter referred to as a "Series 2021B Facility Site" or, in the case of separate parcels, such parcels are herein collectively referred to as the "Series 2021B Facility Site"); and

WHEREAS, the costs of acquisition and construction of the Series 2021B Facility may be financed by the issuance of refunding certificates and such refunding certificates would also represent a portion of the Basic Lease Payments due under the Series 2021B Lease (the Series 2021B Certificates, together with any other certificates which represent a portion of the Basic Lease Payments set forth in the Series 2021B Lease, the "Certificates"); and

WHEREAS, each Series 2021B Certificate represents an undivided proportionate interest in the principal portion of the Basic Lease Payments set forth in the Series 2021B Lease due and payable on the maturity date or earlier prepayment date of the Series 2021B Certificates and in the interest portion of the Basic Lease Payments set forth in the Series 2021B Lease due and payable semiannually, to and including such maturity date or earlier prepayment date; and

WHEREAS, the Corporation will assign to the Trustee all of its right, title and interest in and to this Series 2021B Ground Lease, the Series 2021B Lease and the Series 2021B Lease Payments (except for certain indemnification rights and the right of the Corporation to hold title to the Series 2021B Facility and to receive notices), pursuant to the Series 2021B Assignment Agreement dated as of May 1, 2021 (as the same may be amended or supplemented from time to time, the "Series 2021B Assignment Agreement"); and

WHEREAS, the School Board intends for the Series 2021B Ground Lease to remain in full force and effect until 31 days after the last Lease Payment Date for the Series 2021B Facility until payment in full of the Series 2021B Certificates, unless sooner terminated in accordance with the terms provided therein; and

WHEREAS, the School Board intends for this Series 2021B Ground Lease to remain in full force and effect until the termination of the Lease Term, as provided below.

NOW, THEREFORE, the School Board and the Corporation accordingly hereby covenant and agree as follows:

Section 1. Lease of Series 2021B Facility Site. Subject to Permitted Encumbrances (as described in Exhibit A attached hereto and made a part hereof), the School Board hereby demises and leases the Series 2021B Facility Site, more particularly described in Exhibit A, as the same may be amended from time to time pursuant to one or more supplements thereto, to the Corporation, and the Corporation hereby hires, takes and leases the Series 2021B Facility Site from the School Board, for the term, at the rental and on the conditions herein set forth. Such demising and leasing shall include the following rights:

- (i) The right to utilize the adjacent property of the School Board for Access and for the Services reasonably necessary to the full use and enjoyment of the Series 2021B Facility Site; provided that the locations on the adjacent property of the School Board utilized for such purposes shall be reasonably agreed upon by the Corporation and the School Board; and provided, further, that the rights shall include, but not necessarily be limited to, the right to utilize for such purposes any portion of the adjacent property of the School Board (e.g., the rights shall include, but not necessarily be limited to, the right to utilize for appropriate purposes, any drives, parking areas, drainage facilities or sewer, water, gas, electric or telephone lines from time to time

located upon the adjacent property of the School Board, together with the right to "tie-in" or "connect" thereto). If the Lease Term of the Series 2021B Lease terminates prior to the termination of the term of this Series 2021B Ground Lease, the School Board and the Corporation shall each have the right to install such meters or submeters as may be reasonably appropriate to the end that the Corporation is charged for consumption of such utilities on the Series 2021B Facility Site.

(ii) The adjacent property of the School Board and the Series 2021B Facility may contain certain elements, features or parts which are structural elements of both the adjacent property of the School Board and the Series 2021B Facility. Such structural elements include, but are not necessarily limited to, the following:

(A) All utility lines, ducts, conduits, pipes and other utility fixtures and appurtenances which are located on or within either the Series or Series 2021B Facility on the one hand or the adjacent property of the School Board on the other hand and which, directly or indirectly, in any way, service the other.

(B) All division walls (hereinafter referred to as "Party Walls") between the Series 2021B Facility and the adjacent property of the School Board upon the common line between the Series 2021B Facility Site and the adjacent property of the School Board (hereinafter referred to as the "Lot Line") provided that the mere fact that such a division wall is found not to be on the Lot Line shall not preclude that division wall from being a Party Wall.

(C) The roof and all roof support structures and any and all appurtenances to such roof and roof support structures including, without limitation, the roof covering, roof trim and roof drainage fixtures (collectively referred to as "Roofing") to the extent interrelated between the Series 2021B Facility Site and the adjacent property of the School Board. Should the Roofing of any Series 2021B Facility extend beyond the Lot Line, the right therefor is hereby granted and should the Roofing of the adjacent property of the School Board extend beyond the Lot Line onto the Series 2021B Facility Site, the right therefor is hereby reserved.

(D) The entire concrete floor slab or wood floor system if utilized in lieu thereof and all foundational and support structures and appurtenances thereto to the extent interrelated between the Series 2021B Facility and the adjacent property of the School Board (collectively referred to as "Flooring"). Should the Flooring of the Series 2021B Facility extend beyond the Lot Line, the right therefor is hereby granted and should the Flooring of the adjacent property of the School Board extend beyond the Lot Line onto the Series 2021B Facility Site, the right therefor is hereby reserved.

(iii) The Series 2021B Facility Site rights further include the right of the Series 2021B Facility to encroach upon the adjacent property of the School Board as a result of minor inaccuracies in survey, construction or reconstruction or due to

6

ACTIVE 55295021v3

2021B Lease pursuant to Section 7.3 of the Master Lease, together in each case with payment of the sum of \$1.00. This Series 2021B Ground Lease may likewise be modified at the request of the School Board at any time, upon similar notice and modification of the Series 2021B Lease (a) to reflect the substitution of all or a portion of the Series 2021B Facility and Series 2021B Facility Site in accordance with Section 6.4 of the Master Lease, or (b) upon payment or provision for payment of the Purchase Option Price of all or a portion of the Series 2021B Facility pursuant to Section 7.3 of the Master Lease, to reflect the release of one or more portions of the Series 2021B Facility Site from this Series 2021B Ground Lease.

Section 3. Rent. (a) So long as the Lease Term has not been terminated as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the Corporation shall pay to the School Board as and for rental for the Series 2021B Facility Site the sum of one dollar (\$1.00) per annum, which sum shall be due in advance on the Commencement Date (prorated) and annually thereafter on the first day of each renewal Lease Term. At the option of the Corporation, the Corporation may prepay all or a portion of the ground rent payable hereunder for the entire initial lease term hereof from the proceeds of sale of the Series 2021B Certificates or otherwise.

(b) From and after the date on which the Lease Term shall have been terminated as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the Corporation shall pay as and for rental for the Series 2021B Facility Site an amount determined by an M.A.I. appraisal to be the fair market rental for the Series 2021B Facility Site (the "Appraisal"), which Appraisal shall be prepared by an appraiser selected by the Trustee as assignee of the Corporation (the cost of such Appraisal to be paid by the Trustee from funds held by it under the Trust Agreement and reimbursed as provided in Article VI of the Trust Agreement); provided, however, that such fair market rental and the payment thereof shall be subject to the following adjustments and conditions:

(i) if the Lease Term shall have been terminated on a date other than June 30 of any year, the fair market rental determined pursuant to the Appraisal shall be prorated for the number of days between the date of termination and the next succeeding June 30;

(ii) for each twelve month period beginning on the July 1 next succeeding the date on which such termination occurs and beginning on each succeeding July 1, the amount of the fair market rental determined by the Appraisal shall be adjusted by the percentage (positive or negative) which is equal to the Implicit Price Deflator of the Consumer Price Index published by the United States Department of Commerce for the region of the United States where Florida is located or for the United States as a whole if not so published for such region;

(iii) the fair market rental due in any year shall be paid in the current year only to the extent that the moneys received by the Trustee as assignee of the Corporation from the exercise of the remedies permitted under the Series 2021B Lease during the preceding twelve months prior to such July 1 exceeded the principal and interest portion of Basic Lease Payments under the Series 2021B Lease payable for such preceding twelve months and other amounts described in Section 504 of the Trust

8

ACTIVE 55295021v3

settlement or movement. The encroaching Series 2021B Facility shall remain undisturbed for as long as same exist and, for so long as such encroachment exists, that portion of the adjacent property of the School Board on which same exists shall be deemed to be a part of the Series 2021B Facility Site. In addition, the Series 2021B Facility Site rights include the right to utilize that portion of the adjacent property of the School Board as may be reasonably necessary in order to maintain and repair the Series 2021B Facility. The Series 2021B Facility Site rights further include cross rights of support and use over, upon, across, under, through and into the common structural elements in favor of the Corporation (and like rights are hereby reserved unto the School Board) for the continued use, benefit and enjoyment and continued support, service, maintenance and repair of all such common structural elements.

The School Board, at its sole expense, shall bring or cause to be brought to the Series 2021B Facility Site adequate connections for water, electrical power, telephone, storm sewerage and sewerage, and shall arrange with the appropriate utility companies for furnishing such services and shall provide to the Series 2021B Facility Site water services and capacity sufficient for the contemplated operation of the Series 2021B Facility thereon; including, but not limited to, heating, ventilation and air conditioning equipment. Either the School Board or the Corporation shall have the right, at its own expense, to request and receive telephone and communication services from the utility companies furnishing such services subject to the customary rules and regulations of said utility companies whether the companies deliver such services directly through their own conduits or pipes, or through conduits and pipes owned by the School Board. The School Board agrees to grant such utility companies rights of access over, under and across the remaining property of the School Board adjoining the Series 2021B Facility Site, if any, as shall be necessary and convenient for the efficient operation of the Series 2021B Facility Site, and which do not materially impair the present and future uses of such remaining property of the School Board, if any.

Section 2. Ground Lease Term; Option to Renew. The initial Ground Lease Term for the Series 2021B Facility Site shall commence on the commencement date of the Series 2021B Lease (the "Commencement Date") and shall end on August 1, 2040. If, upon the termination of the Lease Term as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the Corporation or the Trustee as the assignee of the Corporation excludes the School Board from possession of the Series 2021B Facility Site and Series 2021B Facility, the School Board grants to the Corporation the right and option to renew this Series 2021B Ground Lease for an additional term not to exceed five (5) years, at a fair market rental to be determined, adjusted and paid in the manner set forth in Section 3 of this Series 2021B Ground Lease.

Notwithstanding the foregoing, this Series 2021B Ground Lease may be terminated by the School Board on any date prior to the end of the initial term or any renewal term hereof, which date is at least one (1) day after the date of termination of the Series 2021B Lease, upon not less than ten (10) days prior written notice to the Corporation, (a) to reflect the addition of, or modification to, the description of Series 2021B Facility Site, (b) upon payment of the Purchase Option Price, pursuant to Section 7.2 of the Master Lease, with respect to the Series 2021B Facility, and full performance and satisfaction of the School Board's obligations under the Series 2021B Lease, or (c) upon the provision for payment of all Lease Payments under the Series

7

ACTIVE 55295021v3

Agreement; provided, however, that any portion of such fair market rental not paid in any year due to the provisions of this clause (iii) shall remain due and payable and shall accumulate from year to year and shall be paid in any future year to the extent that moneys received in such year from the exercise of the remedies permitted by the Series 2021B Lease exceed the principal and interest portion of Basic Lease Payments under the Series 2021B Lease and other amounts described in Section 504 of the Trust Agreement and the fair market rental due in such years; and

(iv) the failure to pay any portion of the fair market rental in any year due to insufficiencies of moneys realized from the exercise of the remedies permitted under the Series 2021B Lease (1) shall not give rise to any obligation to pay interest on such unpaid fair market rental and (2) shall not constitute a default under this Series 2021B Ground Lease by the Corporation or the Trustee as the assignee of the Corporation.

Section 4. Title to Series 2021B Facility Site; Possession. (a) Upon the Commencement Date and throughout the term of this Series 2021B Ground Lease, fee title to the Series 2021B Facility Site shall be in the name of the School Board, subject to Permitted Encumbrances; title to the Series 2021B Facility constructed on the Series 2021B Facility Site shall be in the name of the Corporation and shall remain severed from title to the Series 2021B Facility Site until the earlier of (i) payment in full, or provision for payment, of all Lease Payments under the Series 2021B Lease or payment of the then applicable Purchase Option Price of the Series 2021B Facility, in accordance with Sections 7.2 or 7.3 of the Master Lease and Section 2 hereof, or (ii) the end of the term of this Series 2021B Ground Lease.

(b) The Corporation shall at all times during the term of this Series 2021B Ground Lease have a leasehold estate in the Series 2021B Facility Site with full right to vest the use, enjoyment and possession of such leasehold estate therein in a Permitted Transferee (as defined herein).

(c) Possession and use of the Series 2021B Facility Site, together with all improvements thereon, shall, upon the last day of the term of this Series 2021B Ground Lease or earlier termination of this Series 2021B Ground Lease pursuant to Section 2 hereof, automatically revert to the School Board free and clear of liens and encumbrances other than Permitted Encumbrances without necessity of any act by the Corporation or any Permitted Transferee. Upon such termination of this Series 2021B Ground Lease, the Corporation shall peacefully and quietly surrender to the School Board the Series 2021B Facility Site together with any improvements located in or upon the Series 2021B Facility Site. Upon such surrender of the Series 2021B Facility Site, the Corporation or any Permitted Transferee, at the reasonable request of the School Board, shall execute an instrument in recordable form evidencing such surrender and shall deliver to the School Board all books, records, construction plans, surveys, permits and other documents relating to, and necessary or convenient for, the operation of the Series 2021B Facility Site in the possession of the Corporation or any Permitted Transferee.

(d) Any personal property of the Corporation, any Permitted Transferee or any Person which shall remain on the Series 2021B Facility Site after expiration or earlier termination of the term of this Series 2021B Ground Lease and for thirty (30) days after request

9

ACTIVE 55295021v3

by the School Board for removal, shall, at the option of the School Board, be deemed to have been abandoned and may be retained by the School Board and the same may be disposed of, without accountability, in such manner as the School Board may see fit.

(e) If the Corporation or any Permitted Transferee holds over or refuses to surrender possession of the Series 2021B Facility Site after expiration or earlier termination of this Series 2021B Ground Lease, the Corporation or any Permitted Transferee shall be a tenant at sufferance and shall pay rent equal to the fair market rental of the Series 2021B Facility Site determined in the manner provided in Section 3(b) hereof.

Section 5. Use of Series 2021B Facility Site; Assignments and Subleases. The Corporation may use the Series 2021B Facility Site for any lawful purpose; however, the parties agree that unless the Series 2021B Lease shall have been terminated as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the Series 2021B Facility Site shall be used solely for educational purposes. Unless the Series 2021B Lease shall have been so terminated, no assignment of this Series 2021B Ground Lease or subletting of the Series 2021B Facility Site may be made except as provided in the Series 2021B Assignment Agreement, the Series 2021B Lease and the Trust Agreement without the prior written consent of the School Board. In the event that the Series 2021B Lease shall be terminated pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, then the Corporation's interest in this Series 2021B Ground Lease may be assigned by the Trustee to any third party (a "Permitted Transferee"), who may alter, modify, add to or delete from the Series 2021B Facility existing from time to time on the Series 2021B Facility Site.

The School Board represents and covenants that the Series 2021B Facility Site are presently zoned to allow government use, and that the School Board shall take no action with respect to zoning or other land use regulation applicable to the Series 2021B Facility Site except as directed by the Corporation. The School Board shall do everything in its power to assist the Corporation in obtaining such building permits, subdivision approvals, or zoning changes or variances as the Corporation may deem necessary or desirable or such other permits, licenses, approvals or other actions which the Corporation deems necessary or desirable in order to enable the Corporation to use the Series 2021B Facility Site for such purposes as the Corporation shall determine, provided, however, that neither the Corporation nor any Permitted Transferee shall use or permit the Series 2021B Facility Site to be used in violation of any valid present or future laws, ordinances, rules or regulations of any public or governmental authority at any time applicable thereto.

It is understood that all right, title and interest of the Corporation in and to this Series 2021B Ground Lease is to be irrevocably assigned by the Corporation to the Trustee pursuant to the Series 2021B Assignment Agreement, except that the Corporation shall continue to hold title to the Series 2021B Facility as described in Section 4 hereof and in the Series 2021B Lease. The School Board agrees that upon such assignment the Trustee shall have all of the rights of the Corporation hereunder assigned to the Trustee, notwithstanding any claim, defense, setoff or counterclaim whatsoever (whether arising from a breach of this Series 2021B Ground Lease or otherwise) that the School Board may from time to time have against the Corporation or any person or entity associated or affiliated therewith. The School Board acknowledges that the Trustee is acting on behalf of the holders of the Series 2021B Certificates and any other

Section 10. Condemnation. In the event that any person, public or private, shall by virtue of eminent domain or condemnation proceedings, or by purchase in lieu thereof, at any time during the Ground Lease Term acquire title to the Series 2021B Facility Site:

(a) So long as the Series 2021B Lease is in effect, the Net Proceeds resulting therefrom shall be applied pursuant to the Master Lease as may be modified by the Series 2021B Lease.

(b) After the end of the Lease Term of the Series 2021B Lease, (i) if such person acquires title to such a substantial portion of the Series 2021B Facility Site that the Corporation determines that it cannot economically make use of the residue thereof for the lawful purposes intended or permitted by this Series 2021B Ground Lease, such acquisition of title or payment of such claim shall terminate the Ground Lease Term, effective as of the date on which the condemning party takes possession thereof or on the date of payment of such claim, as applicable, and the Net Proceeds resulting therefrom shall be paid to the School Board and the Corporation, as their respective interests may appear; and (ii) if such person acquires title to a portion of the Series 2021B Facility Site such that the Corporation determines that it can economically make beneficial use of the residue thereof for the purposes intended by this Series 2021B Ground Lease, then this Series 2021B Ground Lease shall continue in full force and effect and the Net Proceeds resulting therefrom shall be paid to the School Board and the Corporation, as their respective interests appear.

(c) Any taking of any portion of the Series 2021B Facility Site shall be deemed substantial hereunder.

(d) It is understood that the foregoing provisions of this Section 10 shall not in any way restrict the right of the School Board or the Corporation to appeal the award made by any court or other public agency in any condemnation proceeding.

Section 11. Estoppel Certificates. The School Board, at any time and from time to time, upon not less than thirty (30) days prior written notice from the Corporation, will execute, acknowledge and deliver to the Corporation, or to whomsoever it may direct, a certificate of the School Board certifying that this Series 2021B Ground Lease is unmodified (or, if there have been any modifications, identifying the same), that this Series 2021B Ground Lease is in full force and effect and that there is no default hereunder (or, if so, specifying the default). It is intended that any such certificate may be relied upon by any Person.

Section 12. Amendments. No amendment may be made to this Series 2021B Ground Lease without the prior written consent of the Trustee. Notwithstanding the foregoing, this Series 2021B Ground Lease may be amended without the prior written consent of the Trustee for the purpose of adding or modifying a legal description and/or the permitted encumbrances for any designated Series 2021B Facility Site. Copies of all amendments hereto shall be provided to each Rating Agency (as defined in the Trust Agreement), whether effected pursuant to Section 702 or Section 703 of the Trust Agreement.

Section 13. Binding Effect. This Series 2021B Ground Lease shall inure to the benefit of and shall be binding upon the Corporation and the School Board and their respective

Certificates representing an undivided proportionate interest in a portion of the Basic Lease Payments payable under the Series 2021B Leases, and may, under certain circumstances assign this Series 2021B Ground Lease to a Permitted Transferee.

Notwithstanding anything to the contrary herein or in any exhibit, instrument, document or paper relating to this Series 2021B Ground Lease or any of the transactions contemplated hereby, the parties hereto acknowledge and agree that upon the assignment by the Corporation of its rights hereunder to the Trustee pursuant to the Series 2021B Assignment Agreement, the Corporation shall have no further obligation, liability or responsibility hereunder and no party hereto nor its successors or assigns shall look to the Corporation for any damages, expenses, fees, charges or claims with respect to the failure of any obligations hereunder to be performed.

Section 6. Right of Entry. Unless the Series 2021B Lease shall have been terminated as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the School Board shall have the right for any of its duly authorized representatives to enter upon the Series 2021B Facility Site at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 7. Default. In the event the Corporation shall be in default in the performance of any obligation on its part to be performed under the terms of this Series 2021B Ground Lease, which default continues for sixty (60) days following notice and demand for correction thereof to the Corporation, the School Board may exercise any and all remedies granted by law; provided, however, that so long as any Series 2021B Certificates representing an undivided proportionate interest in a portion of the Basic Lease Payments payable under the Series 2021B Leases are outstanding and except as provided in Section 2 herein, this Series 2021B Ground Lease shall not be terminated. The School Board shall have recourse solely against the leasehold estate of the Corporation in the Series 2021B Facility Site, and any proceeds thereof, for the payment of any liabilities of the Corporation hereunder.

Section 8. Quiet Enjoyment. The Corporation at all times during the term of this Series 2021B Ground Lease shall peacefully and quietly have, hold and enjoy the Series 2021B Facility Site, without hindrance or molestation subject to the provisions hereof and of the Series 2021B Lease, the Series 2021B Assignment Agreement and the Trust Agreement.

Section 9. Liens. Unless the Series 2021B Lease shall have been terminated as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, neither the School Board nor the Corporation shall, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to such Series 2021B Facility Site, other than Permitted Encumbrances. The School Board shall reimburse the Trustee for any expense incurred by the Trustee in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim. Upon termination of the Series 2021B Lease as provided above, the Corporation, the Trustee and any Permitted Transferee may enter into a mortgage or other encumbrance of its leasehold estate in the Series 2021B Facility Site, provided, however, that the School Board's title to the Series 2021B Facility Site shall not be subject to or encumbered by any such mortgage or other encumbrance, including without limitation any mechanic's or materialman's liens.

successors and assigns, provided, however, that the Trustee is entitled to the benefits of the provisions hereof.

Section 14. No Merger of Leasehold Estate. There shall be no merger of this Series 2021B Ground Lease or of the leasehold estate hereby created with the fee estate in the Series 2021B Facility Site by reason of the fact that, through the exercise of remedies hereunder or otherwise, the same person may acquire or hold, directly or indirectly, this Series 2021B Ground Lease or leasehold estate hereby created or any interest herein or therein, and the fee estate in the Series 2021B Facility Site or any interest in such fee estate. There shall be no merger of this Series 2021B Ground Lease with the Series 2021B Lease by reason of the fact that the School Board is the owner of the fee title to the Series 2021B Facility Site and the leasehold estate in the Series 2021B Facility created under the Series 2021B Lease or by reason of the fact that the Corporation is the owner of the leasehold estate in the Series 2021B Facility Site created hereby and is the owner of the fee title in the Series 2021B Facility as provided in the Series 2021B Lease.

Section 15. Notices. All notices, certificates, requests or other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when delivered by electronic means, including email, or mailed by certified mail, postage prepaid to the following addresses, or to such other address or addresses as shall be designated by the parties in writing:

- Corporation: 3340 Forest Hill Boulevard
West Palm Beach, Florida 33406
Attention: President
- School Board: 3340 Forest Hill Boulevard
West Palm Beach, Florida 33406
Attention: Superintendent of Schools
- With copies to
- Trustee: The Bank of New York Mellon Trust Company, N.A.
4655 Salisbury Road, Suite 300
Jacksonville, Florida 32256
Attention: Corporate Trust Department

Section 16. Severability. In the event any provision of this Series 2021B Ground Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 17. Applicable Law. This Series 2021B Ground Lease shall be governed by and construed in accordance with the laws of the State of Florida.

Section 18. Execution in Counterparts and Electronically Signed and/or Transmitted Signatures. This Series 2021B Ground Lease may be executed in several counterparts, each of which shall be an original and all of which constitute but one and the same

instrument. Executed counterparts of this Series 2021B Ground Lease with signatures sent by electronic mail (i.e., in PDF format) or signed electronically via an electronic signature provider may be used in the place of original signatures on this Series 2021B Ground Lease, as set forth in Section 668.50, Florida Statutes. The parties intend to be bound by the signatures of the electronically mailed or signed signatures and the delivery of the same shall be effective as delivery of an original executed counterpart of this Series 2021B Ground Lease and any other closing certificates executed in connection with this Series 2021B Ground Lease. The parties to this Series 2021B Ground Lease hereby waive any defenses to the enforcement of the terms of this Series 2021B Ground Lease based on the form of the signature, and hereby agree that such electronically mailed or signed signatures shall be conclusive proof, admissible in judicial proceedings, of the parties' execution of this Series 2021B Ground Lease.

Section 19. Memorandum of Lease. Simultaneously with the execution of this Series 2021B Ground Lease, the School Board and the Corporation shall each execute, acknowledge and deliver a Memorandum of Lease with respect to this Series 2021B Ground Lease. Said Memorandum of Lease shall not in any circumstances be deemed to change or otherwise to affect any of the obligations or provisions of this Series 2021B Ground Lease. Upon the modification of this Series 2021B Ground Lease as provided in Section 2 hereof, the Memorandum of Lease shall be appropriately amended.

Section 20. No Personal Liability. No covenant or agreement contained in this Series 2021B Ground Lease shall be deemed to be the covenant or agreement of any member of the School Board or the Corporation or any officer, employee or agent of the School Board or the Corporation, or of any successor thereto, in an individual capacity, and neither the members of the School Board or the Corporation executing this Series 2021B Ground Lease nor any officer, employee, agent of the School Board or the Corporation shall be personally liable or accountable by reason of the execution or delivery hereof.

Section 21. Radon. Pursuant to Section 404.056, Florida Statutes, the following notification is hereby given: "RADON GAS: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit."

IN WITNESS WHEREOF, the Corporation has caused this Series 2021B Ground Lease to be executed in its corporate name and its corporate seal to be hereunto affixed and attested by its duly authorized officers and the School Board has caused this Series 2021B Ground Lease to be executed in its name and its seal to be hereunto affixed by its duly authorized officials, all as of the date first above written.

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

[SEAL]

By: _____
Frank A. Barbieri, Jr., Esq.
Chairman

Attest:

By: _____
Dr. Donald E. Fennoy II, Secretary

PALM BEACH SCHOOL BOARD LEASING CORP.

[SEAL]

By: _____
Frank A. Barbieri, Jr., Esq.
President

Attest:

By: _____
Dr. Donald E. Fennoy II, Secretary

STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

The undersigned, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Frank A. Barbieri, Jr., Esq. and Dr. Donald E. Fennoy II, personally known to me to be the same persons whose names are, respectively, as Chairman and Secretary, respectively of THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA, subscribed to the foregoing instrument, appeared before me this day, by means of physical presence or online notarization, and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said School Board, and delivered the said instrument as the free and voluntary act of said School Board and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ___ day of May, 2021.

NOTARY PUBLIC
SEAL OF OFFICE:

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print, Stamp or Type as Commissioned.)

- Personally known to me, or
- Produced identification

(Type of Identification Produced)

STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

The undersigned, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Frank A. Barbieri, Jr., Esq. and Dr. Donald E. Fennoy II, personally known to me to be the same persons whose names are, respectively, as President and Secretary, respectively of PALM BEACH SCHOOL BOARD LEASING CORP., a Florida not-for-profit corporation, subscribed to the foregoing instrument, appeared before me this day, by means of physical presence or online notarization, and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said corporation, and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ___ day of May, 2021.

NOTARY PUBLIC
SEAL OF OFFICE:

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print, Stamp or Type as Commissioned.)

