In the opinion of Greenberg Traurig, P.A. and Edwards & Associates, 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 2015D Certificate holders will be excludable from gross income for federal income tax purposes. The portion of the Basic Lease Payments designated and paid as interest to the Series 2015D Certificate holders will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. No opinion is expressed with respect to the federal income tax consequences of any payments received with respect to the Series 2015D 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 income tax consequences of ownership of the Series 2015D Certificates. Co-Special Tax Counsel is further of the opinion that the Series 2015D Certificates and the portion of the Basic Lease Payments designated and paid as interest to the owners of the Series 2015D 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 2015D Certificates following termination of the Master Lease as a result of non-appropriation of funds or the occurrence of an event of default thereunder.

$221,640,000 CERTIFICATES OF PARTICIPATION, SERIES 2015D
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 Lesssee, Pursuant to a Master Lease Purchase Agreement
with Palm Beach School Board Leasing Corp.,
as Lessor

Dated: March 26, 2015

Due: August 1, as shown on the inside cover

The Certificates of Participation, Series 2015D (the "Series 2015D Certificates") offered hereby evidence undivided proportionate interests in a portion of 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 (the "Master Lease") with the Palm Beach School Board Leasing Corp. (the "Corporation"), as amended and supplemented by the following Schedules: (i) Schedule 2007A-1, as amended and restated as of April 1, 2015 (together with the Master Lease, the "Series 2007A-1 Lease"), (ii) Schedule 2007E-1, as amended and restated as of April 1, 2015 (together with the Master Lease, the "Series 2007E-1 Lease") and (iii) Schedule 2007E-2, as amended and restated as of April 1, 2015 (together with the Master Lease, the "Series 2007E-2 Lease").

The Series 2015D Certificates are being issued as fully registered Certificates pursuant to the provisions of a Master Trust Agreement, dated as of November 1, 1994, as amended and supplemented by a Series 2015D Supplemental Trust Agreement, dated as of April 1, 2015, 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 "principal portion" of the Basic Lease Payments represented by the Series 2015D Certificates is payable on August 1 and February 1 of each year, commencing August 1, 2015 (each a "Payment Date") by check or draft of the Trustee mailed to the Series 2015D 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 2015D 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 2015D Certificates (the "Beneficial Owners") will not receive physical delivery of the Series 2015D Certificates. Ownership by the Beneficial Owners of the Series 2015D 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 2015D 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 Series 2015D Certificates are subject to optional and extraordinary prepayment prior to maturity. See "THE SERIES 2015D CERTIFICATES – Prepayment" herein.


See the inside cover for certain additional information relating to the transaction leases and the Series 2015D 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 2015D 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 & Associates, P.A., Miami, Florida, Co-Special Tax Counsel, and certain other conditions. Certain legal matters will be passed upon for the School Board by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Disclosure Counsel. Certain legal matters will be passed upon for the School Board and the Corporation by the District's Office of General Counsel. Squire Patton Boggs (US) LLP, Miami, Florida, is serving as Counsel to the Underwriters. Public Financial Management, Inc., Orlando, Florida, is acting as Financial Advisor to the School Board. It is expected that the Series 2015D Certificates will be available for delivery in New York, New York through the offices of DTC on or about April 30, 2015.

J.P. Morgan
BofA Merrill Lynch
Morgan Stanley

RBC Capital Markets
CitiGroup
Wells Fargo Securities

Dated: March 26, 2015
ADDITIONAL INFORMATION

The Series 2015D Certificates are being issued to provide funds for the purposes of (i) refunding, on an advanced basis, a portion of the School Board's outstanding Certificates of Participation, Series 2007A, (ii) refunding, on an advanced basis, a portion of the School Board's outstanding Certificates of Participation, Series 2007E and (iii) paying certain costs of issuance with respect to the Series 2015D Certificates.

The initial term of the Series 2007A-1 Lease commenced on February 28, 2007 and continued through and including June 30, 2007, has been automatically renewed annually to date and is automatically renewable annually through August 1, 2031, unless sooner terminated as described herein. The initial term of the Series 2007E-1 Lease commenced on October 31, 2007 and continued through and including June 30, 2008, has been automatically renewed annually to date and is automatically renewable annually through August 1, 2032, unless sooner terminated as described herein. The initial term of the Series 2007E-2 Lease commenced on October 31, 2007 and continued through and including June 30, 2008, has been automatically renewed annually to date and is automatically renewable annually through August 1, 2020, unless sooner terminated as described herein.

In addition to the Transaction 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 Transaction 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 the tax exemption or the effect of securities laws with respect to the Series 2015D Certificates following non-appropriation of funds or an event of default under the Master Lease which results in termination of the Lease Terms. Transfers of the Series 2015D 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 Term of all Leases. See “TAX TREATMENT” and “RISK FACTORS” herein.

MATURES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES AND INITIAL CUSIP NUMBERS

$221,640,000 Serial Series 2015D Certificates

<table>
<thead>
<tr>
<th>Maturity (August 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>Price</th>
<th>Initial CUSIP No. (2)</th>
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<td>3.22(1)</td>
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<td>696550A44</td>
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</table>

(1) Yield and Price calculated to first optional prepayment date of August 1, 2025.
(2) CUSIP is a registered trademark of American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, 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.
THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA

BOARD MEMBERS
 District 2 - Chuck Shaw, Chairman
 District 5 - Frank A. Barbieri, Jr., Vice Chairman
 District 1 - Mike Murgio
 District 3 - Karen M. Brill
 District 4 - Erica Whitfield
 District 6 - Marcia Andrews
 District 7 - Debra L. Robinson, M.D.

SUPERINTENDENT OF SCHOOLS
 E. Wayne Gent*

CHIEF OPERATING OFFICER
 Michael J. Burke

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 & Associates, P.A.
 Miami, Florida

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

FINANCIAL ADVISOR
 Public Financial Management, Inc.
 Orlando, Florida

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

* Mr. Gent announced his resignation, effective June 30, 2015. The School Board is expected to select the next Superintendent by the end of April 2015. See "THE DISTRICT - Superintendent of Schools" herein.
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.

UPON ISSUANCE, THE SERIES 2015D 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 2015D 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 2015D CERTIFICATES.

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 2015D 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.
TABLE OF CONTENTS

INTRODUCTION ............................................. 1
PURPOSE OF THE SERIES 2015D ..................... 2
CERTIFICATES ........................................... 6
PLAN OF REFUNDING ................................... 6
EXPECTED ISSUANCE OF OTHER ................. 10
CERTIFICATES .......................................... 10
THE SERIES 2015D CERTIFICATES ............. 17
General ................................................. 17
Prepayment ............................................. 17
BOOK-ENTRY ONLY SYSTEM ....................... 28
SECURITY FOR THE SERIES 2015D ............ 31
CERTIFICATES ........................................... 31
General ................................................. 31
Lease Payments ....................................... 31
Limited Obligation of the School Board ...... 31
Additional Leases ...................................... 31
Additional Certificates; Outstanding ....... 32
Certificates ............................................. 32
Optional Prepayment Price ..................... 32
Non-Appropriation Risk ......................... 32
No Reserve Account for Series 2015D ....... 32
Interest Rate Exchange Agreements ......... 32
THE MASTER LEASE FACILITIES ............... 38
THE REFINANCED FACILITIES .................... 38
The Series 2007A-1 Facilities .................. 38
The Series 2007E-1 Facilities .................. 38
The Series 2007E-2 Facilities ................ 38
Substitution of Refinanced Facilities ....... 38
THE PRIOR FACILITIES ............................. 38
ESTIMATED SOURCES AND USES OF .. 38
Funds ................................................ 38
CERTIFICATE PAYMENT SCHEDULE I ....... 39
FOR OUTSTANDING CERTIFICATES ........ 39
CERTIFICATE PAYMENT SCHEDULE II ....... 40
FOR OUTSTANDING CERTIFICATES ........ 40
COMBINED CERTIFICATE PAYMENT .. 40
SCHEDULE ............................................. 40
THE MASTER LEASE PROGRAM ................. 41
THE TRANSACTION LEASES ....................... 41
Authority .............................................. 41
Lease Term ........................................... 41
Lease Payments ..................................... 41
Assignment of Lease to Trustee .............. 41
Lease Covenants ..................................... 41
Budget and Appropriation .................... 41
Termination of Lease Term ................. 41
Effect of Termination for Non-
Appropriation or Default .................. 41
THE CORPORATION .................................. 42
THE DISTRICT ......................................... 42
General ................................................. 42
Certain Statistical Information .............. 42
FTE Growth ......................................... 42
The School Board ................................. 42
The Superintendent of Schools .......... 42
Biographical Information for Certain 
Administrators ..................................... 42
Full Time School Personnel .................. 42
Employee Relations ............................... 42
Accreditation ....................................... 42
Budget Process ..................................... 42
Capital Improvement Program ............. 42
LIABILITIES OF THE DISTRICT .............. 42
Financial Results .................................. 42
General Fund Revenue Sources .......... 42
General Fund Operations .................. 42
Liabilities .......................................... 42
OPERATING REVENUES OF THE 
DISTRICT ............................................. 42
State Sources ....................................... 42
Local Sources ...................................... 42
Federal Sources .................................. 42
Constitutional Amendments Related to 
Class Size Reduction and Pre-K 
Programs ............................................. 42
Reading Mandate .................................. 42
AVAILABLE REVENUES FOR CAPITAL 
OUTLAY PROJECTS ................................. 50
State Sources ....................................... 50
Local Sources ...................................... 50
AD VALOREM TAXATION ....................... 50
Property Assessment ............................. 51
Property Tax Reform ............................. 51
Millage Rates ..................................... 51
Procedures for Tax Collection and 
Distribution ........................................ 51
Recent Legislative Initiatives and 
Constitutional Amendments Concerning 
Ad Valorem Taxes .............................. 51
Other Constitutional Amendments and 
Legislation Affecting Ad Valorem 
Taxation ............................................. 51
RISK FACTORS ...................................... 51
Annual Right of the School Board to 
Terminate the Transaction Leases ....... 51
Limitation Upon Disposition; Ability to 
Sell or Relet ...................................... 51
FINANCIAL RESULTS AND 
AD VALOREM TAXATION ....................... 52
Property Assessment ............................. 52
Property Tax Reform ............................. 52
Millage Rates ..................................... 52
Procedures for Tax Collection and 
Distribution ........................................ 52
Recent Legislative Initiatives and 
Constitutional Amendments Concerning 
Ad Valorem Taxes .............................. 52
Other Constitutional Amendments and 
Legislation Affecting Ad Valorem 
Taxation ............................................. 52
Tax Effect Upon Termination of Transaction Leases .................................... 72
Applicability of Securities Laws .......................................................... 72
Local Option Millage Revenue .............................................................. 72
State Revenues .................................................................................. 73
Additional Leases ............................................................................. 73
Additional Indebtedness ................................................................. 74
Legislative Changes ......................................................................... 74
Effect of Sequestration on Lease Payments ...................................... 75
Failed Remarketing or Refunding of Certain Term Rate or Floating Rate Certificates ............................................................. 75
Risks Related to Interest Rate Exchange Agreements ................. 76
Property Insurance ............................................................................ 76
Certain Constitutional Amendments ............................................ 77
LITIGATION ....................................................................................... 77
RATINGS ......................................................................................... 77
DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS .......... 78
VERIFICATION OF MATHEMATICAL COMPUTATIONS ....................... 78
CERTAIN LEGAL MATTERS ......................................................... 78
UNDERWRITING ........................................................................... 79
TAX TREATMENT ............................................................................. 80
Information Reporting and Backup Withholding ................................. 80
BOND PREMIUM ............................................................................ 82
FINANCIAL ADVISOR ........................................................................ 83
BASIC FINANCIAL STATEMENTS ..................................................... 83
CONTINUING DISCLOSURE ............................................................. 83
MISCELLANEOUS ............................................................................ 84
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, 2014
APPENDIX C CERTAIN LEGAL DOCUMENTS
The Master Lease
Form of Schedule 2007A-1
Form of Schedule 2007E-1
Form of Schedule 2007E-2
The Series 2007A Ground Lease
The Series 2007E Ground Lease
The Master Trust Agreement
Form of Series 2015D Supplemental Trust Agreement
The Series 2007A Assignment
The Series 2007E Assignment
APPENDIX D FORM OF CO-SPECIAL TAX COUNSEL OPINION
APPENDIX E FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT
OFFERING STATEMENT

$221,640,000
CERTIFICATES OF PARTICIPATION, SERIES 2015D
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
$221,640,000 aggregate principal amount of Certificates of Participation, Series 2015D (the
"Series 2015D Certificates"). The Series 2015D Certificates evidence undivided proportionate
interests of the owners thereof in a portion of the Basic Lease Payments to be made by The
School Board of Palm Beach County, Florida (the "School Board") under the Transaction Leases
(as such term is defined below). The Series 2015D Certificates are being executed and delivered
pursuant to a Master Trust Agreement dated as of November 1, 1994 (the "Master Trust
Agreement"), as supplemented by a Series 2015D Supplemental Trust Agreement dated as of
April 1, 2015 (collectively, the "Trust Agreement"), between the Palm Beach School Board
Leasing Corp., a Florida not-for-profit corporation (the "Corporation") and The Bank of New
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 (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. 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 following table provides a summary of the Leases expected to be in effect following
delivery of the Series 2015D Certificates, the designation of the Facilities being lease-purchased
by the School Board under each Lease, the final term of each Lease, the related Series of
Certificates and the outstanding principal amount of each such related Series of Certificates.
<table>
<thead>
<tr>
<th>Lease</th>
<th>Related Facilities</th>
<th>Final Renewal Term Ending Date</th>
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<tr>
<td>Series 2003B</td>
<td>Series 2003B</td>
<td>August 1, 2029</td>
<td>Series 2003B</td>
<td>124,295,000</td>
</tr>
<tr>
<td>Series 2004A(4)</td>
<td>Series 2004A-1 and</td>
<td>August 1, 2016</td>
<td>Series 2004A</td>
<td>3,495,000</td>
</tr>
<tr>
<td></td>
<td>Series 2004A-2</td>
<td></td>
<td>Series 2012C</td>
<td>67,145,000</td>
</tr>
<tr>
<td>Series 2006A</td>
<td>Series 2006A</td>
<td>August 1, 2031</td>
<td>Unrefunded Series 2007A</td>
<td>40,095,000(11)(13)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Series 2006A</td>
<td>14,035,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Series 2015B</td>
<td>145,535,000</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>175,000(15)</td>
</tr>
<tr>
<td>Series 2007B</td>
<td>Series 2007B</td>
<td>August 1, 2032</td>
<td>Series 2011A</td>
<td>112,425,000</td>
</tr>
<tr>
<td></td>
<td>Series 2007E-2</td>
<td></td>
<td></td>
<td>108,390,000(12)</td>
</tr>
<tr>
<td>Series 2010A(7)</td>
<td>Series 2010A</td>
<td>August 1, 2032</td>
<td>Series 2010A</td>
<td>67,665,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>$1,612,686,824</td>
</tr>
</tbody>
</table>

(2) Includes the Series 2002A-1 Lease and the Series 2002A-2 Lease.
(3) Includes the Series 2002D-1 Lease and the Series 2002D-2 Lease.
(7) 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.
(8) The listed principal amount represents the approximate principal portion of the Series 2002E Certificates allocated to each of the Series 1995A Lease and Series 1996A Lease.
(9) The listed principal amounts represent the approximate principal portion of the Series 2005A Certificates allocated to each of the Series 2001A Leases, Series 2002A Leases, Series 2002C Lease and the Series 2002D Leases. A portion of the Series 2005A Certificates are expected to be refunded with proceeds of the Series 2015A Certificates and in connection therewith,
the remaining Series 2005A Certificates will be defeased. See "EXPECTED ISSUANCE OF OTHER CERTIFICATES" herein.

(10) The listed principal amounts represent the approximate principal portion of the Series 2007C Certificates allocated to each of the Series 2001A Leases and Series 2002C Lease.


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

(13) The listed principal amounts represent the approximate principal portion of the Unrefunded Series 2007A Certificates allocated to each of the Series 2007A Leases.

The Series 2002-QZAB Certificates, the Series 2002E Certificates, the Series 2003A Certificates, the Series 2003B Certificates, the Series 2004A Certificates, the Series 2004-QZAB Certificates, the Series 2005A Certificates, the Series 2005-QZAB Certificates, the Series 2006A Certificates, the Series 2007A Certificates, the Series 2007B Certificates, the Series 2007D Certificates, the Series 2007E Certificates, the Series 2010A Certificates, the Series 2010B Certificates, the Series 2010C Certificates, the Series 2010D Certificates, the Series 2011A Certificates, the Series 2011B Certificates, the Series 2011C Certificates, the Series 2011D Certificates, the Series 2012A Certificates, the Series 2012B Certificates, the Series 2012C Certificates, the Series 2014A Certificates, the Series 2014B Certificates, the Series 2014C Certificates and the Series 2015B Certificates are collectively referred to herein as the "Outstanding Certificates." The Series 1994A Lease, the Series 1995A Lease, the Series 1996A Lease, the Series 2000A Lease, the Series 2001A Leases, the Series 2002A Leases, the Series 2002B Lease, the Series 2002C Lease, the Series 2002D Leases, the Series 2002-QZAB Lease, the Series 2003A Lease, the Series 2003B Lease, the Series 2004A Leases, the Series 2004-QZAB Lease, the Series 2005-QZAB Lease, the Series 2006A Lease, the Series 2007B Lease and the Series 2010A Lease are collectively referred to herein as the "Current Leases." In addition to the Current Leases and the Transaction Leases the School Board may authorize other Leases in the future. See "THE MASTER LEASE FACILITIES," "THE PRIOR FACILITIES" and "THE MASTER LEASE PROGRAM."

Dependent upon favorable market conditions, the School Board also expects to cause the issuance of approximately $65,160,000* aggregate principal amount of Certificates of Participation, Series 2015C (the "Series 2015C Certificates") in order to refund a portion of the School Board's outstanding Series 2011A Certificates. Additionally, pursuant to a Forward Delivery Agreement, on or about May 5, 2015, the School Board also expects to cause the issuance of approximately $106,315,000 principal amount of Certificates of Participation, Series 2015A (the "Series 2015A Certificates") in order to refund a portion of the School Board's outstanding Series 2005A Certificates. The remaining Series 2005A Certificates will be defeased in connection with such refunding. See "EXPECTED ISSUANCE OF OTHER CERTIFICATES" herein.

The Facilities currently leased by the School Board under the Master Lease constitute approximately 46% of all gross square feet of educational facilities space in the District. See "THE MASTER LEASE FACILITIES," "THE REFINANCED FACILITIES" and "THE PRIOR FACILITIES."

* Preliminary, subject to change.
Pursuant to the applicable provisions of Florida law, including particularly Chapters 1001-1013, Florida Statutes, as amended, the School Board has, by Resolution duly adopted by the School Board on December 10, 2014, authorized the execution and delivery of (i) Schedule 2007A-1, as amended and restated as of April 1, 2015 (together with the Master Lease, the "Series 2007A-1 Lease"), (ii) Schedule 2007E-1, as amended and restated as of April 1, 2015 (together with the Master Lease, the "Series 2007E-1 Lease") and (iii) Schedule 2007E-2, as amended and restated as of April 1, 2015 (together with the Master Lease, the "Series 2007E-2 Lease," and collectively with the Series 2007E-1 Lease, the "Series 2007E Leases"), each providing for the lease purchase financing and refinancing of certain educational facilities by the School Board, as described herein. The Series 2007A-1 Lease and the Series 2007E Leases are collectively referred to herein as the "Transaction Leases."

The initial term of the Series 2007A-1 Lease commenced on February 28, 2007 and continued through and including June 30, 2007, has been automatically renewed annually to date and is automatically renewable annually through August 1, 2031, unless sooner terminated as described herein. Subject to the Board's right to substitute facilities, the Facilities being lease purchased under the Series 2007A-1 Lease includes the modernization/replacement of two elementary schools, a high school and an ESE school (the "Series 2007A-1 Completed Facilities"). Additionally, on or about January 28, 2015, the School Board is expected to authorize an amendment to the Series 2007A-1 Lease and Series 2007A Ground Lease (defined below) to add the modernization/replacement of two elementary schools to the Series 2007A-1 Lease (the "Rosenwald Elementary Modernization Facility" and "Gladeview Elementary Modernization Facility," respectively), a portion of the costs of which will be financed from amounts on deposit in the Series 2007A Acquisition Fund (the portion of the Facilities being financed under the Series 2007A-1 Lease is referred to herein as the "Series 2007A-1 Rosenwald/Gladeview Elementary Modernization Facilities"). The Gladeview Elementary Modernization Facility is also being financed from amounts on deposit in the Series 2007B Acquisition Fund, but the Facility is not subject to surrender or disposition by the Trustee under the Series 2007B Lease.

The initial term of the Series 2007E-1 Lease commenced on October 31, 2007 and continued through and including June 30, 2008, has been automatically renewed annually to date and is automatically renewable annually through August 1, 2032, unless sooner terminated as described herein. Subject to the Board's right to substitute facilities, the Facilities being lease purchased under the Series 2007E-1 Lease includes an elementary school, the modernization/replacement of an elementary school and additions to three elementary schools (the "Series 2007E-1 Facilities").

The initial term of the Series 2007E-2 Lease commenced on October 31, 2007 and continued through and including June 30, 2008, has been automatically renewed annually to date and is automatically renewable annually through August 1, 2020, unless sooner terminated as described herein. Subject to the Board's right to substitute facilities, the Facilities being lease purchased under the Series 2007E-2 Lease includes a Pre-K addition to an elementary school and an athletic stadium (the "Series 2007E-2 Facilities"). The Series 2007A-1 Facilities, Series 2007E-1 Facilities and Series 2007E-2 Facilities are collectively referred to herein as the "Refinanced Facilities."
The School Board currently holds title to all of the sites on which the Series 2007A-1 Facilities are, or will be, located (the "Series 2007A-1 Facility Sites"). Pursuant to the Series 2007A Ground Lease, dated as of February 1, 2007, as amended (the "Series 2007A Ground Lease"), the School Board is leasing the Series 2007A-1 Facility Sites to the Corporation for an initial term which commenced on February 28, 2007 and ends on August 1, 2036, subject to Permitted Encumbrances (as defined in the Series 2007A Ground Lease), and subject to earlier termination or extension as set forth therein. See "APPENDIX C - CERTAIN LEGAL DOCUMENTS - The Series 2007A Ground Lease."

The School Board currently holds title to all of the sites on which the Series 2007E-1 Facilities are located (the "Series 2007E-1 Facility Sites"). Pursuant to the Series 2007E Ground Lease, dated as of October 1, 2007 (the "Series 2007E Ground Lease," and together with the Series 2007A Ground Lease, the "Transaction Ground Leases"), the School Board is leasing the Series 2007A-1 Facility Sites to the Corporation for an initial term which commenced on October 31, 2007 and ends on August 1, 2037, subject to Permitted Encumbrances (as defined in the Series 2007E Ground Lease), and subject to earlier termination or extension as set forth therein. See "APPENDIX C - CERTAIN LEGAL DOCUMENTS - The Series 2007E Ground Lease."

Pursuant to the Series 2007A Assignment Agreement, dated as of February 1, 2007 (the "Series 2007A Assignment"), between the Corporation and the Trustee, the Corporation has irrevocably assigned to the Trustee for the benefit of the owners of the Series 2015D Certificates, the Unrefunded Series 2007A Certificates, the Series 2014C Certificates and any other Certificates representing an undivided proportionate interest in a portion of the Basic Lease Payments payable under the Series 2007A-1 Lease (e.g., a Series of Certificates issued to refund the Series 2015D Certificates, the Unrefunded Series 2007A Certificates or Series 2014C Certificates) substantially all of its right, title and interest in and to the Series 2007A Ground Lease and the Series 2007A-1 Lease including the right to receive the Basic Lease Payments and all other amounts due under the Series 2007A-1 Lease, as herein described. See "APPENDIX C - CERTAIN LEGAL DOCUMENTS - The Series 2007A Assignment."

Pursuant to the Series 2007E Assignment Agreement, dated as of October 1, 2007 (the "Series 2007E Assignment," and together with the Series 2007A Assignment, the "Transaction Assignments"), between the Corporation and the Trustee, the Corporation has irrevocably assigned to the Trustee for the benefit of the owners of the Series 2015D Certificates, the Unrefunded Series 2007E Certificates and any other Certificates representing an undivided proportionate interest in a portion of the Basic Lease Payments payable under the Series 2007E Leases (e.g., a Series of Certificates issued to refund the Series 2015D Certificates or the Unrefunded Series 2007E Certificates) substantially all of its right, title and interest in and to the Series 2007E Ground Lease and the Series 2007E Leases including the right to receive the Basic Lease Payments and all other amounts due under the Series 2007E Leases, as herein described. See "APPENDIX C - CERTAIN LEGAL DOCUMENTS - The Series 2007E Assignment."

Brief descriptions of the District, the School Board, the Corporation and the Refinanced Facilities are included in this Offering Statement together with summaries of certain provisions of the Series 2015D Certificates, the Master Lease, the Transaction Leases, the Transaction Ground Leases, the Trust Agreement and the Transaction Assignments. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the
Transaction Leases, the Trust Agreement, the Transaction Ground Leases and the Transaction Assignments are qualified in their entirety by reference to the respective complete documents. Copies of the documents may be obtained upon written request and payment of the costs of duplication to the Trustee at 10161 Centurion Parkway, Jacksonville, Florida 32256, or to the District at 3300 Forest Hill Boulevard, Suite A-334, West Palm Beach, Florida 33406-5813, Office of the Treasurer. Capitalized terms used herein and not otherwise defined will have the meanings given them in "APPENDIX C - CERTAIN LEGAL DOCUMENTS."

PURPOSE OF THE SERIES 2015D CERTIFICATES

The Series 2015D Certificates are being issued for the principal purposes of providing funds sufficient, together with other legally available funds of the School Board, to (i) prepay the outstanding Series 2007A Certificates maturing on August 1 in the years 2018, 2025 through 2027, inclusive, and 2031 (the "Refunded Series 2007A Certificates") and thereby refinance a portion of the costs of the Series 2007A-1 Facilities, (ii) prepay the outstanding Series 2007E Certificates maturing on August 1 in the years 2018 through 2027, inclusive, and 2032 (the "Refunded Series 2007E Certificates," and together with the Refunded Series 2007A Certificates, the "Refunded Certificates") and thereby refinance a portion of the costs of the Series 2007E Facilities and (ii) pay costs associated with the issuance of the Series 2015D Certificates.

The Series 2007A Certificates maturing on August 1 in the years 2015 through 2017, inclusive, are not expected to be refunded with proceeds of the Series 2015D Certificates and are referred to herein as the "Unrefunded Series 2007A Certificates." The Series 2007E Certificates maturing on August 1 in the years 2015 through 2017, inclusive, are not expected to be refunded with proceeds of the Series 2015D Certificates and are referred to herein as the "Unrefunded Series 2007E Certificates." See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

PLAN OF REFUNDING

The Series 2015D Certificates are being issued in order to provide the funds necessary to refund, on an advanced basis, the Refunded Certificates and thereby refinance a portion of the Refinanced Facilities. The Refunded Certificates are subject to optional prepayment on August 1, 2017, at a price equal to the par amount of the Refunded Certificates, plus accrued interest to the prepayment date. Upon the issuance of the Series 2015D Certificates, a portion of the proceeds of the Series 2015D Certificates will be deposited into two separate escrow deposit trust funds (one for each Series of Refunded Certificates) created pursuant to an Escrow Deposit Agreement by and between the School Board and The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as Escrow Agent (the "Escrow Deposit Agreement"), which funds will be applied to the purchase of certain United States Treasury Obligations (the "Escrow Securities"), which together with interest earnings thereon and a cash deposit therein, will be sufficient to pay the Basic Lease Payments represented by the Refunded Certificates to their date of prepayment. Co-Special Tax Counsel will render their opinion to the effect that, assuming the deposit and application of such proceeds and other funds in accordance with the terms of the Escrow Deposit Agreement provision having been made for the payment of the Basic Lease Payments represented by the Refunded Certificates, the Refunded Certificates will
be deemed to be paid and the obligations under the Transaction Leases to pay Basic Lease Payments represented by the Refunded Certificates will have been released and discharged with respect to the Refunded Certificates. Such opinions will be rendered in reliance upon the verification report of Precision Analytics Inc., Morristown, New Jersey, independent certified public accountants described herein under the heading "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

EXPECTED ISSUANCE OF OTHER CERTIFICATES

Pursuant to a Forward Delivery Agreement, subject to satisfaction of certain conditions, the School Board expects to cause the issuance of approximately $106,315,000 principal amount of Certificates of Participation, Series 2015A (the "Series 2015A Certificates") on or about May 5, 2015. The Forward Delivery Agreement provides for the Series 2015A Certificates to be privately placed with a financial institution. The proceeds of the Series 2015A Certificates will be used for the principal purpose of refunding a portion of Series 2005A Certificates and the remaining Series 2005A Certificates will be defeased in connection therewith. The Series 2001A Leases, the Series 2002A Leases, the Series 2002C Lease and the Series 2002D Leases will be further amended and restated in connection with the issuance of the Series 2015A Certificates. When and if issued, the Series 2015A Certificates will be secured equally and ratably under the Series 2001A Leases, the Series 2002A Leases, the Series 2002C Lease and the Series 2002D Leases with other Outstanding Certificates allocated to such Leases. At this time, there is no assurance that conditions precedent to the issuance of the Series 2015A Certificates will be satisfied and therefore the expected issuance of such Series 2015A Certificates is not reflected in this Offering Statement. However, if issued, the issuance of the Series 2015A Certificates is expected to result in annual debt service savings to the School Board.

Dependent upon favorable market conditions, the School Board also expects to cause the issuance of approximately $65,160,000* aggregate principal amount of Certificates of Participation, Series 2015C (the "Series 2015C Certificates") in order to refund a portion of the School Board's outstanding Series 2011A Certificates. The Series 2015C Certificates are being offered via a separate Preliminary Offering Statement, dated January 21, 2015. Given unfavorable current market conditions for such refunding, the expected issuance of the Series 2015C Certificates is not reflected in this Offering Statement. However, if issued the Series 2015C Certificates will result in debt service savings to the School Board and the Series 2007B Lease will be further amended and restated in connection therewith.

THE SERIES 2015D CERTIFICATES

General

The Series 2015D 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 2015D Certificates will initially be issued exclusively in "book-entry" form and ownership of one fully registered Series 2015D Certificate for each maturity as set forth on the inside cover page, each in the aggregate principal amount of

* Preliminary, subject to change.
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 2015D Certificates are payable in the manner set forth under "THE SERIES 2015D CERTIFICATES - Book-Entry Only System" herein. Individual purchases of the Series 2015D Certificates will be made in increments of $5,000 or integral multiples thereof.

The principal portion of Basic Lease Payments represented by the Series 2015D 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 (i) the Series 2007A-1 Lease, equally and ratably with the Unrefunded Series 2007A Certificates allocable to the Series 2007A-1 Lease and the Series 2014C Certificates and (ii) the Series 2007E Leases, equally and ratably with the Unrefunded Series 2007E Certificates. The interest component of Basic Lease Payments represented by the Series 2015D Certificates is payable on August 1 and February 1 of each year, commencing on August 1, 2015, 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 December 30 and June 30 prior to each Payment Date to and including the maturity or earlier prepayment of the Series 2015D Certificates under (i) the Series 2007A-1 Lease, equally and ratably with the Unrefunded Series 2007A Certificates allocable to the Series 2007A-1 Lease and the Series 2014C Certificates and (ii) the Series 2007E Leases, equally and ratably with the Unrefunded Series 2007E Certificates. The interest portion of the Basic Lease Payments represented by the Series 2015D Certificates will be computed on the basis of a 360-day year based on twelve 30-day months. The principal portion or Prepayment Price of the Series 2015D 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 2015D Certificates, the interest portion of the Basic Lease Payments represented by the Series 2015D 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 2015D 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" below.

Prepayment

Optional Prepayment. The Series 2015D Certificates maturing on or before August 1, 2025 are not subject to optional prepayment. The Series 2015D Certificates maturing on or after August 1, 2026 are subject to prepayment on or after August 1, 2025, if the School Board elects to prepay the principal portion of the Basic Lease Payments due under the Transaction Leases in whole or in part at any time, and if in part, in such order of maturity of Series 2015D Certificates corresponding to the due dates of the principal portion of Basic Lease Payments 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 100% of the principal portion of the Basic Lease Payments represented by the Series 2015D Certificates or portions thereof to be prepaid, plus interest accrued to the Prepayment Date.
**Extraordinary Prepayment.** The principal portion of Basic Lease Payments due under the Transaction Leases represented by the Series 2015D Certificates shall be subject to prepayment in the event any of the Transaction Leases terminate 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 2015D Trust Agreement and the Transaction Leases, as applicable, to the extent and subject to the limitations provided in the respective Transaction Lease.

**No Extraordinary Prepayment in the Event of Damage, Destruction or Condemnation of the Refinanced Facilities.** The Series 2015D Certificates are not subject to extraordinary prepayment prior to maturity in the event of damage, destruction or condemnation of the Refinanced Facilities. See "THE TRANSACTION LEASES - Lease Payments" for information regarding the required use of any insurance or condemnation proceeds related to the Refinanced Facilities in the event of damage, destruction or condemnation of such Facilities.

**Selection of Series 2015D Certificates for Prepayment.** If less than all of the Series 2015D Certificates are called for prepayment, the particular Series 2015D 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 2015D Certificates to be prepaid will be determined by the Trustee. If less than all of the Series 2015D Certificates of like maturity are called for prepayment, the particular Series 2015D 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 2015D 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 2015D Certificates for prepayment, the Trustee will treat each such Series 2015D Certificate as representing that number of Series 2015D Certificates in $5,000 denominations which is obtained by dividing the principal amount of such Series 2015D Certificate to be prepaid in part by $5,000.