- Personally known to me, or
- Produced identification

(Type of Identification Produced)

EXHIBIT A

SERIES 2021B FACILITY SITE

A. DESCRIPTION OF REAL ESTATE

Delray Full Service Center Modernization

[TO FOLLOW]

B. PERMITTED ENCUMBRANCES

Delray Full Service Center Modernization

[TO FOLLOW]

NOTE: ALL RECORDING INFORMATION IS FROM THE PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA, UNLESS OTHERWISE SPECIFIED

A-1

ACTIVE 55295021v3

B-1

ACTIVE 55295021v3

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MASTER TRUST AGREEMENT

by and between

PALM BEACH SCHOOL BOARD LEASING CORP.

and

NATIONSBANK OF FLORIDA, N.A.,
as Trustee

Dated as of November 1, 1994

TABLE OF CONTENTS

Page

Page

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

101. Definitions 3
102. Rules of Construction 13
103. Exhibits 14

ARTICLE II

ASSIGNMENT; DECLARATION OF TRUST; REPRESENTATIONS

201. Assignment Agreements 15
202. Declaration of Trust by Trustee 15
203. Representations 15
204. Description and Estimated Costs of the Facilities 15
205. Conditions Precedent Satisfied 15

ARTICLE III

CERTIFICATES; TERMS AND PROVISIONS

301. Authorization of Certificates 16
302. Execution and Delivery of Certificates 16
303. Terms of Series of Certificates 17
304. Conditions Precedent to Delivery of a Series of Certificates 18
305. Payments from Trust Estate Only; Distribution of Trust Estate 19
306. Execution 20
307. Negotiability, Transfer and Registration 20
308. Regulations With Respect to Exchanges and Transfers 21
309. Certificates, Mutilated, Destroyed, Stolen or Lost 22
310. Temporary Certificates 22
311. Privilege of Prepayment and Prepayment Price 23
312. Prepayment 23
313. Selection of Certificates to be Prepaid 23
314. Notice of Prepayment 23
315. Payment of Prepaid Certificates 24
316. Cancellation of Certificates 24
317. Qualification for The Depository Trust Company 25

67673021/030211-111/0974

ARTICLE IV

ESTABLISHMENT AND ADMINISTRATION OF FUNDS AND ACCOUNTS; PREPAYMENT OF CERTIFICATES

401. Establishment of Project Fund 26
402. Acquisition Account 26
403. Capitalized Interest Accounts 29
404. Lease Payment Accounts 29
405. Reserve Accounts 29
406. Prepayment Accounts 32
407. Deposits of Money 33
408. Investment of Certain Accounts 33
409. Valuation and Sale of Investments 34

ARTICLE V

COVENANTS, DEFAULT AND LIMITATIONS OF LIABILITY

501. Trustee to Perform each Lease 36
502. Notice of Nonpayment 36
503. Events of Default 36
504. Remedies on Default or Non-Appropriation 36
505. Account and Reports 38
506. Liability to Certificate Holders for Payment 38
507. Possession and Enjoyment 38
508. Warranties 39

ARTICLE VI

CONCERNING THE TRUSTEE

601. Employment of Trustee 40
602. Trustee Acceptance of Duties 40
603. Evidence on Which Trustee May Act 41
604. Compensation to Trustee 43
605. Resignation of Trustee 43
606. Removal of Trustee 43
607. Appointment of Successor Trustee 43
608. Transfer of Rights in Property to Successor Trustee 44
609. Merger or Consolidation 45
610. Addition of Authorized Signature 45
611. Indemnification to Trustee 45
612. Obligation to Act on Defaults 45
613. Intervention by Trustee 45
614. Third Party Beneficiaries 46

67673021/030211-111/0974

Page

ARTICLE VII

AMENDMENTS

701. Mailing 47
702. Power of Amendment 47
703. Consent of Certificate Holders 48
704. Modifications by Unanimous Consent 49
705. Exclusion of Certificates 49
706. Notation on Certificates 50
707. Credit Facility Issuers Deemed Certificate Holders 50

ARTICLE VIII

MISCELLANEOUS

801. Defeasance 51
802. Evidence of Signatures of Certificate Holders and Ownership of Certificates 54
803. Moneys Held for Particular Certificates 55
804. Preservation and Inspection of Documents 55
805. Parties Interest Herein 55
806. Severability 55
807. Recording and Filing 55
808. Notices 56
809. Applicable Law 57
810. Binding on Successors 57
811. Captions 57
812. Legal Holidays 57
813. Execution in Counterparts 57

67673021/030211-111/0974

MASTER TRUST AGREEMENT

THIS MASTER TRUST AGREEMENT is dated as of November 1, 1994 (as the same may be amended or supplemented from time to time, this "Trust Agreement"), and is between NATIONSBANK OF FLORIDA, N.A., a national banking association with its designated corporate trust office in Fort Lauderdale, Florida (the "Trustee"), and PALM BEACH SCHOOL BOARD LEASING CORP., a not-for-profit corporation, duly organized and existing under the laws of the State of Florida, as lessor under the within mentioned Master Lease (the "Corporation");

W I T N E S S E T H:

WHEREAS, the School Board of Palm Beach County, Florida (the "School Board") desires to lease-purchase certain real property, buildings and improvements and the equipment, fixtures and furnishings to be built, installed or established therein for educational purposes ("Facilities") by entering into a Master Lease Purchase Agreement dated as of November 1, 1994 (as the same may be amended or supplemented from time to time, the "Master Lease"), between the Corporation, as lessor, and the School Board, as lessee; and

WHEREAS, pursuant to Section 2.1 of the Master Lease, the School Board may from time to time, by execution of a Schedule to the Master Lease (each hereinafter referred to as a "Schedule"), direct the Corporation to acquire and lease-purchase to the School Board the Facilities described in such Schedule to the Master Lease; and

WHEREAS, Facilities may be added to the Master Lease by execution of Schedules thereto from time to time; and

WHEREAS, the Master Lease and the terms and conditions thereof with respect to the particular Facilities described on a Schedule are sometimes referred to herein as a "Lease" and the Schedule describing such Facilities is sometimes referred to as "Schedule No. ____" or "Schedule ____"; and

WHEREAS, certain of the Facilities will be located on certain real property located within the School District of Palm Beach County, Florida (the "District") (each such location, or all locations on a single Schedule, together with all buildings, structures and improvements erected or situated thereon, any easements or other rights or privileges in adjoining property inuring to the fee simple owner of such land by reason of ownership of such land, and all fixtures, additions, alterations or replacements thereto, on or used in connection with or attached or made to such land, a "Facility Site") to be leased by the School Board to the Corporation pursuant to a ground lease; and

WHEREAS, the relationship between the Corporation and School Board under the Master Lease is to be a continuing one and Facilities may be added to or deleted from the Master Lease from time

67673021/030211-111/0974

to time in accordance with the terms thereof and of the Schedule describing such Facilities; and

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

WHEREAS, pursuant to Section 7.1 of the Master Lease, the Corporation, with the consent of the School Board, has the right to assign all of its right, title and interest in and to a particular Lease (except for its right to indemnification under Section 5.7 of the Master Lease, its right to hold title to the Facilities under Section 6.1 of the Master Lease and its right to receive notices under the Master Lease) to the Trustee including the rights to receive Basic Lease Payments (as hereinafter defined) due under such Lease; and

WHEREAS, the Corporation has requested the Trustee to issue from time to time separate series of Certificates of Participation substantially in the form of Exhibit A hereto (the "Certificates") to third parties to whom such Certificates are sold and for whose benefit and for the benefit of any corresponding Credit Facility Issuer (as hereinafter defined) an Assignment Agreement will be executed and delivered to the Trustee, each such Certificate of a particular Series (as hereinafter defined) evidencing an undivided proportionate interest of the registered owner thereof to the Basic Lease Payments to be made under one or more Leases created by one or more particular Schedules and certain rights of the Corporation under such Lease or Leases; and

WHEREAS, upon receipt by the Trustee from the Corporation of the corresponding Assignment Agreement and satisfaction of the conditions set forth in Section 304 hereof, the Trustee shall issue a Series of Certificates that shall correspond to the Lease or Leases created by a particular Schedule or Schedules; and

WHEREAS, the Trustee has agreed to hold the proceeds corresponding to such Series of Certificates and to disburse such proceeds in accordance herewith and with the Master Lease, and to receive Basic Lease Payments due under the Lease or Leases created by a particular Schedule or Schedules and apply and disburse same in accordance herewith; and

WHEREAS, by this Trust Agreement, the Corporation agrees to direct the School Board to forward the Basic Lease Payments due under the Lease created by a particular Schedule to the Trustee from and after the execution of the corresponding Assignment Agreement by the Corporation;

NOW, THEREFORE, in consideration of the mutual agreements and covenants herein contained and for other valuable consideration, the parties hereto agree as follows:

101. **Definitions.** The terms set forth in this section shall have the meanings ascribed to them for all purposes of this Trust Agreement unless the context clearly indicates some other meaning, or unless otherwise provided in a Supplemental Trust Agreement. Terms used herein and not otherwise defined shall have the meaning given to them in the Master Lease.

"**Acquisition Account**" shall mean any Acquisition Account established pursuant to Section 401 hereof and in any Supplemental Trust Agreement.

"**Additional Lease Payment**" shall mean any amount payable by the School Board under the terms of the Master Lease, other than a Basic Lease Payment or a Supplemental Payment, as set forth in a Schedule to the Master Lease and so designated.

"**Assignment Agreement**" shall mean any assignment agreement pursuant to which the Corporation shall have assigned to the Trustee all of its right, title and interest in and to a Ground Lease and the Lease or Leases created by one or more particular Schedules, including its right to receive Lease Payments under such Lease or Leases.

"**Authorized Corporation Representative**" shall mean the President of the Corporation and any person or persons designated by the Corporation and authorized to act on behalf of Corporation by a written certificate delivered to the Trustee signed on behalf of the Corporation by the Chairperson of the Board of Directors containing the specimen signature of each such person.

"**Authorized Newspaper**" shall mean a newspaper containing financial matters, customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language, and of general circulation in the Borough of Manhattan, City and State of New York.

"**Authorized School Board Representative**" shall mean the Chairperson and any person or persons designated by the Chairperson and authorized to act on behalf of the School Board by a written certificate delivered to the Trustee signed on behalf of the School Board by the Chairperson containing the specimen signature of each such person.

"**Basic Lease Payment**" shall mean, with respect to each Lease or each Facility financed under such Lease, as of each Lease Payment Date, the amount set forth on the appropriate Schedule of the Master Lease corresponding to such Lease Payment Date and designated as a Basic Lease Payment in such Schedule.

- 2 -

- 3 -

"**Board of Directors**" shall mean the Board of Directors of the Corporation.

"**Business Day**" shall mean a day other than a Saturday, Sunday or day on which banks in the State of New York or the State of Florida are authorized or required to be closed, or a day on which the New York Stock Exchange is closed.

"**Capitalized Interest Account**" shall mean any Capitalized Interest Account established pursuant to Section 401 hereof and in any Supplemental Trust Agreement.

"**Certificate or Certificates**" shall mean the certificates of participation, executed and delivered from time to time by the Trustee pursuant to this Trust Agreement and any Supplemental Trust Agreement. Each Series of Certificates issued under this Trust Agreement and any Supplemental Trust Agreement shall bear a Series designation to identify such Series of Certificates to a particular Schedule to the Master Lease.

"**Certificate holder**" or "**Holder of Certificates**" shall mean the registered owner of any Certificate or Certificates.

"**Certificate of Acceptance**" shall mean the certificate of the School Board substantially in the form of Exhibit B to the Master Lease.

"**Chairperson**" shall mean the Chairperson of the School Board and any person or persons designated by the School Board and authorized to act on behalf of the Chairperson.

"**Code**" means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder and under the Internal Revenue Code of 1954.

"**Contractor**" shall mean the person, firm, corporation or joint venture authorized to do business in Florida with whom a contract has been made directly with the School Board for the performance of the work with respect to any Facilities described by the Instructions to Bidders and General Conditions.

"**Corporation**" shall mean Palm Beach School Board Leasing Corp., a Florida not-for-profit corporation, its successors and assigns.

"**Cost**" shall mean costs and expenses related to the acquisition, construction and installation of any Facilities including, but not limited to, (i) costs and expenses of the acquisition of the title to or other interest in real property, including leasehold interests, easements, rights-of-way and licenses, including, without limitation, lease payments to be made by the Corporation under the terms of a Ground Lease until the expected acceptance of the Facilities related thereto as described herein, (ii) cost and expenses incurred for labor and materials and payments to contrac-

tors, builders, materialmen and vendors for the acquisition, construction and installation of the Facilities, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may be advisable or necessary prior to completion of any of the Facilities, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction and installation of Facilities, (v) costs and expenses required for the acquisition and installation of equipment or machinery that comprise part of the Facilities, (vi) all costs which the School Board shall be required to pay for or in connection with additions to, and expansions of Facilities, (vii) all costs which the School Board shall be required to pay to provide improvements, including offsite improvements, necessary for the use and occupancy of Facilities, including road, walkways, water, sewer, electric, fire alarms and other utilities, (viii) any sums required to reimburse the School Board for advances made by it for any of the above items or for other costs incurred and for work done by it in connection with Facilities, (ix) deposits into any Reserve Account established pursuant to Section 401 of this Trust Agreement and in a Supplemental Trust Agreement and any recurring amounts payable to a provider of a Reserve Account Letter of Credit/Insurance Policy, (x) fees, expenses and liabilities of the School Board, if any, incurred in connection with the acquisition, construction and installation of Facilities (xi) Costs of Issuance and (xii) interest during construction and for a reasonable period of time up to six (6) months thereafter.

"**Costs of Issuance**" shall mean the items of expense incurred in connection with the authorization, sale and delivery of a Series of Certificates, which items of expense shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee and any Credit Facility Issuer or any provider of a Reserve Account Letter of Credit/Insurance Policy, legal fees and charges, professional consultants' fees, fees and charges for execution, delivery, transportation and safekeeping of Certificates, premiums, costs and expenses of refunding Certificates and other costs, charges and fees, including those of the Corporation, in connection with the foregoing.

"**Costs of Issuance Subaccount**" shall mean a Costs of Issuance Subaccount within an Acquisition Account established under Section 401 hereof and in any Supplemental Trust Agreement in connection with the issuance of a Series of Certificates.

"**Credit Facility**" shall mean, with respect to a Series of Certificates, the letter of credit, insurance policy, guaranty, surety bond or other irrevocable security device, if any, supporting the obligations of the School Board to make Basic Lease Payments relating to such Certificates.

- 4 -

- 5 -

"Credit Facility Issuer" shall mean, with respect to a Series of Certificates, the issuer of the Credit Facility, if any, for such Series of Certificates.

"Defeasance Securities", except as otherwise provided in a Supplemental Trust Agreement, shall mean cash or Government Obligations.

"District" shall mean the School District of Palm Beach County, Florida.

"Event of Extraordinary Prepayment" shall mean one or more of the events so designated in Section 7.2 of the Master Lease.

"Excess Earnings" shall mean, with respect to each Series of Certificates, the amount by which the earnings on the Gross Proceeds of such Certificates exceeds the amount which would have been earned thereon if such Gross Proceeds were invested at a yield equal to the yield on the interest portion of the Basic Lease Payments represented by such Certificates, as such yield is determined in accordance with the Code and amounts earned on the investment of earnings on the Gross Proceeds of such Certificates.

"Facility" or "Facilities" shall mean "educational facilities" as defined in Section 235.011(5), Florida Statutes, as amended, to be acquired from the proceeds of a Series of Certificates consisting of real property, if any, buildings and improvements, and the equipment, fixtures and furnishings which are to be built, installed or established on such buildings or improvements, and all appurtenances thereto and interests therein, all as set forth on a Schedule or Schedules from time to time.

"Facility Site" shall mean the real property (together with all buildings, structures and improvements erected or situated thereon, any easements or other rights or privileges in adjoining property inuring to the fee simple owner of such land by reason of ownership of such land, and all fixtures, additions, alterations or replacements located on, or used in connection with, or attached or made to such land) either (i) owned by the School Board at the time of the issuance of a Series of Certificates to finance Facilities relating thereto or (ii) to be acquired by the School Board subsequent thereto but not paid for out of the proceeds of such Series of Certificates, upon which a Facility is to be located within the District and more particularly described in a Ground Lease.

"Fiscal Year" shall mean the twelve month fiscal period of the School Board which under current law commences on July 1 in every year and ends on June 30 of the succeeding year.

"Government Obligations" shall mean any obligations which as to principal and interest, constitute non-callable direct obligations of, or non-callable obligations fully and unconditionally guaranteed by the full faith and credit of, the United States of

America, including bonds or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America, to the extent unconditionally guaranteed by the full faith and credit of the United States of America.

"Gross Proceeds" shall mean, with respect to each Series of Certificates, unless inconsistent with the provisions of the Code, in which case as provided in the Code, (i) amounts received by or on behalf of the Corporation from the sale of such Certificates; (ii) amounts received as a result of investments of amounts described in (i); (iii) amounts treated as transferred proceeds of such Certificates in accordance with the Code; (iv) amounts treated as proceeds under the provisions of the Code relating to invested sinking funds; (v) securities or obligations pledged, if any, as security for payment of Basic Lease Payments under the Master Lease (which amounts are limited in accordance with Sections 235.056(3) and 236.25(2)(e) Florida Statutes, as amended); (vi) amounts received with respect to obligations acquired with Gross Proceeds; (vii) amounts used to pay principal and interest portions of the Basic Lease Payments represented by such Certificates; (viii) amounts in any Reserve Account established pursuant to Section 401 of this Trust Agreement and in any Supplemental Trust Agreement; and (ix) amounts received as a result of the investment of Gross Proceeds not described in (i) above.

"Ground Lease" shall mean one or more ground leases between the School Board and the Corporation, as amended and supplemented from time to time, pursuant to which the School Board shall ground lease one or more Facility Sites to the Corporation.

"Instructions to Bidders and General Conditions" shall mean the Instructions to Bidders and General Conditions of the School Board as in effect from time to time.

"Investment Agreement" shall mean an agreement for the investment of moneys entered into by the Trustee with a Qualified Financial Institution whether such agreement is in the form of an interest-bearing time deposit, repurchase agreement or any similar arrangement and any note delivered by a Qualified Financial Institution pursuant to such agreement, which agreement shall have been approved by the Credit Facility Issuer insuring the Series of Certificates relating to the moneys invested.

"Investment Securities" except as otherwise provided in a Supplemental Trust Agreement, shall mean any of the following securities, if and to the extent the same are at the time legal under State law for investment of the School Board's funds:

(a) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (b) below).

(1) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Standard & Poor's Ratings Group and Moody's Investors Service or any successors thereto; or

(2) (x) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (b) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date of dates pursuant to such irrevocable instructions, as appropriate, and (y) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate; Pre-refunded Municipal Obligations meeting the requirements of this subsection (2) hereof may not be used as Permitted Investments without prior written approval of Standard & Poor's Ratings Group.

(i) Investment Agreements approved in writing by the Credit Facility Issuer insuring the Series of Certificates relating to the moneys invested (supported by appropriate opinions of counsel) with notice to Standard & Poor's Ratings Group.

(j) Any other investment agreed to in writing by the Credit Facility Issuer insuring the Series of Certificates relating to the moneys invested with advance notice to Standard & Poor's Ratings Group.

"Lease" shall mean each separate Schedule to the Master Lease executed and delivered by the School Board and the Corporation, together with the terms and provisions of the Master Lease.

"Lease Payment Account" shall mean any Lease Payment Account established pursuant to Section 401 hereof and in any Supplemental Trust Agreement.

"Lease Payment Date" shall mean, with respect to a Lease, each date set forth on the corresponding Schedule designated as a Lease Payment Date for such Lease.

"Lease Payments" shall mean, with respect to each Lease, all amounts payable by the School Board pursuant to the terms of a Lease including Basic Lease Payments, Additional Lease Payments and Supplemental Payments.

(b) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

(c) Obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:

- Export-Import Bank
- Farm Credit System Financial Assistance Corporation
- Farmers Home Administration
- General Services Administration
- U.S. Maritime Administration
- Small Business Administration
- Government National Mortgage Association (GNMA)
- U.S. Department of Housing & Urban Development (PHA's)
- Federal Housing Administration

(d) Senior debt obligations rated "AAA" by Standard & Poor's Ratings Group and "Aaa" by Moody's Investors Service issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, and other senior debt obligations of other government-sponsored agencies approved by the Credit Facility Issuer insuring the Series of Certificates relating to the moneys invested.

(e) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks (including the Trustee and any of its affiliates) which have a rating on their short-term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's Ratings Group and "P-1" by Moody's Investors Service and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank.)

(f) Commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by Standard & Poor's Ratings Group and "P-1" by Moody's Investors Service and which matures not more than 270 days after the date of purchase.

(g) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's Ratings Group.

(h) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

"Lease Term" shall mean, with respect to each Lease, the period from the date of a Lease through the end of the then current Fiscal Year plus each annual or lesser renewal period thereafter during which such Lease is maintained in effect in accordance therewith, with the maximum number of renewals being specified in the Schedule corresponding to such Lease.

"Master Lease" shall mean the Master Lease Purchase Agreement dated as of November 1, 1994, between the Corporation and the School Board and any and all modifications, alterations, amendments and supplements thereto.

"Net Proceeds" shall mean, with respect to one or more Facilities financed under a Lease, proceeds from any insurance, condemnation, performance bond, Federal or State flood disaster assistance or any other financial guaranty (other than a Credit Facility Issuer) paid with respect to such Facilities remaining after payment therefrom of all expenses, including attorneys' fees, incurred in the collection thereof; and, with respect to insurance, to the extent that the School Board elects to self-insure under Section 5.3 of the Master Lease, any moneys payable from any appropriation made by the School Board in connection with such self-insurance.

"Notice by Mail" shall mean a written notice meeting the requirements of this Trust Agreement mailed by first-class mail to the Certificate holders, at the addresses shown on the register maintained by the Trustee.

"Opinion of Counsel" shall mean an opinion signed by an attorney or firm of attorneys of recognized standing and who are qualified to pass on the legality of the particular matter (who may be counsel to the School Board or Special Tax Counsel) selected by the School Board.

"Outstanding" when used with reference to the Certificates, shall mean, as of any date, Certificates theretofore or thereupon being authenticated and delivered under this Trust Agreement except:

(i) Certificates cancelled by, or duly surrendered for cancellation to, the Trustee at or prior to such date;

(ii) Certificates (or portions of Certificates) for the payment or prepayment of which moneys, equal to the principal portion or Prepayment Price thereof, as the case may be, with interest to the date of maturity or Prepayment Date, shall be held in trust under this Trust Agreement and set aside for such payment or prepayment, (whether at or prior to the maturity or Prepayment Date), provided that if such Certificates (or portions of Certificates) are to be prepaid, notice of such prepayment shall have been given as provided in Article III of this Trust Agreement;

- 10 -

"Qualified Financial Institution" shall mean a bank, trust company, national banking association or a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or the Federal National Mortgage Association or any insurance company or other corporation (i) whose unsecured obligations or uncollateralized long term debt obligations have been assigned a rating by a Rating Agency which is not lower than AA/Aa, or which has issued a letter of credit, contract, agreement or surety bond in support of debt obligations which have been so rated; or (ii) which collateralizes its obligations at all times at levels in compliance with the requirements of the Rating Agencies for ratings not lower than AA/Aa.

"Rating Agency" shall mean each of Standard & Poor's Ratings Group, Moody's Investors Service and any other nationally recognized rating service which shall have provided a rating on any Outstanding Certificates.

"Reimbursement Agreement" shall mean, with respect to each Lease, any reimbursement agreement among the Corporation, the School Board and any Credit Facility Issuer.

"Reserve Account" shall mean any Reserve Account established pursuant to Section 401 of the Trust Agreement and in any Supplemental Trust Agreement.

"Reserve Account Letter of Credit/Insurance Policy" shall mean the irrevocable letter or line of credit, insurance policy, surety bond or guarantee agreement issued by a Qualified Financial Institution in favor of the Trustee which is to be deposited into a Reserve Account in order to fulfill the Reserve Account Requirement relating thereto.

"Reserve Account Requirement" shall mean, in regard to a Reserve Account to secure a Series of Certificates, such amounts, if any, as shall be provided in the Supplemental Trust Agreement authorizing the issuance of such Series and in the Schedule relating thereto, provided such Reserve Account Requirement shall not exceed the least of (i) the maximum annual amount of Basic Lease Payments represented by Certificates of the Series secured by such Reserve Account in the current or any subsequent Fiscal Year, (ii) 125% of the average annual amount of Basic Lease Payments represented by Certificates of the Series secured by such Reserve Account in the current or any subsequent Fiscal Years, and (iii) 10% of the stated principal amount of such Series of Certificates.

"Schedule" shall mean a schedule to the Master Lease to be executed and delivered by the School Board and the Corporation for each Project, substantially in the form of Exhibit A to the Master Lease.

(iii) Certificates in lieu of or in substitution for which other Certificates shall have been executed and delivered pursuant to Article III hereof; and

(iv) Certificates deemed to have been paid as provided in subsection (b) of Section 801 hereof.

"Payment Date" shall mean a date on which the principal portion or the interest portion of Basic Lease Payments is scheduled to be paid to Certificate holders pursuant to the terms of such Certificates.

"Prepayment Account" shall mean any Prepayment Account established pursuant to Section 401 hereof and in any Supplemental Trust Agreement.

"Prepayment Date" shall mean the date on which optional prepayment or extraordinary prepayment or mandatory sinking fund prepayment of Basic Lease Payments represented by a Series of Certificates Outstanding shall be made pursuant to Section 312 hereof or pursuant to any Supplemental Trust Agreement.

"Prepayment Price" shall mean, with respect to any Certificate, the principal amount thereof (together with the premium, if any, applicable upon an optional prepayment) payable upon prepayment thereof pursuant to such Certificate and this Trust Agreement or any Supplemental Trust Agreement, together with accrued interest represented by such Certificate to the Prepayment Date.

"Project" shall mean the lease-purchase financing and construction or refinancing of the Facilities set forth on a particular Schedule and, if all or a portion of such Facilities shall be comprised of real property, the ground leasing of the related Facility Site by the School Board to the Corporation and the sub-leasing of such Facility Site back to the School Board.

"Project Fund" shall mean the trust fund designated as the "Project Fund" created and established in Section 401 hereof.

"Purchase Option Price" shall mean, with respect to any Facility financed under a Lease, as of each Lease Payment Date, the Basic Lease Payment then due plus the amount so designated and set forth on the Schedule for such Facility as the remaining principal portion of the Purchase Option Price minus any credits pursuant to the provisions of Section 3.2 of the Master Lease, plus, an amount equal to the interest to accrue with respect to the Certificates to be prepaid as a result of the release of such Facility from the Lease, from such Lease Payment Date to the next available date for prepaying such Certificates, unless such prepayment shall occur on such Lease Payment Date, plus an amount equal to a pro-rata portion of any Additional Lease Payments and Supplemental Payments then due and owing under the Lease relating to such Facility, including any prepayment premiums payable on the Certificates prepaid.

- 11 -

"School Board" shall mean the School Board of Palm Beach County, Florida, a body corporate and the governing body of the District.

"Series" or "Series of Certificates" shall mean the aggregate amount of each series of Certificates evidencing an undivided proportionate interest of the owners thereof in a particular Lease and the Basic Lease Payments thereunder, issued pursuant to this Trust Agreement or a Supplemental Trust Agreement.

"Special Tax Counsel" shall mean Greenberg, Traurig, Hoffman, Lipoff, Rosen & Quentel, P.A., Miami, Florida, Cunningham & Self, West Palm Beach, Florida and Michael B. Brown, P.A., West Palm Beach, Florida, or any other attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of the interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"State" shall mean the State of Florida.

"Superintendent" shall mean the Superintendent of Schools of the District.

"Supplemental Payments" shall mean all amounts due under a Lease other than Basic Lease Payments and Additional Lease Payments.

"Supplemental Trust Agreement" shall mean any agreement supplemental or amendatory of this Trust Agreement.

"Trust Agreement" shall mean this Master Trust Agreement dated as of November 1, 1994, entered into by and between the Corporation and the Trustee, and any Supplemental Trust Agreement.

"Trust Estate" shall mean all estate, right, title and interest of the Trustee in and to (a) the Basic Lease Payments, the Master Lease, the Leases and each Assignment Agreement, and (b) (i) all amounts from time to time deposited in the funds and accounts created pursuant to this Trust Agreement and any Supplemental Trust Agreement in accordance with the provisions of the Master Lease, the Leases and this Trust Agreement, including investment earnings thereon; and (ii) any and all monies received by the Trustee pursuant to the provisions hereof and not required to be remitted to the School Board pursuant to the Master Lease or this Trust Agreement.

"Trustee" shall mean NationsBank of Florida, N.A., Fort Lauderdale, Florida, and its successors or assigns which may at any time be substituted in its place pursuant to the provisions hereof.

102. Rules of Construction. Unless the context shall otherwise indicate, words importing the singular number shall include

- 12 -

- 13 -

the plural number and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies as well as natural persons.

The terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms, as used in this Trust Agreement, refer to this Trust Agreement.

103. **Exhibits.** The following Exhibits are attached hereto and by this reference made a part of this Trust Agreement:

- Exhibit A. FORM OF CERTIFICATE
- Exhibit B. FORM OF REQUISITION
- Exhibit C. FORM OF REQUISITION (COSTS OF ISSUANCE)

ARTICLE II

ASSIGNMENT; DECLARATION OF TRUST; REPRESENTATIONS

201. **Assignment Agreements.** The Corporation shall assign and transfer to the Trustee its rights under each Ground Lease and each Lease pursuant to and to the extent described in the corresponding Assignment Agreement, and in consideration of such assignment and the execution of this Trust Agreement, the Trustee shall execute and deliver each Series of Certificates, evidencing an undivided proportionate interest of the Certificate holders in Basic Lease Payments under the corresponding Lease.

202. **Declaration of Trust by Trustee.** The Trustee hereby declares that it holds and will hold the Trust Estate conferred on it by the Corporation hereunder upon the trusts and apply the amounts as hereinafter set forth for the use and benefit of the Certificate holders, as more particularly set forth in Section 305 hereof.

203. **Representations.** In the Master Lease, the School Board has agreed to acquire, construct and install the Facilities as agent for the Corporation pursuant to specifications prepared by the School Board and that the School Board will be responsible for the letting of contracts for the acquisition, construction and installation of the Facilities and supervising the acquisition, construction and installation of the Facilities.

204. **Description and Estimated Costs of the Facilities.** The description of the Facilities to be acquired, constructed and installed and leased by the School Board from the Corporation pursuant to the Master Lease and each Schedule and the estimated Costs of such Facilities shall be set forth in the related Schedule to the Master Lease.

205. **Conditions Precedent Satisfied.** Each party hereto, represents with respect to itself that all acts, conditions and things required by law to exist, happen and be performed precedent to and in connection with the execution and delivery of this Trust Agreement have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto each represents as to itself that it is now duly empowered to execute and deliver this Trust Agreement.

- 14 -

ARTICLE III

CERTIFICATES; TERMS AND PROVISIONS

301. Authorization of Certificates.

(a) The number of Series of Certificates which may be created under this Trust Agreement is not limited. The aggregate principal amount of Certificates of each Series which may be issued, authenticated and delivered under this Trust Agreement is not limited except as set forth in the Supplemental Trust Agreement creating such Series.

(b) The Certificates issuable under this Trust Agreement shall be issued in such Series as may from time to time be created in connection with one or more Leases. Each Series shall be designated "Certificates of Participation, Series _____, Evidencing an Undivided Proportionate Interest of the Registered Owners thereof in Basic Lease Payments to be Made by the School Board of Palm Beach County, Florida, as Lessee, Pursuant to a Master Lease Purchase Agreement with Palm Beach School Board Leasing Corp., as Lessor". The Certificates may, if and when authorized by this Trust Agreement, be designated with such further appropriate particular designations added to or incorporated in such title for the Certificates of any particular Series as the Board may determine and as may be necessary to distinguish such Certificates from the Certificates of any other Series.

302. **Execution and Delivery of Certificates.** Each Series of Certificates shall be authorized by the Corporation at the request of the School Board and executed and delivered by the Trustee for the purpose of (a) financing the cost of acquisition, construction and equipping of any Facilities, (b) financing the cost of completing the acquisition, construction, installation and equipping of any Facilities, (c) financing the cost of increasing, improving, modifying, expanding or replacing any Facilities, (d) paying or providing for the payment of the principal portion and interest portion of the Basic Lease Payments with respect to, or the Purchase Option Price of, all or a portion of the Facilities financed from the proceeds of any Series of Certificates theretofore executed and delivered, (e) funding a Reserve Account in an amount equal to the Reserve Account Requirement applicable thereto, (f) capitalizing the interest portion of Basic Lease Payments during construction and (g) paying the Costs of issuance applicable thereto.

Each Series of Certificates shall be substantially in the form set forth in Exhibit A hereto, with such appropriate variations, omissions and insertions as necessary to conform to the provisions of this Trust Agreement, including any use of a book-entry-only system as described in Section 317 hereof. All Certificates may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rule and regulations of any governmental authority or of any securities

- 16 -

- 15 -

exchange on which the Certificates may be listed or any usage or requirement of law with respect thereto.

303. **Terms of Series of Certificates.** Certificates may be executed and delivered at any time and from time to time in one or more Series, upon such terms and conditions as may then be permitted by law and as shall be determined by the Corporation and provided in the respective Supplemental Trust Agreement under which such Series of Certificates are authorized. Certificates of any Series:

(a) shall be dated, shall represent interest at a rate not in excess of the maximum rate then permitted by applicable law (calculated on the basis of a 360 day year consisting of twelve 30 day months), and shall be payable and mature in such amounts and at such time or times, as may be provided in the Supplemental Trust Agreement creating such Series of Certificates;

(b) shall be payable, as to the principal portion, Prepayment Price, if any, and interest portion of such Series of Certificates, at such place or places in lawful money of the United States of America and may have such registration privileges and such exchange privileges as may be provided in the Supplemental Trust Agreement creating such Series of Certificates and allowable under then existing law;

(c) shall have such particular designations added to their title, and shall be in such form and denominations, as provided in the Supplemental Trust Agreement creating such Series of Certificates;

(d) shall be limited as to the maximum principal amount thereof which may be delivered by the Trustee or which may be at any time Outstanding, as provided in the Supplemental Trust Agreement creating such Series of Certificates;

(e) may contain provisions for the prepayment thereof at such Prepayment Price or Prices, at such time or times, upon such notice, in such manner, and upon such other terms and conditions, not inconsistent with the provisions hereof and the terms of the Master Lease, as may be provided in the Supplemental Trust Agreement creating such Series of Certificates;

(f) may have provisions requiring mandatory payments for the purchase and sinking fund prepayment of such Series of Certificates, in such amounts, at such time or times, upon such notice, in such manner, and upon such other terms and conditions, not inconsistent with the provisions hereof and the terms of the Master Lease as shall be set forth in such Supplemental Trust Agreement;

(g) may contain such other provisions and such other special terms and conditions, not contrary to the provisions hereof, as may be provided in such Supplemental Trust Agreement;

- 17 -

(h) shall be payable from and secured by the Trust Estate, but solely to the extent provided in and subject to the limitations of Section 305 hereof.

304. Conditions Precedent to Delivery of a Series of Certificates. The Trustee shall execute and deliver one or more Series of Certificates for the purposes set forth in Section 302 hereof to the purchaser or purchasers thereof as requested and authorized by the Corporation in accordance with the provisions of this Section 304.

Prior to the delivery by the Trustee of any Series of Certificates there shall have been received by the Trustee:

(a) A Supplemental Trust Agreement providing for the terms and conditions upon which they shall be executed and delivered by the Trustee;

(b) An executed counterpart of a corresponding Schedule to the Master Lease (or amended Schedule in the case of Certificates issued for the purposes as described in Section 302(b) and (d) above) effective on or before the date of execution and delivery of such Series of Certificates, providing for (i) Lease Payments payable under such Schedule at least equal to the principal portion of, Prepayment Price, if any, and interest portion represented by such Series of Certificates, and (ii) the disposition of the proceeds of the sale of such Series of Certificates, including the acquisition, construction, equipping or improvement of the Facilities to be financed from the proceeds of such Series of Certificates or the payment or refunding of the Series of Certificates to be paid or refunded;

(c) An executed counterpart of an Assignment Agreement, effective on or before the date of execution and delivery of such Series of Certificates, assigning and transferring to the Trustee substantially all of the rights of the Corporation under the Lease relating to such Series of Certificates, except for the provisions with respect to release and indemnity of the Corporation and the right of the Corporation to hold title to various Facilities and to receive notices under the Master Lease;

(d) One or more opinions of Special Tax Counsel to the effect that (i) the Certificates evidence undivided proportionate interests of the owners thereof in Basic Lease Payments to be made by the School Board pursuant to the corresponding Lease and (ii) the interest portion of the Basic Lease Payments represented by the Series of Certificates being issued is excludable from gross income for federal income tax purposes, and, in the case of refunding Certificates, that the exclusion from gross income for federal income tax purposes of the interest portion of the Basic Lease Payments represented by the Certificates being refunded will not be adversely affected by the issuance of the refunding Certificates being issued;

(e) A written order to the Trustee by an Authorized Corporation Representative to execute and deliver the Series of Certificates to the purchaser or purchasers therein identified upon payment to the Trustee of a specified sum;

(f) Certified copies of resolutions of the Corporation and the School Board authorizing the issuance of such Series of Certificates;

(g) Evidence of approval of the related Lease by the State Department of Education, or an opinion of Special Tax Counsel to the effect that such approval is not required;

(h) Such other documents and opinions as may be provided for in the Supplemental Trust Agreement referred to in subparagraph (a) hereof, including one or more Ground Leases (or amended Ground Leases in the case of Certificates issued for the purposes described in Section 302(b) above), or as may be required under Section 6.1 of the Master Lease;

(i) One or more Opinions of Counsel in form and substance satisfactory to each Credit Facility Issuer to the effect that the issuance of such Series of Certificates for the purposes set forth in Section 302 is authorized by law, and the execution and delivery thereof and of the other documents described in this Section have been duly authorized by the School Board and the Corporation, all conditions precedent to the delivery thereof have been fulfilled and to the further effect that the execution of the Supplemental Trust Agreement is authorized or permitted hereunder; and

(j) A certificate signed by an Authorized Corporation Representative to the effect that the Master Lease is in effect and to its knowledge there are no defaults at the time of issuance under any Lease, Ground Lease or this Trust Agreement.

The proceeds of such Series of Certificates shall be held and disbursed as provided in the Supplemental Trust Agreement providing for such Series of Certificates. The Trustee shall execute and deliver such Series of Certificates to the purchaser or purchasers thereof as directed and authorized in writing by an Authorized Corporation Representative.

305. Payments from Trust Estate Only; Distribution of Trust Estate.

(a) Unless otherwise set forth in a Supplemental Trust Agreement, each Certificate within a Series of Certificates executed and delivered pursuant to this Section shall rank *pari passu* and be equally and ratably secured under this Trust Agreement with each other Certificate of such Series, but not with any Certificates of any other Series issued pursuant to this Trust Agreement and Outstanding, without preference, priority or distinction of any such Certificate over any other such Certificate,

- 18 -

- 19 -

except that to the extent that Basic Lease Payments available for payment to all Certificate holders are less than all amounts owed with respect to all Series of Certificates on any Payment Date, such amounts available shall be applied on a pro-rata basis to Certificate holders of all Series in accordance with the ratio that the principal balance due on each Series of Certificates Outstanding on such Payment Date bears to the total principal balance due on all Certificates Outstanding under this Trust Agreement on such Payment Date.

(b) Except as otherwise expressly provided in the immediately preceding paragraph and elsewhere herein, all amounts payable by the Trustee with respect to a Series of Certificates or to any Credit Facility Issuer who shall have issued a Credit Facility, if any, securing such Series pursuant to this Trust Agreement shall be paid only from the portion of the Trust Estate derived from Basic Lease Payments made pursuant to the Schedule corresponding to such Series and only to the extent that the Trustee shall have actually received sufficient income or proceeds from such portion of the Trust Estate to make such payments. Each Certificate holder agrees, and each such Credit Facility Issuer, by its execution and delivery of the Credit Facility shall be deemed to have agreed, except as otherwise expressly provided herein, to look solely to the income of and the proceeds from such portion of the Trust Estate to the extent available for distribution to such holder and each such Credit Facility Issuer as herein provided and that the Trustee is not personally liable to any Certificate holder or any such Credit Facility Issuer for any amounts payable under this Trust Agreement or subject to any liability under this Trust Agreement except liability under this Trust Agreement as a result of negligence or willful misconduct by the Trustee.

(c) So long as the Master Lease or related Ground Leases shall be in effect, all amounts of Lease Payments, insurance proceeds, indemnity payments and other payments of any kind constituting a part of the Trust Estate payable under this Trust Agreement or the Lease corresponding to such Series to the Trustee shall be paid directly to the Trustee for distribution, in accordance with Articles III, V, VI and VII of this Trust Agreement, to or for the Certificate holders or the related Credit Facility Issuer, as the case may be.

306. Execution.

The Certificates shall be executed in the name of, and by, the Trustee, solely as trustee under the Trust Agreement and not in its individual capacity, by the manual signature of any authorized signatory of the Trustee.

307. Negotiability, Transfer and Registration.

(a) The Trustee shall maintain, at its designated corporate trust office, a register of the names and addresses of all Certificate holders as of any particular time, and the Trustee

shall, upon request of the School Board, furnish such information to the School Board.

(b) Each Certificate shall be transferable only upon the register maintained by the Trustee, by the Certificate holder in person or by his/her attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Certificate holder or his/her attorney duly authorized in writing. Upon the registration of transfer of any such Certificate, the Trustee shall deliver in the name of the transferee a new Certificate or Certificates of the same series, aggregate principal amount and maturity as the surrendered Certificate.

(c) The person in whose name any Certificate shall be registered upon the books of the Trustee shall be treated as the absolute owner of such Certificate, whether such Certificate shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal portion or Prepayment Price, if applicable, and interest portion represented by such Certificate and for all other purposes, and all such payments so made to any such Certificate holder or upon his/her order shall be valid and effectual to satisfy and discharge the liability upon such Certificate to the extent of the sum or sums so paid, and the Trustee, the Corporation and the School Board shall not be affected by any notice to the contrary.

(d) Certificates, upon surrender thereof at the designated corporate trust office of the Trustee, together with an assignment duly executed by the Certificate holder or his attorney or legal representative in such form as shall be satisfactory to the Trustee, may, at the option of the Certificate holder thereof and upon payment by such Certificate holder of any charges which the Trustee may make as provided in Section 308 hereof, be exchanged for an equal aggregate principal amount of Certificates of the same maturity and series, of any denomination or denominations authorized by this Trust Agreement, representing interest at the same rate, and in the same form as the Certificates surrendered for exchange.

(e) Upon the occurrence and continuance of an Event of Default which requires a Credit Facility Issuer to make payments under a Credit Facility, the Credit Facility Issuer and its designated agent shall be provided with access to inspect and copy the register of the Series of Certificate holders insured by its Credit Facility.

308. Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Certificates or registering the transfer of Certificates is exercised, the Trustee shall execute and deliver Certificates in accordance with the provisions of this Trust Agreement. All Certificates surrendered in any such exchanges or registrations of transfer shall forthwith be cancelled by the Trustee. For every such exchange or registration

- 20 -

- 21 -

of transfer of Certificates, whether temporary or definitive, the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or registration of transfer. The Trustee shall not be required (a) to register the transfer of or exchange Certificates for a period of fifteen (15) days preceding any Payment Date until such Payment Date, or for a period of fifteen (15) days preceding any selection of Certificates to be prepaid until after the mailing of any notice of prepayment; or (b) to register the transfer of or exchange any Certificates called for prepayment.

309. **Certificates, Mutilated, Destroyed, Stolen or Lost.** In case any Certificates shall become mutilated or be destroyed, stolen or lost, the Trustee shall execute and deliver a new Certificate of the same series and of like maturity and principal amount as the Certificate so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Certificate, or in lieu of and substitution for the Certificate destroyed, stolen or lost, upon surrender of such mutilated Certificate or filing with the Trustee of evidence satisfactory to the Trustee that such Certificate has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Trustee with indemnity satisfactory to the Trustee and complying with such other reasonable regulations as the Trustee may prescribe and paying such expenses as the Trustee may incur. All Certificates so surrendered to the Trustee shall be cancelled by it. Any such new Certificates executed and delivered pursuant to this Section in substitution for Certificates alleged to be destroyed, stolen or lost shall be equally secured by and entitled to equal and proportionate benefits, with all other Certificates delivered under the Trust Agreement and Outstanding.

310. **Temporary Certificates.** Until the definitive Certificates are prepared, the Trustee may execute and deliver, in the same manner as is provided in Section 306, in lieu of definitive Certificates, one or more temporary Certificates of the same series and substantially of the tenor of the definitive Certificates in lieu of which such temporary Certificate or Certificates are issued, in denominations of \$5,000 or any multiples thereof, and with such omissions, insertions and variations as may be appropriate for temporary Certificates. The Trustee, at the expense and direction of the School Board, shall prepare and execute and, upon the surrender of such temporary Certificates, and the cancellation of such surrendered temporary Certificates, the Trustee shall without charge to the holder thereof, in exchange therefor, deliver definitive Certificates of the same series, of the same aggregate principal amount and maturity as the temporary Certificates surrendered. Until so exchanged, the temporary Certificates shall in all respects be entitled to the same benefits and security as definitive Certificates of the same series executed and delivered pursuant to the Trust Agreement.

311. **Privilege of Prepayment and Prepayment Price.** Certificates subject to prepayment prior to maturity pursuant to this Trust Agreement may be prepaid, upon notice given as provided in this Article III, at such times, at such Prepayment Prices and upon such terms as specified in this Article III or in the Supplemental Trust Agreement authorizing the issuance of such Certificate.

312. **Prepayment.** Whenever by the terms of this Trust Agreement the Certificates are required to be prepaid, the Trustee shall select the Certificates to be prepaid in accordance with the provisions of Section 313 hereof. The Trustee shall select a Prepayment Date, and immediately give the notice of prepayment and pay the Prepayment Price thereof, plus interest accrued and unpaid to the Prepayment Date, in accordance with the terms of this Article III.

313. **Selection of Certificates to be Prepaid.** If less than all of the Certificates of a Series shall be called for prepayment, the particular Certificates or portions of Certificates to be prepaid shall be in multiples of \$5,000 and, except as otherwise provided in a Supplemental Trust Agreement, such Certificates or portions of Certificates shall be prepaid in such order of maturity as shall be designated by the School Board. If less than all of the Certificates of like maturity shall be called for prepayment, the particular Certificates or portions thereof to be prepaid shall be selected by lot by the Trustee in such manner as the Trustee shall deem fair and appropriate. The portion of any Certificate of a denomination of more than \$5,000 to be prepaid shall be in the principal amount of \$5,000 or an integral multiple thereof, and, in selecting portions of such Certificates for prepayment, the Trustee shall treat each such Certificate as representing that number of Certificates of \$5,000 denomination which is obtained by dividing the principal amount of such Certificate to be prepaid in part by \$5,000.

314. **Notice of Prepayment.** When prepayment of Certificates is required pursuant to Section 312 hereof, the Trustee shall give notice of the prepayment of such Certificates, which notice shall specify the maturities of the Certificates to be prepaid, the CUSIP numbers (which shall be for informational purposes only and shall not affect the validity of such notice), the prepayment date and the place or places where amounts due upon such prepayment will be payable and, if less than all of the Certificates of a Series are to be prepaid, the letters and numbers or other distinguishing marks of such Certificates to be prepaid, and, in the case of Certificates to be prepaid in part only, such notice shall also specify the respective portions of the principal amounts thereof to be prepaid. Such notice shall further state that on such date there shall become due and payable with respect to each Certificate to be prepaid the Prepayment Price thereof, or the Prepayment Price of the specified portions of the principal thereof to be prepaid in part only, together with interest accrued to the Prepayment Date, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall mail a copy of such

notice, postage prepaid, not less than 30 days before the Prepayment Date in the case of optional prepayment, extraordinary prepayment resulting from damage, destruction or condemnation of Facilities or mandatory sinking fund prepayment, and not less than 5 days nor more than 10 days before the Prepayment Date in the case of extraordinary prepayment resulting from termination of all Leases as a result of nonappropriation or default by the School Board, to the Holders of any Certificates or portions of Certificates which are to be prepaid, at their last addresses appearing upon the registry books, but any defect in the notice to a particular Certificate holder shall not affect the validity of the proceedings for the prepayment of other Certificates. Notwithstanding anything in this Section 314 to the contrary, the Trustee shall not give notice that the Certificates are subject to optional prepayment pursuant to a Supplemental Trust Agreement unless and until the School Board shall have deposited with the Trustee to the credit of the related Prepayment Account an amount sufficient to pay in full the principal of the Certificates subject to prepayment, plus accrued interest and premium, if any, on such Certificates to the date established for such prepayment. Notice of such prepayment shall be provided to any depository not less than two days prior to mailing of such notice, to the extent available.

315. **Payment of Prepaid Certificates.** Notice having been given in the manner provided in Section 314, the Prepayment Price of the Certificates or portions thereof so called for prepayment shall become due and payable on the Prepayment Date so designated at the Prepayment Price, plus the interest portion accrued and unpaid to the Prepayment Date, and, upon presentation and surrender thereof at the office specified in such notice such Prepayment Price of the Certificates, or portions thereof shall be paid. If there shall be selected for prepayment less than all of the Certificates, the Trustee shall execute and deliver, upon the surrender of such Certificates, without charge to the owner thereof, for the aggregate balance of the principal amount of the Outstanding Certificates so surrendered, at the option of the owner thereof, Certificates of like maturity in any of the authorized denominations. If, on the Prepayment Date, moneys for the payment of the Prepayment Price of all the Certificates of a Series or portions thereof of any like maturity to be prepaid, shall be held by the Trustee so as to be available therefor on the Prepayment Date and if notice of prepayment shall have been given as aforesaid, then, from and after the Prepayment Date the interest portion of the Certificates or portions thereof of such maturity so called for prepayment shall cease to accrue and become payable. If said moneys shall not be so available on the Prepayment Date, the principal portion represented by such Certificates or portions thereof shall continue to bear interest until paid at the same rate as would have accrued had it not been called for prepayment.

316. **Cancellation of Certificates.** All Certificates paid or prepaid, either at or before maturity, shall be delivered to the Trustee when such payment or prepayment is made, and such Certificates shall thereupon be promptly cancelled and destroyed.

Upon the cancellation and deletion of any Certificates by the Trustee, the Trustee shall execute a certificate of cancellation in duplicate by the signature of one of its authorized officers describing the Certificates so cancelled, and executed certificates shall be filed with the School Board and the Corporation and the other executed certificate shall be retained by the Trustee.

317. **Qualification for The Depository Trust Company.** The Trustee is hereby authorized to take such actions as may be necessary from time to time to qualify any Series of Certificates for deposit with The Depository Trust Company of New York, including but not limited to wire transfers of interest and principal payments with respect to such Series of Certificates, utilization of electronic book-entry data received from The Depository Trust Company of New York in place of actual delivery of Certificates and provision of notices with respect to Certificates registered by The Depository Trust Company of New York (or any of its designees identified to the Trustee) by overnight delivery, courier service, telegram, teletype or other similar means of communication. No such arrangements with The Depository Trust Company of New York may adversely affect the interest of any of the beneficial owners of the Certificates, provided, however, that the Trustee shall not be liable with respect to any such arrangements it may make pursuant to this Section. Without limiting the foregoing, the Trustee may deliver a Series of Certificates to a bank or trust company serving as custodian (which may be the Trustee serving in the capacity of custodian) to provide for a book-entry or similar method for the registration and registration of transfers of such Series of Certificate; provided that the holders of such Series of Certificates always may receive upon request certificates evidencing their ownership of Certificates.

ARTICLE IV

ESTABLISHMENT AND ADMINISTRATION OF FUNDS AND ACCOUNTS; PREPAYMENT OF CERTIFICATES

401. Establishment of Project Fund. There is hereby established with the Trustee a special trust fund to be designated as the "Project Fund". The Trustee shall keep the Project Fund separate and apart from all other funds and moneys held by it. Within the Project Fund, the Trustee shall establish pursuant to each Supplemental Trust Agreement, as necessary, the following accounts and subaccounts for each Series of Certificates: (a) an Acquisition Account and a Cost of Issuance Subaccount therein, more particularly described in Section 402 hereof; (b) a Capitalized Interest Account more particularly described in Section 403 hereof; (c) a Lease Payment Account, more particularly described in Section 404 hereof; (d) a Reserve Account, more particularly described in Section 405 hereof; and (e) a Prepayment Account, more particularly described in Section 406 hereof. The Trustee shall establish separate Acquisition Accounts, Cost of Issuance Subaccounts, Capitalized Interest Accounts, Lease Payment Accounts, Reserve Accounts and Prepayment Accounts for each Project in the Supplemental Trust Agreement authorizing the issuance of the Series of Certificates corresponding to each such Project. The Trustee may create additional Accounts and Subaccounts in any Supplemental Trust Agreement, at the request of the School Board. Each such account and sub-account shall be designated by the Trustee with the Series of the Certificates to which they relate.

On the date of delivery of each Series of Certificates the Trustee shall deposit the proceeds thereof as provided in the Schedule or Schedules and the Supplemental Trust Agreement authorizing such Series of Certificates.

402. Acquisition Account.

(a) There shall be paid into each Acquisition Account the amounts required to be so paid by the provisions hereof or by the provisions of the Supplemental Trust Agreement authorizing the issuance of the Series of Certificates to which such Acquisition Account relates.

(b) Pursuant to an election by the School Board under Section 5.4(a) of the Master Lease, Net Proceeds with respect to any Facilities, may be deposited into the Acquisition Account established under the Supplemental Trust Agreement authorizing the issuance of the Series of Certificates to which such Acquisition Account relates.

(c) The Cost (other than the Costs of Issuance) of the Facilities comprising each Project shall be paid from the amounts on deposit in the related Acquisition Account. Actual amounts paid

- 26 -

able to the School Board confirming the feasibility of the proposed construction; and

(vii) Certification by the School Board that adequate water, sanitary sewer and storm sewer utilities, electric power, telephone and other utilities are available to the land, or the cost of making them available is included in the School Board's acquisition and construction budget.

Before payment is made pursuant to a requisition for real estate improvements, regardless of whether the underlying land was previously owned by the School Board or is being acquired with Certificate proceeds, there shall be provided to the Trustee items (i) through (vii) above with respect to the land underlying such real estate improvements, and in the case of underlying land previously owned by the School Board, there shall be provided to the Trustee a related Ground Lease or amendment to the related Ground Lease adding such parcel of land thereto.

(d) Costs of Issuance of Certificates shall be paid from the related Cost of Issuance Subaccount in the related Acquisition Account upon receipt by the Trustee of a requisition substantially in the form of Exhibit C hereto, signed by an Authorized School Board Representative stating with respect to each payment to be made: (1) the requisition number, (2) the name and address of the person, firm, corporation or agency to whom payment is due, (3) the amount to be paid and (4) that such payment obligation has been properly incurred, is a Cost of Issuance for the related Project and has not been the basis of a previous withdrawal.

(e) The completion of the acquisition, construction and installation of the Facilities comprising each Project financed under a particular Lease shall be evidenced by a Certificate of Acceptance of the School Board and the Corporation in the form attached as Exhibit B to the Master Lease, which Certificate of Acceptance shall be filed with the Trustee upon completion of acquisition of such Facilities. Upon the filing of such certificate any amounts remaining in the related Acquisition Account shall be either (a) transferred to the related Lease Payment Account and applied as a credit to Basic Lease Payments due under the particular Schedule with respect to which such surplus is applicable, in accordance with Section 3.2(B) of the Master Lease or (b) if there shall remain in the related Acquisition Account an amount greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year under such Lease, transferred to the related Prepayment Account and utilized to prepay the related Series of Certificates at a price of par plus interest accrued to the date of prepayment, in the manner provided in the related Supplemental Trust Agreement and Section 7.2(B) of the Master Lease.

- 28 -

for particular Facilities may be more or less than the estimated amounts set forth initially in a Schedule, so long as the certifications provided below can be made. The Trustee shall make such payments upon receipt of a requisition substantially in the form of Exhibit B hereto, signed by an Authorized School Board Representative certifying with respect to each payment to be made: (1) the requisition number, (2) the name and address of the person, firm, corporation or agency to whom payment is due or has been made, (3) the amount to be paid, (4) that each obligation, item of cost or expense mentioned therein has been properly incurred, is an item of Cost of the Facilities comprising the related Project and has not been the basis of any previous withdrawal, and (5) that the payment of the Cost of the Facilities comprising such Project will not cause the balance remaining in such Acquisition Account after such payment to be less than the amount necessary to pay the remaining estimated Costs to be paid from such account or that sufficient other moneys are available therefor. Payments may be made from such Acquisition Account in order to reimburse the School Board for payments previously made to pay the Costs of the Facilities comprising such Project.

Payments shall be made by the Trustee for Costs of land in accordance with the following:

- (i) Receipt by the Trustee and the related Credit Facility Issuer of a title insurance policy, if required by such related Credit Facility Issuer pursuant to Section 6.1 of the Master Lease (the Trustee shall be notified in writing of such requirement);
- (ii) Receipt by the Trustee and the related Credit Facility Issuer of an Opinion of Counsel described in Section 6.1 of the Master Lease;
- (iii) An executed Schedule or Amendment to the related Schedule describing the land and the cost thereof;
- (iv) A "Phase I" environmental audit prepared by an independent engineer or other qualified consultant acceptable to the applicable Credit Facility Issuer and the School Board;
- (v) A copy of a recent survey plat of the land in questions prepared, sealed and certified to the School Board and the Trustee by a licensed Florida surveyor, in form satisfactory to the School Board;
- (vi) A report on soil conditions and an engineer's certification in form and substance accept-

- 27 -

(f) In the event that a Lease Term terminates under Section 4.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising the related Project as evidenced by the delivery of a Certificate of Acceptance, the Trustee shall transfer all amounts remaining in the related Acquisition Account to the related Lease Payment Account and apply such amounts pursuant to Section 504 hereof.

403. Capitalized Interest Accounts. Funds in each Capitalized Interest Account relating to a Series of Certificates shall be transferred to the related Lease Payment Account in an amount necessary to pay the interest portion of Lease Payments coming due during construction represented by such Series of Certificates. Such transfer shall be made on the Business Day before each Payment Date for such Series, until the amounts in such Capitalized Interest Account are exhausted.

404. Lease Payment Accounts.

(a) In addition to the moneys required to be deposited in a Lease Payment Account pursuant to Sections 401, 402 and 408 hereof and except as provided in Section 406(b) hereof, all Basic Lease Payments for the Facilities financed under a Lease shall be deposited by the Trustee in the related Lease Payment Account immediately upon their receipt. The Trustee shall pay out of such Lease Payment Account, (i) on each Payment Date, the amount required for the interest portion of the Basic Lease Payment for such Facilities payable on such date to the related Certificate holders, (ii) on each Payment Date for principal the amount required for the principal portion of the Basic Lease Payments for such Facilities payable on such date to the related Certificate holders, and (iii) in the event of the termination of the related Lease Term pursuant to Section 4.1(d) of the Master Lease for deposit in the related Prepayment Account to be applied to the prepayment of the related Certificates pursuant to Section 315 hereof amounts on deposit in the related Lease Payment Account sufficient to pay the Prepayment Price of the related Certificates.

(b) Pursuant to an election by the School Board under Section 5.4(b) of the Master Lease, Net Proceeds with respect to any Facilities of less than ten percent (10%) of the remaining principal portion of the Basic Lease Payments relating to such Facilities shall be deposited in the related Lease Payment Account to be credited against Basic Lease Payments next coming due under the related Schedule in accordance with Section 3.2(c) of the Master Lease.

405. Reserve Accounts.

Pursuant to the Supplemental Trust Agreement authorizing the issuance of any Series of Certificates, there may be established

- 29 -

and maintained a separate Reserve Account to secure the payment of the principal and/or interest portion of the Basic Lease Payments related to such Series of Certificates. Each such Reserve Account shall secure only the Series of Certificates for which it has been established.

(a) The Reserve Account shall be maintained by the Trustee at the Reserve Account Requirement until the Basic Lease Payments related to a Series of Certificates for which it was established are paid in full pursuant to the terms of the Master Lease and the related Schedule, or the School Board has prepaid all such Basic Lease Payments in accordance with Section 7.2 or Section 7.3 of the Master Lease, or the Trust Agreement is terminated. The Trustee shall apply moneys in a Reserve Account as provided in this Section 405 or as provided in a Supplemental Trust Agreement.

(b) If on any Lease Payment Date (after taking into account Basic Lease Payments made to the Trustee on such Lease Payment Date) immediately preceding a Payment Date the amount in any Lease Payment Account shall be less than the amount required to pay the interest portion and principal portion of the Basic Lease Payments then due in relation to a Series of Certificates for which it was established, the Trustee shall transfer from the Reserve Account established in relation to such Series of Certificates to such Lease Payment Account the amount necessary to make good the deficiency. Any amounts transferred from a Reserve Account pursuant to this subsection (b) shall, to the extent of such transfer, be deemed to satisfy the School Board's obligation to make such Basic Lease Payment. In the event of any such transfer, the Trustee shall, within five (5) days after making such transfer, provide written notice to the School Board of the amount and date of such transfer and the School Board shall, if the deficiency in any Lease Payment Account is not the result of a failure of the School Board to appropriate moneys as contemplated by Section 3.5 of the Master Lease, pay within thirty (30) days of receipt of notice of such transfer from the Trustee, as Supplemental Payments, an amount necessary to restore the balance in such Reserve Account to the appropriate Reserve Account Requirement applicable thereto. In the event of any deficiency in the value of the Reserve Account pursuant to Section 409 hereof, the Trustee shall, within five (5) days of such valuation, provide written notice to the School Board of such deficiency and the School Board shall pay within thirty (30) days of receipt of notice of such deficiency from the Trustee, as Supplemental Payments, an amount necessary to restore the balance in such Reserve Account to the appropriate Reserve Account Requirement applicable thereto.

(c) Whenever the amount in any Reserve Account, together with the amount in the related Lease Payment Account, is sufficient to pay in full the interest portion and principal portion of the Basic Lease Payments represented by all Outstanding Certificates of a Series in accordance with their terms, the funds

- 30 -

amount of the disbursement made under such Reserve Account Letter of Credit/Insurance Policy.

In the event that upon the occurrence of any deficiency in a Lease Payment Account, the Reserve Account is then funded with a Reserve Account Letter of Credit/Insurance Policy, the Trustee shall, on a Payment Date to which such deficiency relates, draw upon or cause to be paid under the Account Letter of Credit/Insurance Policy an amount sufficient to remedy such deficiency, in accordance with the terms and provisions of the Reserve Account Letter of Credit/Insurance Policy as applicable, and any corresponding reimbursement or other agreement governing the Reserve Account Letter of Credit/Insurance Policy; provided, however, that if at the time of such deficiency the Reserve Account is only partially funded with a Reserve Account Letter of Credit/Insurance Policy, prior to drawing on the Reserve Account Letter of Credit/Insurance Policy, as applicable, the Trustee shall first apply any cash and securities on deposit in the Reserve Account to remedy the deficiency in accordance with the Section 4.05(b) and, if after such application a deficiency still exists, the Trustee shall make up the balance of the deficiency by drawing on the Reserve Account Letter of Credit/Insurance Policy, as provided in this sentence. Amounts drawn on the Reserve Account Letter of Credit/Insurance Policy shall be applied as set forth in Section 4.05(b). Any amounts drawn under a Reserve Account Letter of Credit/Insurance Policy shall be reimbursed to the provider thereof in accordance with the terms and provisions of the reimbursement or other agreement governing such Reserve Account Letter of Credit/Insurance Policy.

406. Prepayment Accounts.

(a) Except as may be otherwise provided in the Supplemental Trust Agreement authorizing the issuance of a Series of Certificates, the Trustee shall apply moneys in each Prepayment Account as provided in this Section 406. Amounts in a Prepayment Account shall be applied within 35 days after deposit therein, to the prepayment of Certificates of the related Series.