**DTC Procedures.** Investors should note that while DTC is the registered owner of the Series 2015D Certificates, partial prepayments of the Series 2015D 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 2015D Certificates be made in accordance with the method of selection of Series 2015D Certificates for a partial prepayment described above. However, the selection of the Series 2015D 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 2015D Certificates for a partial prepayment described above.

**Notice of Prepayment.** So long as the Series 2015D 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 (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

Notwithstanding anything in the Master Trust Agreement to the contrary, prior to notice being given to the Owners of affected Series 2015D Certificates of any optional prepayment of Series 2015D 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 2015D Certificates subject to prepayment, plus accrued interest to the prepayment date, plus any premium applicable to such prepayment, 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 2015D 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 2015D 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 2015D 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 2015D Certificates. The Series 2015D 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 the Series 2015D 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 2015D Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2015D Certificates on DTC's records. The ownership interest of each actual purchaser of each Series 2015D 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 2015D 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 2015D Certificates, except in the event that use of the book-entry system for the Series 2015D Certificates is discontinued.

To facilitate subsequent transfers, all Series 2015D 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 2015D 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 2015D Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2015D 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 2015D Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2015D Certificates, such as prepayments, defaults, and proposed amendments to the Series 2015D documents. For example, Beneficial Owners of Series 2015D Certificates may wish to ascertain that the nominee holding the Series 2015D 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 2015D 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 2015D 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 2015D Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Prepayment proceeds and other payments on the Series 2015D 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 2015D 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 2015D 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 2015D 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 2015D 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 2015D 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 2015D Certificates will be printed and delivered to DTC.
SECURITY FOR THE SERIES 2015D CERTIFICATES

General

The Series 2015D Certificates evidence undivided proportionate interests in the principal portion and interest portion of Basic Lease Payments made by the School Board under the (i) Series 2007A-1 Lease, equally and ratably with the Unrefunded Series 2007A Certificates allocable to the Series 2007A-1 Lease and the Series 2014C Certificates and (ii) the Series 2007E Leases, equally and ratably with the Unrefunded Series 2007E Certificates. The Series 2015D Certificates are secured by and payable from the Trust Estate established for the Series 2015D Certificates (the "Trust Estate") pursuant to the Trust Agreement. The Trust Estate consists of all estate, right, title and interest of the Trustee in and to the portion of Basic Lease Payments under the Transaction Leases allocable to the Series 2015D Certificates and all amounts held in the funds and accounts under the Trust Agreement in accordance with the provisions of the Transaction Leases and the Trust Agreement, including investment earnings thereon, and any and all monies allocable to the Series 2015D Certificates received by the Trustee pursuant to the Transaction Leases and the Trust Agreement which are not required to be remitted to the School Board or the Corporation pursuant to the Transaction Leases or the Trust Agreement.

Neither the Corporation nor the School Board will mortgage or grant a security interest in the Refinanced Facilities to the Trustee. Upon termination of the Transaction Leases upon the occurrence of an event of non-appropriation or in the case of certain events of default, however, the Transaction Leases provide that the School Board must surrender possession of the Series 2007A-1 Facilities and Series 2007E-1 Facilities (but not the Series 2007E-2 Facilities) to the Trustee as assignee of the Corporation for disposition by sale or re-letting of its interest in such Facilities as provided in the Trust Agreement. Any proceeds of any such disposition of the Series 2007A-1 Facilities will be applied to the payment of the Series 2015D Certificates allocable to the Series 2007A-1 Lease, equally and ratably with the Unrefunded Series 2007A Certificates allocable to the Series 2007A-1 Lease and the Series 2014C Certificates, after payment of the expenses of the Trustee, in accordance with the terms of the Series 2007A-1 Lease. Any proceeds of any such disposition of the Series 2007E-1 Facilities will be applied to the payment of the Series 2015D Certificates allocable to the Series 2007E-1 Lease, equally and ratably with the Unrefunded Series 2007E Certificates, after payment of the expenses of the Trustee, in accordance with the terms of the Series 2007E-1 Lease. **The School Board may not be dispossessed of the Series 2007E-2 Facilities or any personal property financed or refinanced, in whole or in part, with proceeds of Certificates.** See "THE REFINANCED FACILITIES" herein for a description of the Refinanced Facilities against which the Trustee may exercise rights on behalf of the Owners of the Series 2015D Certificates. See also "THE TRANSACTION LEASES - Effect of Termination for Non-Appropriation or Default."

Lease Payments

All Lease Payments and all other amounts required to be paid by the School Board under the Transaction 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 Refinanced
Facilities are described under "REVENUE, FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT." Such revenues are also used to pay other outstanding obligations of the District.

The Master Trust Agreement, as supplemented by the Series 2007A Supplemental Trust Agreement dated as of February 1, 2007 and the Series 2007E Supplemental Trust Agreement dated as of October 1, 2007, provides for the establishment and maintenance of a Series 2007A Lease Payment Account and Series 2007E Lease Payment Account for deposit of Basic Lease Payments appropriated and paid under the Series 2007A-1 Lease and Series 2007A-2 Lease and Series 2007E Leases, respectively. 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 PROJECTS 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

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 Transaction 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 Transaction Leases. Upon any such termination of the Lease Term of all Leases, the School Board must surrender all Facilities (except for certain designated Facilities such as the Series 2007E-2 Facilities), including the Series 2007A-1 Facilities and Series 2007E-1 Facilities to the Trustee for sale or re-letting of the Trustee's interest. The proceeds of any such disposition of the Series 2007A-1 Facilities will be applied to the payment of the Series 2015D Certificates allocable to the Series 2007A-1 Lease, equally and ratably with the Unrefunded Series 2007A Certificates allocable to the Series 2007A-1 Lease and the Series 2014C Certificates, after payment of the expenses of the Trustee, in accordance with the terms of the Series 2007A-1 Lease. The proceeds of any such disposition of the Series 2007E-1 Facilities will be applied to the payment of the Series 2015D Certificates allocable to the Series 2007E-1 Lease, equally and ratably with the Unrefunded Series 2007E Certificates allocable to the Series 2007E-1 Lease, after payment of the expenses of the Trustee, in accordance with the terms of the Series 2007E-1 Lease. **The School Board may not be dispossessed of the Series 2007E-2 Facilities or any personal property financed, in whole or in part, with proceeds of Certificates.** Except as described herein, particularly with respect to the portion of the Gladeview Elementary Modernization Facility financed under the Series 2007B Lease, in no event will owners of the Series 2015D 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 Refinanced Facilities against which the Trustee has rights will produce sufficient amounts to pay the outstanding Series 2015D 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 TRANSACTION LEASES - Termination of Lease Term" and ",- Effect of Termination for Non-Appropriation or Default" and "APPENDIX C - CERTAIN LEGAL DOCUMENTS - The Master Lease."

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 2015D 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 2015D Certificates and in connection therewith remove all or a portion of the Refinanced Facilities from the related Transaction Lease and from the lien of the related Transaction Ground Lease by paying the Purchase Option Price for the specific Refinanced Facilities being purchased or, to the extent permitted by law, by substituting other Facilities for the Refinanced Facilities to be released. In such event, Series 2015D Certificates representing an interest in the prepaid Basic Lease Payments would be prepaid on the next available date for prepaying the Series 2015D Certificates. No such partial prepayment of the Series 2015D Certificates which is accomplished by the deposit in escrow of the prepayment price and the removal of Facilities from the applicable Transaction Lease and from the lien of the applicable Transaction Ground Lease may be made without the prior consent of the Credit Facility Issuer, if any. 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 Transaction Lease; (ii) minus any credits pursuant to the provisions of the applicable Transaction Lease; (iii) plus an amount equal to the interest to accrue with respect to the Series 2015D Certificates and any other Certificates representing an interest in the applicable Transaction Lease to be prepaid from such Lease Payment Date to the next available date for paying the Series 2015D Certificates; (iv) plus an amount equal to any other amounts then due and owing under the applicable Transaction 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 TRANSACTION LEASES - TERMINATION OF LEASE TERM" AND "- EFFECT OF TERMINATION FOR NON-APPROPRIATION OR DEFAULT." 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 2015D Certificates

There is no Reserve Account for the Series 2015D 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."

Interest Rate Exchange Agreements

2002B Interest Rate Exchange Agreement/2014A Interest Rate Exchange Agreement. In connection with the Series 2002B Certificates, the School Board entered into an International Swaps and Derivatives Association, Inc. ("ISDA") Master Agreement with Citigroup Financial Products Inc. ("CFPI"), formerly Salomon Brothers Holding Company Inc. (together with all schedules and confirmations thereto, the "2002B Interest Rate Exchange Agreement"). In general, the 2002B Interest Rate Exchange Agreement provides, subject to the terms and conditions thereof, for payment by the School Board to CFPI of a fixed rate of interest of 4.22% and for payment by CFPI to the School Board of interest at a variable rate based on the Securities Industry and Financial Markets Association (formerly BMA) Municipal Swap Index (the "SIFMA Index"), or subsequent to an Alternate Floating Rate Date (as defined in the 2002B Interest Rate Exchange Agreement), at a variable rate based on 67% of "USD LIBOR-BBA," in each case based on an initial notional amount of $115,350,000 which declines simultaneously with the scheduled amortization of the related Series 2002B Certificates. The scheduled payments of the School Board when due pursuant to the 2002B Interest Rate Exchange Agreement were guaranteed by a financial guaranty insurance policy (the "2002B Swap Policy") issued by Financial Security Assurance Inc., now known as Assured Guaranty Municipal Corp. ("AGM"). On January 31, 2014, the Series 2002B Certificates were refunded with a portion of the proceeds of the Series 2014A Certificates and the 2002B Interest Rate Exchange Agreement was amended and now relates to the Series 2014A Certificates (the "2014A Interest Rate Exchange Agreement"). The scheduled termination date of the 2014A Interest Rate Exchange Agreement is August 1, 2027. Pursuant to a Swap Management Agreement between the School Board and AGM, AGM agreed to continue to insure the School Board's scheduled payments under the 2014A Interest Rate Exchange Agreement pursuant to the existing Swap Policy (the "2014A Swap Policy"). In consideration therefor, the School Board has agreed to, among other things, terminate the 2014A Swap Policy within six months of the date the termination amount under the 2014A Interest Rate Exchange Agreement would result in a payment to the School Board of $200,000 or more. Upon such termination, the School Board has agreed to replace the 2014A Swap Policy with another insurance policy or deliver collateral acceptable to CFPI. The 2002B Swap Policy does not guarantee termination payments under the 2014A Interest Rate Exchange Agreement unless the termination is at the direction of AGM. For additional
information on the 2014A Interest Rate Exchange Agreement, see notes 10 and 11 (with respect to the 2002B Interest Rate Exchange Agreement) to the District's audited financial statements for the Fiscal Year ended June 30, 2014 attached as Appendix B hereto.

2002D Interest Rate Exchange Agreement (2005). In connection with the Series 2002D Certificates, the School Board entered into an ISDA Master Agreement with Citibank, N.A. ("Citibank") dated January 10, 2003 (together with all schedules thereto and the confirmation dated August 10, 2005, the "2002D Interest Rate Exchange Agreement (2005)"). Pursuant to the 2002D Interest Rate Exchange Agreement (2005), in exchange for an upfront payment from Citibank to the School Board, the School Board granted Citibank the option to put the District into a synthetic fixed payer swap, which option was exercised by Citibank for a swap which commenced on August 1, 2012. Accordingly, the District issued the Certificates of Participation, Series 2012B (the "Series 2012B Certificates") on June 29, 2012 in an aggregate principal amount equal to the notional amount of the swap in order to refund a portion of the Series 2002D Certificates. The 2002D Interest Rate Exchange Agreement (2005) provides, subject to the terms and conditions thereof, for payment by the School Board to Citibank of a fixed rate of interest of 4.71% and for payment by Citibank to the School Board of interest at a variable rate based on the SIFMA Index, in each case based on a declining notional amount of $116,555,000. The scheduled termination date of the 2002D Interest Rate Exchange Agreement (2005) is August 1, 2028. The scheduled payments of the School Board when due pursuant to the 2002D Interest Rate Exchange Agreement (2005) are guaranteed by a financial guaranty insurance policy (the "2005 Swap Policy") issued by AGM. The 2005 Swap Policy does not guarantee termination payments under the 2002D Interest Rate Exchange Agreement (2005) unless the termination is at the direction of AGM. For additional information on the 2002D Interest Rate Exchange Agreement (2005), see notes 10 and 11 to the District's audited financial statements for the Fiscal Year ended June 30, 2014 attached as Appendix B hereto.

2003B Interest Rate Exchange Agreement. In connection with the Series 2003B Certificates, the School Board entered into an ISDA Master Agreement with UBS AG (together with all schedules and confirmations thereto, the "2003B Interest Rate Exchange Agreement"). In general, the 2003B Interest Rate Exchange Agreement provides, subject to the terms and conditions thereof, for payment by the School Board to UBS of a fixed rate of interest of 3.91% and for payment by UBS to the School Board of interest at a variable rate based on the SIFMA Index, in each case based on an initial notional amount of $124,295,000 which declines simultaneously with the scheduled amortization of the Series 2003B Certificates. UBS will have the option to cancel the 2003B Interest Rate Exchange Agreement on or prior to August 1, 2018 if the 180 day average of the SIFMA Index exceeds 7.0%. The scheduled termination date of the 2003B Interest Rate Exchange Agreement is August 1, 2029. The 2003B Interest Rate Exchange Agreement has a Swap Policy issued by Ambac Assurance Corporation ("Ambac"). Pursuant to actions taken by the Commissioner of Insurance for the State of Wisconsin, such Swap Policy has been deposited to a 'segregated account.' Pursuant to a Plan of Rehabilitation in connection with any Swap Policy in the segregated account, 25% of the permitted claim will be paid in cash and 75% in surplus notes bearing interest at the rate of 5.1% per year with a scheduled maturity on June 7, 2020. For additional information on the 2003B Interest Rate Exchange Agreement, see notes 10 and 11 to the District's audited financial statements for the Fiscal Year ended June 30, 2014 attached as Appendix B hereto.
**2001B Interest Rate Exchange Agreement**  In connection with the Series 2001B Certificates, the School Board entered into an ISDA Master Agreement with Citibank (together with all schedules, confirmations and amendments thereto, the "2001B Interest Rate Exchange Agreement"). In exchange for an upfront payment from Citibank to the School Board, the School Board granted Citibank the option to put the District into a synthetic fixed payer swap, which option was exercised by Citibank effective on August 1, 2011. Accordingly, the District issued the Series 2011B Certificates to refund a portion of the Series 2001B Certificates. The scheduled termination date of the 2001B Interest Rate Exchange Agreement was August 1, 2025. In connection with the issuance of the Series 2014B Certificates, the School Board terminated the Series 2001B Interest Rate Exchange Agreement. Such termination resulted in the payment by the School Board of a $28,422,466.28 termination payment to Citibank which the School Board financed with a portion of the proceeds of the Series 2014B Certificates. For additional information on the 2001B Interest Rate Exchange Agreement, see notes 10 and 11 to the District's audited financial statements for the Fiscal Year ended June 30, 2014 attached as Appendix B hereto.

Payments made by the School Board under the above described agreements constitute Additional Lease Payments under the Master Lease and are secured by the Leases to which the respective interest rate exchange agreement relates. Each agreement described above is subject to termination prior to the scheduled termination date thereof under certain circumstances. If a termination event were to occur under one or more of such agreements the School Board may be confronted with the need to appropriate a significant termination payment or payments within a single Fiscal Year. Such an obligation could have a material adverse effect on the School Board's ability to make lease payments, including payments required under the Transaction Leases.

**THE MASTER LEASE FACILITIES**

The Refinanced Facilities are being financed and refinanced 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 46% of all gross square feet of educational facilities space in the District is subject to the Master Lease. For a complete description of the Facilities under the Master Lease Program see "THE REFINANCED 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. In the event the School Board does not appropriate funds in its annual budget for all of such financed Facilities, the School Board would, at the Trustee's option, be required to surrender such Facilities (other than certain designated Facilities), but including the Refinanced Facilities, to the Trustee for the benefit of the Owners of the Certificates which financed or refinanced such Facilities.
THE REFINANCED FACILITIES

The Series 2007A-1 Facilities


C.O. Taylor Elementary School Modernization. This school, located in the Village of Palm Springs, has 171,830 net square feet with a student capacity of 1439. The school has 48 primary classrooms, 20 intermediate classrooms, four skills/computer labs, 15 resource rooms, ten ESE classrooms, art, music, covered play area, library media center, administration/student services, food service/multipurpose, teacher planning, stage, restrooms and custodial space. The school opened in 2009.

Royal Palm School Modernization. This school, located in unincorporated Palm Beach County, has 147,481 net square feet with a student capacity of 623. The school has 55 ESE classrooms, five ESE Resource Rooms, four ESE Vocational Lab, two skill/computer labs, two resources rooms, art, music, covered play area, library media center, administration/student services, food service/multipurpose, teacher planning, stage, restrooms and custodial space. This school opened in 2009.

Suncoast High School Modernization. This school, located in the City of Riviera Beach, has 294,344 net square feet with 1,824 student stations and a student capacity of 1,732. The school has 30 senior high classrooms, 15 science rooms, eight skills/computer labs, five ESE classrooms, career education (business, technology, communication and engineering), art, music, physical education, gym and locker rooms, library media center, administration/student services, food service, teacher planning, auditorium, stage, restrooms and custodial space. The school opened in 2010.

Westward Elementary School Modernization. This school, located in the City of West Palm Beach, has 119,796 net square feet with a student capacity of 890. The school has one ESE Pre-K classroom, 24 primary classrooms, 17 intermediate classrooms, three skill/computer labs, six resource rooms, four ESE classrooms, art, music, covered play area, library media center, administration/student services, food service/multipurpose, teacher planning, stage, restrooms and custodial space. The school opened in 2008.

Gladview Elementary Modernization. This school, located in the City of Belle Glade, will have approximately 50,883 gross square feet with a projected student capacity of 360. The school will have 13 primary classrooms, 3 intermediate classrooms, 2 ESE Pre-K classrooms, 2 ESE classrooms, 2 skills/computer labs, 2 resources rooms, art, music, covered play area, library media center, administration/student services, food service/multipurpose, teacher planning, stage, restrooms and custodial space. This school is scheduled to open in 2015. This school is also subject to the Series 2007B Lease, however, it is not subject to surrender or disposition by
the Trustee under the Series 2007B Lease. Any such surrender or disposition of this school will be solely for the benefit of the holders of Certificates evidencing an interest in the Series 2007A-1 Lease.

Rosenwald Elementary Modernization. This school, located in the Town of South Bay, will have approximately 40,776 gross square feet with a projected student capacity of 314. The school will have 11 primary classrooms, four intermediate classrooms, two ESE classrooms, two skills/computer labs, two resources rooms, art, music, covered play area, library media center, administration/student services, teacher planning, stage, restrooms and custodial space. This school is scheduled to open in 2015.

The Series 2007E-1 Facilities

The Series 2007E-1 Project consists of the lease purchase financing and refinancing of the acquisition and construction of the Series 2007E-1 Facilities, the lease of the Series 2007E-1 Facility Sites by the School Board to the Corporation pursuant to the Series 2007E Ground Lease and the sublease of the Series 2007E-1 Facility Sites back to the School Board. All of the Series 2007E-1 Facilities are located within the District. The School Board holds title to all of the Series 2007E-1 Facility Sites. Set forth below is a brief, general description of the Refinanced Facilities. See also, "Substitution of Refinanced Facilities" below.

Allamanda Elementary School Replacement/Modernization. This school, located in the City of Palm Beach Gardens, has 130,872 net square feet with a student capacity of 740. The school has 17 primary classrooms, 12 intermediate classrooms, two skills/computer labs, two ESE Pre-K classrooms, 18 ESE classrooms, art, music, covered play area, library media center, administration/student services, food service/multipurpose, teacher planning, stage, restrooms and custodial space. This project opened in 2008.

Banyan Creek Elementary School Addition. The addition at this school, located in the City of Delray Beach, has 41,968 net square feet with 528 student stations. The school has 17 intermediate classrooms, two skills/computer labs, two ESE classrooms, administration, teacher planning, restrooms and custodial space. This project opened in 2009.

Hope Centennial Elementary School (06-D). This school, located in unincorporated Palm Beach County and the Town of Haverhill, has 123,111 net square feet with a student capacity of 952. The school has two ESE Pre-K classrooms, 30 primary classrooms, 16 intermediate classrooms, three skills/computer labs, four resource rooms, six ESE classrooms, art, music, covered play area, library media center, administration/student services, food service/multipurpose, teacher planning, stage, restrooms and custodial space. This project opened in 2009.

Wellington Elementary School Addition. The addition at this school, located in the Village of Wellington, has 62,070 net square feet with 467 student stations. The school has three Pre-K classrooms, eight primary classrooms, 14 intermediate classrooms, two skills/computer labs, three resource rooms, one ESE classroom, administration/student services, food service/multipurpose, teacher planning, stage, restrooms and custodial space. This project opened in 2009.
Whispering Pines Elementary School Addition. The addition at this school, located in unincorporated Palm Beach County, has 15,608 net square feet with 40 student stations. The addition has six ESE classrooms, one skills/computer lab, administration, teacher planning, restrooms and custodial space. This project opened in 2010.

The Series 2007E-2 Facilities

Set forth below is a brief, general description of the Series 2007E-2 Facilities. The Series 2007E-2 Facilities are not subject to surrender or disposition by the Trustee.

Benoist Farms Elementary Pre-K. The Pre-K addition at this school, located in unincorporated Palm Beach County, has 5,394 net square feet with ten student stations. The addition has two ESE Pre-K classrooms, teacher planning, restrooms and custodial space. The project opened in 2009.

Pahokee Stadium. This stadium is located in the City of Pahokee and has 12,852 net square feet with no student stations. The stadium opened in 2009.

Seminole Trails Elementary School Addition. The addition at this school, located in unincorporated Palm Beach County, has 47,611 net square feet with 444 student stations. The addition has six ESE PreK classrooms, 15 intermediate classrooms, two skills/computer labs, five ESE classrooms, two resource rooms, administration, teacher planning, restrooms and custodial space. This project opened in 2010.

Crestwood Middle School Addition. The addition at this school, located in the Village of Royal Palm Beach, has 52,838 net square feet with 792 student stations. The addition has 28 intermediate classrooms, four science classrooms, two skills/computer lab, satellite administration, teacher planning and custodial space. The addition opened in 2011.

The Series 2007E-2 Facilities also included site acquisition for future educational facilities and acquisition of relocatable classrooms.

Substitution of Refinanced Facilities

To the extent permitted by law, on or after the Completion Date, the School Board may substitute for any portion of the Refinanced 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 Refinanced Facilities for which they are substituted (based on an MAI appraisal performed by an appraiser jointly selected by the School Board and the Trustee); (c) are of substantially equal usefulness as the Refinanced Facilities to be replaced and provide essential governmental services; and (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, the applicable Refinanced Facilities and the related Facility Site will be released from the encumbrance of the related Transaction Lease and Transaction Ground Lease and the Facilities to be substituted shall be incorporated into the related Transaction Lease and Transaction Ground Lease. The related Schedule(s) will be appropriately amended and the related Transaction 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 such as the Series 2007A-1 Facilities and the Series 2007E-1 Facilities (but excluding the Series 2007E-2 Facilities).

Additionally, 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.

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 1994A Facilities**
- Orchard View Elementary School (91-I)
- Pioneer Park Elementary School (91-D)
- Roosevelt Middle School (91-KK)
- Woodlands Middle School (91-LL)

**Series 1995A Facilities**
- Belle Glade Elementary School (91-T)
- Dreyfoos School of the Arts, Building #6
- Dreyfoos School of the Arts, Building #8
- Golden Grove Elementary School (91-O)
- Lake Worth High School, New Classroom Bldg #28
- Morikami Elementary School (91-S)
- Okeeheelee Middle School (91-EE)
- Poinciana Elementary replacement
- Royal Palm High School (91-HHH)
- Starlight Cove Elementary School (91-C)
- Water's Edge Elementary School (91-V)

**Series 1996A Facilities**
- Eagles Landing Middle School (91-MM)
- Western Pines Middle School (91-JJ)

**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
Village Academy (98-P)
Palm Beach Central High School (96-JJJ)

**Series 2001A-1 Facilities**
Boca Raton Elementary School modernization
Freedom Shores Elementary School (97-M)
Crosspointe Elementary School (98-I)
Discovery Key Elementary School (96-L)
Forest Hill Elementary modernization
Frontier Elementary School (96-B)
Lake Worth High School, classroom addition
Benoist Farms Elementary School (96-D)
Pleasant City Elementary School (98-N)
Sunrise Park Elementary School (96-H)
Royal Palm Beach Elementary School (96-J)

**Series 2001A-2 Facilities**
Portable replacement program
Site Acquisition

**Series 2002A-1 Facilities**
Central Bus Compound
Dreyfoos School of Arts, new cafeteria and gymnasium remodeling
Park Vista Community High School (91-EEE)

**Series 2002A-2 Facilities**
Site Acquisition
Portable replacement program
Furnishings/equipment for six schools

**Series 2002B Facilities**
Belvedere Elementary School modernization
Greenacres Elementary School modernization
Jupiter Elementary School modernization
Lantana Middle School modernization
Site Acquisition (98-GG)
South Olive Elementary School modernization
Jaega Middle School (98-EE)

**Series 2002C Facilities**
Equestrian Trails Elementary School (02-S)
Diamond View Elementary School (01-R)
Panther Run Addition and HVAC replacement
West Boca Raton Community High School (01-LLL)
Forest Hill High School modernization
U.B. Kensey/Palmview Elementary School modernization
Village Academy addition

**Series 2002D-1 Facilities**
Osceola Creek Middle School (99-HH)
Don Eastridge High Tech Middle School (98-GG)
H.L. Watkins Middle School modernization
Lantana Elementary School modernization
Palm Beach Public Elementary School modernization
Palm Springs Elementary School modernization
Roosevelt Elementary School modernization
Tradewinds Middle School (98-II)

**Series 2002D-2 Facilities***
West Boca Raton Community High School buildout
Site Acquisition
Portable replacement program

**Series 2002-QZAB Facilities***
Furniture and equipment for designated Qualified Zone Academies

**Series 2003A Facilities**
William T. Dwyer addition
Seminole Ride High School (02-NNN)

**Series 2003B Facilities**
Furniture and equipment for designated Qualified Zone Academies
Atlantic High School replacement
Bak Middle School of the Arts modernization
L.C. Swain Middle School (03-KK)
Portable/Modular Replacement Program

**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 2004A-2 Facilities*
Coral Sunset Elementary School HVAC replacement
Hammock Pointe Elementary School HVAC replacement
Relocatable Classrooms
Site Acquisition

Series 2004-QZAB Facilities*
Equipment for designated Qualified Zone Academies

Series 2005-QZAB Facilities*
Technology upgrades for designated Qualified Zone Academies

Series 2005B-1 Facilities
Turning Points Academy
Indian Ridge School modernization

Series 2005B-2 Facilities
ERP System

Series 2006A-1 Facilities
Barton Elementary School modernization
DD Eisenhower Elementary School
Marsh Pointe Elementary School (03-X)
Rolling Green Elementary School modernization
Palm Beach Gardens High School modernization

Series 2006A-2 Facilities*
Manatee Elementary School addition
Portable/Modular Replacement Program
Voice/Data Equipment

Series 2007A-2 Facilities*
Site Acquisition
Roosevelt Middle School Classroom addition
FF&E for various educational facilities including the Refinanced Facilities

Series 2007B Facilities
Carver Middle School addition
Hagen Road Elementary School modernization
Lake Worth Middle School addition
Palm Beach Gardens Elementary School modernization
Wellington High School Auditorium
Sunset Palms Elementary School
Gladewater Elementary School Modernization*
Series 2010A Facilities
Galaxy Elementary School modernization
Gove Elementary School modernization
Belle Glade Elementary School roof replacement
Pioneer Park Elementary School roof replacement

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

[Remainder of page intentionally left blank]
ESTIMATED SOURCES AND USES OF FUNDS

It is estimated that proceeds received from the sale and delivery of the Series 2015D Certificates are expected to be used as follows:

**Estimated Sources:**

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**Estimated Uses:**

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\(1\) To be applied to refund the Refunded Certificates. See "PLAN OF REFUNDING" herein.

\(2\) Includes counsel fees, financial advisor fees and other costs of issuance.
CERTIFICATE PAYMENT SCHEDULE I FOR OUTSTANDING CERTIFICATES


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(1) In March 2008, the School Board elected to convert the Series 2003B Certificates, which were originally issued as variable rate demand obligations, into a private placement floating rate note with Dexia. Commencing May 1, 2008, the interest rates were set monthly as one month LIBOR plus a spread of 30 bps. Commencing August 1, 2008, the Series 2003B Certificates interest rate are set based on SIFMA plus a spread of 65 bps. See "SECURITY FOR THE SERIES 2015D CERTIFICATES – Interest Rate Exchange Agreements – 2003B Interest Rate Exchange Agreement" herein.

(2) A portion of the Series 2005A Certificates are expected to be refunded with proceeds of the Series 2015A Certificates and in connection therewith, the remaining portion of the Series 2005A Certificates will be defeased. See "EXPECTED ISSUANCE OF OTHER CERTIFICATES" herein.

(3) Includes the Series 2002 QZAB Certificates, the Series 2004 QZAB Certificates and the Series 2005 QZAB Certificates. Pursuant to Section 1397E of the Code, the holders of such QZAB Certificates receive a tax credit equal to the applicable tax credit rate on the date such QZAB Certificates were issued multiplied by the face amount of the QZAB Certificates held by the holder thereof on the applicable credit allowance date.

CERTIFICATE PAYMENT SCHEDULE II FOR OUTSTANDING CERTIFICATES


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| Total            | $19,109,597.50       | $57,839,563.49                  | $861,055.04               | $6,812,310.00              |                           |                           |                           | $33,606,000.00             |                           |                           |                           |                           |                           |                           | $231,578,749.31


(2) Based on a principal amount of $67,665,000 which will be due on the maturity date; includes sinking fund payments and assumes investments earn 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%).

(3) Payment requirements assume an interest rate of 4.71% (based on the 2002D Interest Rate Exchange Agreement (2005)) and reflect an estimated 0.75% interest rate spread from privately placed floating rate Series 2012B Certificates. See "SECURITY FOR THE SERIES 2015D CERTIFICATES - Interest Rate Exchange Agreements - 2002D Interest Rate Exchange Agreement (2005)" herein.

(4) Payment requirements assume an interest rate of 4.68% (based on the 2014A Interest Rate Exchange Agreement) and reflect an estimated 0.46% interest rate spread from privately placed floating rate Series 2014A Certificates. See "SECURITY FOR THE SERIES 2015D CERTIFICATES - Interest Rate Exchange Agreements - 2002B Interest Rate Exchange Agreement (2005)" herein.
COMBINED CERTIFICATE PAYMENT SCHEDULE

The estimated combined payment requirements on the Series 2015D Certificates and the Outstanding Certificates are as follows:

<table>
<thead>
<tr>
<th>Certificate Year Ending August 1</th>
<th>Series 2015D Certificates</th>
<th>Outstanding Certificates (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal Component</td>
<td>Interest Component</td>
</tr>
<tr>
<td>2015</td>
<td>$2,801,283.34</td>
<td>$2,801,283.34</td>
</tr>
<tr>
<td>2016</td>
<td>11,082,000.00</td>
<td>11,082,000.00</td>
</tr>
<tr>
<td>2017</td>
<td>11,082,000.00</td>
<td>11,082,000.00</td>
</tr>
<tr>
<td>2018</td>
<td>$18,915,000</td>
<td>11,082,000.00</td>
</tr>
<tr>
<td>2019</td>
<td>5,275,000</td>
<td>10,136,250.00</td>
</tr>
<tr>
<td>2020</td>
<td>5,535,000</td>
<td>9,872,500.00</td>
</tr>
<tr>
<td>2021</td>
<td>5,815,000</td>
<td>9,595,750.00</td>
</tr>
<tr>
<td>2022</td>
<td>6,105,000</td>
<td>9,305,000.00</td>
</tr>
<tr>
<td>2023</td>
<td>6,410,000</td>
<td>8,999,750.00</td>
</tr>
<tr>
<td>2024</td>
<td>6,735,000</td>
<td>8,679,250.00</td>
</tr>
<tr>
<td>2025</td>
<td>7,780,000</td>
<td>8,342,500.00</td>
</tr>
<tr>
<td>2026</td>
<td>26,815,000</td>
<td>7,953,500.00</td>
</tr>
<tr>
<td>2027</td>
<td>28,160,000</td>
<td>6,612,750.00</td>
</tr>
<tr>
<td>2028</td>
<td>21,675,000</td>
<td>5,204,750.00</td>
</tr>
<tr>
<td>2029</td>
<td>22,760,000</td>
<td>4,121,000.00</td>
</tr>
<tr>
<td>2030</td>
<td>23,895,000</td>
<td>2,983,000.00</td>
</tr>
<tr>
<td>2031</td>
<td>25,820,000</td>
<td>1,788,250.00</td>
</tr>
<tr>
<td>2032</td>
<td>9,945,000</td>
<td>497,250.00</td>
</tr>
<tr>
<td>Total</td>
<td>$221,640,000</td>
<td>$130,138,783.34</td>
</tr>
</tbody>
</table>

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

The Transaction Leases are three of the Leases entered into under the Master Lease and provide for the leasing of the Refinanced Facilities by the Corporation to the School Board. See "THE TRANSACTION LEASES" and "THE REFINANCED FACILITIES." 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 2015D CERTIFICATES - Additional Leases" and "- Additional Certificates."

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 Transaction Leases or any other Leases.

THE TRANSACTION LEASES

The following is a brief summary of certain provisions of the Transaction Leases, which is not intended to be definitive. Reference is made in "APPENDIX C - CERTAIN LEGAL DOCUMENTS - The Master Lease," "- Form of Schedule 2007A-1," "- Form of Schedule 2007E-1" and "- Form of Schedule 2007E-2."

Authority

The Transaction 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 and refinancing of the Refinanced Facilities.

Lease Term

Under the Transaction Leases, the Corporation is leasing to the School Board, and the School Board is leasing from the Corporation, the Refinanced Facilities. The initial term of the Series 2007A-1 Lease commenced on February 28, 2007 and continued through and including June 30, 2007, has been automatically renewed annually to date and is automatically renewable annually through August 1, 2031, unless sooner terminated as described herein. The initial term of the Series 2007E-1 Lease commenced on October 31, 2007 and continued through and including June 30, 2008, has been automatically renewed annually to date and is automatically renewable annually through August 1, 2032, unless sooner terminated as described herein. The
initial term of the Series 2007E-2 Lease commenced on October 31, 2007 and continued through and including June 30, 2008, has been automatically renewed annually to date and is automatically renewable annually through August 1, 2020, unless sooner terminated as described herein. See "THE TRANSACTION LEASES - Termination of Lease Term."

Lease Payments

Subject to the conditions stated in the Transaction Leases, the School Board has expressed its current intent to make all Lease Payments due under the Transaction 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 TRANSACTION 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 TRANSACTION 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 Transaction 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, 2015, and thereafter on December 30 and June 30 of each year, the Lease Payment Dates preceding each Series 2015D Certificate Payment Date, the School Board is required to pay to the Trustee the Basic Lease Payment allocable to the Series 2015D Certificates due on such date, which amount corresponds to the amount due to Series 2015D Certificate holders on the next succeeding Series 2015D Certificate Payment Date. The School Board is also required to pay, when due, Additional Lease Payments, consisting of, among other things, payments under its Interest Rate Exchange Agreements (see "SECURITY FOR THE SERIES 2015D CERTIFICATES - Interest Rate Exchange Agreements") and Supplemental Payments, consisting of, among other things, the fees and expenses of the Trustee and the Corporation. Lease Payments due under the Transaction Leases may be reduced, when applicable, by amounts credited as follows:

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

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

(c) The Trustee will deposit in the related Lease Payment Account or Acquisition Account, Net Proceeds realized in the event of damage, destruction or condemnation of the
Refinanced Facilities to be applied to the prompt repair, restoration or replacement of such Refinanced 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 Refinanced 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 less than ten percent (10%) of the Remaining Principal Portion of the Basic Lease Payments relating to such Refinanced Facilities, then 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 Transaction Lease. 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 Refinanced Facilities, then the pro rata portion of such Net Proceeds allocable to the Series 2015D Certificates shall either (1) be deposited to the applicable 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 Transaction Lease as fully as if they were the originally leased Facilities or (2) 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 Transaction Lease.

Assignment of Lease to Trustee

Pursuant to the Transaction Assignments, substantially all right, title and interest of the Corporation in and to the Transaction Ground Leases and in and to the Transaction Leases, 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 2015D Certificates and any other Certificates representing an undivided proportionate interest in a portion of the Basic Lease Payments payable under the Transaction Leases. The School Board has consented to such assignment.

Lease Covenants

Under the Transaction Leases, the School Board is responsible for the acquisition, construction and installation of the Refinanced Facilities pursuant to the specifications of the School Board, including the letting of all contracts for the acquisition, construction and installation of the Refinanced Facilities. In the Transaction Leases, the School Board covenants that it will: (i) maintain the Refinanced 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 Transaction Leases.

Budget and Appropriation

The cost and expense of the performance by the School Board of its obligations under the Transaction Leases, under the Current Leases and any Additional Leases and the incurrence of any liabilities of the School Board under the Transaction 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 Transaction 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 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 "THE TRANSACTION LEASES - Effect of Termination for Non-Appropriation or Default."

Termination of Lease Term

The Lease Term of each Lease, including the Transaction 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 TRANSACTION 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 majority in aggregate principal amount of the Series 2015D Certificates and any other Certificates evidencing an interest in the Transaction Leases. 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 2007A-1 Facilities will be applied to the payment of the Series 2015D Certificates allocable to the Series 2007A-1 Lease, equally and ratably with the Unrefunded Series 2007A Certificates allocable to the Series 2007A-1 Lease and the Series 2014C Certificates, after payment of the expenses of the Trustee, in accordance with the terms of the Series 2007A-1 Lease. The proceeds of any such disposition of the Series 2007E-1 Facilities will be applied to the payment of the Series 2015D Certificates allocable to the Series 2007E-1 Lease, equally and ratably with the Unrefunded Series 2007E Certificates allocable to the Series 2007E-1 Lease, after payment of the expenses of the Trustee, in accordance with the terms of the Series 2007E-1 Lease. Under the Transaction Leases, the School Board may not be dispossessed of the Series 2007E-2 Facilities or any personal property financed or refinanced, in whole or in part, with the proceeds of the Series 2015D Certificates. See "RISK FACTORS - Limitation Upon Disposition; Ability to Sell or Relet." IN NO EVENT WILL OWNERS OF THE SERIES 2015D 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 EXCEPT FOR ANY CERTIFICATES ISSUED TO REFUND SERIES 2015D CERTIFICATES AND EXCEPT AS DESCRIBED HEREIN WITH RESPECT TO THE PORTION OF THE GLADEVIEW ELEMENTARY MODERNIZATION FACILITY FINANCED UNDER THE SERIES 2007B LEASE.

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 Term of all Leases for non-appropriation or default and the disposition of the Refinanced Facilities to which the Trustee has rights will produce sufficient amounts to pay the Series 2015D Certificates. Federal income tax status of payments made to Series 2015D Certificate holders after such termination may also be adversely affected. See "TAX TREATMENT." Further, after such termination of the Lease Term of all Leases, transfer of Series 2015D 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 2015D 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 Transaction Assignments, the Corporation has made an absolute and unconditional assignment of substantially all of its right, title and interest under the Transaction Leases to the Trustee, retaining its rights to indemnification, its right to hold title to certain of the Refinanced 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 2015D 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 eleventh 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 the County. The County, established in 1909, had a 2013 population of 1,372,171. 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 38 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 April 17, 2014, the District included 182 schools and had approximately 180,285 full time equivalent students, and as of June 30, 2014, had approximately 21,873 full-time and part-time employees, including approximately 15,481 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 REGARDING PALM BEACH COUNTY, FLORIDA."

**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 REGARDING PALM BEACH COUNTY, FLORIDA."

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

<table>
<thead>
<tr>
<th>School Year</th>
<th>Number of Schools</th>
<th>Number of Instructional Personnel at Fiscal Year End</th>
<th>Average FTE Enrollment(1)</th>
<th>Expenditures per FTE Student(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>182</td>
<td>15,481</td>
<td>180,285(3)</td>
<td>$7,016</td>
</tr>
<tr>
<td>2012-13</td>
<td>182</td>
<td>14,874</td>
<td>177,797</td>
<td>6,605</td>
</tr>
<tr>
<td>2011-12</td>
<td>182</td>
<td>14,807</td>
<td>175,083</td>
<td>6,453</td>
</tr>
<tr>
<td>2010-11</td>
<td>182</td>
<td>14,449</td>
<td>172,829</td>
<td>7,218</td>
</tr>
<tr>
<td>2009-10</td>
<td>182</td>
<td>13,975</td>
<td>171,722</td>
<td>7,014</td>
</tr>
<tr>
<td>2008-09</td>
<td>181</td>
<td>14,031</td>
<td>169,554</td>
<td>8,815</td>
</tr>
<tr>
<td>2007-08</td>
<td>168</td>
<td>14,129</td>
<td>169,280</td>
<td>9,184</td>
</tr>
</tbody>
</table>

(1) Unweighted.  
(2) Excludes outgoing transfers.  
(3) As of April 17, 2014 FEFP (Florida Education Finance Program) Fourth Calculation.  
Source: The School District of Palm Beach County, Florida.
FTE Growth

The Full-Time Equivalent (FTE) Enrollment for School Years 2009-10 through 2013-14 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
<th>2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grades K-3</td>
<td>45,052</td>
<td>44,729</td>
<td>45,516</td>
<td>46,724</td>
<td>49,200</td>
</tr>
<tr>
<td>Grades 4-8</td>
<td>60,903</td>
<td>61,652</td>
<td>62,089</td>
<td>62,330</td>
<td>63,213</td>
</tr>
<tr>
<td>Grades 9-12</td>
<td>44,943</td>
<td>45,161</td>
<td>46,120</td>
<td>49,702</td>
<td>47,320</td>
</tr>
<tr>
<td>Exceptional Ed.</td>
<td>1,337</td>
<td>1,423</td>
<td>1,505</td>
<td>1,490</td>
<td>1,330</td>
</tr>
<tr>
<td>Vocational Ed.</td>
<td>5,060</td>
<td>4,944</td>
<td>4,968</td>
<td>1,726</td>
<td>4,205</td>
</tr>
<tr>
<td>At Risk Programs</td>
<td>14,427</td>
<td>14,922</td>
<td>14,885</td>
<td>15,821</td>
<td>14,904</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>171,722</strong></td>
<td><strong>172,831</strong></td>
<td><strong>175,083</strong></td>
<td><strong>177,793</strong></td>
<td><strong>180,172</strong></td>
</tr>
</tbody>
</table>

Percentage Change 1.28% 0.65% 1.30% 1.55% 1.34%

(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 FEFP Fourth Calculation.

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:

<table>
<thead>
<tr>
<th>Name/Office</th>
<th>District</th>
<th>Term Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chuck Shaw, Chairman</td>
<td>2</td>
<td>November 2016</td>
</tr>
<tr>
<td>Frank A. Barbieri, Jr., Esq., Vice Chairman</td>
<td>5</td>
<td>November 2016</td>
</tr>
<tr>
<td>Mike Murgio, Member</td>
<td>1</td>
<td>November 2016</td>
</tr>
<tr>
<td>Karen M. Brill, Member</td>
<td>3</td>
<td>November 2018</td>
</tr>
<tr>
<td>Erica Whitfield, Member</td>
<td>4</td>
<td>November 2018</td>
</tr>
<tr>
<td>Marcia Andrews, Member</td>
<td>6</td>
<td>November 2018</td>
</tr>
<tr>
<td>Debra L. Robinson, M.D., Member</td>
<td>7</td>
<td>November 2018</td>
</tr>
</tbody>
</table>

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. The District's current Superintendent, E. Wayne Gent, has announced his resignation effective June 30, 2015. The School Board hired a search firm to assist in the selection of the next Superintendent and has solicited community input through various public forums and via an online survey. The School Board is expected to narrow its list of candidates in early April 2015 and select its next Superintendent by the end of April 2015.

Biographical Information for Certain Administrators

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

**E. Wayne Gent**, Superintendent, accepted the responsibilities of Superintendent of Schools for the District on February 16, 2012. Mr. Gent, a lifelong educator and leader dedicated to high standards, has served in the field of education for the past twenty-seven years as Teacher, Assistant Principal, Principal, appointed Principal in Residence by the Commissioner of Education, Area Superintendent, Assistant Superintendent of Curriculum and Chief Officer of Administration. Mr. Gent received his bachelor's degree from Mars Hill College, Master's of Education degree from the University of Georgia and completed postgraduate studies at Florida Atlantic University. As noted above, Mr. Gent has announced his resignation effective June 30, 2015.

**Michael Burke**, Chief Operating Officer, joined the District in April 1998. Mr. Burke brought eight years of experience with the Broward County Public Schools 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.

**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. In addition, Ms. Evans has qualified for the Certified Treasury Professional credential in Treasury Management.

**Full Time School 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 school personnel as of June 30, 2014 was 21,873, the largest number of employees of any one employer in the County.

**Employee Relations**

Approximately 59% 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 31% are represented by non-instructional collective bargaining agents and 10% are non-union represented staff.

As of June 30, 2014, the Board employed 21,873 full-time persons representing the following groups:

<table>
<thead>
<tr>
<th>Group</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instructional</td>
<td>15,481</td>
</tr>
<tr>
<td>School and District Administrators</td>
<td>772</td>
</tr>
<tr>
<td>Clerical, Police, Secretarial, Professional Staff</td>
<td>2,222</td>
</tr>
<tr>
<td>Bus, Custodial, Maintenance and Mechanics</td>
<td>3,398</td>
</tr>
<tr>
<td>Total</td>
<td>21,873</td>
</tr>
</tbody>
</table>

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

- Teachers: June 30, 2014*
- Clerical: December 31, 2016
- Police: December 31, 2016
- Bus, Custodial, Maintenance and Mechanics: December 31, 2014

* Contract has expired. Florida law requires operating under the expired contract until a new contract has been negotiated and approved.

**Accreditation**

All public schools of the District are fully accredited by the State of Florida and by the Southern Association of Colleges and Schools.
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 2014-15 was adopted by the School Board on September 10, 2014. 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 2014. No Certificates or other debt payable from the Local Option Millage Levy (as defined herein) is expected to be issued to fund the current five-year CIP.

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, 2014."

Financial Results

The financial and accounting procedures of the District are designed to conform with 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 2008-2014.

<table>
<thead>
<tr>
<th>Fiscal Year Ended June 30</th>
<th>Federal Funds (2)</th>
<th>State Funds</th>
<th>Local Funds (3)</th>
<th>Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$8,477,000</td>
<td>$507,171,000</td>
<td>$873,155,000</td>
<td>$1,388,803,000</td>
</tr>
<tr>
<td>2013</td>
<td>7,194,000</td>
<td>427,605,000</td>
<td>858,732,000</td>
<td>1,293,531,000</td>
</tr>
<tr>
<td>2012</td>
<td>6,534,000</td>
<td>332,062,000</td>
<td>905,960,000</td>
<td>1,244,556,000</td>
</tr>
<tr>
<td>2011</td>
<td>6,325,000</td>
<td>351,647,000</td>
<td>922,888,000</td>
<td>1,280,860,000</td>
</tr>
<tr>
<td>2010</td>
<td>5,935,000</td>
<td>284,919,000</td>
<td>929,514,000</td>
<td>1,220,368,000</td>
</tr>
<tr>
<td>2009</td>
<td>6,407,000</td>
<td>327,883,000</td>
<td>949,599,000</td>
<td>1,283,889,000</td>
</tr>
<tr>
<td>2008</td>
<td>2,225,000</td>
<td>404,744,000</td>
<td>949,417,000</td>
<td>1,356,386,000</td>
</tr>
</tbody>
</table>

(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, 2011 through June 30, 2014 (audited) and the budgeted figures for the Fiscal Year ending June 30, 2015.

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

<table>
<thead>
<tr>
<th>For the Fiscal Years Ended June 30</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015 Budget(^{(2)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance:</td>
<td>$97.1</td>
<td>$186.9</td>
<td>$166.7</td>
<td>$133.3</td>
<td>$111.8</td>
</tr>
<tr>
<td>Revenues:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Sources and Other Financing Sources:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ad Valorem Taxes</td>
<td>$859.2</td>
<td>$846.7</td>
<td>$802.1</td>
<td>$809.9</td>
<td>$880.0</td>
</tr>
<tr>
<td>Interest Income and Other</td>
<td>8.7</td>
<td>3.4</td>
<td>3.1</td>
<td>3.5</td>
<td>3.6</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>55.0</td>
<td>56.0</td>
<td>53.5</td>
<td>59.7</td>
<td>64.8</td>
</tr>
<tr>
<td>Transfers In</td>
<td>89.8</td>
<td>89.2</td>
<td>87.0</td>
<td>106.8</td>
<td>106.3</td>
</tr>
<tr>
<td>Total Local Sources and Other Financing Sources</td>
<td>$1,012.7</td>
<td>$995.3</td>
<td>$945.7</td>
<td>$979.9</td>
<td>$1,054.7</td>
</tr>
<tr>
<td>State Sources:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FL Educ. Finance Pro.</td>
<td>$123.9</td>
<td>$98.8</td>
<td>$187.3</td>
<td>$266.7</td>
<td>$236.2</td>
</tr>
<tr>
<td>Categorical Grants &amp; Lottery</td>
<td>206.2</td>
<td>211.7</td>
<td>217.0</td>
<td>220.3</td>
<td>219.4</td>
</tr>
<tr>
<td>Other</td>
<td>21.5</td>
<td>21.5</td>
<td>23.3</td>
<td>20.2</td>
<td>22.3</td>
</tr>
<tr>
<td>Total State Sources</td>
<td>$351.6</td>
<td>$332.0</td>
<td>$427.6</td>
<td>$507.2</td>
<td>$477.9</td>
</tr>
<tr>
<td>Federal Sources</td>
<td>$6.3</td>
<td>$6.5</td>
<td>$7.2</td>
<td>$8.5</td>
<td>$8.2</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$1,370.6</td>
<td>$1,333.8</td>
<td>$1,380.5</td>
<td>$1,495.6</td>
<td>$1,540.8</td>
</tr>
<tr>
<td>Adjustments to Fund Balance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Rev. &amp; Fund Balance</td>
<td>$1,467.7</td>
<td>$1,520.7</td>
<td>$1,547.2</td>
<td>$1,628.9</td>
<td>$1,652.6</td>
</tr>
<tr>
<td>Expenditures:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>$748.9</td>
<td>$842.7</td>
<td>$880.8</td>
<td>$908.7</td>
<td>$906.0</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>245.7</td>
<td>255.0</td>
<td>255.1</td>
<td>284.7</td>
<td>294.7</td>
</tr>
<tr>
<td>Purchased Services and other</td>
<td>286.1</td>
<td>256.3</td>
<td>278.0</td>
<td>323.7</td>
<td>339.7</td>
</tr>
<tr>
<td>Transfer Out</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$1,280.7</td>
<td>$1,354.0</td>
<td>$1,413.9</td>
<td>$1,517.1</td>
<td>$1,540.4</td>
</tr>
<tr>
<td>Excess of Revenues Over (Under)</td>
<td>$89.9</td>
<td>$(20.2)</td>
<td>$(33.4)</td>
<td>$(21.5)</td>
<td>$0.4</td>
</tr>
<tr>
<td>Expenditures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonspendable</td>
<td>$12.5</td>
<td>$5.7</td>
<td>$11.3</td>
<td>$9.6</td>
<td>$9.8</td>
</tr>
<tr>
<td>Restricted</td>
<td>17.1</td>
<td>23.3</td>
<td>27.8</td>
<td>28.2</td>
<td>23.7</td>
</tr>
<tr>
<td>Committed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assigned</td>
<td>102.7</td>
<td>86.6</td>
<td>49.8</td>
<td>27.5</td>
<td>32.2</td>
</tr>
<tr>
<td>Unassigned</td>
<td>54.6</td>
<td>51.1</td>
<td>44.4</td>
<td>46.5</td>
<td>48.2</td>
</tr>
<tr>
<td>Total Fund Balance</td>
<td>$186.9</td>
<td>$166.7</td>
<td>$133.3</td>
<td>$111.8</td>
<td>$113.9</td>
</tr>
<tr>
<td>Total Expenditures &amp; Fund Balance</td>
<td>$1,467.6</td>
<td>$1,520.7</td>
<td>$1,547.2</td>
<td>$1,628.8</td>
<td>$1,654.3</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Totals may not add due to rounding.

\(^{(2)}\) Budgeted figures.

Source: The School District of Palm Beach County, Florida.
Section 1011.051, Florida Statutes, entitled "Guidelines for general funds" requires that if a school district's General Fund 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 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 a 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 2012-13, the District's General Fund balance not classified as restricted, committed or nonspendable was 3.14% of General Fund Revenues and in Fiscal Year 2013-14 was 3.06% of General Fund Revenues. For Fiscal Year 2014-15, the District's General Fund balance not classified as restricted, committed or nonspendable is budgeted to be 3.00% of General Fund Revenues.

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

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>Budget 2015(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Fund Balance:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Fund Balance</td>
<td>$342.0</td>
<td>$383.6</td>
<td>$305.7</td>
<td>$217.2</td>
<td>$139.3</td>
</tr>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Sources</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ad Valorem Taxes</td>
<td>$205.8</td>
<td>$205.5</td>
<td>$215.9</td>
<td>$202.9</td>
<td>$216.2</td>
</tr>
<tr>
<td>Local Sales Tax</td>
<td>51.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest Income and other</td>
<td>7.2</td>
<td>0.7</td>
<td>0.5</td>
<td>2.1</td>
<td>17.7</td>
</tr>
<tr>
<td><strong>Total Local Sources</strong></td>
<td>$264.0</td>
<td>$206.2</td>
<td>$216.4</td>
<td>$205.0</td>
<td>$233.9</td>
</tr>
<tr>
<td>Miscellaneous Federal Through State:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$273.8</td>
<td>$213.0</td>
<td>$220.7</td>
<td>$211.5</td>
<td>$244.0</td>
</tr>
<tr>
<td>Adjustments to Fund Balance</td>
<td>$7.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues, Other Financing Sources and Fund Balance</strong></td>
<td>$281.4</td>
<td>$213.0</td>
<td>$220.7</td>
<td>$211.5</td>
<td>$244.0</td>
</tr>
<tr>
<td><strong>Expenditures:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$0.6</td>
<td>$1.4</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Buildings</td>
<td>51.1</td>
<td>32.0</td>
<td>$51.4</td>
<td>$36.6</td>
<td>32.0</td>
</tr>
<tr>
<td>Improvements</td>
<td>22.7</td>
<td>8.2</td>
<td>6.8</td>
<td>5.1</td>
<td>7.0</td>
</tr>
<tr>
<td>Other Capital Outlay</td>
<td>13.6</td>
<td>23.2</td>
<td>28.0</td>
<td>24.8</td>
<td>27.0</td>
</tr>
<tr>
<td>Debt Service</td>
<td>3.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$91.5</td>
<td>$64.8</td>
<td>$86.2</td>
<td>$66.5</td>
<td>$66.4</td>
</tr>
<tr>
<td><strong>Excess of Revenues Over (Under) Expenditures</strong></td>
<td>$182.3</td>
<td>$148.2</td>
<td>$134.5</td>
<td>$145.0</td>
<td>$177.6</td>
</tr>
<tr>
<td><strong>Excess of Revenues and Other Financing Sources Over (Under) Expenditures</strong></td>
<td>$34.0</td>
<td>($77.9)</td>
<td>($88.5)</td>
<td>($77.9)</td>
<td>($66.9)</td>
</tr>
<tr>
<td><strong>Ending Fund Balance:</strong></td>
<td>$383.6</td>
<td>$305.7</td>
<td>$217.2</td>
<td>$139.3</td>
<td>$72.4</td>
</tr>
</tbody>
</table>

(1) Budgeted figures.  
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, 2014

<table>
<thead>
<tr>
<th></th>
<th>General Obligation</th>
<th>Non-Self Supporting Revenue Debt (^{(1)})</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DIRECT DEBT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State of Florida</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Board of Education Capital Outlay Bonds, Series 2005-A</td>
<td>$6,000</td>
<td></td>
</tr>
<tr>
<td>State Board of Education Capital Outlay Bonds, Series 2005-B</td>
<td>1,430</td>
<td></td>
</tr>
<tr>
<td>State Board of Education Capital Outlay Bonds, Series 2009-A</td>
<td>915</td>
<td></td>
</tr>
<tr>
<td>State Board of Education Capital Outlay Bonds, Series 2010-A</td>
<td>9,550</td>
<td></td>
</tr>
<tr>
<td>State Board of Education Capital Outlay Bonds, Series 2011-A</td>
<td>3,990</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL DIRECT DEBT</strong></td>
<td>$0</td>
<td>$21,885</td>
</tr>
</tbody>
</table>

\(^{(1)}\) 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.

Source: School District of Palm Beach County, Florida.

[Remainder of page intentionally left blank]
<table>
<thead>
<tr>
<th>OVERLAPPING DEBT (COUNTY)</th>
<th>Governmental Activities</th>
<th>Business-Type Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>General Obligation</td>
<td>Non-Ad Valorem Revenue Bonds</td>
</tr>
<tr>
<td>Total General Obligations Bonds</td>
<td>$187,210</td>
<td></td>
</tr>
<tr>
<td>Total Non-Ad Valorem Revenue Bonds</td>
<td>$736,861</td>
<td></td>
</tr>
<tr>
<td>Total Revenue Bonds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL COUNTY DIRECT DEBT</td>
<td>$187,210</td>
<td>$736,861</td>
</tr>
<tr>
<td>TOTAL DISTRICT DEBT</td>
<td>0</td>
<td>21,885</td>
</tr>
<tr>
<td>TOTAL DIRECT AND OVERLAPPING DEBT</td>
<td>$187,210</td>
<td>$758,746</td>
</tr>
</tbody>
</table>


Note: County debt is as of September 30, 2013. District debt is as of June 30, 2014.
Palm Beach County, Florida
Comparative Ratios of Bonded Debt
To Taxable Assessed Valuation and
Per Capita Indebtedness
(Rounded)

1. Population (2013) 1,360,183
2. Net Taxable Valuation (2014 tax year)\(^{(1)}\) $150,103,001,478
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 $187,210,000
   a) As a percent of Taxable Valuation 0.1247%
   b) Per Capita $137.64
5. Direct Non-Ad Valorem Revenue Bonds and Direct General Obligation Debt $21,885,000
   a) As a percent of Taxable Valuation 0.0146%
   b) Per Capita $16.09
6. Direct and Overlapping General Obligation and Non-Ad Valorem Revenue Bonds $945,956,000
   a) As a percent of Taxable Valuation 0.6302%
   b) Per Capita $695.46

\(^{(1)}\) Preliminary certified figure as of July 1, 2014. Such figure is subject to adjustment. See "AD VALOREM TAXATION - Property Assessment."


Obligations Under Unrelated Lease Purchase Agreements. The School Board may, in the future, enter into lease purchase agreements upon terms and conditions other than those in the Master Lease. Unless otherwise expressly provided in this Offering Statement, failure to make payments under any such lease purchase agreements, or an event of default under any such lease purchase agreement, will not affect the Lease Term or cause the termination of the Transaction Leases or any other Leases.

Florida Retirement System. The State has established the State of Florida Retirement System ("FRS") for state, county, municipal and school district employees. All employees hired after 1970, and those employed prior to 1970 who elected to be enrolled, are covered by the FRS. Accordingly, substantially all employees of the District are covered by the FRS. The Division of Retirement, Department of Administration of the State of Florida administers the FRS. Contribution rates are established by law for all participating governmental units. The District's
liability for participation in the plan is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. For the Fiscal Years ended June 30, 2013 and June 30, 2014, the District contributed $50,191,000 and $74,277,000, respectively.

Employees hired prior to 1970 and not electing to enroll in the FRS may be covered by alternate contributory plans, principally the Teachers' Retirement System Plan E, administered by the FRS. State law requires the District to contribute 11.35% of the earnable compensation of members to these plans. For the Fiscal Years ended June 30, 2013 and June 30, 2014, the District contributed $10,000 and $10,000, respectively. See Note 12 to the District's audited financial statements for the Fiscal Year ended June 30, 2013 in "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, 2014" for additional information regarding the retirement plans.

During its 2011 regular session, the State Legislature adopted legislation that made significant changes to FRS with respect to employee contributions and employer contributions, among other items. 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. For Fiscal Year 2010-11, contribution rates ranged from 9.85% to 20.92% of annual covered payroll. Under the adopted legislation, employer contribution rates initially ranged from 4.91% to 14.10% of annual covered payroll and for Fiscal Year 2014-15 range from 6.95% to 19.06% of annual covered payroll. Additionally, the legislation eliminated the cost of living adjustment for all FRS employees for service earned on or after July 1, 2011, although the legislation does contemplate reinstatement of the adjustment in 2016 under certain conditions.

The other changes to the FRS contained in the legislation only apply to employees who initially enrolled in FRS on or after July 1, 2011. For personnel entering FRS on and after July 1, 2011, the following changes apply: 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, the Deferred Retirement Option Plan (DROP) is maintained but the interest accrual rate is reduced from 6.5% to 1.3%, the normal retirement age is increased from 62 to 65 and the years of creditable service is increased from 30 to 33 and the vesting period is increased to eight years (formerly six).

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 requiring the use of a single "blended" or "common" rate for both active and retired employees. The offering of this health insurance coverage is required by Section 112.0801, Florida Statutes.

As with all governmental entities providing similar plans, the District implemented Governmental Accounting Standard's Board Statement No. 45 - Accounting and Financial Reporting by Employers for Postemployment Benefit Plans other than Pension Plans ("GASB 45") during the 2007-2008 fiscal year. The District had historically accounted for its OPEB
contributions on a pay as you go basis. GASB 45 applies accounting methodology similar to that used for pension liabilities to OPEB and attempts to more fully reveal the costs of employment by requiring governmental units to include future OPEB costs in their financial statements. While GASB 45 requires recognition and disclosure of the unfunded OPEB liability, there is no requirement that the liability of such plan be funded. To comply with GASB 45, the District retained an actuary (the "Actuary") to review the District's OPEB liabilities and provide the District with a written valuation. The Actuary determined the District's actuarial accrued liability related to OPEB, which approximates the present value of all future expected postretirement life and medical premiums and administrative costs which are attributable to the past service of those retired and active employees, at $138.5 million as of June 30, 2014. The Actuary also determined the District's annual required contribution ("ARC"), which is the portion of the total accrued actuarial liability allocated to the current Fiscal Year needed to pay both normal costs (current and future benefits earned) and to amortize the unfunded accrued liability (past benefits earned, but not previously provided for), to be $13.4 million as of June 30, 2014. The calculation of the accrued actuarial liability and the ARC is, by definition and necessity, based upon a number of assumptions, including interest rate on investments, average retirement age, life expectancy, healthcare costs per employee and insurance premiums, many of which factors are subject to future economic and demographic variations. The Actuary also calculated the District's net, end-of-year OPEB obligation to be $95.6 million as of June 30, 2014, which reflects the District's approximately $5.0 million contribution towards its OPEB liability during Fiscal Year 2013-14. For additional information on OPEB liability, including assumptions on which the calculation is based, see Note 13 and the Required Supplementary Information to the District's audited financial statements for the Fiscal Year ended June 30, 2014, which are attached hereto as Appendix B.

While the District does not know at this time what its ultimate OPEB liabilities will be in connection with GASB 45 compliance in the future or how much of the annual required contribution accrued liabilities it will need to budget in future years, it expects its OPEB liability to be significant, but manageable within its normal budgeting process.

**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 Operational Funds may be specifically authorized by the School Board to make lease payments on multiple-year leases, the School Board has not previously authorized the use of 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) 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 capital outlay funds. See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS."
State Sources

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 2012-13 and 2013-14 were $187,319,642 and $266,681,366, respectively, and were budgeted at $236,244,551 for Fiscal Year 2014-15.

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 Board for the purposes for which they were provided. Total State categorical aid was $206,593,660 and $207,018,100 for Fiscal Years 2012-13 and 2013-14, respectively, and is budgeted at $209,078,665 for Fiscal Year 2014-15.

Student enrollment trends have changed over the past several years. 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 have increased by an average of just over 2,000 for Fiscal Years 2010 through 2014. The District's current estimated enrollment for Fiscal Year 2015 is 183,336, which reflects an increase of approximately 2,100 students from Fiscal Year 2014. Future enrollment is projected to continue to increase slowly over the next four years.

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 2014-15, local property taxes will provide 62.93% of the FEFP funds. See "RISK FACTORS – State Revenues" herein.

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 $10.44 million and $8.44 million in Florida School Recognition Program revenues for Fiscal Year 2012-13 and 2013-14, respectively, and is budgeted to receive $8.44 million in Fiscal Year 2014-15. The District did not receive any Discretionary Lottery Revenues in Fiscal Year 2012-13 but received $1.9 million in Fiscal Year 2013-14, and is budgeted to receive $1.9 million in Fiscal Year 2014-15.

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). Chapter 1011, Florida Statutes, as amended, 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, 2015, the District's required local effort is 5.084 mills. In addition to such required local effort millage for Fiscal Year 2014-15 the District levied a Prior Period Funding Adjustment Millage of 0.012 mills as required by Section 1011.62(4)(e), Florida Statutes. Such Prior Period 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 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 .25 mills for capital outlay and maintenance of school facilities in lieu of operating discretionary millage. For Fiscal Year ending June 30, 2015, the District's discretionary operating millage is 0.748 mills. The District is not levying any capital outlay discretionary millage for the Fiscal Year ending June 30, 2015. See "AD VALOREM TAXATION - Millage Rates" and "- Historical Millages" 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. See "AD VALOREM TAXATION - Millage Rates" herein.
The following table sets forth the District's operating millage levies for Fiscal Year 2014-15:

<table>
<thead>
<tr>
<th>Operating Millage</th>
<th>District Levy</th>
<th>Description</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Required Local Effort</td>
<td>5.084 mills</td>
<td>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</td>
<td>5.084 mills</td>
</tr>
<tr>
<td>Prior Period RLE Adjustment</td>
<td>0.012 mills</td>
<td>Non-voted; not to exceed amount established annually by the State</td>
<td>0.012 mills</td>
</tr>
<tr>
<td>Current Operating Discretionary Millage</td>
<td>0.748 mills</td>
<td>Non-voted; not to exceed amount established annually by the Legislature</td>
<td>0.748 mills</td>
</tr>
<tr>
<td>Additional Operating Millage (Voter Approved)</td>
<td>0.250 mills</td>
<td>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 non-voted millage does not exceed 10-mills. Such levy shall be for a maximum of four years.</td>
<td>0.250 mills</td>
</tr>
</tbody>
</table>

Budgeted revenues from ad valorem taxes are based on applying millage levies to ninety-six percent (96%) of the non-exempt assessed valuation of real and personal property within the County.