(b) The Trustee shall deposit in each Prepayment Account as received, all moneys, if any, paid to it for such purpose by the School Board pursuant to provisions of Section 7.2 of the Master Lease. In the event of the occurrence of an Event of Mandatory Prepayment pursuant to an election under Section 5.4(b) of the Master Lease, the Trustee shall deposit in the related Prepayment Account Net Proceeds for such purpose. Also, in the event of the occurrence of an Event of Mandatory Prepayment at the election of a Credit Facility Issuer as a result of termination of all Leases for the reasons referred to in Section 4.1(b) or 4.1(c) of the Master Lease, the Trustee shall deposit in the related Prepayment Account moneys paid by the School Board and the related Credit Facility Issuer for such purpose, and shall transfer to the

- 32 -

on deposit in such Reserve Account shall be transferred to the related Lease Payment Account. Any provision of the Trust Agreement to the contrary notwithstanding, so long as there shall be held in any Lease Payment Account an amount sufficient to pay in full the interest portion and principal portion of all Basic Lease Payments represented by all Outstanding Certificates of a Series in accordance with their terms, no deposits shall be required to be made into the Reserve Account established in relation to such Series.

(d) Any amounts on deposit in a Reserve Account in excess of the related Reserve Account Requirement applicable thereto shall be transferred to the Lease Payment Account relating to the Series of Certificates secured by such Reserve Account.

(e) Any income or interest earned by, or increment to any Reserve Account due to the investment thereof paid into the applicable Lease Payment Account established for the particular Series of Certificates secured by such Reserve Account pursuant to Section 408(b) hereof shall be credited toward the interest portion of Basic Lease Payments represented by such Series next coming due, and the Trustee shall (to the extent reasonably ascertainable) notify the School Board thirty (30) days before each Lease Payment Date of the funds to be available for such transfer.

(f) Notwithstanding the foregoing, in lieu of the required deposits into the related Reserve Account, the Trustee is hereby authorized to accept and the Issuer may cause to be deposited into the Reserve Account pursuant to Section 3.1 of the Master Lease, a Reserve Account Letter of Credit/Insurance Policy either in lieu of any cash amount required to be deposited therein in connection with the issuance of any Series of Certificates or in substitution for the full amounts then on deposit therein or in an amount equal to the difference between the amount required to be deposited and the sum, if any, then on deposit in the Reserve Account, which Reserve Account Letter of Credit/Insurance Policy shall be payable (upon the giving of notice as required thereunder) on any Payment Date on which a deficiency exists which cannot be remedied by moneys in any other fund or account held pursuant to the Trust Agreement and available for such purpose. If any such Reserve Account Letter of Credit/Insurance Policy is substituted for moneys on deposit in the Reserve Account, or if on a valuation date there are excess moneys in the Reserve Account, the excess moneys in the Reserve Account shall be transferred to and deposited in the related Lease Payment Account. If a disbursement is made from a Reserve Account Letter of Credit/Insurance Policy, the School Board shall be obligated to either reinstate the maximum limits of such Reserve Account Letter of Credit/Insurance Policy immediately following such disbursement or to deposit into the Reserve Account, as provided in Section 3.1 of the Master Lease for restoration of withdrawals from the Reserve Account, funds in the

- 31 -

related Prepayment Account moneys on hand in the related Lease Payment Account and not needed to pay the principal portion and interest portion due or past due represented by the related Series of Certificates, sufficient to pay the Prepayment Price of such Series of Certificates pursuant to Section 404 hereof. All of said moneys shall be set aside in the corresponding Prepayment Account for the purpose of prepaying a principal amount of the related Series of Certificates corresponding to the principal portion of Basic Lease Payments prepaid or to the principal portion of the Purchase Option Price of all or a portion of the related Facilities, and shall be applied on or after the Prepayment Date to the payment of such principal amount of the related Series of Certificates, together with the accrued interest relating thereto, upon presentation and surrender of such Certificates.

407. Deposits of Money.

(a) All moneys deposited under the provisions of this Trust Agreement with the Trustee shall be held in trust and applied only in accordance with the provisions of this Trust Agreement, and the Project Fund established by this Trust Agreement shall be a trust fund for the purposes thereof.

(b) All moneys held under this Trust Agreement by the Trustee shall be invested in accordance with Section 408 hereof, provided, however, that it shall not be necessary for the Trustee to give or obtain security for the deposit of any moneys held in trust and set aside by it for the payment of the principal portion or Prepayment Price of or interest portion of the Basic Lease Payments represented by any Certificates, or to give security for any moneys which shall be represented by Investment Securities purchased as an investment of such moneys.

(c) All moneys deposited with the Trustee shall be credited to the particular account to which such moneys belong.

408. Investment of Certain Accounts.

(a) Moneys held in each Acquisition Account, Capitalized Interest Account, Lease Payment Account, Reserve Account and Prepayment Account shall be invested and reinvested by the Trustee, solely as directed by an Authorized School Board Representative, to the fullest extent practicable in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Accounts, provided that moneys in each Acquisition Account shall not be invested in Investment Securities maturing more than three (3) years after the date of investment, and provided, further, that moneys in each Reserve Account shall be invested in Investment Securities with maturities not longer than five (5) years. The Trustee shall make all such investments of moneys held by it only as directed in accordance with instructions (which may be standing instructions)

- 33 -

confirmed in writing, received from an Authorized School Board Representative and the Trustee shall have no responsibility for determining whether Investment Securities are legal under State law for investment of the School Board's funds.

(b) Subject to the first sentence of Section 409, interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investments and net of amounts deemed Excess Earnings) earned on any moneys or investments in an Acquisition Account shall be either (i) at the direction of an Authorized School Board Representative retained in such account until delivery of a Certificate of Acceptance, or (ii) automatically transferred to the related Lease Payment Account without need for any requisition or other direction and, together with interest earnings on investments in such Lease Payment Account, applied on the next occurring Lease Payment Date as a credit against the Basic Lease Payment then due on such date under the related Lease and deemed to be payment of the interest portion thereof. Interest earned on any moneys or investments in each Cost of Issuance Sub-account shall be deposited in the related Acquisition Account. Interest and other income received by the Trustee from investments of moneys on deposit in each Reserve Account (net of amounts deemed by the School Board to be Excess Earnings) and the related Capitalized Interest Account, if any, shall, prior to delivery of a Certificate of Acceptance, be deposited in the Acquisition Account, and after such date, be deposited in the related Lease Payment Account; provided, however, that all interest and other income received by the Trustee on investment of a Reserve Account shall be retained therein in the event that amounts on deposit in such Reserve Account are less than the Reserve Account Requirement applicable thereto. Interest earned on moneys and investments in a Prepayment Account shall be applied on the next ensuing Prepayment Date toward payment of amounts due to the related Certificate holders, in accordance with the provisions of Article III hereof. The School Board shall give written notice to the Trustee after each calculation period of amounts deemed by the School Board to be Excess Earnings and the Trustee may rely conclusively on such notice for purposes of determining the Excess Earnings amount hereunder.

(c) Nothing in this Trust Agreement shall prevent any Investment Securities acquired as investments of funds held under this Trust Agreement from being issued or held in book-entry form on the books of the Department of the Treasury of the United States of America.

409. Valuation and Sale of Investments. Obligations purchased as an investment of moneys in any Account created under the provisions of this Trust Agreement shall be deemed at all times to be a part of such Account and any profit realized from the liquidation of such investment shall be credited to, and any loss resulting from the liquidation of such investment shall be charged

- 34 -

ARTICLE V

COVENANTS, DEFAULT AND LIMITATIONS OF LIABILITY

501. Trustee to Perform each Lease. The Trustee covenants and agrees with the Certificate holders and each Credit Facility Issuer, if any, to perform or cause to be performed all obligations and duties imposed on it as assignee of the Corporation of each Lease, and to enforce each Lease against the School Board.

502. Notice of Nonpayment. In the event of delinquency in the payment when due of Basic Lease Payments by the School Board pursuant to a Lease, the Trustee shall give notice to the School Board on the Business Day following the day payment was due, that such Basic Lease Payments have not been received. In the event of a delinquency in the payment when due of Additional Lease Payments or Supplemental Payments by the School Board pursuant to a Lease, the Trustee shall give notice to the School Board on the Business Day following the day payment was due (if payment was due to the Trustee) or on the Business Day following the date of receipt of notice of nonpayment from the party to whom such Additional Lease Payment or Supplemental Payment was due (if payment was due to a payee other than the Trustee).

503. Events of Default. Each of the following events is hereby declared to be an event of default hereunder:

(a) Payment of any installment of interest represented by any Certificate shall not be made when the same shall become due and payable; or

(b) Payment of any principal, whether at maturity or upon call for redemption, or any redemption premium with respect to any Certificate shall not be made when the same shall become due and payable; or

(c) An "Event of Default" shall occur and be continuing under Section 8.1 of the Master Lease.

504. Remedies on Default or Non-Appropriation. Upon the occurrence of an event of default by the School Board with respect to any Lease under Section 8.1 of the Master Lease, or upon termination of the Lease Term of all Leases as a result of nonappropriation, the Trustee, with the consent or at the direction of each Credit Facility Issuer insuring a Series of Certificates, and upon receipt of indemnity, shall be entitled to enforce the rights and exercise the remedies provided in the Master Lease, as appropriate and shall pursue one or more of such remedies at the direction of the Holders of a majority in aggregate principal amount of the Certificates of each Series Outstanding which is affected by such remedies, subject to the provisions of Section 707 hereof.

- 36 -

to, the computation of net interest earned on the moneys and investments of such Account.

In computing the amount in any Account created under the provisions of this Trust Agreement for any purpose provided in this Trust Agreement, obligations purchased as an investment of moneys therein shall be valued at the amortized cost of such obligations plus accrued interest. Such computation shall be determined as and when needed. Investments in the Reserve Account shall be valued annually.

Except as otherwise provided in this Trust Agreement, the Trustee shall sell at the best price reasonably obtainable or present for redemption or transfer as provided in the next sentence any obligation so purchased as an investment whenever it shall be requested in writing by the Authorized School Board Representative so to do or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Account or sub-account held by it. In lieu of such sale or presentation for redemption, the Trustee may, in making the payment or transfer from any Account mentioned in the preceding sentence, transfer such investment obligations or interest appertaining thereto if such investment obligations shall mature or be collectible at or prior to the time the proceeds thereof shall be needed and such transfer of investment obligations may be made in book-entry form. The Trustee shall not be liable or responsible for making any such investment in the manner provided above.

- 35 -

Any amounts collected following an event of default or non-appropriation shall be applied in accordance with the provisions of this Section and if all amounts due on the Certificates or otherwise hereunder have been fully paid (or provision for payment thereof has been made), such amounts shall be paid to the School Board.

(a) All such moneys collected in connection with a particular Lease shall be deposited into one or more special accounts established by the Trustee for the Series of Certificates relating thereto and applied:

First: To the payment of the reasonable costs of the Trustee related to such Lease, including counsel fees, any disbursements of the Trustee and its reasonable compensation;

Second: To the payments related to such Lease, if any, required to be paid to the Treasury Department of the United States under the Code;

Third: To the payment to the persons entitled thereto of all installments of the interest then due represented by all Series of Certificates related to such Lease in the order of such maturity of the installments of such interest portion, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due represented by such installment, to the persons entitled thereto, without any discrimination or preference;

Fourth: To the payment to the persons entitled thereto of the unpaid principal portion or Prepayment Price of all Series of Certificates related to such Lease which shall have become due whether at maturity or by call for prepayment in the order of their due dates and, if the amount available shall not be sufficient to pay in full all Certificates due on any date, then to the payment thereof ratably, according to the amount of principal portion, or Prepayment Price due on such date, to the persons entitled thereto, without any discrimination or preference; and

Fifth: To the payment of any ground rent or other amounts then due and payable under the corresponding Ground Lease, if any.

(b) If, at the election of a Credit Facility Issuer, an Event of Extraordinary Prepayment shall have occurred, the Trustee shall send notice of such extraordinary prepayment as required under Section 314 and shall apply all such moneys in accordance herewith and with the applicable Supplemental Trust Agreement.

Except as otherwise provided in Section 305(a) hereof, in the case of partial payment of Basic Lease Payments, whenever moneys are to be applied by the Trustee pursuant to the provisions

- 37 -

of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be on a Lease Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date.

505. Account and Reports.

(a) The Trustee shall keep a copy of this Trust Agreement and all Supplemental Trust Agreements and proper books of record and account in which complete and correct entries shall be made of its transactions relating to each Project and each Account established under this Trust Agreement, which shall be subject to the inspection of the Corporation and the School Board during normal business hours and upon reasonable notice and which shall be maintained by the Trustee at the expense of the School Board for a period of six (6) years following termination of this Trust Agreement.

(b) The Trustee shall advise the Corporation and the School Board promptly after the end of each month of its transactions during such month relating to each Account held by it under this Trust Agreement.

506. Liability to Certificate Holders for Payment. Except as otherwise provided in this Trust Agreement, the Trustee shall have no obligation or liability to the Certificate holders with respect to the School Board's obligation to pay Basic Lease Payments when due, or with respect to the performance by the School Board of any other covenants made by it in the Master Lease. The Trustee shall not be liable or responsible because of the failure of the Corporation or the School Board or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the Corporation or the School Board or because of the loss of any money arising through the insolvency or the act or default or omission of any depository. The Trustee shall not be responsible for the application of any of the proceeds of Certificates or any other money deposited with it and paid out, withdrawn or transferred hereunder if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of this Trust Agreement. The immunities and exemption from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents.

507. Possession and Enjoyment. With respect to each Project, from and after the acceptance by the School Board of the Facilities comprising such Project in accordance with the terms of the Master

Lease, the Trustee hereby agrees that it will not interfere with the Lease Terms and that the School Board shall, during such Lease Terms, peaceably and quietly have and hold and enjoy such Facilities, without suit, trouble or hindrance from the Trustee, except as expressly set forth in such Leases.

508. Warranties. THE TRUSTEE, BY ACCEPTANCE OF THE TRUST AGREEMENT, AND THE CORPORATION, BY DELIVERY OF THE LEASES, MAKE NO WARRANTY OR REPRESENTATION, EITHER EXPRESSED OR IMPLIED, AS TO THE TITLE TO, VALUE, DESIGN, CONDITION, HABITABILITY, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF ANY OF THE FACILITIES, OR PORTION THEREOF, OR AS TO WHETHER THE QUALITY OR CAPACITY OF THE MATERIAL OR WORKMANSHIP IN SUCH FACILITIES OR ANY WARRANTY THAT SUCH FACILITIES WILL SATISFY THE REQUIREMENTS OF ANY LAW, RULE, SPECIFICATIONS OR CONTRACT WHICH PROVIDES FOR SPECIFIC MACHINERY, OPERATORS OR SPECIAL METHODS OR ANY OTHER WARRANTY OF ANY KIND WHATSOEVER. In no event shall the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of any Lease or the existence, furnishing, functioning or the School Board's use of any item, product or service provided for in any Lease.

- 38 -

- 39 -

ARTICLE VI

CONCERNING THE TRUSTEE

601. Employment of Trustee. In consideration of the recitals hereinabove set forth and for other valuable consideration, the Trustee hereby agrees to receive, hold, invest and disburse the moneys to be paid to it pursuant to the Master Lease for credit to the various funds and accounts established by this Trust Agreement; to prepare, execute, deliver and deal with the Certificates; and to apply and disburse the Trust Estate and other moneys received pursuant to the Master Lease to the Certificate holders subject to the limitations set forth in this Trust Agreement; and to perform certain other functions, all as expressly provided in and subject to the express terms and conditions of, this Trust Agreement. Prior to the occurrence of any Event of Default hereunder and after the curing of all such Events of Default that may have occurred, the Trustee shall perform only such duties of the Trustee as are specifically set forth in this Trust Agreement.

602. Trustee Acceptance of Duties.

(a) The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Trust Agreement by executing and delivering this Trust Agreement, and by executing such acceptance the Trustee shall be deemed to have accepted such duties and obligations with respect to all the Certificates thereafter to be delivered, but only, however, upon the express terms and conditions set forth herein.

(b) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect all books, papers and records of the School Board pertaining to each Project and each Lease, and to take such memoranda from and with regard thereto as may be desired.

(c) The Trustee shall not be required to give bond or surety in respect of the execution of said trusts powers or otherwise in respect of this Trust Agreement.

(d) Before taking any action referred to in Article V, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its failure to comply with the standard of care prescribed by Section 612 hereof or liability which is adjudicated to have resulted from its negligence or willful misconduct. Notwithstanding any other provision contained herein, the Trustee shall be under no obligation to institute any suit or to undertake any remedial proceeding in the Event of a Default under this Trust Agreement or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts hereby created

or in the enforcement of any rights and powers hereunder, including its acceptance or possession of the Facilities, until it shall be indemnified to its reasonable satisfaction against any and all reasonable costs, expenses, outlays and reasonable counsel fees and other reasonable disbursements, and against all liability, including any liability in connection with any hazardous waste on any Facility Site.

(e) The Trustee shall not be liable for any error of judgment made in good faith by any officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(f) The recitals, statements and representations in this Trust Agreement or in the Certificates, save only the Trustee's execution of the Certificates, have been made by the Corporation and not by the Trustee; and the Trustee shall be under no responsibility for the correctness thereof. The Trustee shall not be responsible for the validity, priority, recording or filing of this Trust Agreement, the Master Lease, or the Assignment Agreements, or for insuring the Facilities or collecting any insurance moneys, or for the validity of the execution by the Corporation of this Trust Agreement or of any supplements hereto or instruments of further assurance, or for the sufficiency of the Trust Estate, or for the value or title of the Facilities or as to the maintenance of the security hereof, except as otherwise expressly provided herein.

(g) Except as to the acceptance of the trusts created hereunder, the Trustee shall have no responsibility in respect of the due execution or acknowledgment of this Trust Agreement by the Corporation, the validity or sufficiency of this Trust Agreement, or the validity of the Certificates or the issuance thereof.

603. Evidence on Which Trustee May Act.

(a) The Trustee, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of this Trust Agreement shall be protected in acting upon any such instrument reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may, but shall not be obligated to, consult with recognized counsel in the field of commercial banking and corporate trust administration, who may or may not be counsel to the School Board, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Trust Agreement in good faith and in accordance herewith.

(b) Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Trust Agreement, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established

- 40 -

- 41 -

by a certificate of an Authorized School Board Representative, and such certificate shall be full warranty for any action taken or suffered in good faith under the provisions of this Trust Agreement upon the faith thereof. But in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

(c) Except as otherwise expressly provided hereunder, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the School Board to the Trustee shall be sufficiently executed in the name of the School Board by an Authorized School Board Representative.

(d) The Trustee shall not be deemed to have notice of any Event of Default hereunder except a default in the payment of Lease Payments, unless the Trustee shall have actual knowledge thereof or be specifically notified thereof in writing.

(e) The Trustee may buy, sell, own, hold and deal in any of the Certificates, and may join in any action which any Certificate holder may be entitled to take with like effect as if the Trustee were not a party to this Trust Agreement. The Trustee, either as principal or agent, may also engage in or have an interest in any financial or other transaction with the School Board or Corporation, and may act as depository, trustee, or agent for any committee or body of Certificate holders or other obligations of the School Board as freely as if it were not Trustee hereunder.

(f) The Trustee shall not be answerable or accountable except for the performance of its duties and obligations as are specifically set forth in this Trust Agreement and except for its own willful misconduct or negligence. The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty.

(g) No provision of this Trust Agreement shall be construed to relieve the Trustee from liability for its own negligent action, willful misconduct or negligent failure to act. However, in no event shall the Trustee be liable to any party: (i) for any losses on investments made in accordance with Section 408 hereof; (ii) for special, indirect or consequential damages including loss of profits or business, arising under or in connection with this Trust Agreement regardless of the form of action; (iii) for the use of the proceeds of sale of any Certificates; (iv) for compliance by the School Board with any covenant regarding the yield on investments made in accordance with Section 408 hereof.

(h) The Trustee may exercise any powers hereunder and perform any duties required of it through attorneys, agents, receivers, officers or employees, and shall be entitled to advice of counsel concerning its duties hereunder and all questions hereunder. Except as otherwise provided herein, the Trustee shall not be answerable for the exercise of any discretion or power hereunder

- 42 -

notice as provided in Section 605 or after a vacancy in the office of the Trustee shall have occurred by reason of its removal as provided in Section 606 or by reason of its inability to act, a successor Trustee may be appointed by the Holders of a majority in principal amount of each Series of Certificates then Outstanding, excluding any Certificates held by or for the account of the School Board, by an instrument or concurrent instruments in writing signed and acknowledged by such Certificate holders or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Corporation, the School Board and the predecessor. For purposes of this Article VI, "appointment" of a successor Trustee shall be deemed to occur upon designation, acceptance and commencement of performance of duties by the successor Trustee.

(b) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank or trust company or national banking association, having capital stock and surplus aggregating at least \$50,000,000, if there be such bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Trust Agreement.

(c) Each Credit Facility Issuer shall be furnished with written notice of the resignation or removal of the Trustee, Paying Agent and Registrar and of the appointment of, and acceptance of duties by, any successor thereto.

608. Transfer of Rights in Property to Successor Trustee. Any successor Trustee appointed under this Trust Agreement shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Corporation and the School Board an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Corporation, the School Board or the successor Trustee execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Trust Agreement and shall pay over, assign and deliver to the successor Trustee any money or property subject to the trusts and conditions herein set forth together with any paid but unearned fees. Should any deed, conveyance or instrument in writing from the School Board and the Corporation be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, power and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and as far

- 44 -

nor for any act or failure to act in connection with the trust hereunder, except only its own willful misconduct or negligence.

604. Compensation to Trustee. The School Board has agreed in the Master Lease to pay to the Trustee reasonable fees and expenses as agreed to between the School Board and the Trustee. The Trustee shall have a lien for the foregoing on the Trust Estate.

605. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this Trust Agreement by giving not less than 60 days written notice to the Corporation, the School Board and the Holders of all Certificates Outstanding, specifying the date when such resignation shall take effect, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the School Board or the Certificate holders as provided in Section 607, in which event such resignation shall take effect immediately on the appointment of such successor provided, however, that in the event no successor has been appointed, the Trustee shall continue to serve until such appointment. The Trustee may petition a court of competent jurisdiction for the appointment of a successor.

606. Removal of Trustee. Prior to the occurrence of an event of default, or termination of the Lease Term of all Leases as a result of nonappropriation, the Trustee may be removed at any time by an instrument or concurrent instruments in writing appointing a successor, filed with the Trustee, and signed by the Corporation and the School Board, with cause, or by the Holders of a majority in principal amount of each Series of Certificates then Outstanding or their attorneys-in-fact duly authorized with or without cause, or by the Credit Facility Issuers insuring a majority in principal amount of each Series of Certificates then Outstanding with cause. After the occurrence of an event of default, or termination of the Lease Term of all Leases as a result of nonappropriation, the Trustee may be so removed with or without cause by the Holders of a majority in principal amount of each Series of Certificates then Outstanding or their attorneys-in-fact duly authorized, or by the Credit Facility Issuers insuring a majority in principal amount of each Series of Certificates then Outstanding.

607. Appointment of Successor Trustee.

(a) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, a successor may be appointed by the School Board, as long as the School Board is not in default under the Master Lease and the Master Lease is in full force and effect. In the event that no appointment of a successor Trustee shall be made pursuant to the foregoing provisions within 45 days after the Trustee shall have given to the School Board written

- 43 -

as may be authorized by law, be executed, acknowledged and delivered by the School Board and the Corporation.

609. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of a state of the United States or a national banking association and shall be authorized by law to perform all the duties imposed upon it by this Trust Agreement, shall be the successor to the Trustee without the execution or filing of any paper or the performance of any further act.

610. Addition of Authorized Signature. In case any of the Certificates contemplated to be delivered under this Trust Agreement shall have been executed but not delivered, any successor Trustee may adopt the authorized signature of any predecessor Trustee so executing such Certificates and deliver such Certificates so executed; and in case any of the said Certificates shall not have been executed, any successor Trustee may execute such Certificates in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Certificates or in this Trust Agreement provided that the certificate of the Trustee shall have.

611. Indemnification to Trustee. The School Board has in Section 5.7 of the Master Lease agreed, to the extent permitted by law, including the provisions of Section 768.28 Florida Statutes, to indemnify and save the Trustee harmless from and against all liabilities, including consequential damages and reasonable legal fees and expenses arising out of the administration of the trusts pursuant to this Trust Agreement, and all matters concerning the Trustee's duties and obligations with respect to the Leases and the Assignment Agreements including the issuance of the Certificates, except in the case of liability, obligations and damages arising out of the Trustee's negligence or willful misconduct.

612. Obligation to Act on Defaults. If any Event of Default shall have occurred and be continuing, the Trustee shall, subject to the provisions of Section 501, exercise such of the rights and remedies vested in it by this Trust Agreement and shall use the same degree of care in their exercise as a prudent man would exercise or use in the circumstances in the conduct of his own affairs; provided that if in the opinion of the Trustee such action may tend to involve expense or liability, it shall not be obligated to take such action unless it is furnished with indemnity satisfactory to it.

613. Intervention by Trustee. The Trustee may intervene, and upon the written request of Certificate holders of a majority in aggregate principal amount of each Series of Certificates then

- 45 -

Outstanding and receipt of indemnity shall intervene, on behalf of Certificate holders or the related Credit Facility Issuer in any judicial proceeding to which the School Board or the Corporation is a party and which in the opinion of the Trustee and its attorneys has a substantial bearing on the interests of Certificate holders. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

614. Third Party Beneficiaries. Each Credit Facility Issuer is hereby expressly recognized as a third party beneficiary to this Trust Agreement and, so long as the Credit Facility issued by such Credit Facility Issuer is in effect and the Credit Facility Issuer is properly honoring drawings thereunder, it shall be entitled to enforce the obligations to the Credit Facility Issuer hereunder of the Corporation and the Trustee and of the School Board to the Credit Facility Issuer under the Master Lease.

ARTICLE VII

AMENDMENTS

701. Mailing. Any provision in this Article for the mailing of a notice or other paper to Certificate holders of a Series of Certificates shall be fully complied with if it is mailed postage prepaid only (i) to each Holder of Certificates of such Series then Outstanding at his/her address, if any, appearing upon the registry books of the Trustee, (ii) to the Credit Facility Issuer with respect to such Series of Certificates and (iii) to the Trustee.

702. Power of Amendment. The Trust Agreement and the rights and obligations provided hereby may be modified or amended at any time by a Supplemental Trust Agreement, entered into between the Trustee and the Corporation (with the written consent of the School Board so long as the Lease Term of the Master Lease shall remain in effect and no default shall have occurred thereunder) without the consent of any Certificate holders, but only (1) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Trust Agreement, or (2) to insert such provisions clarifying matters which they deem necessary or desirable and which are not contrary to or inconsistent with this Trust Agreement as theretofore in effect, or (3) to issue one or more Series of Certificates pursuant to Article III hereof, or (4) to permit a Series of Certificates to be issued in book-entry form with or without physical certificates, or (5) to make any other modification or amendment that in the judgment of the Trustee (upon the advice of counsel, if requested) will not have a material adverse effect on the interests of any of the Certificate holders. Any other modification or amendment of this Trust Agreement and of the rights and obligations of the Corporation and of the Holders of the Certificates hereunder, may be made by a Supplemental Trust Agreement, entered into between the Trustee and the Corporation with the written consent given, as provided in Section 703 hereof but subject to Section 707 hereof, of the Holders of at least a majority in principal amount of the Certificates Outstanding of each Series at the time such consent is given and who are affected by such modifications or amendments and the written consent of the School Board so long as the Lease Term of the Master Lease shall remain in effect and no default shall have occurred thereunder; provided, however, that if any such modification or amendment will, by its terms, not take effect so long as any affected Certificates remain Outstanding, the consent of the Holders of such Certificates shall not be required and such Certificates shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Certificates under this Section. No such modification or amendment shall permit a change in the terms of prepayment or maturity of the principal portion of any Outstanding Certificates or of any installment of the interest portion thereon or a reduction in the principal portion or the Prepayment Price thereof or in the interest portion thereon or in the consents required for such modifications or amendments without the consent of the Holders of such Certificates, or shall change or modify any of the rights or

- 46 -

obligations of the Trustee without its written assent thereto. The Trustee shall be entitled to receive an opinion of counsel as to whether or not, in accordance with the foregoing powers of amendment, Certificates of any particular Series or maturity would be affected by any modification or amendment of this Trust Agreement. Copies of all amendments hereto shall be provided to the Rating Agencies, whether effected pursuant to Section 702 or Section 703 hereof.

703. Consent of Certificate Holders. The Trustee and the Corporation (at the direction of the School Board so long as the Lease Term of the Master Lease shall remain in effect and no default shall have occurred thereunder) may at any time enter into a Supplemental Trust Agreement making a modification or amendment permitted by the provisions of Section 702 to take effect when and as provided in this Section but subject to Section 707 hereof. A copy of such Supplemental Trust Agreement (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to affected Certificate holders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Trustee to such Certificate holders (but failure to mail such copy and request shall not affect the validity of the Supplemental Trust Agreement when consented to as provided in this Section). Such Supplemental Trust Agreement shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of Holders of the percentages of Outstanding Certificates specified in Section 702 and (b) an Opinion of Counsel stating that such Supplemental Trust Agreement has been duly and lawfully entered into by the parties thereto and filed with the School Board, the Trustee and the Corporation in accordance with the provisions of this Trust Agreement, is authorized or permitted by this Trust Agreement, and is valid and binding upon the parties thereto in accordance with its terms. Each such consent shall be effective only if accompanied by proof of the Holder, at the date of such consent, of the Certificates with respect to which such consent is given, which proof shall be such as is permitted by Section 802. A certificate or certificates executed by the Trustee and filed with the School Board and the Corporation stating that it has examined such proof and that such proof is sufficient in accordance with Section 802 shall be conclusive that the consents have been given by the Holders of the Certificates described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Certificates giving such consent and, anything in Section 802 to the contrary notwithstanding, upon any subsequent Holder of such Certificates and of any Certificates issued in exchange thereof (whether or not such subsequent Holder thereof has notice thereof) unless such consent is revoked in writing by the Holder of such Certificates giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section 703 provided for is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the School Board and the Corporation to the effect that no revocation

thereof is on file with the Trustee. At any time after the Holders of the required percentages in principal amount of Certificates shall have filed their consents to the Supplemental Trust Agreement, the Trustee shall make and file with the School Board and the Corporation a written statement that the Holders of such required percentages in principal amount of Certificates have filed such consent. Such written statements shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Trust Agreement (which may be referred to as a Supplemental Trust Agreement entered into by the parties thereto on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages in principal amount of Certificates and will be effective as provided in this Section 703, may be given to Certificate holders by the Trustee by mailing such notice to Certificate holders (but failure to mail such notice shall not prevent such Supplemental Trust Agreement from becoming effective and binding as in this Section 703 provided). A record, consisting of the certificates or statements required or permitted by this Section 703 to be made by the Trustee, shall be proof of the matters therein stated. Such Supplemental Trust Agreement making such amendment or modification shall be deemed conclusively binding upon the School Board and the Corporation, the Trustee and the Holders of all Certificates affected by such Supplemental Trust Agreement at the expiration of forty (40) days after the filing with the Trustee of the proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Trust Agreement in a legal action or equitable proceeding for such purpose commenced within such forty (40) day period; provided, however, that the Trustee, the School Board and the Corporation during such forty (40) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Trust Agreement as they may deem expedient.

704. Modifications by Unanimous Consent. The terms and provisions of this Trust Agreement applicable to a Series of Certificates and the rights and obligations of the Trustee and the Corporation and of the Holders of the Certificates of such Series hereunder may be modified or amended, with the written consent of the School Board in any respect upon entering into by the parties thereto of a Supplemental Trust Agreement and the consent of the Holders of all the Certificates then Outstanding of such Series, such consent to be given as provided in Section 703 except that no notice to Certificate holders by mailing shall be required.

705. Exclusion of Certificates. Certificates owned or held by or for the account of the School Board shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Certificates provided for in this Article VII, and the School Board shall not be entitled with respect to such Certificates to give any consent or take any other action

- 48 -

- 49 -

provided for in this Article. At the time of any consent or other action taken under this Article, the School Board shall furnish the Trustee a certificate of an Authorized School Board Representative, upon which the Trustee may rely, describing all Certificates so to be excluded.

706. Notation on Certificates. Certificates executed and delivered after the effective date of any action taken as in this Article VII provided may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the School Board, the Corporation and the Trustee as to such action, and in that case upon demand of the Holder of any Certificate Outstanding at such effective date and presentation of his/her Certificate for the purpose at the designated corporate trust office of the Trustee or upon any transfer or exchange of any Certificate Outstanding at such effective date, suitable notation shall be made on such Certificate or upon any Certificates issued upon any such transfer or exchange by the Trustee as to any such action. If the School Board, the Corporation and the Trustee shall so determine, new Certificates so modified as in the opinion of the Trustee, the Corporation and the School Board to conform to such action shall be prepared, executed and delivered, and upon demand of the Holder of any Certificate then Outstanding shall be exchanged, without cost to such Certificate holder, for Certificates of the same maturity then Outstanding, upon surrender of such Certificates.

707. Credit Facility Issuers Deemed Certificate Holders. Notwithstanding any other provisions of this Trust Agreement, including without limitation this Article VII, whenever the consent of a Certificate holder shall be required under this Trust Agreement for any purpose except those modifications or amendments effecting a change in the terms of prepayment or maturity of the principal portion of any Outstanding Certificates or of any installment of the interest portion thereon or a reduction in the principal portion thereon or of the requirement that such modifications or amendments not be made without the consent of the Holders of such Certificates, any Certificate insured or guaranteed by a Credit Facility shall be deemed to be owned by the Credit Facility Issuer issuing such Credit Facility, so long as such Credit Facility Issuer has not defaulted on the obligations under its Credit Facility.

ARTICLE VIII

MISCELLANEOUS

801. Defeasance.

(a) If the principal portion or Prepayment Price of all Certificates, if applicable, and the interest portion due or to become due thereon, shall be paid at the times and in the manner stipulated in such Certificates and in this Trust Agreement, and all amounts owing to the Trustee under this Trust Agreement shall have been paid, then the pledge of the Trust Estate and all covenants, agreements and other obligations of the School Board under this Trust Agreement in favor of such Certificates shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause statements for such period or periods as shall be requested by the School Board to be prepared and filed with the School Board and, upon the request of the School Board, shall execute and deliver to the School Board all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the School Board all moneys or securities held by it pursuant to this Trust Agreement which are not required for the payment of the principal portion or Prepayment Price, if applicable, and interest portion due or to become due with respect to such Certificates not theretofore surrendered for such payment or prepayment or for the payment of amounts owing to any Credit Facility Issuer under a Reimbursement Agreement or as ground rent under any Ground Lease.

(b) Certificates for the payment or prepayment of which moneys shall have been set aside sufficient to pay the principal portion, the Prepayment Price, if applicable, and interest portion to become due to maturity or earlier prepayment, shall be held in trust by the Trustee as escrow holder (through deposit by the School Board of funds for such payment or prepayment of the Purchase Option Price of one or more Facilities pursuant to Section 7.3 of the Master Lease or otherwise) shall be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section 801 except that the obligation of the School Board to make, or cause to be made, Basic Lease Payments from such set-aside amounts shall continue. Any Outstanding Certificates shall, prior to the maturity or Prepayment Date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section 801 if the Trustee shall receive an Opinion of Counsel to that effect and (a) in case any of said Certificates are to be prepaid on any date prior to their maturity, the School Board shall have given to the Trustee irrevocable instructions in writing from an Authorized School Board Representative to mail as provided in Article III a notice of prepayment of such Certificates (other than Certificates which have been purchased by the Trustee at the direction of the School Board or purchased or otherwise acquired by the School Board and delivered to the Trustee as hereinafter provided prior to the mailing of such notice of prepayment) on said date, (b) there shall

have been deposited with the Trustee as escrow holder moneys consisting of either cash in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee as escrow holder at the same time, shall be sufficient, to pay when due the principal portion or Prepayment Price, if applicable, and interest portion due and to become due with respect to said Certificates on or prior to the prepayment date or maturity date thereof, as the case may be, and (c) in the event said Certificates are not by their terms subject to prepayment within the next succeeding 60 days, the School Board shall have given the Trustee in form satisfactory to it, instructions to mail a notice to the Holders of such Certificates that the deposit required by (b) above has been made with the Trustee as escrow holder and that said Certificates are deemed to have been paid in accordance with this Section 801 and stating such maturity or Prepayment Date upon which moneys are expected to be available for the payment of the principal or Prepayment Price, if applicable, of said Certificates, other than Certificates which have been purchased by the Trustee at the direction of the School Board or purchased or otherwise acquired by the School Board and delivered to the Trustee as hereinafter provided prior to the mailing of the notice of prepayment referred to in clause (a) above. The Trustee shall, if so directed by the School Board (i) prior to the maturity date of Certificates deemed to have been paid in accordance with this Section 801 which are not to be prepaid prior to their maturity date or (ii) prior to the mailing of the notice of prepayment referred to in clause (a) above with respect to any Certificates deemed to have been paid in accordance with this Section 801 which are to be prepaid on any date prior to their maturity, apply moneys deposited with the Trustee as escrow holder in respect of such Certificates or sell Defeasance Securities so deposited with the Trustee and apply the proceeds thereof to the purchase of such Certificates, and the Trustee shall immediately thereafter cancel all such Certificates so purchased; provided, however, that the moneys and Defeasance Securities remaining on deposit with the Trustee after the purchase and cancellation of such Certificates shall be sufficient to pay when due the principal or Prepayment Price, if applicable, of, and interest portion due or to become due with respect to all Certificates, in respect of which such moneys and Defeasance Securities are being held by the Trustee on or prior to the Prepayment Date or maturity date thereof, as the case may be. If, at any time (i) prior to the maturity date of Certificates deemed to have been paid in accordance with this Section 801 which are not to be prepaid prior to their maturity date or (ii) prior to the mailing of the notice of prepayment referred to in clause (a) with respect to any Certificates deemed to have been paid in accordance with this Section 801 which are to be prepaid on any date prior to their maturity, the School Board shall purchase or otherwise acquire any such Certificates and deliver such Certificates to the Trustee prior to their maturity date or Prepayment Date, as the case may be, the Trustee shall immediately cancel all such Certificates so delivered; such delivery of Certificates to the Trustee shall be accompanied by

directions from the School Board to the Trustee as to the manner in which such Certificates are to be applied against the obligation to pay or prepay Certificates deemed paid in accordance with this Section 801. The directions given by the School Board to the Trustee referred to in the preceding sentences shall also specify the portion, if any, of such Certificates so purchased or delivered and cancelled to be applied against the obligation to pay Certificates deemed paid in accordance with this Section 801 upon their maturity date or dates and the portion, if any, of such Certificates so purchased or delivered and cancelled to be applied against the obligation to prepay Certificates deemed paid in accordance with this Section 801 on any date or dates prior to their maturity. In the event that on any date as a result of any purchases, acquisitions and cancellations of Certificates as provided in this Section 801 the total amount of moneys and Defeasance Securities remaining on deposit with the Trustee under this Section 801 is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of the remaining Certificates in order to satisfy subclause (b) of this subsection of Section 801, the Trustee shall, if requested by the School Board, pay the amount of such excess to the School Board free and clear of any trust, lien, pledge or assignment securing said Certificates or otherwise existing under this Trust Agreement. Except as otherwise provided in this subsection of Section 801, neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section 801 nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal portion or Prepayment Price, if applicable, and interest portion represented by said Certificates; provided that any cash received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, (A) to the extent such cash will not be required at any time for such purpose, as verified by a certificate delivered to the Trustee by a firm of independent certified public accountants acceptable to the Trustee, shall be paid over to the School Board as received by the Trustee, free and clear of any trust, lien or pledge securing said Certificates or otherwise existing under this Trust Agreement, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal or Prepayment Price, if applicable, and interest represented by said Certificates on or prior to such prepayment date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the School Board, as received by the Trustee, free and clear of any trust, lien, pledge or assignment securing said Certificates or otherwise existing under this Trust Agreement.

(c) Anything in this Trust Agreement to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment of any of the Certificates which remain unclaimed for six (6) years after the date when such Certificates have become due and payable, either at their stated maturity dates or by call for

prepayment, if such moneys were held by the Trustee at such date, or for six (6) years after the date of deposit of such moneys if deposited with the Trustee after the said date when such Certificates became due and payable, shall, at the written request of the School Board be repaid by the Trustee to the School Board, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Certificate holders shall look only to the School Board for the payment of such Certificates; provided, however, that before being required to make any such payment to the School Board, the Trustee shall, at the expense of the School Board, cause to be published at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than thirty (30) days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the School Board.

802. Evidence of Signatures of Certificate Holders and Ownership of Certificates.

(a) Except as otherwise provided in Section 707 hereof, any request, consent, revocation of consent or other instrument which this Trust Agreement may require or permit to be signed and executed by the Certificate holders may be in one or more instruments of similar tenor, and shall be signed or executed by such Certificate holders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any person of the Certificates, shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable: the fact and date of the execution by any Certificate holder or his/her attorney of such instruments may be proved by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a partner of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his/her authority.

(b) The ownership of Certificates and the amount, numbers and other identification, and date of holding the same shall be proved by the register maintained by the Trustee.

(c) Any request or consent by the Holder of any Certificate shall bind all future Holders of such Certificate or any

Certificates issued in exchange therefor or in lieu thereof in respect of anything done or suffered to be done by the School Board, the Corporation or the Trustee in accordance therewith.

803. Moneys Held for Particular Certificates. Subject to Section 801(c) hereof, the amounts held by the Trustee for the payment of the interest portion, principal portion or Prepayment Price due on any date with respect to particular Certificates shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Certificates entitled thereto.

804. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Trust Agreement shall be retained in its possession and shall be subject during normal business hours and upon reasonable prior notice to the inspection of the School Board and the Corporation, and any Certificate holder and their agents and their representatives, any of whom may at their own expense make copies thereof.

805. Parties Interest Herein. Subject to Section 614, nothing herein, expressed or implied, is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the Corporation, the Trustee and the Holders of the Certificates, remedies or claims under or by reason hereof or any covenant, condition or stipulation thereof; provided that with respect to the provisions hereof which require the Trustee to give notice to the School Board, obtain the School Board's consent, pay or deliver to the School Board any moneys held by the Trustee hereunder or grant to the School Board any right or privilege whatsoever, such provisions shall also be for the benefit of the School Board and, upon the failure of the Trustee to comply therewith, the School Board shall have such rights, remedies and claims as are provided hereunder or by reason hereof or by law. All covenants, stipulations, promises and agreements herein contained by and on behalf of the Corporation shall be for the sole and exclusive benefit of the School Board, the Corporation, the Trustee and the Holders of the Certificates.

806. Severability. If any one or more of the covenants or agreements provided in this Trust Agreement on the part of the Corporation or the Trustee to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Trust Agreement.

807. Recording and Filing. The School Board shall be responsible for the recording and filing of instruments or documents of further assurance, if any, as may be required by law in order to effectively convey the interests contemplated by this Trust Agreement.

808. Notices. Unless otherwise specified herein, all notices, requests, demands or other communications (other than payments by the School Board) to or upon the respective parties listed below shall be deemed to have been given (i) in the case of notice by letter, when delivered to the addressee by hand or on the third day after deposit in the mails, by first class mail, postage prepaid, return receipt requested, (ii) in the case of notice by cable, when delivered to the cable company, charges prepaid, (iii) in the case of notice by telex or bank wire, when sent, answer back received, and (iv) if given by telephone, when communicated to the person or to the holder of the office specified as the person or officeholder to whose attention communications are to be given, addressed to them as follows or to such other address as any of the parties may designate by written notice to the other party:

Corporation:

Palm Beach School Board Leasing Corp.
3340 Forest Hill Boulevard
West Palm Beach, Florida 33406
Attention: President

School Board:

The School Board of Palm Beach County, Florida
3340 Forest Hill Boulevard
West Palm Beach, Florida 33406
Attention: Superintendent of Schools

Trustee:

NationsBank of Florida, N.A.
One Financial Plaza, 13th Floor
Fort Lauderdale, Florida 33394
Attention: Corporate Trust Department

Rating Agencies:

Moody's Investor Service, Inc.
99 Church Street
New York, New York
Attention: Public Finance Department

Standard & Poor's Ratings Group
25 Broadway
New York, New York
Attention: Municipal Department

Credit Facility Issuers:

As set forth on the Schedule applicable to the Series of Certificates.

Notice shall also be given by the School Board to the Rating Agencies of the occurrence of any one or more of the following: (i) the appointment of a Successor Trustee, (ii) the expiration or termination of a Credit Facility, (iii) the prepayment or defeasance of any of the Outstanding Certificates in accordance with Section 801 or 802 hereof or (iv) a material modification of or amendment to this Trust Agreement, the Master Lease, any Ground Lease, any Assignment Agreement, any Lease Schedule or any Credit Facility.

809. Applicable Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State of Florida.

810. Binding on Successors. This Trust Agreement shall be binding upon and inure to the benefit of the parties, the Certificate holders and each Credit Facility Issuer and their respective successors and assigns.

811. Captions. Captions preceding the text of the several Articles and Sections hereof, and the table of contents, are solely for convenience of reference and shall not constitute a part of this Trust Agreement or affect its meaning, construction or effect.

812. Legal Holidays. Unless otherwise provided herein if the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Trust Agreement, is not a Business Day such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided herein, and no interest shall accrue on such payments for the period after such date.

813. Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Master Trust Agreement by their duly authorized officers as of the date and year first written above.

(SEAL)

PALM BEACH SCHOOL BOARD LEASING CORP.

Attest: C. Monica Uhlhorn Secretary By: Jody Gleason Vice President

(SEAL)

NATIONSBANK OF FLORIDA, N.A., as Trustee

By: Michael J. Marra Assistant Vice President

STATE OF FLORIDA)) SS: COUNTY OF PALM BEACH)

I, Carmen M. Zopf, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Jody Gleason and C. Monica Uhlhorn, personally known to me to be the same persons whose names are, respectively, as Vice President and Secretary, of PALM BEACH SCHOOL BOARD LEASING CORP., a Florida not-for-profit corporation, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being hereunto duly authorized, signed, sealed with the seal of said corporation, and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 15th day of November, 1994.

Carmen M. Zopf NOTARY PUBLIC, STATE OF FLORIDA

NOTARY PUBLIC SEAL OF OFFICE:



CARMEN M. ZOPF BY COMMISSION EXPIRES March 10, 1995 BONDED THRU NOTARY PUBLIC UNDERWRITERS

(Name of Notary Public, Print, Stamp or Type as Commissioned.)

- Personality known to me, or Produced identification: Fla. License DID take an oath, or DID NOT take an oath.

STATE OF FLORIDA)) SS: COUNTY OF PALM BEACH)

I, Carmen M. Zopf, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Michael J. Marra, personally known to me to be the same person whose name is, as Assistant Vice President of NationsBank of Florida, N.A., a national banking association, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that she/he, being hereunto duly authorized, signed, sealed with the seal of said association, and delivered the said instrument as the free and voluntary act of said association and as her/his own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 15th day of November, 1994.

Carmen M. Zopf NOTARY PUBLIC, STATE OF FLORIDA

NOTARY PUBLIC SEAL OF OFFICE:



CARMEN M. ZOPF BY COMMISSION EXPIRES March 10, 1995 BONDED THRU NOTARY PUBLIC UNDERWRITERS

(Name of Notary Public, Print, Stamp or Type as Commissioned.)

- Personality known to me, or Produced identification: Fla. License DID take an oath, or DID NOT take an oath.

EXHIBIT A FORM OF CERTIFICATE OF PARTICIPATION

Front of Certificate

REGISTERED NUMBER REGISTERED \$

CERTIFICATE OF PARTICIPATION SERIES

Evidencing an Undivided Proportionate Interest of the Owner Hereof in Basic Lease Payments to be Made by THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA as Lessee, Pursuant to a Master Lease Purchase Agreement with Palm Beach School Board Leasing Corp., as Lessor

INTEREST RATE MATURITY DATE ORIGINAL ISSUE DATE CUSIP NO.

REGISTERED OWNER:

PRINCIPAL SUM:

DOLLARS

THIS IS TO CERTIFY THAT the registered owner named above is the owner of this Certificate of Participation, Series (this "Certificate"), evidencing an undivided proportionate interest in Basic Lease Payments (as set forth in Schedule No. to the hereinafter mentioned Master Lease Purchase Agreement (collectively, the "Series Lease") to be made by the School Board of Palm Beach County, Florida (the "School Board") acting as the governing body of the School District of Palm Beach County, Florida (the "District") pursuant to the Master Lease Purchase Agreement, dated as of November 1, 1994 (the "Master Lease"), between Palm Beach School Board Leasing Corp., a not-for-profit corporation duly organized and existing under the laws of the State of Florida, as lessor (the "Corporation"), and the School Board, as lessee. Under a Series Assignment Agreement dated as of (the "Assignment Agreement") entered into by and between the Corporation and NationsBank of Florida, N.A., Fort Lauderdale, Florida, as trustee (such bank and any successor thereto hereinafter called the "Trustee"), the Corporation has transferred to the Trustee, for the benefit of the Certificate Holders, all of its rights under the Series Lease (except for its right to indemnification under Section 5.7 of the Master Lease, its right to hold title to the Series Facilities under Section 6.1 of the Master Lease and its right to receive notices under the Master Lease) including its rights to receive

The undersigned hereby certifies that (a) each obligation, item of cost or expense herein has been properly incurred, (b) each obligation, item of cost or expense herein is an item of the Cost of the Series _____ Facilities and has not been the basis of any previous withdrawal, and (c) such payment will not cause the balance remaining in the Series Acquisition Account after such payment to be less than the amount necessary to pay the remaining estimated Costs to be paid from the Series _____ Acquisition Account, or sufficient other moneys are available therefor.

Dated: _____

Authorized School Board
Representative

EXHIBIT C
REQUISITION NO. _____
\$ _____

CERTIFICATES OF PARTICIPATION
SERIES _____

Evidencing Undivided Proportionate Interests of the Owners Thereof in Basic Lease Payments to be made by THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA As Lessee, Pursuant to a Master Lease Purchase Agreement with Palm Beach School Board Leasing Corp., as Lessor

TO: NationsBank of Florida, N.A.
Trustee under the Master Trust Agreement dated as of November 1, 1994, with Palm Beach School Board Leasing Corp. ("Trust Agreement")

This Requisition is made pursuant to Section 402(d) to pay Costs of Issuance of the Certificates.

The Trustee is hereby directed to pay sums out of the Cost of Issuance Subaccount in the Series _____ Acquisition Account as follows:

<u>Payee</u>	<u>Purpose of Payment</u>	<u>Amount</u>
--------------	---------------------------	---------------

TOTAL \$ _____

The undersigned hereby certifies that each payment obligation has been properly incurred, is a Cost of Issuance and has not been the basis of a previous withdrawal.

Dated: _____

Authorized School Board
Representative

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SERIES 2021A SUPPLEMENTAL TRUST AGREEMENT

by and among

PALM BEACH SCHOOL BOARD LEASING CORP.

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
(successor in interest to NationsBank of Florida, N.A.),
as Trustee**

Dated as of May 1, 2021

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS	
Section 101. DEFINITIONS.....	2
ARTICLE II THE SERIES 2021A CERTIFICATES	
Section 201. AUTHORIZATION OF SERIES 2021A CERTIFICATES.....	4
Section 202. ISSUANCE OF SERIES 2021A CERTIFICATES.....	6
Section 203. SERIES 2021A PROJECT	6
ARTICLE III PREPAYMENTS	
Section 301. OPTIONAL PREPAYMENT	6
Section 302. EXTRAORDINARY PREPAYMENT	7
Section 303. [RESERVED].....	7
Section 304. RESERVED.....	7
ARTICLE IV ESTABLISHMENT OF ACCOUNTS; APPLICATION OF SERIES 2021A CERTIFICATE PROCEEDS	
Section 401. ESTABLISHMENT OF ACCOUNTS.....	7
Section 402. APPLICATION OF PROCEEDS OF SERIES 2021A CERTIFICATES.....	8
ARTICLE V MISCELLANEOUS PROVISIONS RELATING TO SERIES 2021A CERTIFICATES	
Section 501. CONTINUING DISCLOSURE.....	8
Section 502. PROVISIONS OF MASTER TRUST AGREEMENT NOT OTHERWISE MODIFIED.....	8
Section 503. COUNTERPARTS AND ELECTRONICALLY SIGNED AND/OR TRANSMITTED SIGNATURES	8
Section 504. HEADINGS.....	9
Section 505. LAWS.....	9
Section 506. NO BROKER CONFIRMATIONS.....	9

THIS SERIES 2021A SUPPLEMENTAL TRUST AGREEMENT, dated as of May 1, 2021 (the "Series 2021A Supplemental Trust Agreement"), supplementing the Master Trust Agreement, dated as of November 1, 1994, as amended as of May 12, 2020 (as so amended, the "Master Trust Agreement" and together with this Series 2021A Supplemental Trust Agreement, the "Series 2021A Trust Agreement"), by and among **PALM BEACH SCHOOL BOARD LEASING CORP.** (the "Corporation"), a not-for-profit corporation, duly organized and existing under the laws of the State of Florida, as lessor under the within mentioned Master Lease, and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.** (successor in interest to NationsBank of Florida, N.A.), a national banking association with corporate trust powers qualified to accept trusts of the type set forth in the Series 2021A Trust Agreement, with its designated corporate trust office in Jacksonville, Florida, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, The School Board of Palm Beach County, Florida (the "School Board") has deemed it to be in its best interest to lease-purchase certain real and personal property from time to time and has entered into a Master Lease Purchase Agreement dated as of November 1, 1994 (the "Master Lease") between the Corporation, as lessor, and the School Board, as lessee; and

WHEREAS, pursuant to the Master Lease, the School Board may from time to time, by execution of a Schedule to the Master Lease, direct the Corporation to acquire, construct and lease-purchase to the School Board the items of real or personal property described in such Schedule (which items of property are collectively referred to herein as "Facilities"); and

WHEREAS, provision for the payment of the cost of acquiring, constructing and installing such Facilities may be made by the issuance and sale from time to time of one or more Series of Certificates of Participation issued under the Master Trust Agreement (the "Certificates"), which shall be secured by and be payable from Basic Lease Payments to be made by the School Board pursuant to the Master Lease and related Schedules; and

WHEREAS, the Trustee, at the direction of the Corporation, has issued Series of Certificates of Participation from time to time to provide funds for the lease-purchase financing of certain Facilities and the refinancing of the lease-purchase of certain Facilities; and

WHEREAS, the Trustee, at the request of the Corporation, has agreed to issue an additional Series of Certificates to provide funds for the lease-purchase financing of certain Facilities; and

WHEREAS, each Series of Certificates shall be secured independently from each other Series of Certificates, except as otherwise provided in the Master Trust Agreement; and

WHEREAS, the School Board and the Corporation have executed Schedule 2021A, dated as of the date hereof, for the lease-purchase of the Series 2021A Facilities (as hereinafter defined); and

WHEREAS, the Corporation has assigned to the Trustee all of its right, title and interest in and to the Series 2021A Ground Lease and the Series 2021A Lease (as hereinafter defined) and the Basic Lease Payments, other than its rights to indemnification and to receive notices and its right to hold title to certain of the Series 2021A Facilities, pursuant to the Series 2021A Assignment Agreement dated as of May 1, 2021 (the "Series 2021A Assignment Agreement") between the Corporation and the Trustee; and

WHEREAS, the Trustee has received an order from an Authorized Corporation Representative relating to the issuance of \$101,905,000 aggregate principal amount of Certificates of Participation, Series 2021A Evidencing Undivided Proportionate Interests of the Owners thereof in Basic Lease Payments to be

made by The School Board of Palm Beach County, Florida, as Lessee, pursuant to a Master Lease Purchase Agreement with Palm Beach School Board Leasing Corp., as Lessor (the "Series 2021A Certificates"); and

WHEREAS, the proceeds of the Series 2021A Certificates shall be used pursuant to the Master Trust Agreement, as supplemented hereby, to finance the acquisition, construction and installation of the Series 2021A Facilities and to pay costs of issuance of the Series 2021A Certificates; and

WHEREAS, the Series 2021A Certificates shall be secured in the manner provided in the Master Trust Agreement and shall have the terms and provisions contained in this Series 2021A Supplemental Trust Agreement; and

WHEREAS, all things necessary to make the Series 2021A Certificates, when executed by the Trustee and issued as provided herein and in the Master Trust Agreement, the valid, binding and legal obligations according to the terms thereof, have been done and performed, and the creation, execution and delivery of this Series 2021A Supplemental Trust Agreement, and the creation, execution and issuance of the Series 2021A Certificates subject to the terms thereof, have in all respects been duly authorized;

NOW, THEREFORE, THIS SERIES 2021A SUPPLEMENTAL TRUST AGREEMENT WITNESSETH:

ARTICLE I

DEFINITIONS

SECTION 101. DEFINITIONS. Words and terms that are defined in the Master Trust Agreement shall have the same meanings ascribed to them when used herein, unless the context or use indicates a different meaning or intent. In addition to the words and terms defined in the Master Trust Agreement or elsewhere defined in this Series 2021A Supplemental Trust Agreement, the following words and terms as used herein with respect to the Series 2021A Certificates shall have the following meaning unless the context or use indicates another or different meaning or intent:

"Business Day" shall mean a day other than (a) a Saturday, Sunday or day on which banks in the State of New York or banks located in each of the cities in which the designated corporate trust office of the Trustee is located are required or authorized by law or executive order to close for business, and (b) a day on which the New York Stock Exchange is closed.

"Closing Date" shall mean the date of delivery of the Series 2021A Certificates to the respective Series 2021A Underwriters against payment therefor.

"Disclosure Agreement" shall mean that certain Disclosure Dissemination Agent Agreement, dated May 20, 2021, by and between the School Board and Digital Assurance Certification, L.L.C. executed and delivered in connection with the issuance of the Series 2021A Certificates.

"Interest Payment Date" shall mean (a) each February 1 and August 1, commencing February 1, 2022, (b) with respect to any Series 2021A Certificates which are to be prepaid, any date on which such prepayment is made, and (c) the applicable Maturity Date.

"Maturity Date" shall mean each of the dates set forth in Section 201(b) hereof.

"Participating Underwriter" shall mean each of the original underwriters of the Series 2021A Certificates required to comply with the Rule in connection with the offering of the Series 2021A Certificates.

"Record Date" shall mean the fifteenth (15th) calendar day, whether or not a Business Day, of the month preceding an Interest Payment Date.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Series 2021A Acquisition Account" shall mean the Series 2021A Acquisition Account established in Section 401 hereof.

"Series 2021A Assignment Agreement" shall mean the Series 2021A Assignment Agreement dated as of May 1, 2021, pursuant to which the Corporation has assigned to the Trustee all of its right, title and interest in and to the Series 2021A Lease and the Series 2021A Ground Lease, except as otherwise provided therein.

"Series 2021A Certificates" shall mean the \$101,905,000 Certificates of Participation, Series 2021A Evidencing Undivided Proportionate Interests of the Owners thereof in Basic Lease Payments to be made by The School Board of Palm Beach County, Florida, as Lessee, pursuant to a Master Lease Purchase Agreement with Palm Beach School Board Leasing Corp., as Lessor.

"Series 2021A Cost of Issuance Subaccount" shall mean the Series 2021A Cost of Issuance Subaccount within the Series 2021A Acquisition Account established in Section 401 hereof.

"Series 2021A Facilities" shall mean, collectively, the Facilities described in Schedule 2021A to the Master Lease.

"Series 2021A Ground Lease" shall mean the Series 2021A Ground Lease dated as of May 1, 2021, between the School Board and the Corporation, as the same may be amended or supplemented from time to time.

"Series 2021A Interest" means the interest portion of Basic Lease Payments represented by the Series 2021A Certificates.

"Series 2021A Lease" shall mean, the Series 2021A Lease.

"Series 2021A Lease Payment Account" shall mean the Series 2021A Lease Payment Account established in Section 401 hereof.

"Series 2021A Prepayment Account" shall mean the Series 2021A Prepayment Account established in Section 401 hereof.

"Series 2021A Principal" means the principal portion of Basic Lease Payments represented by the Series 2021A Certificates.

"Series 2021A Project" shall mean the lease-purchase financing, acquisition, construction and installation of the Series 2021A Facilities, the leasing of the Series 2021A Facility Sites by the School Board to the Corporation pursuant to the Series 2021A Ground Lease and the subleasing of the Series

2021A Facility Sites, and the leasing of the Series 2021A Facilities to the School Board pursuant to the Series 2021A Lease.

“Series 2021A Underwriters” means J.P. Morgan Securities LLC, Citigroup Global Markets LLC, Morgan Stanley & Co. LLC, Siebert, Williams, Shank & Co., LLC and Stifel, Nicolaus & Company, Incorporated.

“Series 2021A Facility Sites” shall mean the Facility Sites to be ground leased by the School Board to the Corporation pursuant to the Series 2021A Ground Lease, as the same may be amended or supplemented from time to time.

“Series 2021A Lease” shall mean the Master Lease, as supplemented by Schedule 2021A.

ARTICLE II

THE SERIES 2021A CERTIFICATES

SECTION 201. AUTHORIZATION OF SERIES 2021A CERTIFICATES.