Federal Sources

The District receives certain Federal monies, both directly and through the State, substantially all of which are restricted for specific programs. Direct Federal revenue sources were $893,601 and $977,825 in Fiscal Years 2012-13 and 2013-14, respectively, and are budgeted at $1,007,000 for Fiscal Year 2014-15. Federal funds through the State totaled $6,300,427 and $7,499,004 in Fiscal Years 2012-13 and 2013-14, respectively, and are budgeted to be $7,200,000 in Fiscal Year 2014-15. Such funds are not available to make Lease Payments on the Leases.

Constitutional Amendments Related to Class Size Reduction and Pre-K Programs

Class Size Reduction

Amendment 9 to the State Constitution required the State Legislature provide funding for sufficient classrooms so class sizes can be reduced to certain constitutional class size maximums by the beginning of the 2010 school year. Amendment 9 and Section 1003.03, Florida Statutes, which implements Amendment 9, collectively, 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. Such legislation generally provided for a phased-in compliance which would be determined on a school-by-school basis through and including Fiscal Year 2009-10, with full compliance on an individual classroom basis beginning in Fiscal Year 2010-11. Beginning with Fiscal Year 2013-14, school districts could be measured at the school level average for schools of choice. In the event a school district was not in compliance with such requirements, the legislation provided that the State would reduce categorical funds due to such school district for operational purposes.

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 programs 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.

Through Fiscal Year 2009-10, the District complied with the requirements of the Class Size Legislation which was based on the 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. As of the October 2014 Survey, the week during which Department of Education determines compliance with class size maximums, the District had approximately 99.9% of the classrooms in compliance. The expected financial penalty related to the 0.1% non-compliance is projected to be approximately $200,000. The District estimates that the cost of complying with the class size requirements for such non-compliant classrooms would be approximately $4.8 million.

Pre-K Programs

Amendment 8 to the State Constitution provides that every 4-year old child in the State shall be offered a free, high quality pre-kindergarten learning opportunity by the State. Part V of Chapter 1002, Florida Statutes, creates a statewide Voluntary Pre-kindergarten Education Program (the "Pre-K Program"). Among other things, the Pre-K Program provides eligibility and enrollment requirements, authorizes parents to enroll their children in a school-year pre-kindergarten ("Pre-K") program delivered by a private Pre-K provider, a summer program delivered by a public school or private Pre-K provider or, if offered in a school district that meets class-size reduction requirements, a school year Pre-K program delivered by a public school. The Pre-K Program also requires school districts to deliver summer Pre-K programs and permits school districts to deliver school-year Pre-K programs. Additionally, the Pre-K Program appropriates State funds to finance the Pre-K programs and provides the method for calculating the funds allocated to each Pre-K program provider.
The Pre-K legislation provides State funding for the Pre-K programs.

Reading Mandate

The 2012 Legislature mandated that all elementary schools which are determined to be among the lowest 100 schools in the State for reading performance must provide an additional hour of reading instruction beyond the normal school day. The 2014 Legislature expanded the mandate to include the lowest 300 schools in the State. The Department of Education has determined that 23 District schools fall into the low 300 designation. The District funded the extra hour of reading for 21 schools last year. The cost of implementing an additional hour of reading at the 23 schools is $8.9 million which will be funded from the Reading Instruction and the Supplemental Academic Instruction earmarked funds within the general fund.

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 2013-14, the revenue sources for capital improvements, excluding any Certificate proceeds and existing fund balances, were approximately 0.23% from State revenues, 89.10% from local millage and 10.67% from other local sources.

State Sources

PECO. The primary 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 did not receive any PECO allocation in Fiscal Year 2012-13 or 2013-14, but is budgeted to receive $3,405,197 in PECO Funds for Fiscal Year 2014-15.

C.O. and D.S. Funds. The State Capital Outlay and Debt Service Funds ("C.O. and D.S.") also provides funds for the School Board's capital outlay requirements. C.O. and D.S. funds are derived from a portion of the revenues collected from motor vehicle license charges. The School Board received $1,159,000 in Fiscal Year 2012-13, $1,212,173 in Fiscal Year 2013-14 and is budgeted to receive approximately $1,212,173 in Fiscal Year 2014-15.

Capital Outlay Bond Issues. The School District participated in a bond sale 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 bond sale.

Local Sources

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. In 2008, the maximum amount of Local Option Millage Levy was reduced to 1.75 mills (previously 2.00 mills) and in 2009, it was further reduced from 1.75 mills to 1.50 mills. Under certain circumstances, a school board may levy in excess of 1.50 mills for capital outlay purposes. See "AD VALOREM TAXATION - Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes." Revenues from the Local Option Millage Levy may be used to fund 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 this millage for lease purchase agreements for educational facilities and sites were not permitted to exceed three-fourths of the proceeds 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 levy of the Local Option Millage Levy may be used for, but not pledged to, the payment of Lease Payments under the Leases, the failure of the School Board to levy all of the Local Option Millage Levy would have an adverse effect on Available Revenues from which the School Board may appropriate to make Lease Payments. SEE "AD VALOREM TAXATION – Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes" for information concerning recent legislation that may adversely affect the District's taxable assessed valuation, local option millage levy and the capital outlay millage available to make lease payments.

[Remainder of page intentionally left blank]
The following table sets forth the District's capital outlay levies for Fiscal Year 2014-15:

<table>
<thead>
<tr>
<th>Capital Outlay Millage</th>
<th>District Levy</th>
<th>Description</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Option Millage</td>
<td>1.500(^{(1)}) mills</td>
<td>Non-voted millage for capital outlay and maintenance purposes.</td>
<td>1.500 mills</td>
</tr>
<tr>
<td>Capital Outlay Discretionary Millage</td>
<td>0.000 mills</td>
<td>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)</td>
<td>0.250 mills</td>
</tr>
</tbody>
</table>

\(^{(1)}\) See "AD VALOREM TAXATION - Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes - Legislation Waiving 75% Limitation on Use of Local Option Millage Levy" for information regarding legislation which waives the 75% limitation on use of the Local Option Millage revenues for lease-purchase agreements originally entered into prior to June 30, 2009.

See the table under "AD VALOREM TAXATION - Historical Millages" herein for a schedule of the millage actually assessed by the School Board over the past ten years. However, also see "AD VALOREM TAXATION – Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes." The School Board's total non-voted millage for Fiscal Year 2014-15 is 7.344 mills; the Florida Constitution imposes a cap of 10 mills, exclusive of certain voter approved millage levies.

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The following table sets forth the millage levy that would provide 1.00x coverage of the maximum annual payments represented by the Outstanding Certificates and the Series 2015D Certificates based on current law, assuming a 96% collection of the taxes levied:

**Anticipated Local Option Millage Levy* Required to Cover Lease Payments Represented by the Outstanding Certificates and the Series 2015D Certificates**

<table>
<thead>
<tr>
<th>Net Taxable Assessed Valuation (FY 2015)(1):</th>
<th>$150,103,001,478</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Option Millage Levy (FY 2015)</td>
<td>1.500 mills</td>
</tr>
<tr>
<td>Tax Collection Rate</td>
<td>96.0%</td>
</tr>
<tr>
<td><strong>Total Revenue Generated by 1.500 mill Levy at 96% collection</strong></td>
<td><strong>$216,148,322</strong></td>
</tr>
</tbody>
</table>

**Millage Levy Required to Satisfy Lease Payments Represented by the Outstanding Certificates and the Series 2015D Certificates**

<table>
<thead>
<tr>
<th>Maximum Annual Lease Payments Represented by the Outstanding Certificates and the Series 2015D Certificates(2)</th>
<th>$144,961,529</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Levy Required to Produce 1.00x Coverage of Maximum Annual Lease Payments Represented by the Outstanding Certificates(3)</td>
<td>1.006 mills</td>
</tr>
<tr>
<td>Remaining Millage Levy</td>
<td>0.494 mills</td>
</tr>
<tr>
<td>Revenue Produced by Remaining Millage Levy</td>
<td>$ 71,186,793</td>
</tr>
</tbody>
</table>

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(1) Preliminary certified figure as of July 1, 2014. Such figure is subject to adjustment through the value adjustment board process. See "AD VALOREM TAXATION - Property Assessment" herein.

(2) Assumes the Outstanding Certificates have the financial arrangements, assumptions and accounting practices described in footnotes under "CERTIFICATE PAYMENT SCHEDULE I FOR OUTSTANDING CERTIFICATES" and "CERTIFICATE PAYMENT SCHEDULE II FOR OUTSTANDING CERTIFICATES." Reflects the refunding of the Refunded Certificates.

(3) During the 2012 regular session of the Florida legislature, legislation was enacted which waives the 75% limitation on use of the Local Option Millage revenues for lease-purchase agreements originally entered into prior to June 30, 2009. Such legislation became effective on July 1, 2012. See "AD VALOREM TAXATION - Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes - Legislation Waiving 75% Limitation on Use of Local Option Millage Levy" herein. Following the effective date of such legislation, only the Lease Payments with respect to Leases originally entered into after June 30, 2009 are subject to the 75% limitation. Accordingly, as of the date of this Offering Statement, only the Lease Payments related to the Series 2010A Lease would be subject to such limitation.

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

Property Assessment

The laws of the State provide for a uniform procedure to be followed by all counties, municipalities, school districts and special districts for the levy and collection of ad valorem taxes on real and personal property. Pursuant to such laws, the County's property appraiser (the "Property Appraiser") prepares an annual assessment roll for all taxing units within the County and levies such millage, subject to constitutional limitations, as determined by each taxing unit, and the Tax Collector collects the ad valorem property taxes for all taxing units within the County. Since the ad valorem property taxes of all taxing units within a County are billed together by the Tax Collector, each property owner is required to pay all such taxes without preference.

Real property used for the following purposes is generally exempt from ad valorem taxation: religious, educational, charitable, scientific, literary, and governmental. In addition, there are special exemptions for widows, hospitals, homesteads, working waterfords, deployed military personnel and homes for the aged and disabled veterans. Agricultural land, non-commercial recreational land, inventory, and livestock are assessed at less than 100% of fair market value.

Real and personal property valuations are determined each year as of January 1 by the Property Appraiser's office. The Property Appraiser is required to physically inspect the real property every three (3) years. There is a limitation of the lesser of 3% or the increase in the consumer price index during the relevant year on the annual increase in assessed valuation of Homestead Property (defined below), except in the event of a sale of such property during such year, and except as to improvements to such property during that year. State law requires, with certain exceptions, that property be assessed at fair market value; provided, however, that $25,000 of the assessed valuation of a homestead is exempt from all taxation for a residence occupied by the owner on a permanent basis where such owner has filed for and received a homestead exemption ("Homestead Property" or "Homestead") and, with respect to Homestead Property, an additional exemption of up to $25,000 on the assessed valuation greater than $50,000 is exempt from taxation for all property tax levies other than school district levies. See "Property Tax Reform" below.

The Property Appraiser's office prepares the assessment roll and gives notice by mail to each taxpayer of the proposed property taxes and the assessed property value for the current year, and the dates, times and places at which budget hearings are scheduled to be held. The property owner then has the right to file an appeal with the value adjustment board, which considers petitions relating to assessments and exemptions. The value adjustment board may make adjustments to the assessment roll to reflect any reduction in the assessed value of property upon the completion of the appeals. The value adjustment board certifies the assessment roll upon completion of the hearing of appeals to it. Millage rates are then computed by the various taxing authorities and certified to the Property Appraiser, who applies the millage rates to the assessment roll. This procedure creates the tax roll, which is then certified and turned over to the Tax Collector.
Section 194.014, Florida Statutes, requires that taxpayers 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 properties that will have a petition pending on or after the delinquency date (normally April 1). The new statute further provides that a taxpayer's failure to make the required partial payment before the delinquency date (normally April 1) will result in the denial of the taxpayer's petition.

Property Tax Reform

In 2007 the Florida Legislature enacted Chapter 2007-321, Laws of Florida (2007) (the "Rollback Law"). One component of the adopted legislation requires counties, cities and special districts to roll back their millage rates for the 2007-08 Fiscal Year to a level that, with certain adjustments and exceptions, will 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 will be determined after first reducing 2006-07 ad valorem tax revenues by zero to nine percent (0% to 9%). In addition, the legislation limits how much the aggregate amount of ad valorem tax revenues may increase in future Fiscal Years. School districts are not required to comply with the particular provisions of the legislation relating to limitations on increases in future years.

Effective January 1, 2008, additional changes to Florida's property tax laws created a new formula for calculating assessed value of Homestead Property. "Assessed value" is the official value upon which real properties may be taxed in Florida. Under the new formula, if an owner of a Homestead purchases a new Homestead Property for greater value, the assessed value of the new Homestead would equal the purchase price of the new Homestead minus the difference between the purchase price of the previous Homestead and the assessed value of the previous Homestead, or $500,000, whichever is less. In addition, for Florida Homestead owners already receiving a property tax exemption of $25,000 on the assessed value of their homes, the new law creates an additional $25,000 exemption on the assessed value of Homestead Property greater than $50,000 for all property tax levies except school taxes. Also effective January 1, 2008, the first $25,000 of tangible personal property is exempt from taxation.

Additionally, effective January 1, 2009, increases in annual assessments on certain non-Homestead Property were capped at 10% annually (for a 10-year period) for all property tax levies other than school district levies.

In the November 4, 2008 general election, the voters of the State approved amendments to the State Constitution providing the Florida Legislature with authority to enact exemptions or special assessment protections for certain types of property subject to ad valorem taxation including exemptions for conservation lands and residential wind damage resistance and renewable energy source improvements, and restrictions on the assessment of working waterfront properties. Thereafter, legislation was enacted which creates an exemption for land used exclusively for conservation purposes. Such exemption applies to property tax assessments made on or after January 1, 2011 (Fiscal Year 2011-12 for school districts).
Millage Rates

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). Section 1011.71, Florida Statutes, as amended, 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 appropriation of Florida Education Finance Program ("FEFP") funds for current operations must levy the millage certified by the Commissioner of the State of Florida Department of Education, the "required local effort," which is set each year by the State Legislature. In addition to the "required local effort," school districts are entitled to a non-voted current operating discretionary millage. See "Historical Millages" below for information regarding the District's property tax levies in recent Fiscal Years.

In addition to the millage levies for operating purposes, pursuant to Section 1011.71, Florida Statutes, school boards may set an additional non-voted millage known as the "Local Option Millage Levy" for capital outlay and maintenance purposes. In 2008, the Florida Legislature amended Section 1011.71, Florida Statutes, to provide that if the revenues generated from the reduced 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 millage levy may be used to make such lease payments. In 2009, the Florida Legislature further amended Section 1011.71, Florida Statutes, to (i) reduce the maximum Local Option Millage Levy from 1.75 mills to 1.5 mills commencing in Fiscal Year 2009-10 for school districts and (ii) if the revenue from the 1.5 mills 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, authorize a school board to 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. In 2012, the Florida Legislature further amended Section 1011.71, Florida Statutes to waive the 75% limitation on the use of Local Option Millage Levy revenues for lease-purchase agreements originally entered into prior to June 30, 2009.

The millage limitation does not apply to taxes approved at referendum by qualified electors in the County for general obligation bonds.

Each respective millage rate, except as limited by law, is set on the basis of estimates of revenue needs and the total taxable property values within the taxing authority's respective jurisdiction. Revenues derived from ad valorem property taxes are budgeted, as required by Florida law, on the application of millage levies to 96 percent of the non-exempt assessed valuation of property in the County. Ad valorem taxes are not levied in excess of actual budget requirements.

Procedures for Tax Collection and Distribution

All real and tangible personal property taxes are due and payable on November 1 of each year, or as soon thereafter as the tax roll is certified and delivered to the Tax Collector. The Tax
Collector mails a notice to each property owner on the tax roll for the taxes levied by the County, the Board, municipalities within the County and other taxing authorities. Taxes may be paid upon receipt of such notice, 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 in the month of March are without discount. All unpaid taxes on real and personal property become delinquent on April 1 of the year following the year in which taxes were levied.

In the event of a delinquency in the payment of taxes on real property, the Tax Collector is required to attempt to sell tax certificates on such property to the person who pays the delinquent taxes and interest and certain costs and charges relating thereto, and who accepts the lowest interest rate per annum to be borne by the certificates (not to exceed 18%). Delinquent taxes may be paid by a taxpayer prior to the date of sale of a tax certificate by the payment of such taxes, together with interest and all costs and charges relating thereto. Generally, tax certificates are sold by public bid. If there are no bidders, the certificate is issued to the county in which the property is located, and the county, in such event, does not pay any consideration for such tax certificate. Proceeds from the sale of tax certificates are required to be used to pay taxes, interest, costs and charges on the land described in the certificate.

County-held certificates may be purchased and any tax certificate may be prepaid, in whole or in part, by any person at any time before a tax deed is issued or the property is placed on the list of lands available for sale, at a price equal to the face amount of the certificate or portion thereof together with all interest, costs, charges and omitted taxes due. The proceeds of such a redemption are paid to the Tax Collector who transmits to the holder of the certificate such proceeds less service charges, and the certificate is canceled. Any holder, other than the county, of a tax certificate that has not been prepaid has seven years from the date of issuance of the tax certificate during which to act against the land that is the subject of the tax certificate.

After an initial period ending two years from April 1 of the year of issuance of a certificate, during which period actions against the land are held in abeyance to allow for sales and redemptions of tax certificates and before the expiration of seven years from the date of issuance, the holder of a certificate may apply for a tax deed to the subject land. The applicant is required to pay to the Tax Collector at the time of application all amounts required to redeem or purchase all other outstanding tax certificates covering the land, plus interest, any omitted taxes or delinquent taxes and interest, and current taxes, if due. If the county holds a tax certificate on property valued at $5,000 or more and has not succeeded in selling it, the county must apply for a tax deed two years after April 1 of the year of issuance. The County pays costs and fees to the Tax Collector but not any amount to redeem any other outstanding certificates covering the land. Such property is then also advertised for public sale to the highest bidder, subject to certain minimum bids. If there are no other bidders, the County may purchase the land for the minimum bid. In the case of unsold lands, after seven years the County will take title to such lands.

State law provides that tax liens are superior to all other liens, except prior United States Internal Revenue Service liens. The Tax Collector advertises once each week for four consecutive weeks and sells tax certificates to the lowest bidder, based on the interest rate bid, commencing on or before June 1 for unpaid tax bills. Tax certificates not sold at auction convert to County ownership.
The following table sets forth the percentage of taxable value to total assessed value for each of the past five years.

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

<table>
<thead>
<tr>
<th>Fiscal Year Ended June 30</th>
<th>Gross Assessed Value(1)</th>
<th>Total Taxable Value for Operating Millages</th>
<th>% Taxable to Total Assessed Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015(2)</td>
<td>$192,745,423</td>
<td>$150,103,002</td>
<td>77.87%</td>
</tr>
<tr>
<td>2014</td>
<td>171,884,068</td>
<td>138,661,345</td>
<td>80.67</td>
</tr>
<tr>
<td>2013</td>
<td>163,255,148</td>
<td>133,036,113</td>
<td>81.49</td>
</tr>
<tr>
<td>2012</td>
<td>163,642,421</td>
<td>132,258,526</td>
<td>80.82</td>
</tr>
<tr>
<td>2011</td>
<td>166,960,572</td>
<td>134,698,184</td>
<td>80.68</td>
</tr>
</tbody>
</table>

(1) Assessed value equals 100% of estimated value.  
(2) Preliminary certified figures. Prior to adjustments on appeals from taxpayers.  

The following table contains current and historical millage rates (tax per $1,000 of assessed value) for the Board for the last five Fiscal Years (see "AD VALOREM TAX MATTERS - Millage Rates" and "- Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes - Reduction in Local Option Millage Levy" above for a discussion of recent legislation reducing the maximum amount of the Local Option Millage Levy for school districts).

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Required Local Effort</td>
<td>5.656</td>
<td>5.682</td>
<td>5.280</td>
<td>5.088</td>
<td>5.096</td>
</tr>
<tr>
<td>Discretionary(1)</td>
<td>0.928</td>
<td>0.938</td>
<td>0.952</td>
<td>0.977</td>
<td>0.998</td>
</tr>
<tr>
<td>Debt Service</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Capital Improvement(2)</td>
<td>1.570</td>
<td>1.560</td>
<td>1.546</td>
<td>1.521</td>
<td>1.500</td>
</tr>
<tr>
<td>Total Millage Levy</td>
<td>8.154</td>
<td>8.180</td>
<td>7.778</td>
<td>7.586</td>
<td>7.594</td>
</tr>
</tbody>
</table>

(1) Inclusive of 0.25 mill voter approved levy.  
(2) Inclusive of discretionary capital outlay millage.  
Source: The School District of Palm Beach County, Florida.

Pursuant to Article VII of the Constitution of the State of Florida, the Board may not levy ad valorem taxes, exclusive of voted taxes levied for the payment of debt service on bonds, in excess of 10 mills. The Board is levying 7.344 non-voted mills for Fiscal Year ending June 30, 2015.
In the November, 2010 general election, the voters of Palm Beach County approved a 0.25 mill operating property tax levy for a four-year period beginning with the 2011-12 Fiscal Year and continuing through the 2015-16 Fiscal Year. The primary purpose of the millage is to pay for teachers' salaries, as well as arts, music, physical education, career and academic programs.

The following table sets forth the tax rates in dollars per $1,000 of taxable valuation for the County for the fiscal years 2006 through 2015.

### County Wide Ad Valorem Millage Rates

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>District</th>
<th>County</th>
<th>Total Water District</th>
<th>Total County Wide</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>7.594</td>
<td>6.6164</td>
<td>.3842</td>
<td>14.5946</td>
</tr>
<tr>
<td>2014</td>
<td>7.586</td>
<td>6.9380</td>
<td>.3676</td>
<td>14.8916</td>
</tr>
<tr>
<td>2013</td>
<td>7.778</td>
<td>6.9380</td>
<td>.3676</td>
<td>15.0836</td>
</tr>
<tr>
<td>2012</td>
<td>8.180</td>
<td>6.9619</td>
<td>.3739</td>
<td>15.5158</td>
</tr>
<tr>
<td>2011</td>
<td>8.154</td>
<td>7.0163</td>
<td>.5346</td>
<td>15.7049</td>
</tr>
<tr>
<td>2010</td>
<td>7.983</td>
<td>6.5202</td>
<td>.5346</td>
<td>15.0378</td>
</tr>
<tr>
<td>2009</td>
<td>7.251</td>
<td>5.6879</td>
<td>.5346</td>
<td>13.4735</td>
</tr>
<tr>
<td>2008</td>
<td>7.356</td>
<td>5.5775</td>
<td>.5346</td>
<td>13.4681</td>
</tr>
<tr>
<td>2007</td>
<td>7.872</td>
<td>6.2059</td>
<td>.5970</td>
<td>14.6749</td>
</tr>
<tr>
<td>2006</td>
<td>8.106</td>
<td>6.6264</td>
<td>.5970</td>
<td>15.3294</td>
</tr>
</tbody>
</table>

The following table sets forth the amounts billed and collected for ad valorem property taxes levied by the District for the Fiscal Years 2008 through 2014.

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

<table>
<thead>
<tr>
<th>Fiscal Year Ended June 30</th>
<th>Property Taxes Levied</th>
<th>Current Tax Collections</th>
<th>Total Tax Collections</th>
<th>Percent of Current Tax Collected To Property Taxes Levied&lt;sup&gt;(1)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$839,635</td>
<td>$806,691</td>
<td>$810,669</td>
<td>96.08%</td>
</tr>
<tr>
<td>2013</td>
<td>827,754</td>
<td>795,917</td>
<td>802,185</td>
<td>96.15</td>
</tr>
<tr>
<td>2012</td>
<td>874,150</td>
<td>840,529</td>
<td>847,399</td>
<td>96.15</td>
</tr>
<tr>
<td>2011</td>
<td>893,948</td>
<td>848,596</td>
<td>859,191</td>
<td>94.92</td>
</tr>
<tr>
<td>2010</td>
<td>908,715</td>
<td>838,198</td>
<td>847,980</td>
<td>92.78</td>
</tr>
<tr>
<td>2009</td>
<td>922,611</td>
<td>846,495</td>
<td>848,999</td>
<td>91.75</td>
</tr>
<tr>
<td>2008</td>
<td>912,729</td>
<td>835,511</td>
<td>836,012</td>
<td>91.54</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> 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.


[Remainder of page intentionally left blank]
The following table contains the list of the County's ten largest taxpayers for the Fiscal Year ended September 30, 2013 as compared to September 30, 2004.

Palm Beach County, Florida
Principal Property Tax Payers
Current Year and Nine Years Ago
September 30, 2013

<table>
<thead>
<tr>
<th>Taxpayer</th>
<th>Total Tax 2013</th>
<th>Rank</th>
<th>% of Total Taxes 2013</th>
<th>Leved 2013</th>
<th>Total Tax 2004</th>
<th>Rank</th>
<th>% of Total Taxes 2004</th>
<th>Leved 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida Power &amp; Light</td>
<td>$76,320,223</td>
<td>1</td>
<td>8.88%</td>
<td></td>
<td>$21,946,476</td>
<td>1</td>
<td>3.48%</td>
<td></td>
</tr>
<tr>
<td>Town Center</td>
<td>7,142,931</td>
<td>2</td>
<td>0.83</td>
<td>4,298,889</td>
<td>4</td>
<td>0.68</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BellSouth Telecommunications</td>
<td>5,753,841</td>
<td>3</td>
<td>0.67</td>
<td>11,584,078</td>
<td>2</td>
<td>1.84</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Sugar Corporation</td>
<td>5,125,947</td>
<td>4</td>
<td>0.60</td>
<td>5,695,327</td>
<td>3</td>
<td>0.90</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gardens Venture LLC</td>
<td>4,740,004</td>
<td>5</td>
<td>0.55</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Breakers Palm Beach Inc.</td>
<td>4,328,181</td>
<td>6</td>
<td>0.50</td>
<td>4,043,244</td>
<td>6</td>
<td>0.64</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Okeelanta Corporation</td>
<td>3,442,570</td>
<td>7</td>
<td>0.40</td>
<td>3,360,565</td>
<td>8</td>
<td>0.53</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comcast of Florida/Georgia LLC</td>
<td>3,376,057</td>
<td>8</td>
<td>0.39</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Panthers BRHC LTD</td>
<td>3,360,137</td>
<td>9</td>
<td>0.39</td>
<td>4,174,358</td>
<td>5</td>
<td>0.66</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TJ Palm Beach Assoc LTD Partners</td>
<td>2,960,821</td>
<td>10</td>
<td>0.34</td>
<td>2,945,869</td>
<td>10</td>
<td>0.47</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Landry, Lawrence L.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,324,010</td>
<td>9</td>
<td>0.53</td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Palm Beach CRA Lessor</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,851,908</td>
<td>7</td>
<td>0.61</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$116,550,712</strong></td>
<td></td>
<td><strong>13.55%</strong></td>
<td></td>
<td><strong>$65,224,724</strong></td>
<td></td>
<td><strong>10.34%</strong></td>
<td></td>
</tr>
</tbody>
</table>


Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes

Constitutional amendments related to ad valorem exemptions. In January, 2008, Florida voters approved amendments to the State Constitution exempting certain portions of a property's assessed value from taxation. The amendments were effective for the 2008 tax year (2008-09 Fiscal Year for local governments). The following is a brief summary of certain important provisions contained in the approved amendments:

1. Provides for an additional exemption for the assessed value of homestead property between $50,000 and $75,000, thus doubling the existing homestead exemption for property with an assessed value equal to or greater than $75,000. This exemption does not apply to school district taxes.

2. Permits owners of homestead property to transfer up to $500,000 of their "Save Our Homes" benefit to a new homestead property purchased within two 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 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. The Save Our Homes amendment generally limits annual increases in ad valorem tax assessments for those properties with homestead exemptions to the lesser of three percent (3%) or the annual rate of inflation. This exemption applies to all taxes, including school district taxes.

3. Exempts from ad valorem taxation $25,000 of the assessed value of property subject to tangible personal property tax. This exemption applies to all taxes, including school district taxes.

4. Limits increases in the assessed value of non-homestead property to 10% per year, subject to certain adjustments. The cap on increases would be in effect for a 10 year period, subject to extension by an affirmative vote of electors. This limitation does not apply to school district taxes.

From time to time over the last few years, the Save Our Homes assessment cap and portability provision described above have been subject to legal challenge. The plaintiffs in such cases have generally argued that the Save Our Homes assessment cap constitutes an unlawful residency requirement for tax benefits on substantially similar property, in violation of the State Constitution's Equal Protection provisions and the Privileges and Immunities Clause of the Fourteenth Amendment to the United States Constitution and that the portability provision simply extends the unconstitutionality of the tax shelters granted to long-term homeowners by Save Our Homes. The courts in each case have rejected such constitutional arguments and upheld the constitutionality of such provisions. However, there is no assurance that any future challenges to such provisions will not be successful. Any potential impact on the District or its finances as a result of such challenges cannot be ascertained at this time.

Exemption for Deployed Military Personnel. In the November 2010 General Election voters approved a constitutional amendment which provides an additional homestead exemption for deployed military personnel. The exemption equals the percentage of days during the prior calendar year that the military homeowner was deployed outside of the United States in support of military operations designated by the legislature. This constitutional amendment took effect on January 1, 2011.

Reduction in Local Option Millage Levy. In 2008, Section 1011.71, Florida Statutes, was amended to reduce the maximum millage rate that school districts could levy for capital outlay and maintenance purposes (referred to in this Offering Statement as the Local Option Millage Levy) from 2.0 mills to 1.75 mills commencing in Fiscal Year 2008-09. In conjunction with such reduction, the State's Commissioner of Education increased the amount of the required local effort for each school district in the State, which resulted in a shift of the millage (and associated tax revenues) from capital outlay and maintenance purposes to operational purposes. However, if the revenues generated from the reduced 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 millage levy may be used to make such lease payments. As further discussed in "AVAILABLE REVENUES FOR CAPITAL OUTLAY
PROJECTS - Local Sources" the Local Option Millage Levy constitutes the primary source of funds to make Basic Lease Payments with respect to the Series 2015D Certificates, as well as any other Certificates of Participation issued in connection with the Master Lease. Accordingly, such reduction reduces the funds available to make Basic Lease Payments under the Transaction Leases and may adversely impact the District's ability to finance additional educational facilities under the Master Lease in the future.

Section 1011.71, Florida Statutes, was further amended in 2009, 2010 and 2011 to provide for the following: (i) a reduction of the maximum Local Option Millage Levy from 1.75 mills to 1.50 mills; (ii) a waiver of the three-fourths limit on use of proceeds from the Local Option Millage Levy for lease-purchase agreements entered into before June 30, 2009, for the 2009-10 Fiscal Year (however, see "- Legislation Waiving 75% Limitation on Use of Local Option Millage Levy" below for information regarding an amendment to the provision); (iii) if the revenue from 1.50 mills is insufficient to make the payments due under a lease-purchase agreement entered into prior to June 30, 2009, or to meet other critical fixed capital outlay needs, authorization for school districts to levy up to 0.25 mills for capital improvement needs in lieu of an equivalent amount of the discretionary mills for operations as provided in the State General Appropriation Act; and (iv) authorization for school boards, by a super majority vote, to levy an optional 0.25 mills for critical capital outlay needs or for critical operating needs. The authorization to levy the millage described in clause (iv) hereof expired on June 30, 2011. The reduction of the maximum permitted Local Option Millage Levy will directly reduce the amount of funds available to make Basic Lease Payments with respect to certificates of participation issued in connection with the Master Lease unless action is taken pursuant to clause (iii) to levy an additional 0.25 mills for capital purposes. The School Board is not levying the optional millage referred to in clause (iii) above and is no longer authorized to levy the optional millage referred to in clause (iv) above.

Legislation Waiving 75% Limitation on use of Local Option Millage Levy: Section 1011.71, Florida Statutes, was further amended in 2012 to indefinitely allow a waiver of the three-fourths limit on the use of proceeds from the Local Option Millage Levy for lease-purchase agreements originally entered into before June 30, 2009. Previously, such waiver was only authorized for the 2009-10 Fiscal Year (as described in clause (ii) of the preceding paragraph). Such provision became effective on July 1, 2012.

Other Constitutional Amendments and Legislation Affecting Ad Valorem Taxation

During the 2011 regular legislative session, the legislature passed Senate Joint Resolution 592 ("SJR 592"). SJR 592 allows totally or partially disabled veterans who were not Florida residents at the time of entering military service to qualify for the combat-related disabled veteran's ad valorem tax discount on homestead property. The amendment became effective on January 1, 2013.

During the 2012 regular legislative session, the legislature passed House Joint Resolution 93 ("HJR 93"). HJR 93 allows the State Legislature to provide ad valorem tax relief to the surviving spouse of a veteran who died from service-connected causes while on active duty as a member of the United States Armed Forces and to the surviving spouse of a first responder who died in the line of duty. 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. The amendment became effective on January 1, 2013.

Also during the 2012 regular legislative session, the legislature passed House Joint Resolution 169 ("HJR 169") allowing the State Legislature by general law to permit counties and municipalities, by ordinance, to grant an additional homestead tax exemption equal to the assessed value of homestead property to certain low income seniors. To be eligible for the additional homestead exemption the county or municipality must have granted the exemption by ordinance; the property must have a just value of less than $250,000; the owner must have title to the property and maintained his or her permanent residence thereon for at least 25 years; the owner must be age 65 years or older; and the owner's annual household income must be less than $27,300. The additional homestead tax exemption authorized by HJR 169 would not apply to school property taxes.

Each of the above described amendments was approved by the voters on November 6, 2012. At present, the impact of the amendments on the District's finances has been minimal. However, 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's finances.

During its 2013 Regular Session, the Florida Legislature passed Senate Bill 1830 ("SB 1830"), which was signed into law by the Governor and creates a number of changes affecting ad valorem taxation which became effective as of July 1, 2013. First, SB 1830 provides long-term lessees the ability to retain their homestead exemption and related assessment limitations and exemptions in certain instances and extends the time for property owners to appeal value adjustment board decisions on transfers of assessment limitations to conform with general court filing time frames. Second, SB 1830 inserts the term "algaculture" in the definition of "agricultural purpose" and inserts the term "aquacultural crops" in the provision specifying the valuation of certain annual agricultural crops, nonbearing fruit trees and nursery stock. Third, SB 1830 allows for an automatic renewal for assessment reductions related to certain additions to homestead properties used as living quarters for a parent or grandparent and aligns related appeal and penalty provisions to those for other homestead exemptions. Fourth, SB 1830 deletes a statutory requirement that the owner of Florida real property permanently reside upon such property in order to qualify for a homestead exemption. This change conforms the statute at issue with the Florida Constitution by allowing non-resident owners of property to claim a homestead exemption if a person legally or naturally dependent upon the owner permanently resides on such property. Fifth, SB 1830 clarifies a drafting error regarding the property tax exemptions counties and cities may provide for certain low income persons age 65 and older. Sixth, SB 1830 removes a residency requirement that a senior disabled veteran must have been a Florida resident at the time they entered the service to qualify for certain property tax exemptions. Seventh, SB 1830 repeals the ability for limited liability partnerships with a general partner that is a charitable 501(c)(3) organization to qualify for the affordable housing property tax exemption. Finally, SB 1830 exempts from property taxes property used exclusively for educational purposes when the entities that own the property and the educational facility are owned by the same natural persons.
Also during the Florida Legislature’s 2013 Regular Session, the Florida Legislature passed House Bill 277 ("HB 277"), which was signed into law by the Governor. HB 277 provides that certain renewable energy devices are exempt from being considered when calculating the assessed value of residential property. HB 277 only applies to devices installed on or after January 1, 2013. HB 277 took effect on July 1, 2013.

Also during the Florida Legislature’s 2013 Regular Session, the Florida Legislature passed House Bill 1193 ("HB 1193"), which was signed into law by the Governor. HB 1193 eliminated three ways in which the property appraiser had authority to reclassify agricultural land as non-agricultural land. Additionally, HB 1193 relieves the value adjustment board of the authority to review the property appraiser's classifications of land upon its own motion. HB 1193 applies retroactively to January 1, 2013.

At present, the impact of the amendments passed during the 2013 legislative session described above on the District's finances cannot be accurately ascertained.

Legislative Proposals Relating to Ad Valorem Taxation. During recent years, various other legislative proposals and constitutional amendments relating to ad valorem taxation 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, require school districts to share a portion of its Local Option Millage Levy revenues with charter schools in such school district or otherwise restrict the ability of local governments in the State to levy ad valorem taxes at recent, historical levels. 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. See "RISK FACTORS - Legislative Changes" herein.

RISK FACTORS

Each purchaser of Series 2015D Certificates is subject to certain risks and each prospective purchaser of Series 2015D 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 2015D Certificates to an extent that cannot be determined.

Annual Right of the School Board to Terminate the Transaction Leases

Although the School Board has determined that the Refinanced Facilities are necessary to its operations and currently intends to continue the Transaction Leases in force and effect for the Lease Term and has covenanted in the Transaction 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 Transaction Leases or 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 Transaction Leases, 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 TRANSACTION 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 2015D CERTIFICATE HOLDERS, INCLUDING THE CONTINUING 
FUTURE UTILITY OF THE REFINANCED 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 Transaction Leases or non-appropriation of 
funds, the Trustee as assignee of the Corporation may take possession of the Series 2007A-1 
Facilities and/or Series 2007E-1 Facilities (but not the Series 2007E-2 Facilities) and sell or re-
let the leasehold interests therein. The Trustee's ability to actually achieve such a disposition of 
such Series 2007A-1 Facilities and/or Series 2007E-1 Facilities is limited by its inability to 
convey fee simple title to the Series 2007A-1 Facilities and/or Series 2007E-1 Facilities and by 
the governmental nature of the Series 2007A-1 Facilities and/or Series 2007E-1 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 2007A-1 Facilities and/or Series 2007E-1 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 Series 2007A-1 Facilities and/or Series 2007E-1 Facilities will produce 
sufficient amounts to make timely payments of the principal and interest portions due on the 
outstanding Series 2015D Certificates.

**Tax Effect Upon Termination of Transaction Leases**

Upon termination of the Transaction Leases there is no assurance that payments made by 
the Trustee with respect to the Series 2015D 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 Transaction Leases, the transfer of a Series 2015D 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 
2015D Certificates will not be impaired following termination of the Transaction 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."
Moreover, the maximum Local Option Millage Levy that may be levied and used for Lease Payments is subject to legislative change. See "AD VALOREM TAXATION - Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes."

**State Revenues**

A large portion of the District's funding is derived from State sources. See "FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT." 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.

On May 3, 2013, the Florida Legislature passed the State budget for Fiscal Year 2013-14. The adopted State budget provided for an approximately $1.05 billion increase in State funding for K-12 education, including a $480 million increase in salaries for school personnel, retirement rate increases and growth. As a result of the enacted budget, funding in the State for Fiscal Year 2013-14 was estimated to increase by approximately $400 per student or 6.5% over Fiscal Year 2012-2013. The District estimated a net increase of approximately $71.7 million in State revenues for Fiscal Year 2013-14 as compared to Fiscal Year 2012-13.

On May 2, 2014, the Florida Legislature passed the State budget for Fiscal Year 2014-15. The adopted State budget provided for an approximately $175 million increase in State funding for K-12 education. As a result of the enacted budget, funding in the State for Fiscal Year 2014-15 is estimated to increase by approximately $176 per student or 2.6% over Fiscal Year 2013-14. The District projects a net increase of approximately $36.4 million in State revenues for Fiscal Year 2014-2015 as compared to Fiscal Year 2013-14.

On January 28, 2015, Governor Rick Scott released his budget proposal for the State of Florida. Governor Scott’s proposed budget for the State's fiscal year ending June 30, 2016, includes an increase of approximately $842.5 million in K-12 public schools funding. If the budget is enacted as submitted, funding per student would increase by approximately $260 per student, or around 3.7% over the current fiscal year. Based on Governor Scott's proposed budget and individual department submissions, the Florida Legislature prepares its own version of the budget, which may or may not reflect Governor Scott's recommendations. While typically containing a number of executive branch recommendations, the final approved budget has historically changed from the version submitted by the Governor. At this time, no assurance can be given that funding for K-12 public schools will increase as described in Governor Scott's recommended budget.

**Additional Leases**

Pursuant to the Master Lease, the School Board may enter into other Leases in addition to the Current Leases and the Transaction 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 Transaction Leases. Upon any such termination of all Leases, the School Board must surrender certain Facilities, including the Refinanced 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. Except as described herein, particularly with respect to the portion of the Gladeview Elementary Modernization Facility financed under the Series 2007B Lease, in no event will owners of the Series 2015D Certificates have any interest in or right to any proceeds of the disposition of Facilities financed 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 all Leases and the disposition of the Refinanced Facilities will produce sufficient amounts to pay the outstanding Series 2015D 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 2015D Certificates. Incurring such additional indebtedness may adversely affect the School Board's ability to make Lease Payments under the Master Lease.

Legislative Changes

In recent years, legislation has been introduced that has reduced State funding for school districts, required that certain percentages of school district funding be spent on particular activities and imposed additional funding restrictions and other requirements on school districts. 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.

During the current 2015 regular legislative session, the Florida House of Representatives passed House Bill 7037 (“HB 7037”). Among other things, HB 7037 expands the eligibility criteria for charter schools in the State to receive charter school capital outlay funding and revises the methodology for calculating the amount of State funding for charter schools from 1/15th to 1/40th of the cost per student station, as determined by the State for an elementary, middle or high school, as appropriate. Accordingly, under HB 7037 each eligible charter school would be entitled to receive funding in an amount equal to its projected student enrollment multiplied by 1/40th of the applicable cost per student station. If State funding for charter schools capital outlay does not fully fund the lesser of (i) 1/40th of the applicable cost per student station for such school or (ii) the amount of revenue per fixed capital outlay FTE student generated by a school district’s Local Option Millage Levy, then HB 7037 requires the school district to share its Local Option Millage Levy revenues with the eligible charter schools in such school district in order to make up the shortfall in State funding. HB 7037 provides that Florida Department of Education will determine by December 30 of each year, the amount each school district must pay to each charter school in such school district due to any shortfall in State funding. Each school district must, in turn, pay the required amounts to the charter schools in such school district by February 1 of the following year, commencing February 1, 2016.

The Florida Senate is also considering certain bills relating to charter schools and/or the Local Option Millage Levy, including Senate Bill 7046 ("SB 7046"). Currently, none of the Senate bills contains a provision that requires a school district to share its Local Option Millage Levy revenues with the eligible charter schools in such school district. However, an amendment
was filed to SB 7046 that would require a school district to share the first 50% of its Local Option Millage Levy revenues with eligible charter schools in such school district on a per capital outlay FTE basis. That proposed amendment was temporarily postponed and has not been refilled as of the date of this Offering Statement. At this time, it is not known whether any of the related Senate bills, including SB 7046, will be amended to include provisions similar to HB 7037, whether the temporarily postponed amendment to SB 7046 will be refilled and adopted, or whether the final version of any legislation passed by both chambers of the Florida Legislature will contain a provision requiring a school district to share its Local Option Millage Levy revenues with eligible charter schools in such school district. If such a provision is enacted into law, it would likely result in a reduction in the amount of Local Option Millage Levy revenues available to the School Board to make Basic Lease Payments. However, the School Board does not expect the impact of any such legislation to adversely affect its ability to make Basic Lease Payments under the Master Lease.

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 Section 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 during federal fiscal year 2014, which ended September 30, 2014, the annual sequester rate was reduced to 7.2 percent. Subject to clarification and the possibility of Congressional action, issuers of Direct-Pay Bonds face reductions of up to 7.3 percent for payments during federal fiscal year 2015, which ends September 30, 2015. 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 its Fiscal Year 2014-15, the School Board anticipates its aggregate expected QSCB Issuer Subsidy of $1,755,907 to be reduced by 7.3% (which equates to a $256,606 reduction), resulting in a corresponding increase in interest costs for the District that must be paid from other revenue sources.

Failed Remarketing or Refunding of Certain Term Rate or Floating Rate Certificates

Market dislocation or other unusual market conditions could adversely impact the ability of the District to remarket or refund certain Term Rate or Floating Rate Certificates on their respective mandatory tender dates (which mandatory tender dates are generally separated by at least six months). The District has approximately $290.57 million aggregate principal amount of
outstanding Certificates subject to such remarketing risk, which represents approximately 17.9% of the District’s outstanding Certificates of Participation; provided, however, the School Board authorized the refunding of approximately $67 million aggregate principal amount of such Certificates at its December 10, 2014 meeting. In the event any Series of such Certificates cannot be remarketed or refunded on their respective mandatory tender dates, the interest portion of the Basic Lease Payments represented by such Certificates will increase to rates generally up to 11% per annum, which could adversely affect the financial position of the District if such Certificates are not able to be remarketed for a prolonged period of time.

**Risks Related to Interest Rate Exchange Agreements**

The School Board is subject to certain risks under the 2014A Interest Rate Exchange Agreement, 2002D Interest Rate Exchange Agreements (2005) and 2003B Interest Rate Exchange Agreement. Under certain circumstances, such interest rate exchange agreements are terminable at the option of the related counterparty thereto (Citi or UBS). In the event Citi or UBS exercises its option to terminate the interest rate exchange agreements, the School Board may be obligated to pay a termination payment or termination payments with respect thereto, which could be a substantial amount. While the School Board’s scheduled payments under the 2014A Interest Rate Exchange Agreement and 2002D Interest Rate Exchange Agreement (2005) are guaranteed by the applicable Swap Policies, such swap policies do not guarantee termination payments under the related interest rate exchange agreements unless such termination is at the direction of the insurer thereof. In the event the School Board is required to pay a termination payment under any such agreement, its ability to make Lease Payments may be adversely affected. The 2003B Interest Rate Exchange Agreement has a Swap Policy issued by Ambac. Pursuant to actions taken by the Commissioner of Insurance for the State of Wisconsin, such Swap Policy has been deposited to a ‘segregated account.’ Pursuant to a Plan of Rehabilitation in connection with any Swap Policy in the segregated account, 25% of the permitted claim will be paid in cash and 75% in surplus notes bearing interest at the rate of 5.1% per year with a scheduled maturity on June 7, 2020. In addition, the District would be exposed to credit risk if an interest rate exchange agreement has a positive fair market value and the Counterparty is downgraded which could result in required collateralization of the value of the swap and put financial pressure on the Counterparty. Further, the intended benefit of an interest rate exchange agreement may not be realized because the floating rate the District receives under such interest rate exchange agreement may be less than the floating rate payable by the District on the applicable Certificates. See "SECURITY FOR THE SERIES 2015D CERTIFICATES - Interest Rate Exchange Agreements" herein.

**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 property insurance requirements contained within the Master Lease provisions require the District to obtain certain levels of property insurance coverage to the extent available at commercially reasonable rates. The School Board has requested that the insurers and other credit facility
issuers for all of the outstanding Certificates acknowledge the level of insurance which the School Board has been able to secure given its budget constraints and the increased rates and deductibles of the available insurance. The District's Insurance Consultant believes the School Board's insurance program is reasonable. 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.

**Certain Constitutional Amendments**

See "AD VALOREM TAXATION – Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes" for information concerning certain amendments to the Florida Constitution and other legislative proposals that could materially adversely affect the School Board's financial situation.

**LITIGATION**

There is no litigation now pending or threatened: (i) to restrain or enjoin the issuance or sale of the Series 2015D Certificates; (ii) questioning or affecting the validity of the Transaction 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 2015D 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 its sovereign immunity limitations, or self-insured funds, or applicable insurance coverage, if any, resulting therefrom will not materially adversely affect the financial position or results of operations of the District.

**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 2015D 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, 23rd Floor, New York, New York 10007, (212) 553-0501. An explanation of the rating and outlook given by Fitch may be obtained from Fitch at One State Street Plaza, New York 10004, (212) 908-0500. Certain information and materials concerning the Series 2015D 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 2015D 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.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the arithmetic computations showing the adequacy of the proceeds of the Series 2015D Certificates to be deposited with the Escrow Agent pursuant to the Escrow Deposit Agreement to pay the principal portion and interest portion of the Basic Lease Payments represented by the Refunded Certificates, as described under "PLAN OF REFUNDING" and the yields on the Series 2015D Certificates and the Escrow Securities have been verified by Precision Analytics Inc., Morristown, New Jersey.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, execution, delivery and sale of the Series 2015D Certificates are subject to the approving legal opinion of Greenberg Traurig, P.A., Miami, Florida, and Edwards & Associates, 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, 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 Squire Patton Boggs (US) LLP, Miami, Florida, Underwriters' Counsel. Co-Special Tax Counsel, Disclosure Counsel and Underwriters' Counsel will receive fees for services provided in connection with the issuance of the Series 2015D Certificates, which fees are contingent upon the issuance of the Series 2015D 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 assume 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 2015D 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 $259,955,347.75 which represents the $221,640,000.00 aggregate principal amount of the Series 2015D Certificates, plus bond premium of $38,700,737.20 and less an underwriters' discount of $385,389.45. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the Series 2015D Certificates if any Series 2015D Certificates are purchased. The Series 2015D 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.

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.

Citigroup Global Markets Inc., an Underwriter of the Series 2015D Certificates, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Series 2015D Certificates.

Morgan Stanley, parent company of Morgan Stanley & Co., LLC, one of the Underwriters of the Series 2015D Certificates, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co., LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement,
Morgan Stanley & Co., LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2015D Certificates.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association. Wells Fargo Bank, National Association ("WFBNA"), one of the Underwriters of the Series 2015D Certificates, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2015D Certificates. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2015D Certificates with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC ("WFSLLC") and Wells Fargo Institutional Securities, LLC ("WFIS"), for the distribution of municipal securities offerings, including the Series 2015D Certificates. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, WFIS, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company. Certain subsidiaries of Wells Fargo & Company (parent company of Wells Fargo Bank, National Association, one of the Underwriters for the Series 2015D Certificates) have provided, from time to time, investment banking services, commercial banking services or advisory services to the School Board, for which they have received customary compensation. Wells Fargo & Company or its subsidiaries may, from time to time, engage in transactions with and perform services for the School Board in the ordinary course of their respective businesses.

TAX TREATMENT

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 2015D Certificates in order that the interest portion of the Basic Lease Payments represented by the Series 2015D 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 2015D Certificate holders to be included in gross income for Federal income tax purposes retroactively to the date of execution and delivery of the Series 2015D 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 2015D Certificate holders and not to take any actions that would adversely affect that excludability. Co-Special Tax Counsel expects to deliver opinions at the time of issuance of the Series 2015D Certificates substantially in the form set forth in Appendix D.

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 2015D Certificates will be excludable from gross income for Federal income tax purposes. The interest
portion of the Basic Lease Payments represented by the Series 2015D Certificates will not be an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals and corporations; however, the interest portion of the Basic Lease Payments represented by the Series 2015D Certificates will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. No opinion is expressed with respect to the Federal income tax consequences of any payments received with respect to the Series 2015D 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 is further of the opinion that the Series 2015D Certificates and the portion of the Basic Lease Payments designated and paid as interest to the owners of the Series 2015D 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 2015D 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 2015D Certificate holders or the ownership or disposition of the Series 2015D Certificates. Prospective purchasers of Series 2015D Certificates should be aware that the ownership of Series 2015D 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 2015D 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 2015D Certificates, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including the interest portion of the Basic Lease Payments represented by the Series 2015D Certificates, (iii) the inclusion of the interest portion of the Basic Lease Payments represented by the Series 2015D 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 2015D 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 2015D Certificates in determining whether a portion of such benefits are included in gross income for Federal income tax purposes.

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress that, if enacted into law, could alter or amend one or more of the federal tax matters described above including, without limitation, the excludability from gross income of the interest portion of Basic Lease Payments represented by the Series 2015D Certificates, adversely affect the market price or marketability of the Series 2015D Certificates, or otherwise prevent the
holders from realizing the full current benefit of the status of the interest represented thereby. 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 2015D Certificates. If enacted into law,
such legislative proposals could affect the market price or marketability of the Series 2015D
Certificates. Prospective purchasers of the Series 2015D Certificates should consult their tax
advisors as to the impact of any proposed or pending legislation.

The discussion of tax matters in this Offering Statement applies only in the case of
purchasers of the Series 2015D Certificates at their original issuance and at the respective prices
indicated on the inside cover page of this Offering Statement. It does not address any other tax
consequences, such as, among others, the consequence of the existence of any market discount to
subsequent purchasers of the Series 2015D Certificates. Purchasers of the Series 2015D
Certificates should consult their own tax advisers regarding their particular tax status or other tax
considerations resulting from ownership of the Series 2015D Certificates.

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds such as the Series 2015D 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 2015D 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 2015D Certificates, under certain circumstances, to “backup withholding” at the
rates set forth in the Code, with respect to payments on the Series 2015D Certificates and
proceeds from the sale of Series 2015D Certificates. Any amount so withheld would be refunded
or allowed as a credit against the federal income tax of such owner of Series 2015D Certificates.
This withholding generally applies if the owner of Series 2015D 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 2015D 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

The Series 2015D Certificates as indicated on the inside cover of this Offering Statement
("Premium Certificates") were 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. A purchaser of a Premium Certificate in the initial public offering at the price for that Premium Certificate stated on the inside cover of this Offering Statement who holds that Premium Certificate to maturity (or, in the case of a callable Premium Certificate, to its earlier call date that results in the lowest yield on that Premium Certificate) will realize no gain or loss upon the retirement of 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.

FINANCIAL ADVISOR

Public Financial Management, Inc., 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 2015D 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 2015D Certificates. The fees of the Financial Advisor are contingent upon the issuance of the Series 2015D Certificates.

BASIC FINANCIAL STATEMENTS

Excerpted information from the comprehensive annual financial report of the District for the Fiscal Year ended June 30, 2014, included in this Offering Statement have been audited by Ernst & Young LLP, independent certified public accountants, as stated in their report appearing in Appendix B. Ernst & Young LLP has not performed any examinations or audits in connection with the issuance of the Series 2015D Certificates.

CONTINUING DISCLOSURE

The School Board has covenanted and undertaken for the benefit of the Series 2015D Certificate holders to execute and deliver a Disclosure Dissemination Agent Agreement (the "Disclosure Agreement") on the date of initial issuance of the Series 2015D 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 2015D 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 2015D Certificates remain Outstanding under the Transaction Leases, the Transaction Leases has 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, as amended, by legislative, judicial or administration 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 2015D 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 Transaction Leases, the Trust Agreement or the Disclosure Agreement; however, any Series 2015D 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 2015D 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 School Board is current in all of its electronic filings with the MSRB required by the Rule. However, for the fiscal years ending June 30, 2009 and 2010, the School Board filed its Annual Reports with the previously approved nationally recognized municipal securities information repositories and did not timely file the reports electronically with the MSRB as required by certain amendments to the Rule that became effective on July 1, 2009. The School Board is current in its required filings of material event notices, although from June 26, 2008 until mid-2012, the School Board had ceased filing material event notices of rating changes related to downgrades of municipal bond insurers insuring certain of the School Board's Outstanding Certificates. The School Board is current in its required filings of defeasance notices of refunded Certificates, although due to an inadvertent administrative oversight it had not done so in a timely fashion for two series of Certificates that were refunded in November, 2011. The School Board intends to fully comply with all current and future continuing disclosure undertakings. In furtherance thereof, the School Board retained Digital Assurance Certification, L.L.C. as its dissemination agent in order to ensure such ongoing and future compliance with its obligations under the Rule.

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 2015D 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: /s/ Chuck Shaw
   Chairman

By: /s/ E. Wayne Gent
   Superintendent of Schools
APPENDIX A

INFORMATION CONCERNING PALM BEACH COUNTY, FLORIDA
APPENDIX A

INFORMATION CONCERNING PALM BEACH COUNTY, FLORIDA

General Information

Palm Beach County (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. 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 38 incorporated municipalities within the County encompassing a total of 324 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 the County. The County had a 2014 population of 1,397,710.

Population

In 2014, 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, 14.4% from 2001 to 2010 and 5.9% from 2010 to 2014.

Population Growth
2005 - 2014

<table>
<thead>
<tr>
<th>Year</th>
<th>Palm Beach County</th>
<th>Florida</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Population</td>
<td>Change</td>
<td>Population</td>
</tr>
<tr>
<td>2005</td>
<td>1,278,380</td>
<td>2.1</td>
<td>17,842,038</td>
</tr>
<tr>
<td>2006</td>
<td>1,284,489</td>
<td>0.5</td>
<td>18,166,990</td>
</tr>
<tr>
<td>2007</td>
<td>1,286,586</td>
<td>0.2</td>
<td>18,367,842</td>
</tr>
<tr>
<td>2008</td>
<td>1,294,938</td>
<td>0.6</td>
<td>18,527,305</td>
</tr>
<tr>
<td>2009</td>
<td>1,307,371</td>
<td>1.0</td>
<td>18,652,644</td>
</tr>
<tr>
<td>2010</td>
<td>1,320,134</td>
<td>1.0</td>
<td>18,801,310</td>
</tr>
<tr>
<td>2011</td>
<td>1,338,609</td>
<td>1.4</td>
<td>19,107,900</td>
</tr>
<tr>
<td>2012</td>
<td>1,358,613</td>
<td>1.5</td>
<td>19,355,257</td>
</tr>
<tr>
<td>2013</td>
<td>1,376,199</td>
<td>1.3</td>
<td>19,600,311</td>
</tr>
<tr>
<td>2014</td>
<td>1,397,710</td>
<td>1.6</td>
<td>19,893,297</td>
</tr>
</tbody>
</table>

Income

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

**Per Capita Personal Income**  
**2004-2013**

<table>
<thead>
<tr>
<th>Year</th>
<th>Palm Beach County Dollars</th>
<th>% of Florida</th>
<th>% of U.S.</th>
<th>Florida Dollars</th>
<th>% of U.S.</th>
<th>U.S. Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$48,671</td>
<td>142.9%</td>
<td>141.9%</td>
<td>$34,053</td>
<td>99.3%</td>
<td>$34,300</td>
</tr>
<tr>
<td>2005</td>
<td>51,831</td>
<td>143.0%</td>
<td>144.4%</td>
<td>36,258</td>
<td>101.0%</td>
<td>35,888</td>
</tr>
<tr>
<td>2006</td>
<td>56,336</td>
<td>145.6%</td>
<td>147.8%</td>
<td>38,693</td>
<td>101.5%</td>
<td>38,127</td>
</tr>
<tr>
<td>2007</td>
<td>59,139</td>
<td>148.5%</td>
<td>148.6%</td>
<td>39,819</td>
<td>100.0%</td>
<td>39,804</td>
</tr>
<tr>
<td>2008</td>
<td>57,321</td>
<td>144.4%</td>
<td>140.2%</td>
<td>39,709</td>
<td>97.2%</td>
<td>40,873</td>
</tr>
<tr>
<td>2009</td>
<td>50,938</td>
<td>136.4%</td>
<td>129.4%</td>
<td>37,350</td>
<td>94.8%</td>
<td>39,379</td>
</tr>
<tr>
<td>2010</td>
<td>51,111</td>
<td>132.8%</td>
<td>127.3%</td>
<td>38,478</td>
<td>95.8%</td>
<td>40,144</td>
</tr>
<tr>
<td>2011</td>
<td>54,616</td>
<td>135.8%</td>
<td>129.0%</td>
<td>40,215</td>
<td>95.0%</td>
<td>42,332</td>
</tr>
<tr>
<td>2012</td>
<td>57,252</td>
<td>139.5%</td>
<td>129.5%</td>
<td>41,041</td>
<td>92.9%</td>
<td>44,200</td>
</tr>
<tr>
<td>2013</td>
<td>57,985</td>
<td>139.7%</td>
<td>129.5%</td>
<td>41,497</td>
<td>92.7%</td>
<td>44,765</td>
</tr>
</tbody>
</table>

Source: Florida Research and Economic Information Database Application.

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**  
**2010-2013**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2010</th>
<th>2011*</th>
<th>2012*</th>
<th>2013*</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-19</td>
<td>300,186</td>
<td>299,704</td>
<td>299,997</td>
<td>300,555</td>
</tr>
<tr>
<td>20-44</td>
<td>386,375</td>
<td>387,177</td>
<td>388,416</td>
<td>390,309</td>
</tr>
<tr>
<td>45-64</td>
<td>348,418</td>
<td>350,280</td>
<td>354,374</td>
<td>357,877</td>
</tr>
<tr>
<td>65+</td>
<td>285,155</td>
<td>288,597</td>
<td>292,628</td>
<td>296,911</td>
</tr>
</tbody>
</table>

Source: Bureau of Economic and Business Research, University of Florida.

* 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 non-farm employment by major industry.

Palm Beach County, Florida
Average Monthly Employment Covered by Unemployment Compensation
2012-2013

<table>
<thead>
<tr>
<th>Industry</th>
<th>Average Monthly Employment</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Industries</td>
<td>446,427 - 464,536</td>
<td>100.00% - 100.00%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>6,566 - 6,556</td>
<td>1.47% - 1.41%</td>
</tr>
<tr>
<td>Mining</td>
<td>186 - 76</td>
<td>0.04% - 0.02%</td>
</tr>
<tr>
<td>Utilities</td>
<td>1,414 - 1,510</td>
<td>0.32% - 0.32%</td>
</tr>
<tr>
<td>Construction</td>
<td>23,598 - 25,717</td>
<td>5.29% - 5.54%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>15,259 - 15,332</td>
<td>3.42% - 3.30%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>18,714 - 19,096</td>
<td>4.19% - 4.11%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>68,859 - 70,750</td>
<td>15.42% - 15.23%</td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
<td>7,305 - 7,750</td>
<td>1.64% - 1.67%</td>
</tr>
<tr>
<td>Information</td>
<td>8,874 - 9,200</td>
<td>1.99% - 1.98%</td>
</tr>
<tr>
<td>Finance</td>
<td>21,692 - 22,062</td>
<td>4.86% - 4.75%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>13,863 - 14,403</td>
<td>3.11% - 3.10%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>36,183 - 38,536</td>
<td>8.11% - 8.30%</td>
</tr>
<tr>
<td>Management Companies</td>
<td>8,354 - 8,936</td>
<td>1.87% - 1.92%</td>
</tr>
<tr>
<td>Administrative and Waste Services</td>
<td>39,630 - 42,699</td>
<td>8.88% - 9.19%</td>
</tr>
<tr>
<td>Education</td>
<td>9,146 - 9,512</td>
<td>2.05% - 2.05%</td>
</tr>
<tr>
<td>Health Care</td>
<td>72,408 - 74,734</td>
<td>16.22% - 16.09%</td>
</tr>
<tr>
<td>Arts, Entertainment and Recreation</td>
<td>7,751 - 7,386</td>
<td>1.74% - 1.59%</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>56,854 - 58,737</td>
<td>12.74% - 12.64%</td>
</tr>
<tr>
<td>Other Services</td>
<td>21,640 - 22,387</td>
<td>4.85% - 4.92%</td>
</tr>
</tbody>
</table>

Note: Percentages may not equal due to rounding.
Palm Beach County
Annual Average Labor Force and Unemployment Estimates
2005-2014

<table>
<thead>
<tr>
<th>Year</th>
<th>Civilian Labor Force</th>
<th>Unemployment Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Palm Beach County</td>
<td>Florida</td>
</tr>
<tr>
<td>2005</td>
<td>599,884</td>
<td>4.2</td>
</tr>
<tr>
<td>2006</td>
<td>612,009</td>
<td>3.6</td>
</tr>
<tr>
<td>2007</td>
<td>628,310</td>
<td>4.2</td>
</tr>
<tr>
<td>2008</td>
<td>627,739</td>
<td>6.5</td>
</tr>
<tr>
<td>2009</td>
<td>615,291</td>
<td>10.5</td>
</tr>
<tr>
<td>2010</td>
<td>616,568</td>
<td>11.4</td>
</tr>
<tr>
<td>2011</td>
<td>624,712</td>
<td>10.5</td>
</tr>
<tr>
<td>2012</td>
<td>640,434</td>
<td>8.9</td>
</tr>
<tr>
<td>2013</td>
<td>648,891</td>
<td>7.3</td>
</tr>
<tr>
<td>2014</td>
<td>694,224</td>
<td>5.8</td>
</tr>
</tbody>
</table>

Source: Florida Research and Economic Information Database Application.

Largest Employers

The following table shows employment at the ten principal employers in the County in 2014.

<table>
<thead>
<tr>
<th>Employer</th>
<th>No. of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Palm Beach County School Board</td>
<td>21,449</td>
</tr>
<tr>
<td>Palm Beach County Government</td>
<td>11,626</td>
</tr>
<tr>
<td>Tenet Healthcare Corp</td>
<td>6,100</td>
</tr>
<tr>
<td>NextEra Energy (Florida Power &amp; Light)</td>
<td>3,804</td>
</tr>
<tr>
<td>G4S (Wackenhut Corp)</td>
<td>3,000</td>
</tr>
<tr>
<td>Florida Atlantic University</td>
<td>2,980</td>
</tr>
<tr>
<td>Hospital Corporation of America</td>
<td>2,714</td>
</tr>
<tr>
<td>Veterans Health Administration</td>
<td>2,700</td>
</tr>
<tr>
<td>Bethesda Memorial Hospital</td>
<td>2,643</td>
</tr>
<tr>
<td>Boca Raton Regional Hospital</td>
<td>2,250</td>
</tr>
</tbody>
</table>

Tourism

The County government is making a concentrated and continuing effort to increase the number of visitors to the area each year, which is expected to generate a 6% increase in revenues in fiscal year 2015. There are an estimated 73,900 people employed in jobs related to the tourism industry, with direct spending from visitors contributing $7 billion annually to the County’s economy. During fiscal year 2014, bed tax revenues increased by approximately 11% over the previous year.

Aerospace

The County is a recognized national leader in the aviation and aerospace industry. The area employs more than 20,000 people through approximately 600 businesses associated with the industry. Those businesses include B/E Aerospace, a leading manufacturer of passenger-cabin interior products for commercial jet aircraft. Lockheed Martin also has a presence in the County as a global security and information technology giant. Sikorsky Aircraft Corporation, a world leader in the design, manufacture, and service of military and commercial helicopters, shares a campus with Pratt & Whitney in the northwestern area of the County. Both companies are units of United Technologies Corporation of Hartford, Connecticut. In May 2014, Sikorsky unveiled its most advanced helicopter, the CH-53K. Sikorsky has approximately 1,300 employees in the County.

Agriculture

The County agricultural acreage has remained stable for the last six years. The County still leads the state of Florida, and all counties east of the Mississippi River, in agricultural proceeds. The County leads the nation in the production of sugarcane, bell peppers and fresh sweet corn. It leads the state in the production of rice, lettuce, radishes, Chinese vegetables, specialty leaf produce, and celery. The 456,001 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 $162 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. Several crops are currently grown as potential sources for ethanol production. Equestrian acreage in western the County continues to expand, currently ranking it as the second largest equine county in the state, behind Marion County.