(a) There is hereby created a Series of Certificates to be issued under the Master Trust Agreement to be known as “Certificates of Participation, Series 2021A, Evidencing Undivided Proportionate Interests of the Owners thereof in Basic Lease Payments to be made by The School Board of Palm Beach County, Florida, as Lessee, pursuant to a Master Lease Purchase Agreement with Palm Beach School Board Leasing Corp., as Lessor”. The Series 2021A Certificates shall be issued for the purpose of (i) financing the acquisition, construction and installation of the Series 2021A Facilities, and (ii) paying Costs of Issuance of the Series 2021A Certificates.

(b) The Series 2021A Certificates shall be dated the Closing Date and shall also show the date of authentication thereof. Series 2021A Interest shall be payable from the Interest Payment Date next preceding the date of execution and delivery to which payment has been made or provided for, unless a Series 2021A Certificate is issued prior to February 1, 2022, in which case the Series 2021A Certificate shall represent the right to receive interest from the Closing Date. The Series 2021A Certificates shall initially be issued in the aggregate principal amount of \$101,905,000, shall mature on August 1 in the years and in the principal amounts set forth below, and shall represent the right to receive interest at the annual rates, calculated on the basis of a 360-day year comprised of twelve 30-day months, set forth opposite such dates and amounts, respectively.

Table with 3 columns: Year (August 1), Principal Amount, Interest Rate. Rows for years 2035 to 2040*.

*Final Maturity

The Series 2021A Principal due at maturity or upon prepayment thereof, whichever is earlier, shall represent undivided proportionate interests in the principal portion of the Basic Lease Payments due on each of the Lease Payment Dates set forth on Schedule 2021A to the Master Lease.

and DTC Participants and Indirect Participants shall be responsible for notice to individual purchasers of beneficial interests.

DURING THE PERIOD FOR WHICH CEDE & CO. IS REGISTERED OWNER OF THE SERIES 2021A CERTIFICATES, ANY NOTICE TO BE PROVIDED TO ANY REGISTERED OWNER WILL BE PROVIDED TO CEDE & CO. DTC SHALL BE RESPONSIBLE FOR NOTICE TO DTC PARTICIPANTS AND DTC PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICE TO INDIRECT PARTICIPANTS, AND DTC PARTICIPANTS AND INDIRECT PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICE TO INDIVIDUAL PURCHASERS OF BENEFICIAL INTERESTS.

The School Board and the Trustee have entered into a Blanket Issuer Letter of Representations with DTC providing for such book-entry-only system. Such agreement may be terminated at any time by either DTC or the School Board. In the event of such termination, the School Board shall select another securities depository. If the School Board does not replace DTC, the Trustee will register and deliver to the Beneficial Owners replacement Series 2021A Certificates in the form of fully registered Series 2021A Certificates in denominations of \$5,000 or any integral multiple thereof, in accordance with instructions from Cede & Co. Prior to any transfer of the Series 2021A Certificates outside of the Book-Entry Only system (including, but not limited to, the initial transfer outside the Book-Entry Only system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

SECTION 202. ISSUANCE OF SERIES 2021A CERTIFICATES. The Series 2021A Certificates shall be issued upon delivery to the Trustee of the documents referred to in Section 304 of the Master Trust Agreement and the payment of the purchase price therefor. In addition to the documents referred to in Section 304 of the Master Trust Agreement, there shall also be delivered by the School Board to the Trustee at the time of such application of proceeds an Opinion of Counsel with respect to each Series 2021A Facility Site to the effect that there are no liens or encumbrances thereon that are not Permitted Encumbrances under the Master Lease, and that there shall be no merger of the fee estate of the School Board in the Series 2021A Facility Sites with the leasehold estates created by the Series 2021A Ground Lease or the Series 2021A Lease, notwithstanding the fact that the same person may hold one or more leasehold estates and such fee estate. To the extent that one or more Series 2021A Facility Sites have not yet been acquired by the School Board at the time of execution hereof, the Series 2021A Ground Lease and Schedule 2021A shall be amended at the time of each acquisition to insert the legal description of each Series 2021A Facility Site and Additional Permitted Encumbrances relating thereto, without the consent of the Certificate holders.

SECTION 203. SERIES 2021A PROJECT. Upon delivery of the Series 2021A Certificates, the Series 2021A Project shall be effectuated as provided in the Master Trust Agreement and the Series 2021A Lease.

ARTICLE III

PREPAYMENTS

SECTION 301. OPTIONAL PREPAYMENT.

(a) Series 2021A Certificates shall be subject to prepayment on or after August 1, 2031 if the School Board elects to prepay the principal portion of the Series 2021A Certificates in whole or in part at any time, and if in part, in such order of maturity of Series 2021A Certificates corresponding to the due

(c) The Series 2021A Interest shall be payable on each Interest Payment Date as set forth herein. Said interest shall represent an undivided proportionate interest in the interest portion of Basic Lease Payments due on each Lease Payment Date as set forth on Schedule 2021A to the Master Lease, to and including the maturity or earlier prepayment date of each Series 2021A Certificate.

(d) The Series 2021A Certificates shall be delivered in registered form in denominations of \$5,000 or any integral multiple of \$5,000. Unless the Corporation shall otherwise direct, in writing, the Series 2021A Certificates shall be lettered and numbered in such manner as the Trustee shall deem adequate and appropriate. Subject to the provisions of this Series 2021A Supplemental Trust Agreement, the Series 2021A Certificates shall be substantially in the form set forth in Exhibit A of the Master Trust Agreement.

(e) The Series 2021A Principal or Prepayment Price of the Series 2021A Certificates shall be payable at the designated corporate trust office of the Trustee. Except as otherwise provided in connection with the maintenance of a book-entry-only system of registration of the Series 2021A Certificates, the Series 2021A Interest shall be payable by check or draft of the Trustee mailed to the Series 2021A Certificate holder at the address of such Series 2021A Certificate holder shown on the registration records maintained by the Trustee as of the Record Date next preceding the Interest Payment Date. Such Series 2021A Interest may be paid by wire transfer within the United States to the registered owners of \$1,000,000 or more in aggregate principal amount of Series 2021A Certificates upon their request in writing received no later than the Record Date next preceding any Interest Payment Date. The Trustee may charge the Series 2021A Certificate holder a reasonable fee for the cost of the wire transfer.

So long as there shall be maintained a book-entry-only system with respect to the Series 2021A Certificates, the following provisions shall apply:

The Series 2021A Certificates shall initially be issued in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), which will act initially as securities depository for the Series 2021A Certificates and so long as the Series 2021A Certificates are held in book-entry-only form, Cede & Co. shall be considered the registered owner for all purposes hereof. On original issue, the Series 2021A Certificates shall be deposited with DTC, which shall be responsible for maintaining a book-entry-only system for recording the ownership interest of its participants (“DTC Participants”) and other institutions that clear through or maintain a custodial relationship with DTC Participants, either directly or indirectly (“Indirect Participants”). The DTC Participants and Indirect Participants will be responsible for maintaining records with respect to the beneficial ownership interests of individual purchasers of the Series 2021A Certificates (“Beneficial Owners”).

The principal and interest portions of Basic Lease Payments represented by the Series 2021A Certificates shall be payable directly to Cede & Co. in care of DTC. Disbursal of such amounts to DTC Participants shall be the responsibility of DTC. Payments by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners shall be the responsibility of DTC Participants and Indirect Participants and not of DTC, the Trustee, the Corporation or the School Board.

The Series 2021A Certificates shall initially be issued in the form of one fully registered Series 2021A Certificate for each maturity (and for each interest rate within a maturity) and shall be held in such form until maturity. Individuals may purchase beneficial interests in the amount of \$5,000 or integral multiples thereof in book-entry-only form, without certificated Series 2021A Certificates, through DTC Participants and Indirect Participants.

During the period for which Cede & Co. is registered owner of the Series 2021A Certificates, any notice to be provided to any registered owner will be provided to Cede & Co. DTC shall be responsible for notice to DTC Participants and DTC Participants shall be responsible for notice to Indirect Participants,

dates of the principal portion of the Basic Lease Payments prepaid under the Series 2021A Lease as shall be designated by the School Board to be prepaid, and by lot within a maturity in such manner as the Trustee may determine, at a Prepayment Price equal to the principal portion of the Basic Lease Payments to be prepaid (without premium), plus interest accrued to the Prepayment Date.

Notwithstanding anything in Section 314 of the Master Trust Agreement to the contrary, prior to notice being given to the Owners of affected Series 2021A Certificates of any optional prepayment of Series 2021A Certificates under this Section 301, either (i) there shall be deposited with the Trustee an amount sufficient to pay the principal portion of the Basic Lease Payments represented by Series 2021A Certificates subject to prepayment, plus accrued interest to the prepayment date, or (ii) such notice shall state that the prepayment is conditioned on the receipt of moneys for such prepayment by the Trustee on or prior to the Prepayment Date. In the event that a conditional notice of prepayment is given and such moneys are not timely received, the prepayment for which such notice was given shall not be undertaken. Amounts deposited pursuant to this paragraph shall be kept by the Trustee in a trust account separate and segregated from all other moneys deposited under the Trust Agreement and shall be held uninvested unless invested at the written direction of an Authorized Officer only in Government Obligations that mature on or before the Prepayment Date.

SECTION 302. EXTRAORDINARY PREPAYMENT.

The Series 2021A Certificates shall be subject to prepayment in the event that the Series 2021A Lease terminates prior to payment in full of all of the Basic Lease Payments due thereunder, to the extent the Trustee has moneys available for such purpose pursuant to this Series 2021A Trust Agreement and the Series 2021A Lease, to the extent and subject to the limitations provided in the Series 2021A Lease.

SECTION 303. [RESERVED].

SECTION 304. [RESERVED].

ARTICLE IV

ESTABLISHMENT OF ACCOUNTS; APPLICATION OF SERIES 2021A CERTIFICATE PROCEEDS

SECTION 401. ESTABLISHMENT OF ACCOUNTS.

(a) There are hereby established within the Project Fund the following accounts and subaccount: (i) the Series 2021A Acquisition Account and the Series 2021A Cost of Issuance Subaccount therein, more particularly described in Section 402 of the Master Trust Agreement; (ii) the Series 2021A Lease Payment Account, more particularly described in Section 404 of the Master Trust Agreement; and (iii) the Series 2021A Prepayment Account, more particularly described in Section 406 of the Master Trust Agreement.

(b) If on any Payment Date, the amount of all Basic Lease Payments represented by the Series 2021A Certificates due and payable exceeds the amount on hand in the Series 2021A Lease Payment Account, except as provided in Section 406(b) of the Master Trust Agreement, the Trustee shall apply the moneys on hand therein in accordance with the priorities set forth in Section 504 of the Master Trust Agreement.

(c) The moneys on deposit in the Accounts and Subaccounts described herein shall be disbursed by the Trustee in the manner and for the purposes described in the Master Trust Agreement.

SECTION 402. APPLICATION OF PROCEEDS OF SERIES 2021A CERTIFICATES. From the \$134,643,634.98 (par amount of \$101,905,000.00, plus bond premium of \$32,977,588.10, and less underwriters' discount of \$238,953.12), proceeds of the Series 2021A Certificates, the Trustee shall deposit (i) into the Series 2021A Acquisition Account the amount of \$134,248,629.00 to pay the costs of the Series 2021A Project and (ii) into the Series 2021A Cost of Issuance Subaccount therein the amount of \$395,005.98 to pay costs of issuance.

ARTICLE V

MISCELLANEOUS PROVISIONS RELATING TO SERIES 2021A CERTIFICATES

SECTION 501. CONTINUING DISCLOSURE. Pursuant to the Series 2021A Lease, the School Board has undertaken all responsibility for compliance with continuing disclosure requirements, and the Corporation shall have no liability to the owners of the Series 2021A Certificates or any other person with respect to the Rule. Notwithstanding any other provision of this Series 2021A Trust Agreement, failure of the School Board to comply with the Disclosure Agreement shall not be considered an Event of Default; however, provided it has been satisfactorily indemnified in accordance with Section 602 of the Master Trust Agreement as if it were proceeding under Section 602 of the Master Trust Agreement, the Trustee may (and, at the written request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Series 2021A Certificates shall) or any owner of the Series 2021A Certificates or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the School Board to comply with its obligations under the Series 2021A Lease. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2021A Certificates (including persons holding Series 2021A Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2021A Certificates for federal income tax purposes.

SECTION 502. PROVISIONS OF MASTER TRUST AGREEMENT NOT OTHERWISE MODIFIED. Except as expressly modified or amended hereby, the Master Trust Agreement shall remain in full force and effect. To the extent of any conflict between the terms of the Trust Agreement and this Series 2021A Supplemental Trust Agreement, the terms hereof shall control.

SECTION 503. COUNTERPARTS AND ELECTRONICALLY SIGNED AND/OR TRANSMITTED SIGNATURES. This Series 2021A Supplemental Trust Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. Executed counterparts of this Series 2021A Supplemental Trust Agreement with signatures sent by electronic mail (i.e., in PDF format) or signed electronically via an electronic signature provider may be used in the place of original signatures on this Series 2021A Supplemental Trust Agreement, as set forth in Section 668.50, Florida Statutes. The Series 2021A Certificates issued pursuant to this Series 2021A Supplemental Trust Agreement may also be signed by the Trustee electronically. The parties intend to be bound by the signatures of the electronically mailed or signed signatures and the delivery of the same shall be effective as delivery of an original executed counterpart of this Series 2021A Supplemental Trust Agreement and any other closing certificates executed in connection with this Series 2021A Supplemental Trust Agreement. The parties to this Series 2021A Supplemental Trust Agreement hereby waive any defenses to the enforcement of the terms of this Series 2021A Supplemental Trust Agreement based on the form of the signature, and hereby agree that

such electronically mailed or signed signatures shall be conclusive proof, admissible in judicial proceedings, of the parties' execution of this Series 2021A Supplemental Trust Agreement.

SECTION 504. HEADINGS. Any heading preceding the text of the several Articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Series 2021A Supplemental Trust Agreement, nor shall they affect its meaning, construction or effect.

SECTION 505. LAWS. This Series 2021A Supplemental Trust Agreement shall be construed and governed in accordance with the laws of the State of Florida, without giving effect to principles of conflict of laws.

SECTION 506. NO BROKER CONFIRMATIONS. With respect to the Series 2021A Certificates, the Corporation and the School Board hereby agree that broker confirmations of investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered or otherwise made available by the Trustee.

IN WITNESS WHEREOF, the parties have executed this Series 2021A Supplemental Trust Agreement by their duly authorized officers as of the date and year first written above.

(SEAL) **PALM BEACH SCHOOL BOARD LEASING CORP.**
Attest: _____ By: _____
Dr. Donald E. Fennoy II Frank A. Barbieri, Jr., Esq.
Secretary President

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee
By: _____
Nathan Turner
Vice President

The School Board of Palm Beach County, Florida hereby consents to the execution of this Series 2021A Supplemental Trust Agreement by the parties hereto and agrees to abide by the terms applicable to it herein.

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA
By: _____
Frank A. Barbieri, Jr., Esq.
Chairman

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SERIES 2021B SUPPLEMENTAL TRUST AGREEMENT

by and among

PALM BEACH SCHOOL BOARD LEASING CORP.

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
(successor in interest to NationsBank of Florida, N.A.),
as Trustee**

Dated as of May 1, 2021

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS	
Section 101. DEFINITIONS.....	2
ARTICLE II THE SERIES 2021B CERTIFICATES	
Section 201. AUTHORIZATION OF SERIES 2021B CERTIFICATES.....	4
Section 202. ISSUANCE OF SERIES 2021B CERTIFICATES.....	6
Section 203. SERIES 2021B PROJECT.....	6
ARTICLE III PREPAYMENTS	
Section 301. OPTIONAL PREPAYMENT.....	6
Section 302. EXTRAORDINARY PREPAYMENT.....	7
Section 303. [RESERVED].....	7
Section 304. RESERVED.....	7
ARTICLE IV ESTABLISHMENT OF ACCOUNTS: APPLICATION OF SERIES 2021B CERTIFICATE PROCEEDS	
Section 401. ESTABLISHMENT OF ACCOUNTS.....	7
Section 402. APPLICATION OF PROCEEDS OF SERIES 2021B CERTIFICATES.....	7
ARTICLE V MISCELLANEOUS PROVISIONS RELATING TO SERIES 2021B CERTIFICATES	
Section 501. CONTINUING DISCLOSURE.....	8
Section 502. PROVISIONS OF MASTER TRUST AGREEMENT NOT OTHERWISE MODIFIED.....	8
Section 503. COUNTERPARTS AND ELECTRONICALLY SIGNED AND/OR TRANSMITTED SIGNATURES.....	8
Section 504. HEADINGS.....	8
Section 505. LAWS.....	9
Section 506. NO BROKER CONFIRMATIONS.....	9

made by The School Board of Palm Beach County, Florida, as Lessee, pursuant to a Master Lease Purchase Agreement with Palm Beach School Board Leasing Corp., as Lessor (the "Series 2021B Certificates"); and

WHEREAS, the proceeds of the Series 2021B Certificates shall be used pursuant to the Master Trust Agreement, as supplemented hereby, to finance the acquisition, construction and installation of the Series 2021B Facility and to pay costs of issuance of the Series 2021B Certificates; and

WHEREAS, the Series 2021B Certificates shall be secured in the manner provided in the Master Trust Agreement and shall have the terms and provisions contained in this Series 2021B Supplemental Trust Agreement; and

WHEREAS, all things necessary to make the Series 2021B Certificates, when executed by the Trustee and issued as provided herein and in the Master Trust Agreement, the valid, binding and legal obligations according to the terms thereof, have been done and performed, and the creation, execution and delivery of this Series 2021B Supplemental Trust Agreement, and the creation, execution and issuance of the Series 2021B Certificates subject to the terms thereof, have in all respects been duly authorized;

NOW, THEREFORE, THIS SERIES 2021B SUPPLEMENTAL TRUST AGREEMENT WITNESSETH:

ARTICLE I

DEFINITIONS

SECTION 101. DEFINITIONS. Words and terms that are defined in the Master Trust Agreement shall have the same meanings ascribed to them when used herein, unless the context or use indicates a different meaning or intent. In addition to the words and terms defined in the Master Trust Agreement or elsewhere defined in this Series 2021B Supplemental Trust Agreement, the following words and terms as used herein with respect to the Series 2021B Certificates shall have the following meaning unless the context or use indicates another or different meaning or intent:

"Business Day" shall mean a day other than (a) a Saturday, Sunday or day on which banks in the State of New York or banks located in each of the cities in which the designated corporate trust office of the Trustee is located are required or authorized by law or executive order to close for business, and (b) a day on which the New York Stock Exchange is closed.

"Closing Date" shall mean the date of delivery of the Series 2021B Certificates to the respective Series 2021B Underwriters against payment therefor.

"Disclosure Agreement" shall mean that certain Disclosure Dissemination Agent Agreement, dated May 20, 2021, by and between the School Board and Digital Assurance Certification, L.L.C. executed and delivered in connection with the issuance of the Series 2021B Certificates.

"Interest Payment Date" shall mean (a) each February 1 and August 1, commencing February 1, 2022, (b) with respect to any Series 2021B Certificates which are to be prepaid, any date on which such prepayment is made, and (c) the applicable Maturity Date.

"Maturity Date" shall mean each of the dates set forth in Section 201(b) hereof.

THIS SERIES 2021B SUPPLEMENTAL TRUST AGREEMENT, dated as of May 1, 2021 (the "Series 2021B Supplemental Trust Agreement"), supplementing the Master Trust Agreement, dated as of November 1, 1994, as amended as of May 12, 2020 (as so amended, the "Master Trust Agreement") and together with this Series 2021B Supplemental Trust Agreement, the "Series 2021B Trust Agreement"), by and among **PALM BEACH SCHOOL BOARD LEASING CORP.** (the "Corporation"), a not-for-profit corporation, duly organized and existing under the laws of the State of Florida, as lessor under the within mentioned Master Lease, and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.** (successor in interest to NationsBank of Florida, N.A.), a national banking association with corporate trust powers qualified to accept trusts of the type set forth in the Series 2021B Trust Agreement, with its designated corporate trust office in Jacksonville, Florida, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, The School Board of Palm Beach County, Florida (the "School Board") has deemed it to be in its best interest to lease-purchase certain real and personal property from time to time and has entered into a Master Lease Purchase Agreement dated as of November 1, 1994 (the "Master Lease") between the Corporation, as lessor, and the School Board, as lessee; and

WHEREAS, pursuant to the Master Lease, the School Board may from time to time, by execution of a Schedule to the Master Lease, direct the Corporation to acquire, construct and lease-purchase to the School Board the items of real or personal property described in such Schedule (which items of property are collectively referred to herein as "Facilities"); and

WHEREAS, provision for the payment of the cost of acquiring, constructing and installing such Facilities may be made by the issuance and sale from time to time of one or more Series of Certificates of Participation issued under the Master Trust Agreement (the "Certificates"), which shall be secured by and be payable from Basic Lease Payments to be made by the School Board pursuant to the Master Lease and related Schedules; and

WHEREAS, the Trustee, at the direction of the Corporation, has issued Series of Certificates of Participation from time to time to provide funds for the lease-purchase financing of certain Facilities and the refinancing of the lease-purchase of certain Facilities; and

WHEREAS, the Trustee, at the request of the Corporation, has agreed to issue an additional Series of Certificates to provide funds for the lease-purchase financing of certain Facilities; and

WHEREAS, each Series of Certificates shall be secured independently from each other Series of Certificates, except as otherwise provided in the Master Trust Agreement; and

WHEREAS, the School Board and the Corporation have executed Schedule 2021B, dated as of the date hereof, for the lease-purchase of the Series 2021B Facility (as hereinafter defined); and

WHEREAS, the Corporation has assigned to the Trustee all of its right, title and interest in and to the Series 2021B Ground Lease and the Series 2021B Lease (as hereinafter defined) and the Basic Lease Payments, other than its rights to indemnification and to receive notices and its right to hold title to the Series 2021B Facility, pursuant to the Series 2021B Assignment Agreement dated as of May 1, 2021 (the "Series 2021B Assignment Agreement") between the Corporation and the Trustee; and

WHEREAS, the Trustee has received an order from an Authorized Corporation Representative relating to the issuance of \$9,935,000 aggregate principal amount of Certificates of Participation, Series 2021B Evidencing Undivided Proportionate Interests of the Owners thereof in Basic Lease Payments to be

"Participating Underwriter" shall mean each of the original underwriters of the Series 2021B Certificates required to comply with the Rule in connection with the offering of the Series 2021B Certificates.

"Record Date" shall mean the fifteenth (15th) calendar day, whether or not a Business Day, of the month preceding an Interest Payment Date.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Series 2021B Acquisition Account" shall mean the Series 2021B Acquisition Account established in Section 401 hereof.

"Series 2021B Assignment Agreement" shall mean the Series 2021B Assignment Agreement dated as of May 1, 2021, pursuant to which the Corporation has assigned to the Trustee all of its right, title and interest in and to the Series 2021B Lease and the Series 2021B Ground Lease, except as otherwise provided therein.

"Series 2021B Certificates" shall mean the \$9,935,000 Certificates of Participation, Series 2021B Evidencing Undivided Proportionate Interests of the Owners thereof in Basic Lease Payments to be made by The School Board of Palm Beach County, Florida, as Lessee, pursuant to a Master Lease Purchase Agreement with Palm Beach School Board Leasing Corp., as Lessor.

"Series 2021B Cost of Issuance Subaccount" shall mean the Series 2021B Cost of Issuance Subaccount within the Series 2021B Acquisition Account established in Section 401 hereof.

"Series 2021B Facility" shall mean, collectively, the Facilities described in Schedule 2021B to the Master Lease.

"Series 2021B Ground Lease" shall mean the Series 2021B Ground Lease dated as of May 1, 2021, between the School Board and the Corporation, as the same may be amended or supplemented from time to time.

"Series 2021B Interest" means the interest portion of Basic Lease Payments represented by the Series 2021B Certificates.

"Series 2021B Lease" shall mean, the Series 2021B Lease.

"Series 2021B Lease Payment Account" shall mean the Series 2021B Lease Payment Account established in Section 401 hereof.

"Series 2021B Prepayment Account" shall mean the Series 2021B Prepayment Account established in Section 401 hereof.

"Series 2021B Principal" means the principal portion of Basic Lease Payments represented by the Series 2021B Certificates.

"Series 2021B Project" shall mean the lease-purchase financing, acquisition, construction and installation of the Series 2021B Facility, the leasing of the Series 2021B Facility Site by the School Board to the Corporation pursuant to the Series 2021B Ground Lease and the subleasing of the Series 2021B

Facility Site, and the leasing of the Series 2021B Facility to the School Board pursuant to the Series 2021B Lease.

“Series 2021B Underwriters” means J.P. Morgan Securities LLC, Citigroup Global Markets LLC, Morgan Stanley & Co. LLC, Siebert, Williams, Shank & Co., LLC and Stifel, Nicolaus & Company, Incorporated.

“Series 2021B Facility Site” shall mean the Facility Sites to be ground leased by the School Board to the Corporation pursuant to the Series 2021B Ground Lease, as the same may be amended or supplemented from time to time.

“Series 2021B Lease” shall mean the Master Lease, as supplemented by Schedule 2021B.

ARTICLE II

THE SERIES 2021B CERTIFICATES

SECTION 201. AUTHORIZATION OF SERIES 2021B CERTIFICATES.

(a) There is hereby created a Series of Certificates to be issued under the Master Trust Agreement to be known as “Certificates of Participation, Series 2021B, Evidencing Undivided Proportionate Interests of the Owners thereof in Basic Lease Payments to be made by The School Board of Palm Beach County, Florida, as Lessee, pursuant to a Master Lease Purchase Agreement with Palm Beach School Board Leasing Corp., as Lessor”. The Series 2021B Certificates shall be issued for the purpose of (i) financing the acquisition, construction and installation of the Series 2021B Facility, and (ii) paying Costs of Issuance of the Series 2021B Certificates.

(b) The Series 2021B Certificates shall be dated the Closing Date and shall also show the date of authentication thereof. Series 2021B Interest shall be payable from the Interest Payment Date next preceding the date of execution and delivery to which payment has been made or provided for, unless a Series 2021B Certificate is issued prior to February 1, 2022, in which case the Series 2021B Certificate shall represent the right to receive interest from the Closing Date. The Series 2021B Certificates shall initially be issued in the aggregate principal amount of \$9,935,000, shall mature on August 1 in the years and in the principal amounts set forth below, and shall represent the right to receive interest at the annual rates, calculated on the basis of a 360-day year comprised of twelve 30-day months, set forth opposite such dates and amounts, respectively.

<u>Year</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2035*	\$9,935,000	2.550%

*Final Maturity

The Series 2021B Principal due at maturity or upon prepayment thereof, whichever is earlier, shall represent undivided proportionate interests in the principal portion of the Basic Lease Payments due on each of the Lease Payment Dates set forth on Schedule 2021B to the Master Lease.

(c) The Series 2021B Interest shall be payable on each Interest Payment Date as set forth herein. Said interest shall represent an undivided proportionate interest in the interest portion of Basic Lease Payments due on each Lease Payment Date as set forth on Schedule 2021B to the Master Lease, to and including the maturity or earlier prepayment date of each Series 2021B Certificate.

4

WILL BE PROVIDED TO CEDE & CO. DTC SHALL BE RESPONSIBLE FOR NOTICE TO DTC PARTICIPANTS AND DTC PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICE TO INDIRECT PARTICIPANTS, AND DTC PARTICIPANTS AND INDIRECT PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICE TO INDIVIDUAL PURCHASERS OF BENEFICIAL INTERESTS.

The School Board and the Trustee have entered into a Blanket Issuer Letter of Representations with DTC providing for such book-entry-only system. Such agreement may be terminated at any time by either DTC or the School Board. In the event of such termination, the School Board shall select another securities depository. If the School Board does not replace DTC, the Trustee will register and deliver to the Beneficial Owners replacement Series 2021B Certificates in the form of fully registered Series 2021B Certificates in denominations of \$5,000 or any integral multiple thereof, in accordance with instructions from Cede & Co. Prior to any transfer of the Series 2021B Certificates outside of the Book-Entry Only system (including, but not limited to, the initial transfer outside the Book-Entry Only system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

SECTION 202. ISSUANCE OF SERIES 2021B CERTIFICATES. The Series 2021B Certificates shall be issued upon delivery to the Trustee of the documents referred to in Section 304 of the Master Trust Agreement and the payment of the purchase price therefor. In addition to the documents referred to in Section 304 of the Master Trust Agreement, there shall also be delivered by the School Board to the Trustee at the time of such application of proceeds an Opinion of Counsel with respect to each Series 2021B Facility Site to the effect that there are no liens or encumbrances thereon that are not Permitted Encumbrances under the Master Lease, and that there shall be no merger of the fee estate of the School Board in the Series 2021B Facility Site with the leasehold estates created by the Series 2021B Ground Lease or the Series 2021B Lease, notwithstanding the fact that the same person may hold one or more leasehold estates and such fee estate. To the extent that a Series 2021B Facility Site has not yet been acquired by the School Board at the time of execution hereof, the Series 2021B Ground Lease and Schedule 2021B shall be amended at the time of each acquisition to insert the legal description of such Series 2021B Facility Site and Additional Permitted Encumbrances relating thereto, without the consent of the Certificate holders.

SECTION 203. SERIES 2021B PROJECT. Upon delivery of the Series 2021B Certificates, the Series 2021B Project shall be effectuated as provided in the Master Trust Agreement and the Series 2021B Lease.

ARTICLE III

PREPAYMENTS

SECTION 301. OPTIONAL PREPAYMENT.

(a) Series 2021B Certificates shall be subject to prepayment on or after August 1, 2031 if the School Board elects to prepay the principal portion of the Series 2021B Certificates in whole or in part at any time, and if in part, in such order of maturity of Series 2021B Certificates corresponding to the due dates of the principal portion of the Basic Lease Payments prepaid under the Series 2021B Lease as shall be designated by the School Board to be prepaid, and by lot within a maturity in such manner as the Trustee may determine, at a Prepayment Price equal to the principal portion of the Basic Lease Payments to be prepaid (without premium), plus interest accrued to the Prepayment Date.

6

(d) The Series 2021B Certificates shall be delivered in registered form in denominations of \$5,000 or any integral multiple of \$5,000. Unless the Corporation shall otherwise direct, in writing, the Series 2021B Certificates shall be lettered and numbered in such manner as the Trustee shall deem adequate and appropriate. Subject to the provisions of this Series 2021B Supplemental Trust Agreement, the Series 2021B Certificates shall be substantially in the form set forth in Exhibit A of the Master Trust Agreement.