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 bio-technology businesses will form a hub to strengthen the County’s position as a leader in this industry. Smaller bio-related companies have either expanded or moved to the County such as Ocean Ridge Biosciences LLC and Sancilio & Company, Inc.
Construction

During fiscal year 2014, the total number of permits increased by 6% compared to fiscal year 2013. Building Permit revenues increased by 6% to $15.9 million as compared to $15 million in fiscal year 2013. In residential construction, there were 370 multi-family unit permit and 1,185 single-family unit permit starts, as compared to 585 multi-family unit permit starts and 1,131 single-family unit permit starts in fiscal year 2013. The total value for these residential permit starts was $524.6 million in fiscal year 2014, as compared to $544.7 million in fiscal year 2013. However, total value of all construction permitted increased from $954 million in fiscal 2013 to $1.08 billion in fiscal year 2014. Overall, permitting activity in both residential and commercial construction continues to increase.

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

**Building Permit Activity**
**County of Palm Beach, Florida**
**(Dollars in Thousands)**
**2005 - 2014**

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Single and Multi-Family</th>
<th>Residential Valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>4,414</td>
<td>$1,191,043</td>
</tr>
<tr>
<td>2006</td>
<td>7,806</td>
<td>1,068,926</td>
</tr>
<tr>
<td>2007</td>
<td>2,264</td>
<td>504,192</td>
</tr>
<tr>
<td>2008</td>
<td>1,196</td>
<td>340,385</td>
</tr>
<tr>
<td>2009</td>
<td>634</td>
<td>186,886</td>
</tr>
<tr>
<td>2010</td>
<td>768</td>
<td>215,254</td>
</tr>
<tr>
<td>2011</td>
<td>1,049</td>
<td>278,202</td>
</tr>
<tr>
<td>2012</td>
<td>1,580</td>
<td>411,211</td>
</tr>
<tr>
<td>2013</td>
<td>2,055</td>
<td>553,779</td>
</tr>
<tr>
<td>2014</td>
<td>1,987</td>
<td>595,492</td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Commercial Banks</th>
<th>Federal Savings and Loan Associations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>20,201,000</td>
<td>14,270,000</td>
</tr>
<tr>
<td>2006</td>
<td>21,335,000</td>
<td>15,858,000</td>
</tr>
<tr>
<td>2007</td>
<td>25,313,000</td>
<td>12,603,000</td>
</tr>
<tr>
<td>2008</td>
<td>26,760,000</td>
<td>9,501,000</td>
</tr>
<tr>
<td>2009</td>
<td>31,813,000</td>
<td>7,217,000</td>
</tr>
<tr>
<td>2010</td>
<td>32,093,000</td>
<td>6,499,000</td>
</tr>
<tr>
<td>2011</td>
<td>32,136,000</td>
<td>5,773,000</td>
</tr>
<tr>
<td>2012</td>
<td>33,720,000</td>
<td>3,296,000</td>
</tr>
<tr>
<td>2013</td>
<td>36,761,000</td>
<td>2,362,000</td>
</tr>
<tr>
<td>2014</td>
<td>38,274,000</td>
<td>2,295,000</td>
</tr>
</tbody>
</table>

Source: Federal Deposit Insurance Corporation internet address www2.fdic.gov/sod.
Independent Auditor’s Report

Chairperson and Members of
The School Board 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, 2014, 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 of 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 School District of Palm Beach County, Florida, as of June 30, 2014, 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 conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note N to the financial statements, the District adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No.65, Items Previously Reported as Assets and Liabilities, during fiscal year 2014. The respective net position balance of the governmental activities as of July 1, 2013 has been restated.
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and schedules of funding progress, 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 nonmajor 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 nonmajor fund financial statements and schedules is the responsibility of management and was derived from 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 nonmajor fund financial statements and schedules is 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, 2014 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 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 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.
The School District of Palm Beach County, Florida’s (the “District”) discussion and analysis is designed to provide an objective and easy to read analysis of the District’s financial activities for the fiscal year ended June 30, 2014, 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 $0.083 billion from $1.995 billion to $1.912 billion as expected. The District used the last of the funds accumulated in fiscal year 2011 from Education Jobs funds to minimize the impact of the anticipated loss of State funding in fiscal years 2012 through 2014. Funding per student has slowly increased since the low point in school year 2011-12, although it has still not recovered to school year 2007-08 levels. The decrease is also due an increase in the amount passed through to charter schools in Palm Beach County of $32.6 million from $80.0 million to $112.6 million in fiscal year 2014. Enrollment at district schools declined approximately 1,650 students representing a loss of approximately $11.6 million in revenue without a commensurate reduction in district expenditures.

- Implementation of Governmental Accounting Standards Board Statement No. 65, Items Previously Reported as Assets and Liabilities reduced beginning net position by $8.1 million as explained further in Note 1 (N).

- Transfer of $13.0 million from the health internal service fund to reimburse the general fund for cash infusion provided in fiscal years 2010 and 2012 to make the internal service fund solvent.

- The District’s total long-term debt decreased by $62.2 million or 3.2% primarily due to debt repayments of $68.4 million, refunding/defeased transactions, and a decrease in negative fair value of hedging derivative instruments of $27.5 million primarily due to the termination of 2001B/2011B Pay Fixed Interest Rate Swap (SWAP) offset by $14.0 million bus and equipment loan to purchase 110 buses and other equipment (discussed in Notes 10 and 11).

- Total revenues and transfers increased by $116.2 million or 6.7%, from $1.728 billion to $1.844 billion when compared to the prior year.
  - General revenue and transfers accounted for $1.305 billion, or 70.8%, of all revenues and increased $110.1 million or 9.2%. This increase is primarily attributed to additional funding from the Florida Education Finance Program (FEFP) revenue of $79.4 million (comprised of an increase of the Base Student Allocation, new teacher salary allocation and net increase in enrollment including charter schools), a $2.6 million increase in impact fees, an increase in property taxes of $11.7 million due to an increase in property values even with a decrease in the millage rate from 7.778 in fiscal year 2013 to 7.586 in fiscal year 2014 as well as non-recurring revenue in the current year of $13.0 million for an interfund transfer from the health internal service fund.
Program specific revenue in the form of charges for services, grants and contributions accounted for $538.7 million, or 29.2% of all revenues and increased $6.1 million or 1.1%. The increase is primarily attributed to an increase in reimbursements for school lunch and breakfast programs.

- Total expenses increased $108.8 million from $1.819 billion to $1.928 billion. The increase in expenditures is due primarily to an increase in salary and benefits as a result of negotiated employee raises of $31.4 million, overall increase in benefits of $34.5 million primarily due to an increase in salaries and in the FRS rate, and an increase in the amount passed through to charter schools of $35.0 million.

- The District’s governmental funds reported combined fund balances of $387.8 million.
  - The General Fund (the primary operating fund), reflected on a current financial resources basis, ended the year with a fund balance of $111.8 million. Of this amount, $46.5 million is classified as unassigned that is available to cover unanticipated financial needs and includes the Board approved contingency, $27.5 million is classified as assigned, $28.2 million is classified as restricted and $9.6 million is classified as nonspendable. During the current year, General Fund expenditures exceeded revenues (including other financing sources) by $21.5 million.
  - Debt Service funds ended the year with a fund balance of $110.7 million and is restricted to cover debt service payments. COPs Debt Service fund, a major fund, has a restricted fund balance of $107.1 million, and the remaining debt service funds which are included with the non-major governmental funds have a restricted fund balance of $3.6 million.
  - Capital Project funds ended the year with a fund balance of $139.3 million and is restricted or assigned to fund existing and future capital projects. The Capital Improvement fund, a major fund, has a restricted fund balance of $36.5 million, and the remaining capital funds which are included with the non-major governmental funds have $67.4 million restricted fund balance and $35.5 million assigned fund balance.
  - Special Revenue funds ended the year with a fund balance of $25.9 million, of which $23.0 million is restricted to child nutrition costs, $2.7 million is nonspendable inventory, and $0.2 million is committed to The Education Network Program which are included with the non-major governmental funds.
The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

<table>
<thead>
<tr>
<th>Required financial statements</th>
<th>Government-wide Statements</th>
<th>Fund Financial Statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>Entire District (except fiduciary funds)</td>
<td>Governmental Funds</td>
</tr>
<tr>
<td></td>
<td>The activities of the District that are not proprietary or fiduciary, such as instructional costs</td>
<td>Activities the District operates similar to private businesses: health internal service fund and worker's compensation, automobile and general liability claims fund</td>
</tr>
<tr>
<td>Required financial statements</td>
<td>• Statement of net position • Statement of activities</td>
<td>• Balance sheet • Statement of revenue, expenditures, and changes in fund balances</td>
</tr>
<tr>
<td>Accounting basis and measurement focus</td>
<td>Accrual accounting and economic resources focus</td>
<td>Modified accrual accounting and current financial resources focus</td>
</tr>
</tbody>
</table>

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 and liabilities – 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 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.
THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

- Internal service funds report self-insurance activities charged to the District’s other programs and activities.

- 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 on page 68.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Government –Wide

The District’s net position was $1.912 billion at June 30, 2014. The largest portion of the District’s net position, $1.781 billion or 93.2%, reflect its investment in capital assets (i.e. land, buildings, furniture 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 ($257.8 million) represents resources that are subject to external restrictions on how they may be used.

### Table 1
Summary of Net Position
Governmental Activities

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>* Restated June 30, 2013</th>
<th>Increase (Decrease)</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current and other assets*</td>
<td>$663,761</td>
<td>$719,253</td>
<td>$55,492</td>
<td>(7.7%)</td>
</tr>
<tr>
<td>Capital assets (net)</td>
<td>3,517,803</td>
<td>3,581,926</td>
<td>(64,123)</td>
<td>(1.8%)</td>
</tr>
<tr>
<td>Total assets</td>
<td>4,181,564</td>
<td>4,301,179</td>
<td>(119,615)</td>
<td>(2.8%)</td>
</tr>
<tr>
<td>Accumulated Decrease in Fair Value of Hedging Derivatives</td>
<td>67,487</td>
<td>94,964</td>
<td>(27,477)</td>
<td>(28.9%)</td>
</tr>
<tr>
<td>Net Carrying Amount of Debt Refunding*</td>
<td>57,986</td>
<td>36,768</td>
<td>21,218</td>
<td>57.7%</td>
</tr>
<tr>
<td>Total Deferred Outflows of Resources</td>
<td>125,473</td>
<td>131,732</td>
<td>(6,259)</td>
<td>(4.8%)</td>
</tr>
<tr>
<td>Current and other liabilities</td>
<td>295,443</td>
<td>288,061</td>
<td>7,382</td>
<td>2.6%</td>
</tr>
<tr>
<td>Long-term liabilities*</td>
<td>2,100,026</td>
<td>2,149,919</td>
<td>(49,893)</td>
<td>(2.3%)</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>2,395,469</td>
<td>2,437,980</td>
<td>(42,511)</td>
<td>(1.7%)</td>
</tr>
<tr>
<td>Net position:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in Capital Assets*</td>
<td>1,781,012</td>
<td>1,786,722</td>
<td>(5,710)</td>
<td>(0.3%)</td>
</tr>
<tr>
<td>Restricted</td>
<td>257,756</td>
<td>301,111</td>
<td>(43,355)</td>
<td>(14.4%)</td>
</tr>
<tr>
<td>Unrestricted (deficit)</td>
<td>(127,200)</td>
<td>(92,902)</td>
<td>(34,298)</td>
<td>(36.9%)</td>
</tr>
<tr>
<td>Total net position</td>
<td>$1,911,568</td>
<td>$1,994,931</td>
<td>$83,363</td>
<td>(4.2%)</td>
</tr>
</tbody>
</table>

* Restated for GASB 65 - reduced Other Assets and Net Investment in Capital Assets for loan origination costs ($8,079k)
Capital assets (net) decreased $64.1 million or 1.8% compared to prior year and primarily reflects the impact of current year depreciation exceeding capital spending. See Note 7 of the Notes to the Financial Statements for more information on capital assets.

The analyses in Table 1, on the previous page, 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)

<table>
<thead>
<tr>
<th>Revenues:</th>
<th>* Restated</th>
<th>Increase</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2014</td>
<td>June 30, 2013</td>
<td>(Decrease)</td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$47,989</td>
<td>$46,241</td>
<td>$1,748</td>
</tr>
<tr>
<td>Operating grants and contributions</td>
<td>476,357</td>
<td>471,831</td>
<td>4,526</td>
</tr>
<tr>
<td>Capital grants and contributions*</td>
<td>14,357</td>
<td>14,568</td>
<td>(211)</td>
</tr>
<tr>
<td>General revenue:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>1,012,800</td>
<td>1,001,130</td>
<td>11,670</td>
</tr>
<tr>
<td>Grants and contributions not restricted*</td>
<td>221,228</td>
<td>140,140</td>
<td>81,088</td>
</tr>
<tr>
<td>Investment earnings</td>
<td>2,348</td>
<td>1,155</td>
<td>1,193</td>
</tr>
<tr>
<td>Other general revenue</td>
<td>56,186</td>
<td>53,006</td>
<td>3,180</td>
</tr>
<tr>
<td>Transfers</td>
<td>13,000</td>
<td>-</td>
<td>13,000</td>
</tr>
<tr>
<td>Total revenues and transfers</td>
<td>1,844,265</td>
<td>1,728,071</td>
<td>116,194</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Functions/Programs Expenses</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>1,047,726</td>
<td>949,936</td>
<td>97,790</td>
</tr>
<tr>
<td>Instructional support services</td>
<td>174,848</td>
<td>161,937</td>
<td>12,911</td>
</tr>
<tr>
<td>Board</td>
<td>6,149</td>
<td>5,495</td>
<td>654</td>
</tr>
<tr>
<td>General administration</td>
<td>9,231</td>
<td>9,887</td>
<td>(656)</td>
</tr>
<tr>
<td>School administration</td>
<td>96,911</td>
<td>92,887</td>
<td>4,024</td>
</tr>
<tr>
<td>Facilities acquisition and construction</td>
<td>26,343</td>
<td>29,525</td>
<td>(3,182)</td>
</tr>
<tr>
<td>Fiscal services</td>
<td>5,881</td>
<td>5,726</td>
<td>155</td>
</tr>
<tr>
<td>Food services</td>
<td>74,047</td>
<td>70,710</td>
<td>3,337</td>
</tr>
<tr>
<td>Central services</td>
<td>15,715</td>
<td>13,550</td>
<td>2,165</td>
</tr>
<tr>
<td>Student transportation services</td>
<td>47,036</td>
<td>46,955</td>
<td>81</td>
</tr>
<tr>
<td>Operation and maintenance of plant</td>
<td>191,892</td>
<td>187,037</td>
<td>4,855</td>
</tr>
<tr>
<td>Administrative technology services</td>
<td>6,114</td>
<td>7,260</td>
<td>(1,146)</td>
</tr>
<tr>
<td>Community services</td>
<td>36,157</td>
<td>33,897</td>
<td>2,260</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>80,122</td>
<td>84,780</td>
<td>(4,658)</td>
</tr>
<tr>
<td>Unallocated depreciation/amortization*</td>
<td>109,456</td>
<td>119,262</td>
<td>(9,806)</td>
</tr>
<tr>
<td>Total expenses</td>
<td>1,927,628</td>
<td>1,818,844</td>
<td>108,784</td>
</tr>
</tbody>
</table>

### Change in net position

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(83,363)</td>
<td>(90,773)</td>
<td>7,410</td>
<td>(8.2%)</td>
</tr>
</tbody>
</table>

### Net Position - beginning

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1,994,931</td>
<td>2,085,704</td>
<td>(90,773)</td>
<td>(4.4%)</td>
</tr>
</tbody>
</table>

### Net Position - ending

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,911,568</td>
<td>$1,994,931</td>
<td>($83,363)</td>
<td>(4.2%)</td>
</tr>
</tbody>
</table>

* Restated - for GASB 65 with increase to unallocated amortization for write-off of loan origination costs ($8,076k), and reclassified DELL donation of $4,681k from grants and contributions not restricted to capital grants and contributions (to be consistent with current year presentation).
THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

The results of this year’s operations for the District as a whole are reported in the Statement of Activities. Table 2, on the previous page, takes the information from that statement and rearranges them slightly so the reader can see the total revenues for the current year compared to fiscal year 2013.

As reported in the Statement of Activities, the cost of all of the governmental activities this year was $1.928 billion. Some costs were paid by those who benefited from the programs ($48.0 million), or by other governments and organizations who subsidized certain programs with grants and contributions ($490.7 million). The District paid for the remaining “public benefit” portion of the governmental activities with $1.013 billion in property taxes, $221.2 million in grants and contributions not restricted to specific programs, $2.3 million in investment earnings, $56.2 million in other general revenue, and $13.0 million transfer from the health internal service fund.

Operating grants and contributions increased $4.5 million or 1.0%, which is primarily attributed to an increase in School Food Service reimbursements of $4.3 million as a result of the expansion of the free breakfast program and overall increased participation.

Property taxes increased $11.7 million or 1.2%, which is primarily attributed to a 4.2% increase in property values partially offset by a decrease in property tax levy from 7.778 to 7.586.

Grants and contributions not restricted increased $81.1 million or 57.9%, which is primarily related to an increase of $79.4 million in FEFP revenue. FEFP revenue increased mainly due to increase in Base Student Allocation, new funding provided for teacher raises and net increased enrollment in Palm Beach County, including charter schools.

Investment earnings increased $1.2 million and 103.4% primarily attributed investment revenue and interest received from the Palm Beach County Tax Collector.

The pie chart below represents total expenditures classified by function.
FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Governmental Funds

As of June 30, 2014 the District’s governmental funds reported a combined fund balance of $387.8 million, which is a decrease of $98.4 million or 20.2% under 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 $111.8 million which is a decrease of $21.5 million or 16.1%. The decrease is mainly related to the decline in district enrollment without a commensurate decrease in expenditures. At the end of the current fiscal year, unassigned fund balance of the General Fund was $46.5 million.

The COPS Debt Service Fund, another major fund, reported an ending fund balance of $107.1 million which is a decrease of $2.4 million or 2.2% when compared with prior year. The decrease is related to debt service payments the District will need to make in early fiscal year 2015.

The Capital Improvement Fund, another major fund, reported an ending fund balance of $36.5 million a decrease of $8.3 million or 18.4% due to the timing of revenue and capital outlay spending.

Other Non-Major Governmental Funds, which represent a summarization of all the other governmental funds, ended the year with total fund balance of $132.3 million, a decrease of $66.3 million or 33.4%. This decrease is primarily due to capital spending and transfers out exceeding revenue received in the current year.

Proprietary Funds

The District’s internal service funds reported a combined net position of $40.4 million. The Health Internal Service Fund ended the year with a net position of $73.0 million, which is an increase of $10.7 million or 17% over last year due to premiums exceeding claims and other expenses. The District created the Worker’s Compensation, General and Auto Liabilities Claim Fund on July 1, 2013. This Fund has a negative net position of $32.6 million due to recording the actuarially determined long term claims liabilities since proprietary funds use accrual basis accounting. The District has a plan to fund this negative position over a 15 year period.

General Fund Budgetary Highlights

During the year, appropriations increased $34.1 million from original budget to final budget. The increase in appropriations is primarily attributed to unanticipated revenue and other financing sources comprised of the following: transfer from health internal service fund of $13.0 million, increase in FEFP of $7.8 million, increase in afterschool fee based programs of $5.0 million, loss recoveries of $5.1 million and additional miscellaneous revenue of $3.2 million.

The General Fund actual expenditures were less than the budgeted appropriations by approximately $64.0 million. This was due to enhanced cost containment measures put in place, such as a hiring freeze on non-instructional positions and increased scrutiny of overtime and purchases, as well as unspent funds in programs such as aftercare, workforce development and state categorical programs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As shown in Table 3, on the next page, at June 30, 2014, the District had $3.518 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 $64.1 million from last year. The decrease is primarily due to depreciation expense of $108.9 million exceeding capital spending of $46.0 million. Capital spending in the current year reflects the completion of modernization project for Galaxy Elementary and Gove Elementary as well as ongoing modernization of North Palm Beach Elementary, Gladeview Elementary and Rosenwald Elementary. Additionally, the District has completed an upgrade to the radio repeaters tower (total project cost of $0.9 million) and the completion of several covered walkways.

The District’s successful building program is winding down, as the proceeds of the referendum sales tax that ended in December 2010 and capital millage proceeds decline. Between fiscal year 2001 and fiscal year 2014, forty-one (41) new schools were built and fifty-six (56) others were replaced or totally renovated. Modernization of North Palm Beach Elementary was completed in August 2014, and Gladeview Elementary and Rosenwald Elementary modernization projects are expected to be completed before August 2015. The District continues its effort to provide state-of-the-art facilities for all of its students. Future school renovations and replacements will be scheduled based upon the availability of funding. See Note 7 of the Notes to the Financial Statements for more information on capital assets.

<table>
<thead>
<tr>
<th>Capital Assets at Year End</th>
<th>Governmental Activities</th>
<th>(in thousands)</th>
<th>June 30, 2014</th>
<th>June 30, 2013</th>
<th>Increase</th>
<th>(Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td></td>
<td></td>
<td>341,459</td>
<td>341,459</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction in progress</td>
<td></td>
<td></td>
<td>33,737</td>
<td>60,224</td>
<td>(26,487)</td>
<td></td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td></td>
<td></td>
<td>56,800</td>
<td>55,630</td>
<td>1,170</td>
<td></td>
</tr>
<tr>
<td>Buildings and fixed equipment</td>
<td></td>
<td></td>
<td>4,111,969</td>
<td>4,058,975</td>
<td>52,994</td>
<td></td>
</tr>
<tr>
<td>Furniture, fixtures and equipment</td>
<td></td>
<td></td>
<td>136,045</td>
<td>136,980</td>
<td>(935)</td>
<td></td>
</tr>
<tr>
<td>Motor vehicles</td>
<td></td>
<td></td>
<td>98,713</td>
<td>97,253</td>
<td>1,460</td>
<td></td>
</tr>
<tr>
<td>AV materials and computer software</td>
<td></td>
<td></td>
<td>56,752</td>
<td>58,273</td>
<td>(1,521)</td>
<td></td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td></td>
<td></td>
<td>(1,317,672)</td>
<td>(1,226,868)</td>
<td>(90,804)</td>
<td></td>
</tr>
<tr>
<td>Total capital assets, net</td>
<td></td>
<td></td>
<td>$ 3,517,803</td>
<td>$ 3,581,926</td>
<td></td>
<td>$ (64,123)</td>
</tr>
</tbody>
</table>

Long-term Debt

As shown in Table 4, on page 12, at the end of this year, the District had $1.879 billion in debt outstanding which is comparable to $1.941 billion last year. The $62.2 million decrease in outstanding debt is due to debt repayments of $68.4 million, termination of 2001B/2011B Interest Rate SWAP causing a $27.5 million decrease in negative fair value of hedging derivative instruments which was reclassified to deferred outflows of resources - net carrying amount of debt refunding, and the impact of refunding transactions and regular amortization. See Notes 10 and 11 of the Notes to the Financial Statements for more information on long-term liabilities and derivatives.
Table 4

Long-term Debt Outstanding at Year End

Governmental Activities (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>June 30, 2013</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes / Loans Payable</td>
<td>$ 14,002</td>
<td>$</td>
<td>$ 14,002</td>
</tr>
<tr>
<td>Capital outlay bond issues</td>
<td>21,885</td>
<td>26,370</td>
<td>(4,485)</td>
</tr>
<tr>
<td>Certificates of participation</td>
<td>1,711,223</td>
<td>1,771,333</td>
<td>(60,110)</td>
</tr>
<tr>
<td>Borrowing-Swap Upfront Payment</td>
<td>3,092</td>
<td>8,017</td>
<td>(4,925)</td>
</tr>
<tr>
<td>Derivative Instruments - Hedging</td>
<td>67,487</td>
<td>94,964</td>
<td>(27,477)</td>
</tr>
<tr>
<td>Plus: issuance premiums</td>
<td>60,798</td>
<td>40,020</td>
<td>20,778</td>
</tr>
<tr>
<td>Total</td>
<td>$ 1,878,487</td>
<td>$ 1,940,704</td>
<td>($62,217)</td>
</tr>
</tbody>
</table>

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, 2014, the statutory limit for the District was approximately $13.831 billion, providing additional debt capacity of approximately $13.8 billion.

State Statute requires that no more that 75% of the capital millage levy be used for COP debt service. The District’s debt policy limits the issuance of COPS by stating that the debt service could not exceed half of the capital millage levy. In fiscal year 2009, when the capital millage levy was reduced to 1.75 mils, the Debt Policy was amended to allow debt service to be up to 1 mil but should be within 50% of the capital millage levy within five years. Based on the reduction of the capital millage levy and declining property values, the District’s capacity to issue new COPS debt has been dramatically reduced.

Other long-term obligations include liability for compensated absences, estimated claims liability, and post employment benefits.

**FACTORS BEARING ON THE DISTRICT’S FUTURE**

The proposed operating and capital budgets for fiscal year 2015 are currently balanced. As was the case at the start of fiscal year 2014, the FEFP second calculation already contains a prorated adjustment to funds available due to a higher than projected increase in taxable value statewide and the related increase to discretionary millage compression allocation. For the District, the adjustment is only $289,156; however, a similar small pro-ration to funds available at the beginning of fiscal year 2014 grew to an adjustment of $3.5 million by the end of the fiscal year. The reconciliation of projected to actual, recalibrated FTE and the resulting adjustment to revenue will not be known until the fiscal year 2014 final calculation is released in October. In anticipation of a potential negative prior year revenue adjustment, the District has imposed a waiver process for hiring and travel, to reduce expenditures.

The District’s .25 mill property tax levy for operations approved by the voters for four years in 2010 is on the November 2014 ballot to extend the millage for another four years, from fiscal year 2016 through fiscal year 2019. For fiscal year 2015, the .25 mills will generate $36.0 million in revenue. The revenue is designated for art, music and physical education instruction, choice programs and career academies. If the continuation of this levy is not approved by voters, the District will be forced to make significant program reductions in fiscal year 2016.

The recent high growth rate of charter schools, and loss of enrollment to them, has impacted resources available for District schools. The District is responding by increasing its marketing efforts and choice
options to reduce the outflow of students to charters and the loss of associated revenue. On the appropriation side, efforts are underway to revamp the allocation of resources to schools to be more responsive to fluctuations in enrollment.

With the Legislature once again failing to restore capital millage rates to 2.0 mills, the District is faced with choices to maintain adequate levels of maintenance, to provide technology for classrooms and replace an aging bus fleet. The choices include securing alternate revenue sources, reducing expenditures, and/or moving expenditures to general fund. Moving expenditures to general fund will also require either additional revenue or an equal reduction of expenditures as the general fund does not have excess resources to absorb the additional costs. In an effort to bolster the lobby effort to improve funding for capital maintenance costs, the District is working through the Florida School Finance Officers Finance Council, an advisory group to the Florida Department of Education, to bring consensus concerns to the Governor and state legislators. Perhaps by working together, the critical additional funding needed may be secured.

District staff is committed to maintaining financial stability and will continue to meet financial challenges as they arise.

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 Operating 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:

http://www.palmbeachschools.org/accounting/
BASIC FINANCIAL STATEMENTS
# THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA

## STATEMENT OF NET POSITION

**JUNE 30, 2014**

(amounts expressed in thousands)

### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, cash equivalents and investments</td>
<td>$ 577,864</td>
</tr>
<tr>
<td>Derivative instrument investments</td>
<td>93</td>
</tr>
<tr>
<td>Taxes receivable</td>
<td>19,572</td>
</tr>
<tr>
<td>Accounts, deposits and interest receivable</td>
<td>1,585</td>
</tr>
<tr>
<td>Due from other agencies</td>
<td>42,302</td>
</tr>
<tr>
<td>Inventories</td>
<td>12,303</td>
</tr>
<tr>
<td>Restricted assets (cash with fiscal agent)</td>
<td>3,484</td>
</tr>
<tr>
<td>Other assets</td>
<td>6,558</td>
</tr>
<tr>
<td>Capital assets:</td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>341,459</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>33,737</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td>56,800</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>4,111,969</td>
</tr>
<tr>
<td>Furniture, fixtures and equipment</td>
<td>136,045</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>98,713</td>
</tr>
<tr>
<td>Audio/video materials and software</td>
<td>56,752</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td></td>
</tr>
<tr>
<td>Total capital assets, net of depreciation</td>
<td>3,517,803</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>4,181,564</strong></td>
</tr>
</tbody>
</table>

### DEFERRED OUTFLOWS OF RESOURCES

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated Decreases in Fair Value of Hedging Derivatives</td>
<td>67,487</td>
</tr>
<tr>
<td>Net Carrying Amount of Debt Refunding</td>
<td>57,986</td>
</tr>
<tr>
<td><strong>TOTAL DEFERRED OUTFLOWS OF RESOURCE</strong></td>
<td><strong>125,473</strong></td>
</tr>
</tbody>
</table>

### LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts and contracts payable</td>
<td>33,926</td>
</tr>
<tr>
<td>Accrued payroll and payroll deductions</td>
<td>108,816</td>
</tr>
<tr>
<td>Retainage payable on contracts</td>
<td>1,884</td>
</tr>
<tr>
<td>Deposits payable</td>
<td>154</td>
</tr>
<tr>
<td>Interest payable</td>
<td>37,311</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>834</td>
</tr>
<tr>
<td>Noncurrent liabilities:</td>
<td></td>
</tr>
<tr>
<td>Portion due or payable within one year:</td>
<td></td>
</tr>
<tr>
<td>Loans/note payable</td>
<td>4,170</td>
</tr>
<tr>
<td>Bonds payable</td>
<td>4,220</td>
</tr>
<tr>
<td>Liability for compensated absences</td>
<td>15,680</td>
</tr>
<tr>
<td>Certificates of participation payable</td>
<td>66,535</td>
</tr>
<tr>
<td>Borrowing-swap upfront payment</td>
<td>216</td>
</tr>
<tr>
<td>Estimated claims</td>
<td>21,697</td>
</tr>
<tr>
<td>Portion due or payable after one year:</td>
<td></td>
</tr>
<tr>
<td>Loans/note payable</td>
<td>9,832</td>
</tr>
<tr>
<td>Bonds payable</td>
<td>19,736</td>
</tr>
<tr>
<td>Liability for compensated absences</td>
<td>170,902</td>
</tr>
<tr>
<td>Certificates of participation payable</td>
<td>1,703,415</td>
</tr>
<tr>
<td>Borrowing-swap upfront payment</td>
<td>2,876</td>
</tr>
<tr>
<td>Derivative instrument - Hedging</td>
<td>67,487</td>
</tr>
<tr>
<td>Estimated claims</td>
<td>30,139</td>
</tr>
<tr>
<td>Other post-employment benefits obligation</td>
<td>95,639</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>2,395,469</strong></td>
</tr>
</tbody>
</table>

### NET POSITION

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Investment in capital assets</td>
<td>1,781,012</td>
</tr>
<tr>
<td>Restricted for:</td>
<td></td>
</tr>
<tr>
<td>Categorical carryover programs</td>
<td>1,915</td>
</tr>
<tr>
<td>Debt service</td>
<td>73,359</td>
</tr>
<tr>
<td>Capital projects</td>
<td>126,823</td>
</tr>
<tr>
<td>School food service</td>
<td>25,734</td>
</tr>
<tr>
<td>Other purposes [see Footnote 14]</td>
<td>29,925</td>
</tr>
<tr>
<td>Unrestricted (deficit)</td>
<td>(127,200)</td>
</tr>
<tr>
<td><strong>TOTAL NET POSITION</strong></td>
<td><strong>$ 1,911,568</strong></td>
</tr>
</tbody>
</table>

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 YEAR ENDED JUNE 30, 2014
(amounts expressed in thousands)

<table>
<thead>
<tr>
<th>Functions/Programs</th>
<th>Expenses</th>
<th>Program Revenues</th>
<th>Operating Charges for Services</th>
<th>Grants and Contributions</th>
<th>Capital Grants and Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary government:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governmental activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

  Instruction: $1,047,726
  Instructional support services: $174,848
  Board: $6,149
  General administration: $9,231
  School administration: $96,911
  Facilities acquisition and construction: $26,343
  Fiscal services: $5,881
  Food services: $74,047
  Central services: $15,715
  Pupil transportation services: $47,036
  Operation of plant: $124,757
  Maintenance of plant: $67,135
  Administrative technology services: $6,114
  Community services: $36,157
  Interest on long-term debt: $80,122
  Unallocated depreciation expense: $108,894
  Amortization expense: $562

  **Total primary government governmental activities:** $1,927,628

| General revenues:                        |           |                  |                                |                          |                                  |
|------------------------------------------|-----------|------------------|                                |                          |                                  |
| Taxes:                                   |           |                  |                                |                          |                                  |
| Property taxes, levied for general purposes |          |                  |                                |                          |                                  |
| Property taxes, levied for capital projects |          |                  |                                |                          |                                  |
| Grants and entitlements not restricted to specific programs |          |                  |                                |                          |                                  |
| Investment earnings                      |           |                  |                                |                          |                                  |
| Other                                    |           |                  |                                |                          |                                  |
| Transfers:                               |           |                  |                                |                          |                                  |
| Total general revenues and transfers     |           |                  |                                |                          |                                  |
| Change in net position                   |           |                  |                                |                          |                                  |
| Net Position—beginning - restated for GASB 65 (see footnote1 (N)) | |                  |                                |                          |                                  |

The notes to the financial statements are an integral part of this statement.
<table>
<thead>
<tr>
<th>Net (Expense)</th>
<th>Revenue and Changes in Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Government Activities</td>
<td>Governmental Activities</td>
</tr>
<tr>
<td>$</td>
<td>(734,027)</td>
</tr>
<tr>
<td></td>
<td>(111,276)</td>
</tr>
<tr>
<td></td>
<td>(6,149)</td>
</tr>
<tr>
<td></td>
<td>(6,291)</td>
</tr>
<tr>
<td></td>
<td>(90,674)</td>
</tr>
<tr>
<td></td>
<td>(22,794)</td>
</tr>
<tr>
<td></td>
<td>(5,840)</td>
</tr>
<tr>
<td></td>
<td>3,200</td>
</tr>
<tr>
<td></td>
<td>(14,494)</td>
</tr>
<tr>
<td></td>
<td>(21,392)</td>
</tr>
<tr>
<td></td>
<td>(120,248)</td>
</tr>
<tr>
<td></td>
<td>(67,075)</td>
</tr>
<tr>
<td></td>
<td>(6,047)</td>
</tr>
<tr>
<td></td>
<td>(1,859)</td>
</tr>
<tr>
<td></td>
<td>(74,503)</td>
</tr>
<tr>
<td></td>
<td>(108,894)</td>
</tr>
<tr>
<td></td>
<td>(562)</td>
</tr>
<tr>
<td></td>
<td>(1,388,925)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>809,909</th>
<th>202,891</th>
</tr>
</thead>
<tbody>
<tr>
<td>221,228</td>
<td>2,348</td>
</tr>
<tr>
<td>56,186</td>
<td>13,000</td>
</tr>
<tr>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td>1,305,562</td>
<td>(83,363)</td>
</tr>
<tr>
<td>1,994,931</td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>1,911,568</td>
</tr>
</tbody>
</table>
# The School District of Palm Beach County, Florida

## Balance Sheet

**Governmental Funds**

**June 30, 2014**

(amounts expressed in thousands)

## General Fund

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>General Fund</th>
<th>COPS Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, cash equivalents and investments</td>
<td>$205,204</td>
<td>$107,428</td>
</tr>
<tr>
<td>Taxes receivable</td>
<td>15,648</td>
<td>-</td>
</tr>
<tr>
<td>Accounts and interest receivable</td>
<td>1,578</td>
<td>7</td>
</tr>
<tr>
<td>Due from other agencies</td>
<td>9,865</td>
<td>-</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>5,000</td>
<td>-</td>
</tr>
<tr>
<td>Inventories</td>
<td>9,619</td>
<td>-</td>
</tr>
<tr>
<td>Other assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>246,914</strong></td>
<td><strong>107,435</strong></td>
</tr>
</tbody>
</table>

## Liabilities and Fund Balances

### Liabilities

<table>
<thead>
<tr>
<th>Liability Type</th>
<th>General Fund</th>
<th>COPS Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts and contracts payable</td>
<td>18,194</td>
<td>300</td>
</tr>
<tr>
<td>Accrued payroll and payroll deductions</td>
<td>108,886</td>
<td>-</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Retainage payable on contracts</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deposits payable</td>
<td>154</td>
<td>-</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>422</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>127,656</strong></td>
<td><strong>300</strong></td>
</tr>
</tbody>
</table>

### Deferred Inflows

<table>
<thead>
<tr>
<th>Inflow Type</th>
<th>General Fund</th>
<th>COPS Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unavailable Revenue</td>
<td>7,445</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Deferred Inflows</strong></td>
<td><strong>7,445</strong></td>
<td>-</td>
</tr>
</tbody>
</table>

### Fund Balances

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>General Fund</th>
<th>COPS Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonspendable</td>
<td>9,619</td>
<td>-</td>
</tr>
<tr>
<td>Restricted</td>
<td>28,170</td>
<td>107,135</td>
</tr>
<tr>
<td>Committed</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Assigned</td>
<td>27,524</td>
<td>-</td>
</tr>
<tr>
<td>Unassigned</td>
<td>46,500</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Fund Balances</strong></td>
<td><strong>111,813</strong></td>
<td><strong>107,135</strong></td>
</tr>
</tbody>
</table>

**Total Liabilities and Fund Balances**

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>COPS Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$246,914</td>
<td>$107,435</td>
</tr>
</tbody>
</table>

The notes to the financial statements are an integral part of this statement.
<table>
<thead>
<tr>
<th></th>
<th>OTHER NON-MAJOR</th>
<th>TOTAL GOVERNMENTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CAPITAL IMPROVEMENT</td>
<td>GOVERNMENTAL FUNDS</td>
</tr>
<tr>
<td></td>
<td>$35,351</td>
<td>$140,353</td>
</tr>
<tr>
<td></td>
<td>3,924</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>31,274</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>2,684</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>216</td>
</tr>
<tr>
<td></td>
<td><strong>39,275</strong></td>
<td><strong>174,527</strong></td>
</tr>
</tbody>
</table>

|                         | 2,665 | 11,253 | 32,412 |
|                         | - | 7,957 | 116,843 |
|                         | - | 5,000 | 5,000 |
|                         | 111 | 1,773 | 1,884 |
|                         | - | - | 154 |
|                         | - | 842 | 1,264 |
|                         | **2,776** | **26,825** | **157,557** |

|                         | - | 15,398 | 22,843 |
|                         | - | 15,398 | 22,843 |

|                         | - | 2,684 | 12,303 |
|                         | 36,499 | 93,944 | 265,748 |
|                         | - | 186 | 186 |
|                         | - | 35,490 | 63,014 |
|                         | - | - | 46,500 |
|                         | **36,499** | **132,304** | **387,751** |

|                         | **39,275** | **174,527** | **568,151** |
THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014
(amounts expressed in thousands)

Total Fund Balances - Governmental Funds

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital assets used in governmental activities</td>
<td>387,751</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of the assets</td>
<td>4,835,475</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(1,317,672)</td>
</tr>
<tr>
<td>Total capital assets, net of depreciation</td>
<td>3,517,803</td>
</tr>
</tbody>
</table>

- Bond insurance amounts related to debt issuance are reported as expenditures in the governmental funds when first incurred, however, they are included as deferred charges in the governmental activities in the statement of net position.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond insurance amounts</td>
<td>2,162</td>
</tr>
</tbody>
</table>

- Deferred outflow of resources are reported at the fair values of corresponding hedging derivative instruments in the statement of net position.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred outflow of resources</td>
<td>67,487</td>
</tr>
</tbody>
</table>

- Deferred outflow of resources are reported at net carrying amount for refunding transactions in the statement of net position.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred outflow of resources</td>
<td>57,986</td>
</tr>
</tbody>
</table>

- Derivative instruments - investment assets reported on the statement of net position.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Derivative instruments</td>
<td>93</td>
</tr>
</tbody>
</table>

- Expenditures for insurance 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.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditures for insurance</td>
<td>4,180</td>
</tr>
</tbody>
</table>

- An internal service fund is used by management to charge the costs of health premiums, worker’s compensation, auto and general liability to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>94,175</td>
</tr>
<tr>
<td>Liabilities</td>
<td>53,743</td>
</tr>
<tr>
<td>Net position</td>
<td>40,432</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>23,273</td>
</tr>
</tbody>
</table>

- 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:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans / Note payable</td>
<td>14,002</td>
</tr>
<tr>
<td>Bonds payable</td>
<td>23,956</td>
</tr>
<tr>
<td>Certificates of participation payable</td>
<td>1,769,950</td>
</tr>
<tr>
<td>Borrowing-swap upfront payment</td>
<td>3,092</td>
</tr>
<tr>
<td>Hedging derivative instruments</td>
<td>67,487</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>178,268</td>
</tr>
<tr>
<td>Other post employment benefits</td>
<td>95,533</td>
</tr>
<tr>
<td>Accrued interest on long-term debt</td>
<td>37,311</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term liabilities</td>
<td>(2,189,599)</td>
</tr>
</tbody>
</table>

Total Net Position - Governmental Activities

$ 1,911,568

The notes to the financial statements are an integral part of this statement.
<table>
<thead>
<tr>
<th></th>
<th>GENERAL FUND</th>
<th>COPS DEBT SERVICE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local sources:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ad valorem taxes</td>
<td>$809,909</td>
<td>$ -</td>
</tr>
<tr>
<td>Interest income and other</td>
<td>1,473</td>
<td>108</td>
</tr>
<tr>
<td>School age child care fees</td>
<td>29,945</td>
<td>-</td>
</tr>
<tr>
<td>Food service sales</td>
<td>288</td>
<td>-</td>
</tr>
<tr>
<td>Local grants and other</td>
<td>31,540</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total local sources</strong></td>
<td>873,155</td>
<td>108</td>
</tr>
<tr>
<td>State sources:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Florida education finance program</td>
<td>266,681</td>
<td>-</td>
</tr>
<tr>
<td>Capital outlay and debt service</td>
<td>104</td>
<td>-</td>
</tr>
<tr>
<td>Food service</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Class size reduction</td>
<td>207,018</td>
<td>-</td>
</tr>
<tr>
<td>State grants and entitlements</td>
<td>33,368</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total state sources</strong></td>
<td>507,171</td>
<td>-</td>
</tr>
<tr>
<td>Federal sources:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal grants and entitlements</td>
<td>8,477</td>
<td>-</td>
</tr>
<tr>
<td>National school lunch act</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total federal sources</strong></td>
<td>8,477</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>1,388,803</td>
<td>108</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>GENERAL FUND</th>
<th>COPS DEBT SERVICE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EXPENDITURES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>988,338</td>
<td>-</td>
</tr>
<tr>
<td>Instructional support services</td>
<td>118,043</td>
<td>-</td>
</tr>
<tr>
<td>Board</td>
<td>5,994</td>
<td>-</td>
</tr>
<tr>
<td>General administration</td>
<td>6,198</td>
<td>-</td>
</tr>
<tr>
<td>School administration</td>
<td>96,383</td>
<td>-</td>
</tr>
<tr>
<td>Facilities acquisition and construction</td>
<td>570</td>
<td>-</td>
</tr>
<tr>
<td>Fiscal services</td>
<td>5,775</td>
<td>-</td>
</tr>
<tr>
<td>Food services</td>
<td>57</td>
<td>-</td>
</tr>
<tr>
<td>Central services</td>
<td>14,300</td>
<td>-</td>
</tr>
<tr>
<td>Pupil transportation services</td>
<td>46,600</td>
<td>-</td>
</tr>
<tr>
<td>Operation of plant</td>
<td>124,507</td>
<td>-</td>
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<tr>
<td>Maintenance of plant</td>
<td>67,402</td>
<td>-</td>
</tr>
<tr>
<td>Administrative technology services</td>
<td>6,238</td>
<td>-</td>
</tr>
<tr>
<td>Community services</td>
<td>35,474</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Current Expenditures</strong></td>
<td>1,515,879</td>
<td>-</td>
</tr>
</tbody>
</table>

The notes to the financial statements are an integral part of this statement.
<table>
<thead>
<tr>
<th>CAPITAL IMPROVEMENT</th>
<th>OTHER NON-MAJOR GOVERNMENTAL FUNDS</th>
<th>TOTAL GOVERNMENTAL FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>$202,891</td>
<td>$</td>
<td>$1,012,800</td>
</tr>
<tr>
<td>533</td>
<td>291</td>
<td>2,405</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>29,945</td>
</tr>
<tr>
<td>-</td>
<td>14,141</td>
<td>14,429</td>
</tr>
<tr>
<td>2,091</td>
<td>4,833</td>
<td>38,464</td>
</tr>
<tr>
<td>205,515</td>
<td>19,265</td>
<td>1,098,043</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>266,681</td>
</tr>
<tr>
<td>-</td>
<td>6,835</td>
<td>6,939</td>
</tr>
<tr>
<td>-</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>207,018</td>
</tr>
<tr>
<td>-</td>
<td>5,984</td>
<td>39,352</td>
</tr>
<tr>
<td>-</td>
<td>13,819</td>
<td>520,990</td>
</tr>
<tr>
<td>-</td>
<td>120,828</td>
<td>129,305</td>
</tr>
<tr>
<td>-</td>
<td>61,818</td>
<td>61,818</td>
</tr>
<tr>
<td>-</td>
<td>182,646</td>
<td>191,123</td>
</tr>
<tr>
<td>205,515</td>
<td>215,730</td>
<td>1,810,156</td>
</tr>
<tr>
<td>-</td>
<td>59,143</td>
<td>1,047,481</td>
</tr>
<tr>
<td>-</td>
<td>56,955</td>
<td>174,998</td>
</tr>
<tr>
<td>-</td>
<td>50</td>
<td>6,044</td>
</tr>
<tr>
<td>-</td>
<td>2,940</td>
<td>9,138</td>
</tr>
<tr>
<td>-</td>
<td>28</td>
<td>96,411</td>
</tr>
<tr>
<td>18,260</td>
<td>8,351</td>
<td>27,181</td>
</tr>
<tr>
<td>-</td>
<td>42</td>
<td>5,817</td>
</tr>
<tr>
<td>-</td>
<td>73,887</td>
<td>73,944</td>
</tr>
<tr>
<td>-</td>
<td>1,108</td>
<td>15,408</td>
</tr>
<tr>
<td>-</td>
<td>376</td>
<td>46,976</td>
</tr>
<tr>
<td>-</td>
<td>432</td>
<td>124,939</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>67,402</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>6,238</td>
</tr>
<tr>
<td>-</td>
<td>705</td>
<td>36,179</td>
</tr>
<tr>
<td>18,260</td>
<td>204,017</td>
<td>1,738,156</td>
</tr>
</tbody>
</table>

(Continued)
<table>
<thead>
<tr>
<th></th>
<th>GENERAL FUND</th>
<th>COPS DEBT SERVICE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital outlay</strong></td>
<td>1,129</td>
<td>-</td>
</tr>
<tr>
<td><strong>Debt service:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement of principal</td>
<td>-</td>
<td>63,865</td>
</tr>
<tr>
<td>Interest</td>
<td>49</td>
<td>111,542</td>
</tr>
<tr>
<td>Fiscal charges</td>
<td>-</td>
<td>1,404</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>1,517,057</td>
<td>176,811</td>
</tr>
<tr>
<td><strong>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</strong></td>
<td>(128,254)</td>
<td>(176,703)</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td>101,681</td>
<td>145,438</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(45)</td>
<td>-</td>
</tr>
<tr>
<td>Loans incurred</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Issuance of long-term and refunded debt</td>
<td>-</td>
<td>281,570</td>
</tr>
<tr>
<td>Net premium (discount) from issuance of long-term and refunded debt</td>
<td>-</td>
<td>25,748</td>
</tr>
<tr>
<td>Payments to refunded debt escrow agent</td>
<td>-</td>
<td>(278,468)</td>
</tr>
<tr>
<td>Proceeds of loss recoveries</td>
<td>5,057</td>
<td>-</td>
</tr>
<tr>
<td>Sale of capital assets and other</td>
<td>100</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL OTHER FINANCING SOURCES (USES)</strong></td>
<td>106,793</td>
<td>174,288</td>
</tr>
<tr>
<td><strong>NET CHANGE IN FUND BALANCES</strong></td>
<td>(21,461)</td>
<td>(2,415)</td>
</tr>
<tr>
<td><strong>FUND BALANCES, JULY 1, 2013</strong></td>
<td>133,274</td>
<td>109,550</td>
</tr>
<tr>
<td><strong>FUND BALANCES, JUNE 30, 2014</strong></td>
<td>$111,813</td>
<td>$107,135</td>
</tr>
</tbody>
</table>

The notes to the financial statements are an integral part of this statement.
<table>
<thead>
<tr>
<th>Capital Improvement</th>
<th>Other Non-Major Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,116</td>
<td>39,857</td>
<td>45,102</td>
</tr>
<tr>
<td>-</td>
<td>4,485</td>
<td>68,350</td>
</tr>
<tr>
<td>-</td>
<td>4,898</td>
<td>116,489</td>
</tr>
<tr>
<td>-</td>
<td>106</td>
<td>1,510</td>
</tr>
<tr>
<td>22,376</td>
<td>253,363</td>
<td>1,969,607</td>
</tr>
<tr>
<td>183,139</td>
<td>(37,633)</td>
<td>(159,451)</td>
</tr>
<tr>
<td>-</td>
<td>2,924</td>
<td>250,043</td>
</tr>
<tr>
<td>(191,389)</td>
<td>(45,609)</td>
<td>(237,043)</td>
</tr>
<tr>
<td>-</td>
<td>14,002</td>
<td>14,002</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>281,570</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>25,748</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>(278,468)</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>5,057</td>
</tr>
<tr>
<td>-</td>
<td>3</td>
<td>103</td>
</tr>
<tr>
<td>(191,389)</td>
<td>(28,680)</td>
<td>61,012</td>
</tr>
<tr>
<td>(8,250)</td>
<td>(66,313)</td>
<td>(98,439)</td>
</tr>
<tr>
<td>44,749</td>
<td>198,617</td>
<td>486,190</td>
</tr>
<tr>
<td>$ 36,499</td>
<td>$ 132,304</td>
<td>$ 387,751</td>
</tr>
</tbody>
</table>

(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 Year Ended June 30, 2014
(amounts expressed in thousands)

Total net change in fund balances - governmental funds $ (98,439)

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 depreciation expense ($108,894) in excess of capitalized capital outlay ($46,026) in the current period. (62,868)

- 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.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Insurance Cost Amortization</td>
<td>(562)</td>
</tr>
<tr>
<td>Debt Refunding Amortization</td>
<td>(7,858)</td>
</tr>
<tr>
<td>Deferred Outflow related to Refunding (Swap Termination Fee)</td>
<td>28,422</td>
</tr>
<tr>
<td>Premium/Discount Amortization</td>
<td>4,970</td>
</tr>
<tr>
<td>Premium on Current Year Issuance</td>
<td>(25,748)</td>
</tr>
</tbody>
</table>

Investment loss related to derivative instruments reported in the statement of activities that are not reported as revenue in the governmental funds (214)

Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 23,273

Revenues reported in the governmental funds that were reported as revenue in the statement in activities in the prior year under full accrual. (6,226)

Note / Loan proceeds provided current financial resources to governmental funds, but increase long-term liabilities in the statement of net position. (14,002)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 68,350

COPs refunding proceeds provided current financial resources to governmental funds. COPs refunding payments are expenditures in the governmental funds. The amount by which the refunding proceeds ($281,570) exceeded refunding payment ($278,468) in the current period. (3,102)

The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position. (1,255)

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid insurance</td>
<td>83</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>(5,271)</td>
</tr>
<tr>
<td>Long-term claims payable - IBNR included in Internal Service Fund adjustment - actual net increase in IBNR is $4,131 (offset against Internal Service Fund adjustment)</td>
<td>35,005</td>
</tr>
<tr>
<td>Other post employment benefits</td>
<td>(8,284)</td>
</tr>
<tr>
<td>Borrowing-SWAP</td>
<td>4,925</td>
</tr>
<tr>
<td>Accrued interest on long-term debt</td>
<td>7,418</td>
</tr>
<tr>
<td></td>
<td>33,876</td>
</tr>
</tbody>
</table>

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. The net loss of the internal service fund is reported with governmental activities. (21,980)

Change in net position of governmental activities $ (83,363)

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

**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

**For the Year Ended June 30, 2014**

(amounts expressed in thousands)

#### Revenues:

<table>
<thead>
<tr>
<th>Source</th>
<th>Budgetary Original</th>
<th>Final to Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local sources</td>
<td>$865,601</td>
<td>$7,554</td>
</tr>
<tr>
<td>State sources</td>
<td>$499,333</td>
<td></td>
</tr>
<tr>
<td>Federal sources</td>
<td>$6,897</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$1,371,831</td>
<td>$16,972</td>
</tr>
</tbody>
</table>

#### Expenditures:

<table>
<thead>
<tr>
<th>Category</th>
<th>Budgetary Original</th>
<th>Final to Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>$1,008,610</td>
<td>$(21,087)</td>
</tr>
<tr>
<td>Instructional support services</td>
<td>$117,551</td>
<td>3,675</td>
</tr>
<tr>
<td>Board</td>
<td>$7,368</td>
<td>1,600</td>
</tr>
<tr>
<td>General administration</td>
<td>$6,824</td>
<td>453</td>
</tr>
<tr>
<td>School administration</td>
<td>$94,771</td>
<td>343</td>
</tr>
<tr>
<td>Facilities acquisition and construction</td>
<td>$623</td>
<td>344</td>
</tr>
<tr>
<td>Fiscal services</td>
<td>$6,037</td>
<td>234</td>
</tr>
<tr>
<td>Central services</td>
<td>$13,964</td>
<td>6</td>
</tr>
<tr>
<td>Pupil transportation services</td>
<td>$46,976</td>
<td>802</td>
</tr>
<tr>
<td>Operation of plant</td>
<td>$126,638</td>
<td>2,903</td>
</tr>
<tr>
<td>Maintenance of plant</td>
<td>$74,810</td>
<td>4,486</td>
</tr>
<tr>
<td>Administrative Technology Services</td>
<td>$6,593</td>
<td>580</td>
</tr>
<tr>
<td>Community services</td>
<td>$37,395</td>
<td>7,633</td>
</tr>
<tr>
<td>Debt service</td>
<td>$122</td>
<td>73</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$1,548,291</td>
<td>$64,018</td>
</tr>
</tbody>
</table>

#### Deficiency of Revenues Under Expenditures:

<table>
<thead>
<tr>
<th>Category</th>
<th>Budgetary Original</th>
<th>Final to Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers in</td>
<td>$89,686</td>
<td>11,995</td>
</tr>
<tr>
<td>Transfers out</td>
<td>$(45)</td>
<td></td>
</tr>
<tr>
<td>Sale of capital assets</td>
<td>$(45)</td>
<td></td>
</tr>
<tr>
<td>Proceeds from loss recoveries</td>
<td>$100</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total Other Financing Sources</strong></td>
<td>$100</td>
<td></td>
</tr>
</tbody>
</table>

#### Net Change in Fund Balance:

<table>
<thead>
<tr>
<th>Category</th>
<th>Budgetary Original</th>
<th>Final to Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ (86,774)</td>
<td>$ (86,774)</td>
<td>$ -</td>
</tr>
</tbody>
</table>

#### Fund Balance, July 1, 2013 (GAAP Basis):

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$133,274</td>
<td></td>
</tr>
</tbody>
</table>

#### Fund Balance, June 30, 2014 (Budgetary Basis):

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$110,518</td>
<td></td>
</tr>
</tbody>
</table>

#### Adjustment To Conform With GAAP:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elimination of encumbrances</td>
<td>$1,295</td>
</tr>
</tbody>
</table>

#### Fund Balance, June 30, 2014 (GAAP Basis):

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$111,813</td>
<td></td>
</tr>
</tbody>
</table>

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, 2014
(amounts expressed in thousands)

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th>Internal Service Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>Current Assets:</td>
<td></td>
</tr>
<tr>
<td>Cash, cash equivalents and investments $</td>
<td>89,528</td>
</tr>
<tr>
<td>Due from other agencies</td>
<td>1,163</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>90,691</td>
</tr>
<tr>
<td>Noncurrent Assets:</td>
<td></td>
</tr>
<tr>
<td>Restricted cash</td>
<td>3,484</td>
</tr>
<tr>
<td><strong>Total Noncurrent Assets</strong></td>
<td>3,484</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 94,175</td>
</tr>
</tbody>
</table>

| **LIABILITIES**         |                       |
| Current liabilities:    |                       |
| Accounts payable        | $ 1,514               |
| Accrued payroll and payroll deductions | 65 |
| Portion due or payable within one year: | |
| Estimated unpaid claims | 21,697                |
| **Total Current Liabilities** | 23,276                |
| Noncurrent liabilities: |                       |
| Portion due or payable after one year: | |
| Liability for compensated absences | 222 |
| Estimated unpaid claims | 30,139                |
| Other post-employment benefits obligation | 106 |
| **Total Noncurrent Liabilities** | 30,467                |
| **Total liabilities**   | $ 53,743              |

| **NET POSITION**        |                       |
| Unrestricted            | $ 40,432              |

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 FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014
(amounts expressed in thousands)

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th>Internal Service Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING REVENUES:</td>
<td></td>
</tr>
<tr>
<td>Premium revenue</td>
<td>$ 205,635</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>10,075</td>
</tr>
<tr>
<td>TOTAL OPERATING REVENUES</td>
<td>215,710</td>
</tr>
<tr>
<td>OPERATING EXPENSES:</td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>1,198</td>
</tr>
<tr>
<td>Benefits</td>
<td>380</td>
</tr>
<tr>
<td>Purchased services</td>
<td>356</td>
</tr>
<tr>
<td>Claims and other expenses</td>
<td>222,913</td>
</tr>
<tr>
<td>TOTAL OPERATING EXPENSES</td>
<td>224,847</td>
</tr>
<tr>
<td>NONOPERATING REVENUES:</td>
<td></td>
</tr>
<tr>
<td>Interest and other income</td>
<td>157</td>
</tr>
<tr>
<td>TOTAL NONOPERATING REVENUES</td>
<td>157</td>
</tr>
<tr>
<td>INCOME (LOSS) BEFORE OPERATING TRANSFERS</td>
<td>(8,980)</td>
</tr>
<tr>
<td>Transfers Out to General Fund</td>
<td>(13,000)</td>
</tr>
<tr>
<td>CHANGE IN NET POSITION</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(21,980)</td>
</tr>
<tr>
<td>NET POSITION - Beginning of year</td>
<td>62,412</td>
</tr>
<tr>
<td>NET POSITION - End of year</td>
<td>$ 40,432</td>
</tr>
</tbody>
</table>

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 YEAR ENDED JUNE 30, 2014
(amounts expressed in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:
Cash receipts from customers and interfund services provided $ 205,635
Cash payments to suppliers for goods and services (183,274)
Cash payments for salaries and benefits (1,383)
Other receipts 10,642
Net cash provided by operating activities 31,620

CASH FLOWS FROM NONCAPITAL ACTIVITIES:
Transfers to other funds (13,000)
Net cash used by noncapital activities (13,000)

CASH FLOWS FROM INVESTING ACTIVITIES:
Interest and other income 157
Net cash provided by investing activities 157

Net increase in cash and cash equivalents 18,777
Cash and cash equivalents, beginning of year* 74,235
Cash and cash equivalents, end of year* $ 93,012

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:
Operating Loss $ (9,137)
Adjustments to reconcile operating income to net cash provided by operating activities:
Changes in assets and liabilities:
  Decrease in due from other agencies 567
  Increase in accounts payable 859
  Increase in payroll and payroll deductions 35
  Increase in liability for compensated absences 102
  Increase in estimated unpaid claims 39,136
  Increase in other post-employment benefits obligation 58
  Total adjustments 40,757
Net cash provided by operating activities $ 31,620

*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, 2014
(amounts expressed in thousands)

<table>
<thead>
<tr>
<th>Private-Purpose Trust Fund</th>
<th>Agency Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida Future Educators of America</td>
<td>School Internal Funds</td>
</tr>
</tbody>
</table>

**ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Private-Purpose Trust Fund</th>
<th>Agency Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, cash equivalents and investments</td>
<td>$ 387</td>
<td>$ 16,663</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>-</td>
<td>1,071</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$ 387</td>
<td>$ 17,734</td>
</tr>
</tbody>
</table>

**LIABILITIES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Private-Purpose Trust Fund</th>
<th>Agency Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>-</td>
<td>$ 502</td>
</tr>
<tr>
<td>Due to student organizations</td>
<td>-</td>
<td>17,232</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>-</td>
<td>$ 17,734</td>
</tr>
</tbody>
</table>

**NET POSITION**

<table>
<thead>
<tr>
<th>Description</th>
<th>Private-Purpose Trust Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held in trust for scholarships</td>
<td>387</td>
</tr>
<tr>
<td><strong>TOTAL NET POSITION</strong></td>
<td>$ 387</td>
</tr>
</tbody>
</table>

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 YEAR ENDED JUNE 30, 2014
(amounts expressed in thousands)

<table>
<thead>
<tr>
<th>PRIVATE-PURPOSE TRUST FUND</th>
<th>FLORIDA FUTURE EDUCATORS OF AMERICA</th>
</tr>
</thead>
</table>

**ADDITIONS**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations</td>
<td>$ 40</td>
</tr>
<tr>
<td>Interest</td>
<td>1</td>
</tr>
</tbody>
</table>

**TOTAL ADDITIONS**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>41</td>
</tr>
</tbody>
</table>

**DEDUCTIONS**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Scholarship disbursements</td>
<td>78</td>
</tr>
</tbody>
</table>

**TOTAL DEDUCTIONS**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>78</td>
</tr>
</tbody>
</table>

**CHANGE IN NET POSITION**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(37)</td>
</tr>
</tbody>
</table>

**NET POSITION - Beginning of year**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>424</td>
</tr>
</tbody>
</table>

**NET POSITION - End of year**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 387</td>
</tr>
</tbody>
</table>

The notes to the financial statements are an integral part of this statement.
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. Criteria for determining if other entities are potential component units that should be reported within the District's basic financial statements are identified and described in the GASB Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the District is financially accountable and other organizations that the nature and significance of their relationship with the Board are such that exclusion would cause the District's basic financial statements to be misleading or 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.

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 most interfund receivables and payables and transfers between funds as well as the transaction 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 reconciliation 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 on the face of 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. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. 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.

**COPS Debt Service Fund**

The COPS Debt Service Fund accounts for the repayment of the District’s certificates of participation.

**Capital Improvement Fund**

The Capital Improvement Fund accounts for locally received funds, primarily ad valorem tax revenue, for the acquisition, construction or renovation of capital facilities, including land and equipment.

**PROPRIETARY FUNDS**

Proprietary Funds are used to account for ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. The only Proprietary Funds that the District has are Internal Service Funds. Proprietary funds distinguish 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 non-operating revenues and expenses.

**Internal Service Fund**

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 Internal Service Funds, one for group health and one for worker’s compensation, general and auto liability claims. As of July 1, 2013, the latter fund was created in order to separately report claims instead of consolidating the activity within the General Fund. The negative net position of this new fund will be funded over a 15 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 account for 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 recorded in the financial records and reported on 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 available and measurable. “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 taxes are received, except at year end when revenue is recognized for taxes received by the District within sixty (60) days subsequent to fiscal year end. Expenditures are recognized 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, compensated absences, OPEB, claims and judgments and certain prepaid items which are recognized when due/paid.

In applying the susceptible to accrual concept to revenues from Federal and State sources, the legal 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 deferred revenue.

**Accrual**

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

**Revenue Recognition**

**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. 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 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.

**Property Taxes** – On an accrual basis, 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.

**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, 2013 the date of the final amendment 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, 2014 for funds under budgetary control have been re-appropriated for the fiscal year 2015 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 presented on the financial statements. Investments are stated at fair value, based on quoted market prices or recognized pricing sources. Investments consist of direct obligations of the United States Treasury, U.S. Government Agency Securities, U.S. Government sponsored agencies, money market funds investing in 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. 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. 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, cash equivalents are considered to be the money market funds and all highly liquid investments with a maturity of three months or less when purchased.

F. Inventories

Inventories are valued at cost, which approximates market, 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).

H. Capital Assets

Capital assets represent the cumulative amount of capital assets owned by the District. Purchased assets are recorded as expenditures in the fund financial statements and are capitalized at cost on the government-wide statement of net position. Gifts or contributions are recorded at fair 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:

<table>
<thead>
<tr>
<th>Description</th>
<th>Estimated Lives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture, Fixtures and Equipment</td>
<td>3 – 15 years</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>5 – 10 years</td>
</tr>
<tr>
<td>Audio/Video Materials &amp; Software</td>
<td>3 – 5 years</td>
</tr>
<tr>
<td>Buildings and Improvements</td>
<td>15 – 50 years</td>
</tr>
<tr>
<td>Improvements Other Than Buildings</td>
<td>15 years</td>
</tr>
<tr>
<td>Intangibles</td>
<td>5 years</td>
</tr>
</tbody>
</table>

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) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District only has two items that qualify for reporting in this category. The first item is accumulated decrease in fair value of hedging derivatives (See Note 11). The second item is the net carrying amount of debt refunding reported in the government-wide statement of net position. A deferred charge on 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.

Deferred outflows of resources activity for the fiscal year ended June 30, 2014 is as follows (in thousands):

```
<table>
<thead>
<tr>
<th>Description</th>
<th>Ending Balance June 30, 2013</th>
<th>Increase</th>
<th>Decrease</th>
<th>Ending Balance June 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred Outflows of Resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated Decrease in Fair Value of Hedging Derivatives</td>
<td>$ 94,964</td>
<td>$</td>
<td>$ 27,477</td>
<td>$ 67,487</td>
</tr>
<tr>
<td>Deferred charge on refunding*</td>
<td>36,768</td>
<td>29,076</td>
<td>7,858</td>
<td>57,986</td>
</tr>
<tr>
<td>Total Outflows of Resources</td>
<td>$ 131,732</td>
<td>$ 29,076</td>
<td>$ 35,335</td>
<td>$ 125,473</td>
</tr>
</tbody>
</table>
```

*Reclassified from Bonds and Leases Payable. Current year increase includes SWAP termination payment.
In addition to liabilities, the statement of net position and 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 Unavailable Revenue 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.