(e) The Series 2021B Principal or Prepayment Price of the Series 2021B Certificates shall be payable at the designated corporate trust office of the Trustee. Except as otherwise provided in connection with the maintenance of a book-entry-only system of registration of the Series 2021B Certificates, the Series 2021B Interest shall be payable by check or draft of the Trustee mailed to the Series 2021B Certificate holder at the address of such Series 2021B Certificate holder shown on the registration records maintained by the Trustee as of the Record Date next preceding the Interest Payment Date. Such Series 2021B Interest may be paid by wire transfer within the United States to the registered owners of \$1,000,000 or more in aggregate principal amount of Series 2021B Certificates upon their request in writing received no later than the Record Date next preceding any Interest Payment Date. The Trustee may charge the Series 2021B Certificate holder a reasonable fee for the cost of the wire transfer.

So long as there shall be maintained a book-entry-only system with respect to the Series 2021B Certificates, the following provisions shall apply:

The Series 2021B Certificates shall initially be issued in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), which will act initially as securities depository for the Series 2021B Certificates and so long as the Series 2021B Certificates are held in book-entry-only form, Cede & Co. shall be considered the registered owner for all purposes hereof. On original issue, the Series 2021B Certificates shall be deposited with DTC, which shall be responsible for maintaining a book-entry-only system for recording the ownership interest of its participants (“DTC Participants”) and other institutions that clear through or maintain a custodial relationship with DTC Participants, either directly or indirectly (“Indirect Participants”). The DTC Participants and Indirect Participants will be responsible for maintaining records with respect to the beneficial ownership interests of individual purchasers of the Series 2021B Certificates (“Beneficial Owners”).

The principal and interest portions of Basic Lease Payments represented by the Series 2021B Certificates shall be payable directly to Cede & Co. in care of DTC. Disbursal of such amounts to DTC Participants shall be the responsibility of DTC. Payments by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners shall be the responsibility of DTC Participants and Indirect Participants and not of DTC, the Trustee, the Corporation or the School Board.

The Series 2021B Certificates shall initially be issued in the form of one fully registered Series 2021B Certificate for each maturity (and for each interest rate within a maturity) and shall be held in such form until maturity. Individuals may purchase beneficial interests in the amount of \$5,000 or integral multiples thereof in book-entry-only form, without certificated Series 2021B Certificates, through DTC Participants and Indirect Participants.

During the period for which Cede & Co. is registered owner of the Series 2021B Certificates, any notice to be provided to any registered owner will be provided to Cede & Co. DTC shall be responsible for notice to DTC Participants and DTC Participants shall be responsible for notice to Indirect Participants, and DTC Participants and Indirect Participants shall be responsible for notice to individual purchasers of beneficial interests.

DURING THE PERIOD FOR WHICH CEDE & CO. IS REGISTERED OWNER OF THE SERIES 2021B CERTIFICATES, ANY NOTICE TO BE PROVIDED TO ANY REGISTERED OWNER

5

Notwithstanding anything in Section 314 of the Master Trust Agreement to the contrary, prior to notice being given to the Owners of affected Series 2021B Certificates of any optional prepayment of Series 2021B Certificates under this Section 301, either (i) there shall be deposited with the Trustee an amount sufficient to pay the principal portion of the Basic Lease Payments represented by Series 2021B Certificates subject to prepayment, plus accrued interest to the prepayment date, or (ii) such notice shall state that the prepayment is conditioned on the receipt of moneys for such prepayment by the Trustee on or prior to the Prepayment Date. In the event that a conditional notice of prepayment is given and such moneys are not timely received, the prepayment for which such notice was given shall not be undertaken. Amounts deposited pursuant to this paragraph shall be kept by the Trustee in a trust account separate and segregated from all other moneys deposited under the Trust Agreement and shall be held uninvested unless invested at the written direction of an Authorized Officer only in Government Obligations that mature on or before the Prepayment Date.

SECTION 302. EXTRAORDINARY PREPAYMENT.

The Series 2021B Certificates shall be subject to prepayment in the event that the Series 2021B Lease terminates prior to payment in full of all of the Basic Lease Payments due thereunder, to the extent the Trustee has moneys available for such purpose pursuant to this Series 2021B Trust Agreement and the Series 2021B Lease, to the extent and subject to the limitations provided in the Series 2021B Lease.

SECTION 303. [RESERVED].

SECTION 304. [RESERVED].

ARTICLE IV

ESTABLISHMENT OF ACCOUNTS; APPLICATION OF SERIES 2021B CERTIFICATE PROCEEDS

SECTION 401. ESTABLISHMENT OF ACCOUNTS.

(a) There are hereby established within the Project Fund the following accounts and subaccount: (i) the Series 2021B Acquisition Account and the Series 2021B Cost of Issuance Subaccount therein, more particularly described in Section 402 of the Master Trust Agreement; (ii) the Series 2021B Lease Payment Account, more particularly described in Section 404 of the Master Trust Agreement; and (iii) the Series 2021B Prepayment Account, more particularly described in Section 406 of the Master Trust Agreement.

(b) If on any Payment Date, the amount of all Basic Lease Payments represented by the Series 2021B Certificates due and payable exceeds the amount on hand in the Series 2021B Lease Payment Account, except as provided in Section 406(b) of the Master Trust Agreement, the Trustee shall apply the moneys on hand therein in accordance with the priorities set forth in Section 504 of the Master Trust Agreement.

(c) The moneys on deposit in the Accounts and Subaccounts described herein shall be disbursed by the Trustee in the manner and for the purposes described in the Master Trust Agreement.

SECTION 402. APPLICATION OF PROCEEDS OF SERIES 2021B CERTIFICATES. From the \$9,911,703.79 (par amount of \$9,935,000.00, less underwriters' discount of \$23,296.21), proceeds of the Series 2021B Certificates, the Trustee shall deposit (i) into the Series 2021B Acquisition

7

Account the amount of \$9,812,153.00 to pay the costs of the Series 2021B Project and (ii) into the Series 2021B Cost of Issuance Subaccount therein the amount of \$99,550.79 to pay costs of issuance.

ARTICLE V

MISCELLANEOUS PROVISIONS RELATING TO SERIES 2021B CERTIFICATES

SECTION 501. CONTINUING DISCLOSURE. Pursuant to the Series 2021B Lease, the School Board has undertaken all responsibility for compliance with continuing disclosure requirements, and the Corporation shall have no liability to the owners of the Series 2021B Certificates or any other person with respect to the Rule. Notwithstanding any other provision of this Series 2021B Trust Agreement, failure of the School Board to comply with the Disclosure Agreement shall not be considered an Event of Default; however, provided it has been satisfactorily indemnified in accordance with Section 602 of the Master Trust Agreement as if it were proceeding under Section 602 of the Master Trust Agreement, the Trustee may (and, at the written request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Series 2021B Certificates shall) or any owner of the Series 2021B Certificates or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the School Board to comply with its obligations under the Series 2021B Lease. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2021B Certificates (including persons holding Series 2021B Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2021B Certificates for federal income tax purposes.

SECTION 502. PROVISIONS OF MASTER TRUST AGREEMENT NOT OTHERWISE MODIFIED. Except as expressly modified or amended hereby, the Master Trust Agreement shall remain in full force and effect. To the extent of any conflict between the terms of the Trust Agreement and this Series 2021B Supplemental Trust Agreement, the terms hereof shall control.

SECTION 503. COUNTERPARTS AND ELECTRONICALLY SIGNED AND/OR TRANSMITTED SIGNATURES. This Series 2021B Supplemental Trust Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. Executed counterparts of this Series 2021B Supplemental Trust Agreement with signatures sent by electronic mail (i.e., in PDF format) or signed electronically via an electronic signature provider may be used in the place of original signatures on this Series 2021B Supplemental Trust Agreement, as set forth in Section 668.50, Florida Statutes. The Series 2021B Certificates issued pursuant to this Series 2021B Supplemental Trust Agreement may also be signed by the Trustee electronically. The parties intend to be bound by the signatures of the electronically mailed or signed signatures and the delivery of the same shall be effective as delivery of an original executed counterpart of this Series 2021B Supplemental Trust Agreement and any other closing certificates executed in connection with this Series 2021B Supplemental Trust Agreement. The parties to this Series 2021B Supplemental Trust Agreement hereby waive any defenses to the enforcement of the terms of this Series 2021B Supplemental Trust Agreement based on the form of the signature, and hereby agree that such electronically mailed or signed signatures shall be conclusive proof, admissible in judicial proceedings, of the parties' execution of this Series 2021B Supplemental Trust Agreement.

SECTION 504. HEADINGS. Any heading preceding the text of the several Articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Series 2021B Supplemental Trust Agreement, nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the parties have executed this Series 2021B Supplemental Trust Agreement by their duly authorized officers as of the date and year first written above.

(SEAL) **PALM BEACH SCHOOL BOARD LEASING CORP.**
Attest: _____ By: _____
Dr. Donald E. Fennoy II Frank A. Barbieri, Jr., Esq.
Secretary President

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee
By: _____
Nathan Turner
Vice President

The School Board of Palm Beach County, Florida hereby consents to the execution of this Series 2021B Supplemental Trust Agreement by the parties hereto and agrees to abide by the terms applicable to it herein.

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA
By: _____
Frank A. Barbieri, Jr., Esq.
Chairman

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This instrument was prepared by and when recorded
should be returned to:

Robert C. Gang, Esq.
Greenberg Traurig, P.A.
333 SE 2nd Avenue, Suite 4400
Miami, Florida 33131

(This space reserved for Clerk)

**SERIES 2021A
ASSIGNMENT AGREEMENT**

BETWEEN

PALM BEACH SCHOOL BOARD LEASING CORP.

AND

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
As Trustee**

Dated as of May 1, 2021

TABLE OF CONTENTS

	<u>Page</u>
Section 1. Recitals.....	1
Section 2. Assignment.....	2
Section 3. Administrative Provisions.....	5
Section 4. Non-Recourse.....	6

**SERIES 2021A
ASSIGNMENT AGREEMENT**

THIS SERIES 2021A ASSIGNMENT AGREEMENT (this "Agreement"), made and entered into as of this 1st day of April, 2021, by and between the PALM BEACH SCHOOL BOARD LEASING CORP., a not-for-profit corporation organized under the laws of the State of Florida (the "Corporation"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., Jacksonville, Florida, as trustee (the "Trustee");

WITNESSETH THAT, in the joint and mutual exercise of their powers, and in consideration of \$10.00 and other good and valuable consideration and the mutual covenants herein contained, the parties hereto recite and agree as follows:

Section 1. Recitals.

1.01 The School Board of Palm Beach County, Florida (the "School Board"), and the Corporation have entered into a Master Lease Purchase Agreement dated as of November 1, 1994, as amended as of May 12, 2020 (as the same may be further amended or supplemented from time to time, the "Master Lease"), and have executed Schedule 2021A, dated as of May 1, 2021, which Master Lease together with such schedule constitutes a lease (the "Series 2021A Lease"), with respect to certain educational facilities, equipment and sites being financed, and have entered into a Series 2021A Ground Lease dated as of May 1, 2021 (as the same may be amended or supplemented from time to time, the "Series 2021A Ground Lease") with respect to the Series 2021A Facility Sites (hereinafter defined).

1.02 Pursuant to the Series 2021A Lease, the School Board and the Corporation have agreed that there shall be acquired, constructed, installed and equipped for lease-purchase to the School Board certain educational facilities and sites as described in Schedule 2021A to the Master Lease (the "Series 2021A Facilities"), such facilities being located on certain lands described in Exhibit A hereto (which, together with the improvements thereon are hereinafter collectively referred to as the "Series 2021A Facility Sites"). Schedule 2021A sets forth Lease Payments (the "Series 2021A Lease Payments") to be paid by the School Board for the Series 2021A Facilities. The School Board has agreed to lease-purchase the Series 2021A Facilities from the Corporation.

1.03 The Corporation and the Trustee have entered into a Master Trust Agreement dated as of November 1, 1994, as supplemented by a Series 2021A Supplemental Trust Agreement dated as of May 1, 2021 (as the same may be further amended or supplemented from time to time, the "Trust Agreement"), which acknowledges and contemplates the execution of this Agreement in conjunction therewith. This Agreement is made for the purpose of enabling the Trustee to act as lessor under the Series 2021A Lease.

1.04 The Corporation desires to sell, assign and convey all of its right, title and interest as lessee of the Series 2021A Facility Sites under the Series 2021A Ground Lease, and as sublessor of the Series 2021A Facility Sites and lessor of the Series 2021A Facilities under the Series 2021A Lease (except for its right to indemnification under Section 5.7 of the Master

Lease, its right to hold title to certain of the Series 2021A Facilities under Section 6.1 of the Master Lease and Section 4 of the Series 2021A Ground Lease and its right to receive notices under the Master Lease), to the Trustee for the benefit of the holders of the Series 2021A Certificates and any other Certificates representing an undivided proportionate interest in a portion of the Basic Lease Payments payable under the Series 2021A Lease to be issued under the Trust Agreement.

1.05 The Trustee is willing to accept this assignment on the terms and conditions hereinafter provided.

1.06 Each of the parties has authority to enter into this Agreement and has taken all actions necessary to authorize its execution by the officers signing it.

All terms capitalized but not defined herein shall have the meanings given to them in the Trust Agreement and the Series 2021A Lease.

Section 2. Assignment.

2.01 The Corporation hereby absolutely and unconditionally sells, assigns and conveys to the Trustee, without recourse, for the benefit of all of the holders of the Series 2021A Certificates and any other Certificates representing an undivided proportionate interest in a portion of the Basic Lease Payments payable under the Series 2021A Lease, all of its right, title and interest under the Series 2021A Ground Lease and the Series 2021A Lease (except for its right to indemnification under Section 5.7 of the Master Lease, its right to hold title to certain of the Series 2021A Facilities under Section 6.1 of the Master Lease and Section 4 of the Series 2021A Ground Lease and its rights to receive notices under the Master Lease), including, without limitation, all Basic Lease Payments and other amounts required to be paid by the School Board under the Series 2021A Lease. Said assignment is absolute and unconditional and the Corporation shall have no right to receive or recover the right, title and interest herein assigned. Said assignment is not given as additional security and is not intended to be nor shall it be construed to be a mortgage, or other security agreement of any nature whatsoever, and the Corporation will hereafter have no further right or interest or claims in and to the right, title and interest herein assigned, or any part thereof, or the interest or profits and other proceeds that may be derived therefrom of any kind whatsoever. Accordingly, upon execution of this Agreement, the Corporation shall deliver to the Trustee executed counterparts of the Series 2021A Ground Lease and the Series 2021A Lease. Delivery to the Trustee of such documents shall make the sale, assignment and conveyance of the Series 2021A Ground Lease and the Series 2021A Lease herein made, complete and effective for all purposes. Title to the Series 2021A Facility Sites shall remain vested in the School Board throughout their Lease Terms, title to the Series 2021A Facilities shall remain vested in the Corporation throughout their Lease Terms; provided, however, that upon termination of the Lease Terms as a result of nonappropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the Corporation shall, upon request of the Trustee, transfer title to such Series 2021A Facilities to the Trustee, or to any Permitted Transferee designated by the Trustee.

2.02 With respect to the sale, assignment and conveyance of the rights and interests contemplated hereunder to the Trustee, the Corporation represents, warrants and covenants to

and with the Trustee and the holders of the Series 2021A Certificates and any other Certificates representing an undivided proportionate interest in a portion of the Basic Lease Payments payable under the Series 2021A Lease that, upon the date of execution of this Agreement and the effective date of the sale, assignment and conveyance of the Corporation's rights under the Series 2021A Ground Lease and the Series 2021A Lease, the facts stated below are and will be true and correct:

A. The Corporation is a not-for-profit corporation duly organized, validly existing and in good standing under the laws of the State of Florida, with corporate powers and authority to own its property and carry on its business as now being conducted, and is qualified wherever necessary to perform its obligations under the Series 2021A Ground Lease, the Series 2021A Lease, the Trust Agreement and this Agreement.

B. The Corporation has full power, authority and legal right to enter into and perform its obligations under the Series 2021A Ground Lease, the Series 2021A Lease, the Trust Agreement and this Agreement; the execution, delivery and performance of the Series 2021A Ground Lease, the Series 2021A Lease, the Trust Agreement and this Agreement by the Corporation have been duly authorized by all necessary corporate actions on the part of the Corporation, and all required approvals and consents have heretofore been duly obtained; and the Series 2021A Ground Lease, the Series 2021A Lease, this Agreement and the Trust Agreement are in full force and effect.

C. The execution, delivery and performance of the Series 2021A Ground Lease, the Series 2021A Lease, the Trust Agreement and this Agreement do not contravene any provision of the Articles of Incorporation or Bylaws of the Corporation, and do not and will not conflict with, violate or result in any breach of or constitute a default under any agreement or instrument to which the Corporation is a party or by which it or any of its property is bound or any constitutional or statutory provision, or order, rule, regulation, decree or ordinance of any Federal or State court, government or governmental body having jurisdiction over the Corporation or any of its properties and by which the Corporation or any of its property is bound.

D. The Series 2021A Ground Lease, the Series 2021A Lease, this Agreement and the Trust Agreement are in full force and effect and the Corporation is not in default thereunder; the Series 2021A Ground Lease, the Series 2021A Lease, this Agreement and the Trust Agreement are legal, valid and binding obligations of the Corporation, enforceable against the Corporation in accordance with their respective terms, all such enforcement being subject to certain laws relating to bankruptcy, reorganization, moratorium and creditors' rights generally, and to principles of equity in the event that equitable remedies are sought.

E. The Series 2021A Ground Lease and the Series 2021A Lease delivered to the Trustee are duly executed duplicate originals and, together with all Exhibits thereto, comprise the entire writing, obligation and agreement between the Corporation and School Board respecting the Series 2021A Facility Sites and the Series 2021A Facilities.

F. The Corporation has complied and will at all times hereafter comply with and duly perform its obligations under the Series 2021A Ground Lease, the Series 2021A Lease, the Trust Agreement and this Agreement.

G. Except as disclosed in an opinion of counsel to the Corporation, there is no pending or, to the knowledge of the Corporation, threatened action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency in any way affecting the ability of the Corporation to perform its obligations under the Series 2021A Ground Lease, the Series 2021A Lease, the Trust Agreement or this Agreement.

H. The Series 2021A Ground Lease and the Series 2021A Lease being herein assigned are free and clear of all claims, liens, security interests and encumbrances arising through any act or omission of the Corporation or any person claiming by, through or under it, except the rights of the School Board under the Series 2021A Lease and the Series 2021A Ground Lease, including the fact that fee title to the Series 2021A Facility Sites is vested in the School Board.

2.03 Except as otherwise set forth in Section 2.01, from and after the date of delivery to the Trustee of this Agreement, the Corporation shall have no further rights or interest under the Series 2021A Ground Lease or the Series 2021A Lease or in any Series 2021A Lease Payments or other moneys due with respect thereto or to become due under the Series 2021A Lease.

2.04 The Corporation agrees to execute and deliver to the Trustee upon request by the Trustee, any documents deemed necessary by the Trustee to further evidence or perfect the assignment and conveyance herein made with respect to the Series 2021A Ground Lease and the Series 2021A Lease.

2.05 The Corporation hereby irrevocably constitutes and appoints the Trustee, its successors and assigns, as its lawful attorney, with full power of substitution and resubstitution, to collect and to sue on behalf of the Corporation in the name of the Corporation or otherwise in any court for any Series 2021A Lease Payment or other amounts due under the Series 2021A Lease, or any part thereof, to withdraw or settle any claims, suits or proceedings pertaining to or arising out of the Series 2021A Lease upon any terms, all without the assent of the Corporation; and, further, to take possession of and to endorse in the name of the Corporation any instrument for the payment of moneys received on account of the Series 2021A Lease Payments or other amounts due under the Series 2021A Lease.

2.06 The Corporation agrees that it will authorize and direct the School Board to pay to the Trustee, its successors and assigns, all Series 2021A Lease Payments and all other amounts coming due under the Series 2021A Lease.

2.07 Upon request of the Trustee, the Corporation agrees to cooperate in the Trustee's efforts to collect and cause to be remitted to the Trustee any Series 2021A Lease Payment or other amount.

Section 4. Non-Recourse.

4.01 The assignment contained in this Agreement is agreed to be non-recourse with respect to the Corporation and the Corporation shall have no liability to the Trustee, or any Certificate holders hereunder with respect to the occurrence of any event of default by the School Board under the Series 2021A Lease whether such default consists of failure to pay moneys, breach of covenant or otherwise; provided, however, that nothing contained in this Section 4 shall excuse the Corporation from performance of its obligations under Section 2.04 through 2.08 hereof.

All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any member, officer, employee or agent of the parties hereto in an individual capacity, and no recourse shall be had for the assignment effected by Section 2 hereof or for any claim based thereon under this Agreement against any member, officer, employee or agent of the parties hereto.

[Remainder of Page Intentionally Left Blank]

2.08 In the event the Corporation receives notice from the School Board that it will exercise its option under Section 7.2 of the Master Lease to prepay the Series 2021A Lease Payments to become due thereunder or that the Series 2021A Lease will not be renewed as a result of any event of non-appropriation under the Series 2021A Lease, the Corporation shall notify the Trustee of this fact in writing no later than five Business Days after such receipt provided, however, that failure to provide such notice shall not create any liability on the part of the Corporation.

Section 3. Administrative Provisions.

3.01 This Agreement shall be construed and governed in accordance with the laws of the State of Florida, without regard to conflict of law principles.

3.02 Any provision of this Agreement found to be prohibited by applicable laws shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Agreement.

3.03 This Agreement may not be amended without the prior written consent of the Holder of, or in the case of multiple Holders, the consent of the Holders of at least a majority in principal amount of the Series 2021A Certificates, and the Holders of at least a majority in principal amount of any other Certificates Outstanding who are affected by such amendment shall be required. Copies of all amendments hereto shall be provided to the Trustee, the Holder or Holders of the Series 2021A Certificates.

3.04 This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

3.05 This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Agreement. Executed counterparts of this Agreement with signatures sent by electronic mail (i.e., in PDF format) or signed electronically via an electronic signature provider may be used in the place of original signatures on this Agreement, as set forth in Section 668.50, Florida Statutes. The parties intend to be bound by the signatures of the electronically mailed or signed signatures and the delivery of the same shall be effective as delivery of an original executed counterpart of this Agreement and any other closing certificates executed in connection with this Agreement. The parties to this Agreement hereby waive any defenses to the enforcement of the terms of this Agreement based on the form of the signature, and hereby agree that such electronically mailed or signed signatures shall be conclusive proof, admissible in judicial proceedings, of the parties' execution of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Series 2021A Assignment Agreement as of the day and year first written above.

[SEAL]

ATTEST:

**PALM BEACH SCHOOL BOARD
LEASING CORP.**

By: _____
Dr. Donald E. Fennoy II
Secretary

By: _____
Frank A. Barbieri, Jr., Esq.
President

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee**

[SEAL]

By: _____
Nathan Turner
Vice President

STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

The undersigned, a Notary Public in and for the said County in the State aforesaid, does hereby certify that Frank A. Barbieri, Jr., Esq. and Dr. Donald E. Fennoy II, personally known to me to be the same persons whose names are, respectively, as President and Secretary, respectively, of PALM BEACH SCHOOL BOARD LEASING CORP., a Florida not-for-profit corporation, subscribed to the foregoing instrument, appeared before me this day in person, by means of physical presence or online notarization, in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said corporation, and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ___ day of May, 2021.

NOTARY PUBLIC
SEAL OF OFFICE:

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print,
Stamp or Type as Commissioned.)

- Personally known to me, or
- Produced identification

(Type of Identification Produced)

STATE OF FLORIDA)
) SS:
COUNTY OF DUVAL)

The undersigned, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Nathan Turner, personally known to me to be the same person whose name is, as Vice President of The Bank of New York Mellon Trust Company, N.A., as Trustee, a national banking association organized under the laws of the United States of America, subscribed to the foregoing instrument, appeared before me this day in person, by means of physical presence or online notarization, and severally acknowledged that she, being thereunto duly authorized, signed on behalf of said association, and delivered the said instrument as the free and voluntary act of said association and as her own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ___ day of May, 2021.

NOTARY PUBLIC
SEAL OF OFFICE:

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print,
Stamp or Type as Commissioned.)

- Personally known to me, or
- Produced identification

(Type of Identification Produced)

EXHIBIT A
SERIES 2021A FACILITY SITES
DESCRIPTION OF REAL ESTATE
BOCA RATON AREA ELEMENTARY SCHOOL (05-C)
[TO FOLLOW]
LAKE WORTH AREA HIGH SCHOOL (03-000)
[TO FOLLOW]

NOTE: ALL RECORDING INFORMATION IS FROM THE PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA, UNLESS OTHERWISE SPECIFIED

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This instrument was prepared by and when recorded
should be returned to:

Robert C. Gang, Esq.
Greenberg Traurig, P.A.
333 SE 2nd Avenue, Suite 4400
Miami, Florida 33131

(This space reserved for Clerk)

**SERIES 2021B
ASSIGNMENT AGREEMENT**

BETWEEN

PALM BEACH SCHOOL BOARD LEASING CORP.

AND

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
As Trustee**

Dated as of May 1, 2021

TABLE OF CONTENTS

	<u>Page</u>
Section 1. Recitals.....	1
Section 2. Assignment.....	2
Section 3. Administrative Provisions.....	5
Section 4. Non-Recourse.....	6

**SERIES 2021B
ASSIGNMENT AGREEMENT**

THIS SERIES 2021B ASSIGNMENT AGREEMENT (this "Agreement"), made and entered into as of this 1st day of April, 2021, by and between the PALM BEACH SCHOOL BOARD LEASING CORP., a not-for-profit corporation organized under the laws of the State of Florida (the "Corporation"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., Jacksonville, Florida, as trustee (the "Trustee");

WITNESSETH THAT, in the joint and mutual exercise of their powers, and in consideration of \$10.00 and other good and valuable consideration and the mutual covenants herein contained, the parties hereto recite and agree as follows:

Section 1. Recitals.

1.01 The School Board of Palm Beach County, Florida (the "School Board"), and the Corporation have entered into a Master Lease Purchase Agreement dated as of November 1, 1994, as amended as of May 12, 2020 (as the same may be further amended or supplemented from time to time, the "Master Lease"), and have executed Schedule 2021B, dated as of May 1, 2021, which Master Lease together with such schedule constitutes a lease (the "Series 2021B Lease"), with respect to certain educational facilities, equipment and sites being financed, and have entered into a Series 2021B Ground Lease dated as of May 1, 2021 (as the same may be amended or supplemented from time to time, the "Series 2021B Ground Lease") with respect to the Series 2021B Facility Site (hereinafter defined).

1.02 Pursuant to the Series 2021B Lease, the School Board and the Corporation have agreed that there shall be acquired, constructed, installed and equipped for lease-purchase to the School Board certain educational facilities and sites as described in Schedule 2021B to the Master Lease (the "Series 2021B Facility"), such facilities being located on certain lands described in Exhibit A hereto (which, together with the improvements thereon are hereinafter collectively referred to as the "Series 2021B Facility Site"). Schedule 2021B sets forth Lease Payments (the "Series 2021B Lease Payments") to be paid by the School Board for the Series 2021B Facility. The School Board has agreed to lease-purchase the Series 2021B Facility from the Corporation.

1.03 The Corporation and the Trustee have entered into a Master Trust Agreement dated as of November 1, 1994, as supplemented by a Series 2021B Supplemental Trust Agreement dated as of May 1, 2021 (as the same may be further amended or supplemented from time to time, the "Trust Agreement"), which acknowledges and contemplates the execution of this Agreement in conjunction therewith. This Agreement is made for the purpose of enabling the Trustee to act as lessor under the Series 2021B Lease.

1.04 The Corporation desires to sell, assign and convey all of its right, title and interest as lessee of the Series 2021B Facility Site under the Series 2021B Ground Lease, and as sublessor of the Series 2021B Facility Site and lessor of the Series 2021B Facility under the Series 2021B Lease (except for its right to indemnification under Section 5.7 of the Master

Lease, its right to hold title to certain of the Series 2021B Facility under Section 6.1 of the Master Lease and Section 4 of the Series 2021B Ground Lease and its right to receive notices under the Master Lease), to the Trustee for the benefit of the holders of the Series 2021B Certificates and any other Certificates representing an undivided proportionate interest in a portion of the Basic Lease Payments payable under the Series 2021B Lease to be issued under the Trust Agreement.

1.05 The Trustee is willing to accept this assignment on the terms and conditions hereinafter provided.

1.06 Each of the parties has authority to enter into this Agreement and has taken all actions necessary to authorize its execution by the officers signing it.

All terms capitalized but not defined herein shall have the meanings given to them in the Trust Agreement and the Series 2021B Lease.

Section 2. Assignment.

2.01 The Corporation hereby absolutely and unconditionally sells, assigns and conveys to the Trustee, without recourse, for the benefit of all of the holders of the Series 2021B Certificates and any other Certificates representing an undivided proportionate interest in a portion of the Basic Lease Payments payable under the Series 2021B Lease, all of its right, title and interest under the Series 2021B Ground Lease and the Series 2021B Lease (except for its right to indemnification under Section 5.7 of the Master Lease, its right to hold title to certain of the Series 2021B Facility under Section 6.1 of the Master Lease and Section 4 of the Series 2021B Ground Lease and its rights to receive notices under the Master Lease), including, without limitation, all Basic Lease Payments and other amounts required to be paid by the School Board under the Series 2021B Lease. Said assignment is absolute and unconditional and the Corporation shall have no right to receive or recover the right, title and interest herein assigned. Said assignment is not given as additional security and is not intended to be nor shall it be construed to be a mortgage, or other security agreement of any nature whatsoever, and the Corporation will hereafter have no further right or interest or claims in and to the right, title and interest herein assigned, or any part thereof, or the interest or profits and other proceeds that may be derived therefrom of any kind whatsoever. Accordingly, upon execution of this Agreement, the Corporation shall deliver to the Trustee executed counterparts of the Series 2021B Ground Lease and the Series 2021B Lease. Delivery to the Trustee of such documents shall make the sale, assignment and conveyance of the Series 2021B Ground Lease and the Series 2021B Lease herein made, complete and effective for all purposes. Title to the Series 2021B Facility Site shall remain vested in the School Board throughout their Lease Terms, title to the Series 2021B Facility shall remain vested in the Corporation throughout their Lease Terms; provided, however, that upon termination of the Lease Terms as a result of nonappropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the Corporation shall, upon request of the Trustee, transfer title to such Series 2021B Facility to the Trustee, or to any Permitted Transferee designated by the Trustee.

2.02 With respect to the sale, assignment and conveyance of the rights and interests contemplated hereunder to the Trustee, the Corporation represents, warrants and covenants to

and with the Trustee and the holders of the Series 2021B Certificates and any other Certificates representing an undivided proportionate interest in a portion of the Basic Lease Payments payable under the Series 2021B Lease that, upon the date of execution of this Agreement and the effective date of the sale, assignment and conveyance of the Corporation's rights under the Series 2021B Ground Lease and the Series 2021B Lease, the facts stated below are and will be true and correct:

A. The Corporation is a not-for-profit corporation duly organized, validly existing and in good standing under the laws of the State of Florida, with corporate powers and authority to own its property and carry on its business as now being conducted, and is qualified wherever necessary to perform its obligations under the Series 2021B Ground Lease, the Series 2021B Lease, the Trust Agreement and this Agreement.

B. The Corporation has full power, authority and legal right to enter into and perform its obligations under the Series 2021B Ground Lease, the Series 2021B Lease, the Trust Agreement and this Agreement; the execution, delivery and performance of the Series 2021B Ground Lease, the Series 2021B Lease, the Trust Agreement and this Agreement by the Corporation have been duly authorized by all necessary corporate actions on the part of the Corporation, and all required approvals and consents have heretofore been duly obtained; and the Series 2021B Ground Lease, the Series 2021B Lease, this Agreement and the Trust Agreement are in full force and effect.

C. The execution, delivery and performance of the Series 2021B Ground Lease, the Series 2021B Lease, the Trust Agreement and this Agreement do not contravene any provision of the Articles of Incorporation or Bylaws of the Corporation, and do not and will not conflict with, violate or result in any breach of or constitute a default under any agreement or instrument to which the Corporation is a party or by which it or any of its property is bound or any constitutional or statutory provision, or order, rule, regulation, decree or ordinance of any Federal or State court, government or governmental body having jurisdiction over the Corporation or any of its properties and by which the Corporation or any of its property is bound.

D. The Series 2021B Ground Lease, the Series 2021B Lease, this Agreement and the Trust Agreement are in full force and effect and the Corporation is not in default thereunder; the Series 2021B Ground Lease, the Series 2021B Lease, this Agreement and the Trust Agreement are legal, valid and binding obligations of the Corporation, enforceable against the Corporation in accordance with their respective terms, all such enforcement being subject to certain laws relating to bankruptcy, reorganization, moratorium and creditors' rights generally, and to principles of equity in the event that equitable remedies are sought.

E. The Series 2021B Ground Lease and the Series 2021B Lease delivered to the Trustee are duly executed duplicate originals and, together with all Exhibits thereto, comprise the entire writing, obligation and agreement between the Corporation and School Board respecting the Series 2021B Facility Site and the Series 2021B Facility.

F. The Corporation has complied and will at all times hereafter comply with and duly perform its obligations under the Series 2021B Ground Lease, the Series 2021B Lease, the Trust Agreement and this Agreement.

G. Except as disclosed in an opinion of counsel to the Corporation, there is no pending or, to the knowledge of the Corporation, threatened action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency in any way affecting the ability of the Corporation to perform its obligations under the Series 2021B Ground Lease, the Series 2021B Lease, the Trust Agreement or this Agreement.

H. The Series 2021B Ground Lease and the Series 2021B Lease being herein assigned are free and clear of all claims, liens, security interests and encumbrances arising through any act or omission of the Corporation or any person claiming by, through or under it, except the rights of the School Board under the Series 2021B Lease and the Series 2021B Ground Lease, including the fact that fee title to the Series 2021B Facility Site is vested in the School Board.

2.03 Except as otherwise set forth in Section 2.01, from and after the date of delivery to the Trustee of this Agreement, the Corporation shall have no further rights or interest under the Series 2021B Ground Lease or the Series 2021B Lease or in any Series 2021B Lease Payments or other moneys due with respect thereto or to become due under the Series 2021B Lease.

2.04 The Corporation agrees to execute and deliver to the Trustee upon request by the Trustee, any documents deemed necessary by the Trustee to further evidence or perfect the assignment and conveyance herein made with respect to the Series 2021B Ground Lease and the Series 2021B Lease.

2.05 The Corporation hereby irrevocably constitutes and appoints the Trustee, its successors and assigns, as its lawful attorney, with full power of substitution and resubstitution, to collect and to sue on behalf of the Corporation in the name of the Corporation or otherwise in any court for any Series 2021B Lease Payment or other amounts due under the Series 2021B Lease, or any part thereof, to withdraw or settle any claims, suits or proceedings pertaining to or arising out of the Series 2021B Lease upon any terms, all without the assent of the Corporation; and, further, to take possession of and to endorse in the name of the Corporation any instrument for the payment of moneys received on account of the Series 2021B Lease Payments or other amounts due under the Series 2021B Lease.

2.06 The Corporation agrees that it will authorize and direct the School Board to pay to the Trustee, its successors and assigns, all Series 2021B Lease Payments and all other amounts coming due under the Series 2021B Lease.

2.07 Upon request of the Trustee, the Corporation agrees to cooperate in the Trustee's efforts to collect and cause to be remitted to the Trustee any Series 2021B Lease Payment or other amount.

Section 4. Non-Recourse.

4.01 The assignment contained in this Agreement is agreed to be non-recourse with respect to the Corporation and the Corporation shall have no liability to the Trustee, or any Certificate holders hereunder with respect to the occurrence of any event of default by the School Board under the Series 2021B Lease whether such default consists of failure to pay moneys, breach of covenant or otherwise; provided, however, that nothing contained in this Section 4 shall excuse the Corporation from performance of its obligations under Section 2.04 through 2.08 hereof.

All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any member, officer, employee or agent of the parties hereto in an individual capacity, and no recourse shall be had for the assignment effected by Section 2 hereof or for any claim based thereon under this Agreement against any member, officer, employee or agent of the parties hereto.

[Remainder of Page Intentionally Left Blank]

2.08 In the event the Corporation receives notice from the School Board that it will exercise its option under Section 7.2 of the Master Lease to prepay the Series 2021B Lease Payments to become due thereunder or that the Series 2021B Lease will not be renewed as a result of any event of non-appropriation under the Series 2021B Lease, the Corporation shall notify the Trustee of this fact in writing no later than five Business Days after such receipt provided, however, that failure to provide such notice shall not create any liability on the part of the Corporation.

Section 3. Administrative Provisions.

3.01 This Agreement shall be construed and governed in accordance with the laws of the State of Florida, without regard to conflict of law principles.

3.02 Any provision of this Agreement found to be prohibited by applicable laws shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Agreement.

3.03 This Agreement may not be amended without the prior written consent of the Holder of, or in the case of multiple Holders, the consent of the Holders of at least a majority in principal amount of the Series 2021B Certificates, and the Holders of at least a majority in principal amount of any other Certificates Outstanding who are affected by such amendment shall be required. Copies of all amendments hereto shall be provided to the Trustee, the Holder or Holders of the Series 2021B Certificates.

3.04 This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

3.05 This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Agreement. Executed counterparts of this Agreement with signatures sent by electronic mail (i.e., in PDF format) or signed electronically via an electronic signature provider may be used in the place of original signatures on this Agreement, as set forth in Section 668.50, Florida Statutes. The parties intend to be bound by the signatures of the electronically mailed or signed signatures and the delivery of the same shall be effective as delivery of an original executed counterpart of this Agreement and any other closing certificates executed in connection with this Agreement. The parties to this Agreement hereby waive any defenses to the enforcement of the terms of this Agreement based on the form of the signature, and hereby agree that such electronically mailed or signed signatures shall be conclusive proof, admissible in judicial proceedings, of the parties' execution of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Series 2021B Assignment Agreement as of the day and year first written above.

[SEAL]

ATTEST:

**PALM BEACH SCHOOL BOARD
LEASING CORP.**

By: _____
Dr. Donald E. Fennoy II
Secretary

By: _____
Frank A. Barbieri, Jr., Esq.
President

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee**

[SEAL]

By: _____
Nathan Turner
Vice President

STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

The undersigned, a Notary Public in and for the said County in the State aforesaid, does hereby certify that Frank A. Barbieri, Jr., Esq. and Dr. Donald E. Fennoy II, personally known to me to be the same persons whose names are, respectively, as President and Secretary, respectively, of PALM BEACH SCHOOL BOARD LEASING CORP., a Florida not-for-profit corporation, subscribed to the foregoing instrument, appeared before me this day in person, by means of physical presence or online notarization, in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said corporation, and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ___ day of May, 2021.

NOTARY PUBLIC
SEAL OF OFFICE:

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print,
Stamp or Type as Commissioned.)

- Personally known to me, or
- Produced identification

(Type of Identification Produced)

STATE OF FLORIDA)
) SS:
COUNTY OF DUVAL)

The undersigned, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Nathan Turner, personally known to me to be the same person whose name is, as Vice President of The Bank of New York Mellon Trust Company, N.A., as Trustee, a national banking association organized under the laws of the United States of America, subscribed to the foregoing instrument, appeared before me this day in person, by means of physical presence or online notarization, and severally acknowledged that she, being thereunto duly authorized, signed on behalf of said association, and delivered the said instrument as the free and voluntary act of said association and as her own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ___ day of May, 2021.

NOTARY PUBLIC
SEAL OF OFFICE:

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print,
Stamp or Type as Commissioned.)

- Personally known to me, or
- Produced identification

(Type of Identification Produced)

EXHIBIT A
SERIES 2021B FACILITY SITE
DESCRIPTION OF REAL ESTATE

DELRAY FULL SERVICE

[TO FOLLOW]

NOTE: ALL RECORDING INFORMATION IS FROM THE PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA, UNLESS OTHERWISE SPECIFIED

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APPENDIX D

FORM OF CO-SPECIAL TAX COUNSEL OPINION

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APPENDIX D

PROPOSED FORM OF CO-SPECIAL TAX COUNSEL OPINION

On the date of issuance of the Series 2021A Certificates and the Series 2021B Certificates in definitive form, Greenberg Traurig, P.A., and Edwards & Feanny, P.A., Co-Special Tax Counsel, propose to render an approving opinion in substantially the following form.

_____, 2021

The School Board of Palm Beach County, Florida
3300 Forest Hill Boulevard
West Palm Beach, Florida 33406

Re: Certificates of Participation, Series 2021A Evidencing Undivided Proportionate Interests of the Owners Thereof in Basic Lease Payments to be Made by The School Board of Palm Beach County, Florida, as Lessee, Pursuant to a Master Lease Purchase Agreement with Palm Beach School Board Leasing Corp., as Lessor

and

Taxable Certificates of Participation, Series 2021B Evidencing Undivided Proportionate Interests of the Owners Thereof in Basic Lease Payments to be Made by The School Board of Palm Beach County, Florida, as Lessee, Pursuant to a Master Lease Purchase Agreement with Palm Beach School Board Leasing Corp., as Lessor

Ladies and Gentlemen:

We have acted as Co-Special Tax Counsel in connection with the issuance of (i) \$101,905,000 aggregate principal amount of Certificates of Participation, Series 2021A evidencing undivided proportionate interests of the owners thereof in Basic Lease Payments to be made by The School Board of Palm Beach County, Florida, as Lessee, pursuant to a Master Lease Purchase Agreement with Palm Beach School Board Leasing Corp., as Lessor (the “Series 2021A Certificates”) and (ii) \$9,935,000 aggregate principal amount of Taxable Certificates of Participation, Series 2021B evidencing undivided proportionate interests of the owners thereof in Basic Lease Payments to be made by The School Board of Palm Beach County, Florida, as Lessee, pursuant to a Master Lease Purchase Agreement with Palm Beach School Board Leasing Corp., as Lessor (the “Series 2021B Certificates” and, collectively with the Series 2021A Certificates, the “Series 2021 Certificates”), and in connection with the Master Lease Purchase Agreement described below. In that capacity, we have reviewed the Master Lease Purchase Agreement, dated as of November 1, 1994 (the “Master Lease”), between The School Board of Palm Beach County, Florida (the “School Board”) and Palm Beach School Board Leasing Corp. (the “Corporation”); Schedule 2021A (“Schedule 2021A”) and Schedule 2021B (“Schedule 2021B”), each dated as of May 1, 2021, and each attached to the Master Lease and executed by the School Board and the Corporation (the Master Lease together with Schedule 2021A being hereinafter referred to as the “Series 2021A Lease,” and the Master Lease together with Schedule 2021B being hereinafter referred to as the “Series 2021B Lease” and the Series 2021A Lease and the Series 2021B Lease being hereinafter collectively referred to as the “Series 2021 Leases”); the Master Trust Agreement, dated as of November

1, 1994 (the “Master Trust Agreement”) as amended and supplemented by a Series 2021A Supplemental Trust Agreement, dated as of May 1, 2021 (collectively, the “Series 2021A Trust Agreement”) and the Master Trust Agreement, as amended and supplemented by a Series 2021B Supplemental Trust Agreement, dated as of May 1, 2021 (collectively, the “Series 2021B Trust Agreement”), each between the Corporation and The Bank of New York Mellon Trust Company, N.A. (successor in interest to NationsBank of Florida, N.A.), as trustee (the “Trustee”); the Series 2021A Ground Lease and the Series 2021B Ground Lease, each dated as of May 1, 2021 and each between the School Board and the Corporation; the Series 2021A Assignment Agreement and the Series 2021B Assignment Agreement, each dated as of May 1, 2021 and each between the Corporation and the Trustee; the form of the Series 2021A Certificates attached to the Series 2021A Trust Agreement and the form of the Series 2021B Certificates attached to the Series 2021B Trust Agreement; and various other related documents and certificates.

The Basic Lease Payments are payable from funds appropriated by the School Board from current and other funds authorized by law and regulations of the Department of Education of the State of Florida. The School Board is not legally required to appropriate money for such purpose. None of the School Board, the School District of Palm Beach County, Florida (the “District”), the State of Florida, or any political subdivision thereof shall be obligated to pay, except from appropriated funds, any sums due under the Series 2021 Leases from any source of taxation, and the full faith and credit of the School Board, the District, the State of Florida, or any political subdivision thereof is not pledged for payment of such sums due thereunder, and such sums do not constitute an indebtedness of the School Board or the District within the meaning of any constitutional or statutory provision or limitation.

As to questions of fact material to our opinion, we have relied upon the representations of the School Board contained in the Series 2021 Leases and in the certified proceedings and other certifications of officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that:

1. The Series 2021 Leases have been duly authorized, executed and delivered by the School Board and, assuming due authorization, execution and delivery by the Corporation, constitute valid and legally binding agreements of the School Board enforceable against the Corporation in accordance with their terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors’ rights or by the exercise of judicial discretion in accordance with general principles of equity.

1. The Series 2021A Certificates evidence an undivided proportionate interest of the owners thereof in the Basic Lease Payments to be made by the School Board pursuant to the Series 2021A Lease, and the Series 2021B Certificates evidence an undivided proportionate interest of the owners thereof in the Basic Lease Payments to be made by the School Board pursuant to the Series 2021B Lease.

2. Under existing statutes, regulations, rulings and court decisions, subject to the assumptions stated below, the portion of the Basic Lease Payments designated and paid as interest to the owners of the Series 2021A Certificates is excludable from gross income for federal income tax purposes; and, furthermore, the portion of the Basic Lease Payments designated and paid as interest to the owners of the Series 2021A Certificates is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. We express no opinion regarding other federal tax consequences resulting from the receipt or accrual of the interest portion of the Basic Lease Payments designated and

paid as interest to the owners of the Series 2021A Certificates, or the ownership or disposition of the Series 2021A Certificates. Furthermore, no opinion is expressed with respect to the federal income tax consequences of any payments received with respect to the Series 2021A Certificates following termination of the Master Lease as a result of non-appropriation of funds or the occurrence of an Event of Default thereunder.

In rendering the opinion in the preceding paragraph, we have assumed the accuracy of certain certifications of the School Board and continuing compliance by the School Board with the requirements of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder that must be met after the issuance of the Series 2021A Certificates in order that the portion of the Basic Lease Payments designated and paid as interest to the owners of the Series 2021A Certificates be and remain excludable from gross income for federal income tax purposes. The School Board's failure to meet such requirements may cause the portion of the Basic Lease Payments designated and paid as interest to the owners of the Series 2021A Certificates to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2021A Certificates. The School Board has covenanted to comply with such requirements.

4. The Series 2021 Certificates and the portion of the Basic Lease Payments designated and paid as interest to the owners of the Series 2021 Certificates are not subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined therein; provided, however, that no opinion is expressed with respect to tax consequences under the laws of the State of Florida of any payments received with respect to the Series 2021 Certificates following termination of the Master Lease as a result of non-appropriation of funds or the occurrence of an event of default thereunder.

We express no opinion regarding the perfection or priority of the lien on the Trust Estate (as defined in the Trust Agreement). Further, we express no opinion regarding tax consequences arising with respect to any payments received with respect to the Series 2021A Certificates or the Series 2021B Certificates other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

GREENBERG TRAUERIG, P.A.
EDWARDS & FEANNY, P.A.

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APPENDIX E

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

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DISCLOSURE DISSEMINATION AGENT AGREEMENT

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

\$101,905,000
Certificates of Participation,
Series 2021A

\$9,935,000
Taxable Certificates of Participation,
Series 2021B

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated May 20, 2021, is executed and delivered by The School Board of Palm Beach County, Florida (the "School Board") and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC"), for the benefit of the Holders (hereinafter defined) of the captioned Certificates (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Certificates in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the School Board through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the School Board or anyone on the School Board's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Offering Statement (hereinafter defined). The following capitalized terms shall have the following meanings:

"Annual Filing Date" means the date, set forth in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB (as hereinafter defined).

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

"Audited Financial Statements" means the annual financial statements of the School Board for the prior fiscal year, certified by an independent auditor as

prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Certificates" means, collectively, the \$101,905,000 Certificates of Participation, Series 2021A (the "Series 2021A Certificates") and the \$9,935,000 Taxable Certificates of Participation, Series 2021B (the "Series 2021B Certificates") as listed on the attached Exhibit A, each with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the School Board and include the full name of the Certificates and the 9-digit CUSIP numbers for all Certificates to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the School Board pursuant to Section 9 hereof.

"Disclosure Representative" means the Treasurer of the School Board, or such other person as the School Board shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Failure to File Event" means the School Board's failure to file an Annual Report on or before the Annual Filing Date.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of an obligation or instrument described in either clause (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries) or (b) treated as the owner of any Certificates for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements, the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule.

"Obligated Person" means the School Board, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Certificates (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

"Offering Statement" means that Offering Statement prepared by the School Board in connection with the Certificates, as listed on Exhibit A.

"Trustee" means the institution identified as such in the document under which the Certificates were issued.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports. (a) The School Board shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB via the Electronic Municipal Market Access System ("EMMA") not later than January 15 of each fiscal year of the School Board, commencing January 15, 2022. Such date and each anniversary thereof is the "Annual Filing Date." The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the School Board of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification) no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the School Board will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern Time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the School Board irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated

filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the School Board are prepared but not available prior to the Annual Filing Date, the School Board shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the School Board pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. "Principal and interest payment delinquencies";
2. "Non-Payment related defaults, if material";
3. "Unscheduled draws on debt service reserves reflecting financial difficulties";
4. "Unscheduled draws on credit enhancements reflecting financial difficulties";
5. "Substitution of credit or liquidity providers, or their failure to perform";
6. "Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2021A Certificates, or other material events affecting the tax-exempt status of the Series 2021A Certificates";

7. "Modifications to rights of securities holders, if material";
8. "Bond calls, if material, and tender offers";
9. "Defeasances";
10. "Release, substitution, or sale of property securing repayment of the securities";
11. "Rating changes";
12. "Bankruptcy, insolvency or receivership or similar event of the Obligated Person";
13. "The consummation of a merger, consolidation or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material";
14. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material";
15. "Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material"; and
16. "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties."

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the School Board pursuant to Section 7(a) (being

any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking";
2. "change in obligated person";
3. "notice to investors pursuant to bond documents";
4. "certain communications from the Internal Revenue Service, other than those communications included in the Rule";
5. "secondary market purchases";
6. "bid for auction rate or other securities";
7. "capital or other financing plan";
8. "litigation/enforcement action";
9. "change of tender agent, remarketing agent, or other on-going party";
10. "derivative or other similar transaction"; and
11. "other event-based disclosures";

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the School Board pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. "quarterly/monthly financial information";
2. "change in fiscal year/timing of annual disclosure";
3. "change in accounting standard";
4. "interim/additional financial information/operating data";
5. "budget";
6. "investment/debt/financial policy";

7. "information provided to rating agency, credit/liquidity provider or other third party";
8. "consultant reports"; and
9. "other financial/operating data."

(viii) provide the School Board evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The School Board may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year. The School Board's fiscal year commences on July 1 and ends on the immediately succeeding June 30.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the School Board, including, to the extent not set forth in the Audited Financial Statements:

1. Updates of information in the Offering Statement relating to:
 - a. Revenue sources as described under the headings "OPERATING REVENUES OF THE DISTRICT", and "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS" and the table entitled, "Anticipated Local Option Millage Levy Required to Cover Basic Lease Payments Represented by the Outstanding Certificates and the LOML Eligible Portion of the Series 2021 Certificates;"

b. The tables entitled "Assessed Value of Taxable Property," "District Millage Rates," "Property Tax Levies and Collections" and "Principal Property Tax Payers" under the heading "AD VALOREM TAXATION";

c. The tables entitled "Summary of Revenues and Expenditures – General Fund," "Summary of Capital Projects Fund Revenue and Expenditures" and "Direct and Overlapping Long-Term Debt Statement" under the heading "FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT."

2. Description of any material litigation which would have been disclosed in the Offering Statement if such litigation were pending at the time the Offering Statement was prepared.

3. Any other financial information or operating data of the type included in the Offering Statement which would be material to a holder or prospective holder of the Certificates.

(b) If available at the time of such filing, the Audited Financial Statements of the School Board for the prior fiscal year, prepared in accordance with generally accepted auditing standards, and Government Auditing Principles issued by the Comptroller General of the United States. If the School Board's Audited Financial Statements are not available by the time the Annual Report is required to be filed pursuant to Section 2(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Offering Statement, and the Audited Financial Statements shall be filed in the same manner as the Annual Report when they become available. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including Offering Statements of debt issues with respect to which the School Board is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the EMMA website. If the document incorporated by reference is a final offering statement, it must be available from the MSRB. The School Board will clearly identify each such document so incorporated by reference.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Certificates constitutes a Notice Event:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements relating to the Certificates reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2021A Certificates, or other material events affecting the tax-exempt status of the Series 2021A Certificates;
7. Modifications to rights of holders of the Certificates, if material;
8. Certificate calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Certificates, if material;
11. Rating changes on the Certificates;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of

reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

15. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

The School Board shall, in a timely manner not in excess of ten (10) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) of this Section 4 and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the School Board desires to make, contain the written authorization of the School Board for the Disclosure Dissemination Agent to disseminate such information, and identify the date the School Board desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the School Board or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two (2) business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the School Board determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and

no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which should be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the School Board desires to make, contain the written authorization of the School Board for the Disclosure Dissemination Agent to disseminate such information, and identify the date the School Board desires for the Disclosure Dissemination Agent to disseminate the information, (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the School Board as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with the MSRB, in accordance with Section 2(e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the School Board shall indicate the full name of the Certificates and the 9-digit CUSIP numbers for the Certificates as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The School Board acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the School Board, and that the duties and responsibilities of the Disclosure Dissemination Agent do not extend to providing legal advice regarding such laws. The School Board acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The School Board may instruct the Disclosure Dissemination Agent to file Voluntary Event Disclosure with the MSRB, from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the School Board desires to make, contain the written authorization of the School Board for the Disclosure Dissemination Agent to disseminate such information, and identify the date the School

Board desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the School Board as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The School Board may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the School Board desires to make, contain the written authorization of the School Board for the Disclosure Dissemination Agent to disseminate such information, and identify the date the School Board desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the School Board as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the School Board is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the School Board from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Annual Financial Statement, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the School Board chooses to include any information in any Annual Report, Annual Financial Statement, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that which is specifically required by this Disclosure Agreement, the School Board shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Annual Financial Statement, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the School Board and the Disclosure Dissemination Agent under this Disclosure Agreement

shall terminate with respect to the Certificates upon the legal defeasance, prior prepayment or payment in full of all of the Certificates, when the School Board is no longer an obligated person with respect to the Certificates, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The School Board has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The School Board may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the School Board or DAC, the School Board agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Certificates. Notwithstanding any replacement or appointment of a successor, the School Board shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the School Board.

SECTION 10. Remedies in Event of Default. In the event of a failure of the School Board or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Certificates or under any other document relating to the Certificates, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the School Board has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the School Board and shall not be deemed to be acting in any fiduciary capacity for the School Board, the Holders of the Certificates or any other party. The Disclosure Dissemination Agent shall have no responsibility for the

School Board's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the School Board has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the School Board at all times.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. If the School Board has given its consent to the use of external counsel, the reasonable fees and expenses of such external counsel shall be payable by the School Board.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the School Board and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the School Board and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Certificates and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the School Board or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the School Board. No such amendment shall become effective if the School Board shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the School Board, the Trustee of the Certificates, the Disclosure

Dissemination Agent, the Underwriters, and the Holders from time to time of the Certificates, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank]

The Disclosure Dissemination Agent and the School Board have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION,
L.L.C., as Disclosure Dissemination Agent

By: _____
Diana O'Brien
Vice President

THE SCHOOL BOARD OF PALM BEACH
COUNTY, FLORIDA

By: _____
Frank A. Barbieri, Jr., Esq.
Chair

EXHIBIT A
NAME AND CUSIP NUMBERS OF CERTIFICATES

Name of Issuer: THE SCHOOL BOARD OF PALM BEACH COUNTY,
FLORIDA

Obligated Person: The School Board of Palm Beach County, Florida

Name of Bond Issue: Certificates of Participation, Series 2021A
Taxable Certificates of Participation Series 2021B

Date of Issuance: May 20, 2021

Date of Offering Statement: May 6, 2021

Initial CUSIP Numbers: See below

Series 2021A Certificates

696550H21

696550H39

696550H47

696550H54

696550H62

696550H70

Series 2021B Certificates

696550H88

EXHIBIT B
NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: THE SCHOOL BOARD OF PALM BEACH COUNTY,
FLORIDA

Obligated Person: The School Board of Palm Beach County, Florida

Name of Bond Issue: [Certificates of Participation, Series 2021A]
[Taxable Certificates of Participation, Series 2021B]

Date of Issuance: May 20, 2021

Date of Offering Statement: May 6, 2021

NOTICE IS HEREBY GIVEN that the School Board has not provided an Annual Report with respect to the above-named Certificates as required by the Disclosure Dissemination Agent Agreement, dated May 20, 2021, between the School Board and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The School Board has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C., as
Disclosure Dissemination Agent, on behalf of
the School Board

cc: The School Board of Palm Beach County, Florida
Obligated Person

**EXHIBIT C-1
EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" will be sent to the Municipal Securities Rulemaking Board pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

School Board's and/or Other Obligated Person's Name: The School Board of Palm Beach County, Florida

Name of Bond Issue: [Certificates of Participation, Series 2021A]
[Taxable Certificates of Participation, Series 2021B]

School Board's Six-Digit CUSIP Number: 696550

Nine-Digit CUSIP Number(s) of the Certificates to which this event notice relates: _____

Number of pages of attached material event notice: _____

Description of Notice Event (Check One):

1. Principal and interest payment delinquencies
2. Non-Payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, IRS notices or events affecting the tax status of the Certificates
7. Modifications to rights of holders of Certificates, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution, or sale of property securing repayment of the Certificates, if material
11. Rating changes
12. Bankruptcy, insolvency or receivership or similar event of the Obligated Person
13. Merger, consolidation or acquisition of the Obligated Person, if material

14. ____ Appointment of a successor or additional trustee, or the change of name of a trustee, if material
15. ____ Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material
16. ____ Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties

____ Failure to provide annual financial information as required [C6]

I hereby represent that I am authorized by the School Board or its agent to distribute this information publicly:

Signature:

Name: [C6] _____ Title: [C7] _____

Employer: Digital Assurance Certification, L.L.C. Address: [C8] _____

City, State, Zip Code: _____

Voice Telephone Number: [C9] _____

Date: _____

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" will be sent to the Municipal Securities Rulemaking Board, pursuant to the Disclosure Dissemination Agent Agreement dated as of May 20, 2021, between the School Board and DAC.

School Board's and/or Other Obligated Person's Name: The School Board of Palm Beach County, Florida

Name of Bond Issue: [Certificates of Participation, Series 2021A]
[Taxable Certificates of Participation, Series 2021B]

School Board's Six-Digit CUSIP Number: 696550

Nine-Digit CUSIP Number(s) of the Certificates to which this event notice relates: _____

Number of pages of attached material event notice: _____

____ Description of Voluntary Event Disclosure (Check One):

1. "amendment to continuing disclosure undertaking";
2. "change in obligated person";
3. "notice to investors pursuant to bond documents";
4. "certain communications from the Internal Revenue Service";
5. "secondary market purchases";
6. "bid for auction rate or other securities";
7. "capital or other financing plan";
8. "litigation/enforcement action";
9. "change of tender agent, remarketing agent, or other on-going party";
10. "derivative or other similar transaction"; and
11. "other event-based disclosures."

I hereby represent that I am authorized by the School Board or its agent to distribute this information publicly:

Signature:

Name: [C6] _____ Title: [C7] _____

Employer: Digital Assurance Certification, L.L.C. Address: [C8] _____

City, State, Zip Code: _____

Voice Telephone Number: [C9] _____

Date: _____

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the Municipal Securities Rulemaking Board, pursuant to the Disclosure Dissemination Agent Agreement dated as of May 20, 2021, between the School Board and DAC.

School Board's and/or Other Obligated Person's Name: The School Board of Palm Beach County, Florida

Name of Bond Issue: [Certificates of Participation, Series 2021A]
[Taxable Certificates of Participation, Series 2021B]

School Board's Six-Digit CUSIP Number: 696550

Nine-Digit CUSIP Number(s) of the Certificates to which this event notice relates: _____

Number of pages of attached material event notice: _____

_____ Description of Voluntary Financial Disclosure (Check One):

1. _____ "quarterly/monthly financial information";
2. _____ "change in fiscal year/timing of annual disclosure";
3. _____ "change in accounting standard";
4. _____ "interim/additional financial information/operating data";
5. _____ "budget";
6. _____ "investment/debt/financial policy";
7. _____ "information provided to rating agency, credit/liquidity provider or other third party";
8. _____ "consultant reports"; and
9. _____ "other financial/operating data."

I hereby represent that I am authorized by the School Board or its agent to distribute this information publicly:

Signature:

Name: [C6] _____ Title: [C7] _____

Employer: Digital Assurance Certification, L.L.C. Address: [C8] _____

City, State, Zip Code: _____

Voice Telephone Number: [C9] _____

Date: _____

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