Deferred inflows of resources total $22.8 million and consist of the following balances (in thousands):

<table>
<thead>
<tr>
<th>Deferred Inflows of Resources</th>
<th>General Fund</th>
<th>Non-Major Governmental Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Federal and State Sources</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicaid</td>
<td>$ 3,200</td>
<td>$ -</td>
<td>$ 3,200</td>
</tr>
<tr>
<td>Fuel Tax</td>
<td>105</td>
<td>-</td>
<td>105</td>
</tr>
<tr>
<td><strong>Local Sources</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Erate</td>
<td>4,140</td>
<td>-</td>
<td>4,140</td>
</tr>
<tr>
<td>Impact Fees</td>
<td>-</td>
<td>15,398</td>
<td>15,398</td>
</tr>
<tr>
<td><strong>Total Inflows of Resources</strong></td>
<td>$ 7,445</td>
<td>$ 15,398</td>
<td>$ 22,843</td>
</tr>
</tbody>
</table>

**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 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.

The District enters into interest rate swap agreements to modify interest rates on outstanding debt. The fair value of these instruments is reflected on the government wide financial statements (See Notes 10 and 11).

**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 8).

Consistent with GAAP guidelines, in the Proprietary Fund financial statements, the liability for self-insured risks is recorded under the accrual basis of accounting. As of July 1, 2013, Workers Compensation, General and Auto Claims are reported as an Internal Service Fund. The negative net position will be funded over a fifteen year period.

**L. Compensated Absences**

Compensated absences are payments 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. An expenditure is recognized in the governmental 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 10).

M. 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 and liabilities and disclosures of contingent assets and liabilities 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.

N. Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

In March 2012, the GASB issued Statement 65, Items Previously Reported as Assets and Liabilities. GASB 65 establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement specifically addresses the calculation of a deferred outflow or inflow for the refunding of debt, requires that debt issuance costs be expensed in the period in which that debt was issued, and requires that revenue recorded in the governmental funds that is not available be classified as Unavailable Revenue (a deferred inflow). This Statement is effective for periods beginning after December 15, 2012 and requires that the cumulative effect of applying this Statement should be reported as a restatement of beginning net position. The effects of the accounting change on net position as previously reported for fiscal year 2013 and prior years is a reduction of $8.1 million and is adjusted as of June 30, 2013 as follows (amounts in thousands):

<table>
<thead>
<tr>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Position, previously reported</td>
</tr>
<tr>
<td>Adjustment to write-off debt issuance cost</td>
</tr>
<tr>
<td>Net Position, restated</td>
</tr>
</tbody>
</table>

Recently Issued Accounting Pronouncements

In June 2012, the GASB issued Statement 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement 27. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements. It will mostly likely have a material effect, but that amount is not readily determinable.

In April 2013, the GASB issued Statement 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. GASB requires a government that has issued an obligation guaranteed in a nonexchange
transaction to report the obligation until legally released as an obligor. This Statement is effective for fiscal years beginning after June 15, 2013. The adoption of GASB 70 does not have any impact on the District’s financial statements.

In November 2013, the GASB issued Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on 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 7.586 mills and the total assessed value on which the 2013-14 levy was based was $138.7 billion. Gross taxes levied were approximately $1.0 billion. Total revenue, net of discounts, was approximately $1.0 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 2014, the maintenance transfer amounted to approximately $75.3 million. Additionally, approximately $8.2 million was transferred for property insurance; approximately $5.2 million was transferred for charter school capital outlay bringing the total transfer from capital to approximately $88.7 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 depositors
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, 2014, the carrying amount of the District’s cash deposits was approximately $155.7 million and the bank balance was approximately $162.5 million. The carrying amount of the Agency Fund - School Internal Funds cash deposits was approximately $16.7 million.

The District receives interest on all collected 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 Markets, Florida Education Investment Trust Fund (FEITF) and Florida State Board of Administration (SBA).

Investments
The District’s investment policy permits investments in the SBA Local Government Surplus Funds Trust Fund, FEITF, 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 which a security may have.

As of June 30, 2014, the District had the following unrestricted cash and investments and maturities (amounts in thousands):

<table>
<thead>
<tr>
<th>PORTFOLIO / INVESTMENTS</th>
<th>CARRYING VALUE</th>
<th>EFFECTIVE DURATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Deposits</td>
<td>155,671</td>
<td>N/A</td>
</tr>
<tr>
<td>Money Market Funds</td>
<td>110,269</td>
<td>N/A</td>
</tr>
<tr>
<td>Florida Education Investment Trust Fund (FEITF)</td>
<td>134,974</td>
<td>N/A</td>
</tr>
<tr>
<td>Florida State Board of Administration (SBA)</td>
<td>37</td>
<td>0.09</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>7,890</td>
<td>0.33</td>
</tr>
<tr>
<td>Core Fund Investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US Treasury - Notes</td>
<td>56,151</td>
<td>2.07</td>
</tr>
<tr>
<td>Federal Agency - Bond/Notes</td>
<td>102,786</td>
<td>1.66</td>
</tr>
<tr>
<td>Corporate Notes</td>
<td>7,731</td>
<td>2.18</td>
</tr>
<tr>
<td>Municipal Bonds</td>
<td>2,355</td>
<td>0.25</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>577,864</strong></td>
<td></td>
</tr>
</tbody>
</table>

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 May, 2015 and March, 2017. As of June 30, 2014, the District held approximately $4.2 million in market value of callable securities issued by Federal Instrumentalities which permit the issuer to redeem the securities prior to their original maturity date.
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

<table>
<thead>
<tr>
<th>CARRYING VALUE</th>
<th>PERCENTAGE OF INVESTMENT BALANCE</th>
<th>RATING S&amp;P / MOODY'S</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in thousands)</td>
<td></td>
</tr>
<tr>
<td>Cash Deposits</td>
<td>$155,671</td>
<td>26.94%</td>
</tr>
<tr>
<td>Money Market Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dreyfus Treasury and Agency</td>
<td>53,183</td>
<td>9.20%</td>
</tr>
<tr>
<td>Federated Government Obligation</td>
<td>25,697</td>
<td>4.45%</td>
</tr>
<tr>
<td>Fidelity Institutional Government Fund</td>
<td>17,239</td>
<td>2.98%</td>
</tr>
<tr>
<td>Goldman Sachs Government Fund</td>
<td>100</td>
<td>0.02%</td>
</tr>
<tr>
<td>Morgan Stanley US Government</td>
<td>101</td>
<td>0.02%</td>
</tr>
<tr>
<td>TD Asset Management US Government Fund</td>
<td>13,949</td>
<td>2.41%</td>
</tr>
<tr>
<td>Florida Education Investment Trust Fund (FEITF)</td>
<td>134,974</td>
<td>23.36%</td>
</tr>
<tr>
<td>Florida State Board of Administration (SBA)</td>
<td>37</td>
<td>0.01%</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank of Tokyo Mitsubishi Ltd</td>
<td>2,048</td>
<td>0.35%</td>
</tr>
<tr>
<td>BNP Paribas Finance Inc.</td>
<td>4,147</td>
<td>0.72%</td>
</tr>
<tr>
<td>Fortis</td>
<td>1,695</td>
<td>0.29%</td>
</tr>
<tr>
<td>Investments in Fixed Income Securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US Treasury - Notes/Bill</td>
<td>56,151</td>
<td>9.72%</td>
</tr>
<tr>
<td>Toyota Motor Corporation</td>
<td>896</td>
<td>0.16%</td>
</tr>
<tr>
<td>Berkshire Hathaway</td>
<td>1,130</td>
<td>0.20%</td>
</tr>
<tr>
<td>Coca-Cola</td>
<td>450</td>
<td>0.08%</td>
</tr>
<tr>
<td>Exxon</td>
<td>1,079</td>
<td>0.19%</td>
</tr>
<tr>
<td>Wal-Mart</td>
<td>572</td>
<td>0.10%</td>
</tr>
<tr>
<td>Apple</td>
<td>574</td>
<td>0.10%</td>
</tr>
<tr>
<td>IBM</td>
<td>2,497</td>
<td>0.43%</td>
</tr>
<tr>
<td>Chevron</td>
<td>533</td>
<td>0.09%</td>
</tr>
<tr>
<td>Federally Backed Securities (Fannie Mae &amp; Freddie Mac) - Short Term</td>
<td>90,078</td>
<td>15.59%</td>
</tr>
<tr>
<td>Federally Backed Securities (Fannie Mae, Farmer Mac &amp; Freddie Mac) - Long Term</td>
<td>12,708</td>
<td>2.20%</td>
</tr>
<tr>
<td>Municipal Bonds</td>
<td>2,355</td>
<td>0.41%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$577,864</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

As of June 30, 2014, 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 “Aa” by Moody’s and a minimum long term debt rating of “AA” 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, 2014, the District held $7.7 million of corporate notes of which had an S&P rating between AA- and AAA. All investments in the Federally Backed Securities (Fannie Mae, Freddie Mac (also known as Federal Home Loan Mortgage Corporation) and Farmer Mac) had a rating between AA+ and Aaa for securities held for more than one year and a rating between A-1+ and P-1 for securities held less than a one year. All other rated investments were rated between AA and AAA by S&P. As of June 30, 2014, the Local Government Investment Pool was rated AAAm by S&P. As of June 30, 2014, Fund B was not rated by a nationally recognized statistical rating agency.

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, 2014, the District’s investment portfolio was held with a third-party custodian.

4. INVESTMENT DERIVATIVE INSTRUMENTS
The District received an upfront premium payment of $3,010,000 for allowing the swap counterparty the right to terminate the 2003B Interest Rate Swap if the 180 day average of the BMA Index exceeds 7.0% in the future. The barrier feature was effective June 2003 and is exercisable anytime until August 2018. Once the barrier option expires the District will be left with a fixed-payer swap that matures August 2029. Therefore, for accounting and financial reporting purposes, the barrier option derivative instrument is considered an investment derivative instrument. At June 30, 2014, the fair value of the barrier option is approximately $93,000 in asset position (See Note 11).

5. DUE FROM OTHER AGENCIES
At June 30, 2014, the District had a total of approximately $42.3 million in Due From Other Agencies which consisted of the following balances (amounts in thousands) (See page 46):
## Federal and State Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>General Fund</th>
<th>Non-major Governmental Funds</th>
<th>Internal Service Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Sources</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicaid*</td>
<td>$ 3,200</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 3,200</td>
</tr>
<tr>
<td>Grant and Entitlements</td>
<td>-</td>
<td>15,676</td>
<td>-</td>
<td>15,676</td>
</tr>
<tr>
<td>FEMA</td>
<td>422</td>
<td>7</td>
<td>-</td>
<td>429</td>
</tr>
<tr>
<td>Fuel Tax*</td>
<td>173</td>
<td>-</td>
<td>-</td>
<td>173</td>
</tr>
<tr>
<td><strong>Total Due From Other Agencies</strong></td>
<td>$ 9,865</td>
<td>$ 31,274</td>
<td>$ 1,163</td>
<td>$ 42,302</td>
</tr>
</tbody>
</table>

* All or partially recorded as Deferred Unavailable at the fund level.

---

### 6. INTERFUND ACTIVITIES

Due to/from other funds consisted of the following balances at June 30, 2014 (amounts in thousands):

<table>
<thead>
<tr>
<th>Interfund Receivables</th>
<th>Interfund Payables</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$ 5,000</td>
</tr>
<tr>
<td>Other Non-Major Governmental Funds</td>
<td>- $ 5,000</td>
</tr>
<tr>
<td><strong>Total Interfund</strong></td>
<td>$ 5,000</td>
</tr>
</tbody>
</table>

The amount payable by the Other Non-Major 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, 2014 were as follows (amounts in thousands):

<table>
<thead>
<tr>
<th>Transfer from:</th>
<th>Transfer to:</th>
<th>General Fund</th>
<th>COPS Debt Service</th>
<th>Other Non- Major Governmental Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Improvement</td>
<td>$ 57,072</td>
<td>$ 131,438</td>
<td>$ 2,879</td>
<td>$ 191,389</td>
<td></td>
</tr>
<tr>
<td>General Fund</td>
<td>-</td>
<td>-</td>
<td>45</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>Other Non-Major Governmental Funds</td>
<td>31,609</td>
<td>14,000</td>
<td>-</td>
<td>45,609</td>
<td></td>
</tr>
<tr>
<td>Internal Service Funds</td>
<td>13,000</td>
<td>-</td>
<td>-</td>
<td>13,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 101,681</td>
<td>$ 145,438</td>
<td>$ 2,924</td>
<td>$ 250,043</td>
<td></td>
</tr>
</tbody>
</table>

The majority of interfund transfers were for recurring annual operating and debt service expenditures. The $13.0 million transfer from the internal service fund to the general fund is to reimburse the General fund for cash infusion provided in fiscal years 2010 and 2012.
7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014 is as follows (amounts in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Ending Balance</th>
<th>Additions and Transfer In</th>
<th>Retirements and Transfers Out</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Depreciable Assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>341,459</td>
<td></td>
<td></td>
<td>341,459</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>60,224</td>
<td>36,350</td>
<td>62,837</td>
<td>33,737</td>
</tr>
<tr>
<td><strong>Total Non-Depreciable Assets</strong></td>
<td>401,683</td>
<td>36,350</td>
<td>62,837</td>
<td>375,196</td>
</tr>
<tr>
<td><strong>Depreciable Assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improvements Other Than Buildings</td>
<td>55,630</td>
<td>1,333</td>
<td>163</td>
<td>56,800</td>
</tr>
<tr>
<td>Buildings and Improvements</td>
<td>4,058,975</td>
<td>61,829</td>
<td>8,835</td>
<td>4,111,969</td>
</tr>
<tr>
<td>Furniture, Fixtures &amp; Equipment</td>
<td>136,980</td>
<td>7,045</td>
<td>7,980</td>
<td>136,045</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>97,253</td>
<td>1,498</td>
<td>38</td>
<td>98,713</td>
</tr>
<tr>
<td>Audio/Video Materials &amp; Software</td>
<td>58,273</td>
<td>808</td>
<td>2,329</td>
<td>56,752</td>
</tr>
<tr>
<td><strong>Total Depreciable Assets</strong></td>
<td>4,407,111</td>
<td>72,513</td>
<td>19,345</td>
<td>4,460,279</td>
</tr>
<tr>
<td><strong>Less Depreciation For:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improvements Other Than Buildings</td>
<td>(20,318)</td>
<td>(3,760)</td>
<td>(76)</td>
<td>(24,002)</td>
</tr>
<tr>
<td>Buildings and Improvements</td>
<td>(979,104)</td>
<td>(86,458)</td>
<td>(7,913)</td>
<td>(1,057,649)</td>
</tr>
<tr>
<td>Furniture, Fixtures &amp; Equipment</td>
<td>(102,501)</td>
<td>(10,367)</td>
<td>(7,805)</td>
<td>(105,063)</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>(73,846)</td>
<td>(6,053)</td>
<td>(38)</td>
<td>(79,861)</td>
</tr>
<tr>
<td>Audio/Video Materials &amp; Software</td>
<td>(51,099)</td>
<td>(2,256)</td>
<td>(2,258)</td>
<td>(51,097)</td>
</tr>
<tr>
<td><strong>Total Accumulated Depreciation</strong></td>
<td>(1,226,868)</td>
<td>(108,894)</td>
<td>(18,090)</td>
<td>(1,317,762)</td>
</tr>
<tr>
<td><strong>Capital Assets, Net</strong></td>
<td>3,581,926</td>
<td>(31)</td>
<td>64,092</td>
<td>3,517,803</td>
</tr>
</tbody>
</table>

Depreciation expense for the year ended June 30, 2014 of approximately $108.9 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.

8. 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. The District is self-insured for portions of its general and automobile liability insurance, workers compensation and health insurance. Losses involving auto and general liability claims are limited (generally) by provisions of the Florida State Statute 768.28. These self-insured funds are administered by a third party. The District purchases commercial insurance for other risks including property, construction and other miscellaneous risks.

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, 2014 using a discounted rate factor of 4.0%. The liability consists of claims reported and payable, as well as an estimate for claims incurred but not reported. At June 30, 2014, the liability for insurance claims consisted of approximately $13.0 million, $8.2 million and $30.6 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):
The School District of Palm Beach County, Florida
Notes to the Financial Statements
For the Year Ended June 30, 2014

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year Ended</th>
<th>Fiscal Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2013</td>
<td>June 30, 2014</td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Additions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current year and changes in estimates</td>
<td>52,678</td>
<td>47,705</td>
</tr>
<tr>
<td>Reductions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claim payments</td>
<td>(165,629)</td>
<td>(178,550)</td>
</tr>
<tr>
<td>Ending Balance</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

There have been no other significant reductions in insurance coverage. A total of $40.4 million is designated to cover claims incurred during the off contract period (summer break) and for future catastrophic long term claims.

9. SHORT-TERM DEBT

Tax Anticipation Notes

On September 26, 2013 the District issued Tax Anticipation Notes ("TANS"), Series 2013 for $115.0 million. Note proceeds were used to pay fiscal year 2014 District operating expenditures prior to the receipt of ad valorem taxes. The notes were repaid in January 2014.

Short-term debt activity for the year ended June 30, 2014 was as follows (amounts in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balance</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July 1, 2013</td>
<td>Issued Redeemed</td>
</tr>
<tr>
<td>Tax anticipation notes</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Total short-term debt</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>
10. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2014, is as follows (amounts in thousands):

<table>
<thead>
<tr>
<th>Governmental Activities:</th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Reductions</th>
<th>Ending Balance</th>
<th>Amounts Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes/Loans Payable</td>
<td>$14,002</td>
<td>$14,002</td>
<td>$14,002</td>
<td>$4,170</td>
<td></td>
</tr>
<tr>
<td>Capital Outlay Bond Issue</td>
<td>26,370</td>
<td>-</td>
<td>(4,485)</td>
<td>21,885</td>
<td>4,220</td>
</tr>
<tr>
<td>Certificates of Participation</td>
<td>1,771,333</td>
<td>281,570</td>
<td>(341,680)</td>
<td>1,711,223</td>
<td>66,535</td>
</tr>
<tr>
<td>Borrowing-Swap Upfront Payment</td>
<td>8,017</td>
<td>-</td>
<td>(4,925)</td>
<td>3,092</td>
<td>216</td>
</tr>
<tr>
<td>Derivative Instruments-Hedging</td>
<td>94,964</td>
<td>-</td>
<td>(27,477)</td>
<td>67,487</td>
<td>-</td>
</tr>
<tr>
<td>Plus Issuance Premium</td>
<td>40,020</td>
<td>25,748</td>
<td>(4,970)</td>
<td>60,798</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Bonds, Notes and Leases Payable</strong></td>
<td><strong>1,900,684</strong></td>
<td><strong>295,572</strong></td>
<td><strong>(378,567)</strong></td>
<td><strong>1,817,689</strong></td>
<td>75,141</td>
</tr>
<tr>
<td>Other Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensated Absences</td>
<td>180,833</td>
<td>21,241</td>
<td>(15,492)</td>
<td>186,582</td>
<td>15,680</td>
</tr>
<tr>
<td>Claims and Judgments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance Claims</td>
<td>47,705</td>
<td>178,550</td>
<td>(174,419)</td>
<td>51,836</td>
<td>21,697</td>
</tr>
<tr>
<td>Post Employment Benefits</td>
<td>87,297</td>
<td>13,311</td>
<td>(4,969)</td>
<td>95,639</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Other Liabilities</strong></td>
<td><strong>315,835</strong></td>
<td><strong>213,102</strong></td>
<td><strong>(194,880)</strong></td>
<td><strong>334,057</strong></td>
<td>37,377</td>
</tr>
<tr>
<td><strong>Total Governmental Activities</strong></td>
<td><strong>2,256,539</strong></td>
<td><strong>534,422</strong></td>
<td><strong>(578,417)</strong></td>
<td><strong>2,212,544</strong></td>
<td><strong>112,518</strong></td>
</tr>
</tbody>
</table>

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.

Due to the implementation of GASB 65 in fiscal year 2014, deferred charge on refunding is shown as deferred outflow and is no longer included with long term liabilities.

**Bus and Equipment Loan**

On February 20, 2014, The District entered into a loan agreement with TD Equipment Finance for financing the acquisition of 110 buses and other equipment for $14.0 million. Under the terms of the loan agreement, the District’s annual payment includes interest at 1.235% and is payable over five years.

The annual future minimum loan payments are as follows (amounts in thousands):

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Principal</th>
<th>Interest</th>
<th>Total Principal and Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY15</td>
<td>$4,170</td>
<td>$146</td>
<td>$4,316</td>
</tr>
<tr>
<td>FY16</td>
<td>2,767</td>
<td>113</td>
<td>2,880</td>
</tr>
<tr>
<td>FY17</td>
<td>2,802</td>
<td>79</td>
<td>2,881</td>
</tr>
<tr>
<td>FY18</td>
<td>2,836</td>
<td>44</td>
<td>2,880</td>
</tr>
<tr>
<td>FY19</td>
<td>1,427</td>
<td>9</td>
<td>1,436</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14,002</strong></td>
<td><strong>391</strong></td>
<td><strong>14,393</strong></td>
</tr>
</tbody>
</table>

B-51
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 3.00 % to 5.00 %. Interest is payable semiannually on January 1 and July 1. The bonds are redeemable at par.

A summary of bond terms are presented as follows (amounts in thousands):

<table>
<thead>
<tr>
<th>Capital Outlay Bond Issues</th>
<th>Date of Issue</th>
<th>Amount Issued</th>
<th>Remaining Interest Rates (Percent)</th>
<th>Final Maturity Date</th>
<th>Debt Outstanding June 30, 2013</th>
<th>Debt Matured/Refunded FY 13-14</th>
<th>Debt Outstanding June 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>COBI 2005-A</td>
<td>5/1/2005</td>
<td>$ 21,200</td>
<td>5.00%</td>
<td>1/1/2017 $</td>
<td>$ 8,460 $</td>
<td>$ 2,460 $</td>
<td>$ 6,000 $</td>
</tr>
<tr>
<td>COBI 2005-B</td>
<td>7/1/2005</td>
<td>$ 2,675</td>
<td>5.00%</td>
<td>1/1/2020 $</td>
<td>$ 1,690 $</td>
<td>$ 260 $</td>
<td>$ 1,430 $</td>
</tr>
<tr>
<td>COBI 2009-A</td>
<td>9/10/2009</td>
<td>$ 1,655</td>
<td>5.00%</td>
<td>1/1/2019 $</td>
<td>$ 1,070 $</td>
<td>$ 155 $</td>
<td>$ 915 $</td>
</tr>
<tr>
<td>COBI 2010-A</td>
<td>10/14/2010</td>
<td>$ 9,700</td>
<td>3.50% to 5.00%</td>
<td>1/1/2030 $</td>
<td>$ 8,425 $</td>
<td>$ 425 $</td>
<td>$ 8,000 $</td>
</tr>
<tr>
<td>COBI 2010-A</td>
<td>10/14/2010</td>
<td>$ 1,790</td>
<td>4.00% to 5.00%</td>
<td>1/1/2022 $</td>
<td>$ 1,675 $</td>
<td>$ 125 $</td>
<td>$ 1,550 $</td>
</tr>
<tr>
<td>COBI 2011-A</td>
<td>12/7/2011</td>
<td>$ 5,820</td>
<td>3.00% to 5.00%</td>
<td>1/1/2023 $</td>
<td>$ 5,050 $</td>
<td>$ 1,060 $</td>
<td>$ 3,990 $</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 42,840 $</td>
<td>$ 26,370 $</td>
<td>$ 4,485 $</td>
</tr>
</tbody>
</table>

The debt service requirements through maturity to the holders of the Capital Outlay Bond Issue are as follows (amounts in thousands):

<table>
<thead>
<tr>
<th>Year Ended June 30</th>
<th>Principal Capital Outlay Bonds</th>
<th>Interest</th>
<th>Total Principal and Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$ 4,220</td>
<td>$ 1,020</td>
<td>$ 5,240</td>
</tr>
<tr>
<td>2016</td>
<td>4,185</td>
<td>809</td>
<td>4,994</td>
</tr>
<tr>
<td>2017</td>
<td>1,970</td>
<td>600</td>
<td>2,570</td>
</tr>
<tr>
<td>2018</td>
<td>1,525</td>
<td>501</td>
<td>2,026</td>
</tr>
<tr>
<td>2019</td>
<td>1,375</td>
<td>425</td>
<td>1,800</td>
</tr>
<tr>
<td>2020-2024</td>
<td>5,310</td>
<td>1,240</td>
<td>6,550</td>
</tr>
<tr>
<td>2025-2029</td>
<td>2,725</td>
<td>438</td>
<td>3,163</td>
</tr>
<tr>
<td>2030-2034</td>
<td>575</td>
<td>23</td>
<td>598</td>
</tr>
<tr>
<td>Total</td>
<td>$ 21,885</td>
<td>$ 5,056</td>
<td>$ 26,941</td>
</tr>
</tbody>
</table>
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, 2014, the statutory limit for the District was approximately $13.8 billion, providing additional debt capacity of approximately $13.8 billion.

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 in an escrow, which when coupled with interest earnings will be sufficient to pay off the principal at maturity.

A summary of lease terms are presented as follows (amounts in thousands)

<table>
<thead>
<tr>
<th>Certificates</th>
<th>Date of Issue</th>
<th>Amount Issued</th>
<th>Remaining Interest Rates (Percent)</th>
<th>Final Maturity Date</th>
<th>Debt Outstanding June 30, 2013</th>
<th>Debt Issued FY 13-14</th>
<th>Debt Matured FY 13-14</th>
<th>Debt Refunded/ Defeased June 30, 2014</th>
<th>Debt Outstanding June 30, 2014</th>
<th>Ground Lease Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 2002A (1)</td>
<td>2/1/2002</td>
<td>$115,250</td>
<td>-</td>
<td>8/1/2013</td>
<td>$7,710</td>
<td>-</td>
<td>-</td>
<td>$7,710</td>
<td>-</td>
<td>8/1/2018</td>
</tr>
<tr>
<td>Series 2002E (3)</td>
<td>9/1/2002</td>
<td>$93,350</td>
<td>4.00% to 5.38%</td>
<td>8/1/2016</td>
<td>37,495</td>
<td>-</td>
<td>11,070</td>
<td>-</td>
<td>124,295</td>
<td>8/1/2027</td>
</tr>
<tr>
<td>Series 2003B (5)</td>
<td>6/26/2003</td>
<td>$124,295</td>
<td>Variable Est. 3.91%</td>
<td>8/1/2027</td>
<td>124,295</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>124,295</td>
<td>8/1/2029</td>
</tr>
<tr>
<td>Series 2004A (15)</td>
<td>5/4/2004</td>
<td>$103,575</td>
<td>3.75% to 5.00%</td>
<td>8/1/2015</td>
<td>10,015</td>
<td>-</td>
<td>3,185</td>
<td>-</td>
<td>68,380</td>
<td>8/1/2029</td>
</tr>
<tr>
<td>Series 2005A (6)</td>
<td>3/22/2005</td>
<td>$124,630</td>
<td>3.70% to 5.00%</td>
<td>8/1/2022</td>
<td>123,295</td>
<td>-</td>
<td>215</td>
<td>-</td>
<td>123,080</td>
<td>8/1/2028</td>
</tr>
<tr>
<td>Series 2006A</td>
<td>5/25/2006</td>
<td>$222,015</td>
<td>4.10% to 5.00%</td>
<td>8/1/2031</td>
<td>187,355</td>
<td>-</td>
<td>6,330</td>
<td>-</td>
<td>181,025</td>
<td>8/1/2031</td>
</tr>
<tr>
<td>Series 2007A</td>
<td>2/28/2007</td>
<td>$268,545</td>
<td>4.00% to 5.50%</td>
<td>8/1/2031</td>
<td>217,020</td>
<td>-</td>
<td>11,660</td>
<td>-</td>
<td>205,360</td>
<td>8/1/2031</td>
</tr>
<tr>
<td>Series 2007C (7)</td>
<td>3/22/2007</td>
<td>$192,310</td>
<td>4.00% to 5.50%</td>
<td>8/1/2027</td>
<td>189,575</td>
<td>-</td>
<td>4,990</td>
<td>-</td>
<td>184,585</td>
<td>7/31/2027</td>
</tr>
<tr>
<td>Series 2007E</td>
<td>10/31/2007</td>
<td>$147,390</td>
<td>3.80% to 5.00%</td>
<td>8/1/2032</td>
<td>139,070</td>
<td>-</td>
<td>4,395</td>
<td>-</td>
<td>134,675</td>
<td>8/1/2032</td>
</tr>
<tr>
<td>Series 2011A (10)</td>
<td>7/13/2011</td>
<td>$112,425</td>
<td>4.00% to 5.00%</td>
<td>8/1/2032</td>
<td>112,425</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>112,425</td>
<td>8/1/2032</td>
</tr>
<tr>
<td>Series 2012A (13)</td>
<td>5/15/2012</td>
<td>$20,085</td>
<td>5.00%</td>
<td>8/1/2028</td>
<td>20,085</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,085</td>
<td>8/1/2028</td>
</tr>
<tr>
<td>Series 2012B (14)</td>
<td>6/29/2012</td>
<td>$116,555</td>
<td>5.46%</td>
<td>8/1/2028</td>
<td>116,555</td>
<td>-</td>
<td>4,600</td>
<td>-</td>
<td>111,955</td>
<td>8/1/2028</td>
</tr>
<tr>
<td>Series 2012C (15)</td>
<td>8/9/2012</td>
<td>$67,145</td>
<td>4.00% to 5.00%</td>
<td>8/1/2029</td>
<td>67,145</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>67,145</td>
<td>8/1/2029</td>
</tr>
<tr>
<td>Series 2014A (16)</td>
<td>1/31/2014</td>
<td>$115,560</td>
<td>Variable Est. 4.68%</td>
<td>8/1/2027</td>
<td>-</td>
<td>115,560</td>
<td>-</td>
<td>-</td>
<td>115,560</td>
<td>8/1/2027</td>
</tr>
<tr>
<td>Series 2014B (17)</td>
<td>6/27/2014</td>
<td>$166,010</td>
<td>3.00% to 5.00%</td>
<td>8/1/2025</td>
<td>-</td>
<td>166,010</td>
<td>-</td>
<td>-</td>
<td>166,010</td>
<td>8/1/2025</td>
</tr>
</tbody>
</table>

$2,476,218

$1,771,333 $281,570 $63,865 $277,815 $1,711,223

* 2014A - Variable rate paid to certificate holders SIFMA +46 BPS. Resets weekly, 0.1510% at 6/30/2014
** 2003B - Variable rate paid to certificate holders SIFMA + 65 basis points. Resets weekly, 0.71% at 6/30/2014
*** 2010A QSCB - Average coupon rate before IRS subsidy is 5.4%. Net interest rate with IRS subsidy is .5837%
(2) Refunded and defeased by Series 2014A Certificates of Participation.
(3) Issued to advance refund and defease a portion of the Series 1995A and Series 1996A Certificates of Participation.
(4) Refunded and partially defeased by Series 2011D Certificates of Participation.
(5) On March 20, 2008, the District converted and remarketed the Series 2003B (with no change to principal).
(7) Issued to advance refund and defease a portion of the Series 2001A and Series 2002C Certificates of Participation. **
(8) Issued to advance refund and defease a portion of Series 1997A Certificates of Participation (which previously refunded Series 1994A Certificates of Participation). **
(9) Issued to advance refund and defease a portion of Series 2001B Certificates of Participation (which previously refunded Series 2000A Certificates of Participation). **
(10) Issued to advance refund and defease Series 2007B Certificates of Participation. **
(11) Issued to advance refund and defease a portion of Series 2002A Certificates of Participation. **
(12) Issued to advance refund and defease a portion of Series 2003A Certificates of Participation. **
(13) Issued to advance refund and defease a portion of Series 2002D Certificates of Participation. **
(14) Issued to advance refund and defease remaining Series 2002D Certificates of Participation. **
(15) Issued to advance refund and defease remaining Series 2004A Certificates of Participation. **
(16) Issued to advance refund and defease remaining Series 2002B Certificates of Participation. **
(17) Issued to advance refund and defease a portion of Series 2011B Certificates of Participation (which previously refunded Series 2000A 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, 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. Payment of the outstanding Certificates of Participation is insured through AMBAC Indemnity Corporation. During the year ended June 30, 2014, approximately $9.5 million was expended for capital outlay in the Certificates of Participation Capital Projects Funds.

All Certificates of Participation issued are subject to arbitrage rebate. At June 30, 2014, 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):

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$11,665</td>
<td>$3,570</td>
<td>-$</td>
<td>$3,335</td>
<td>$220</td>
<td>$6,585</td>
<td>$12,205</td>
<td>$5,325</td>
<td>$4,760</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>12,295</td>
<td>3,680</td>
<td>-$</td>
<td>3,495</td>
<td>17,980</td>
<td>6,850</td>
<td>12,825</td>
<td>920</td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>2,465</td>
<td>-</td>
<td>-</td>
<td>20,960</td>
<td>7,185</td>
<td>13,455</td>
<td>1,075</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>21,885</td>
<td>7,490</td>
<td>13,990</td>
<td>605</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>18,630</td>
<td>7,835</td>
<td>14,605</td>
<td>800</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020-2024</td>
<td>-</td>
<td>-</td>
<td>13,590</td>
<td>-</td>
<td>43,405</td>
<td>45,305</td>
<td>-</td>
<td>49,895</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025-2029</td>
<td>-</td>
<td>30,235</td>
<td>-</td>
<td>57,740</td>
<td>64,875</td>
<td>125,965</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2030-2034</td>
<td>-</td>
<td>80,470</td>
<td>-</td>
<td>42,035</td>
<td>73,405</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$26,425</td>
<td>$7,250</td>
<td>$124,295</td>
<td>$6,830</td>
<td>$123,080</td>
<td>$181,025</td>
<td>$205,360</td>
<td>$184,585</td>
<td>$9,760</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$4,585</td>
<td>- $835</td>
<td>$8,325</td>
<td>$330</td>
<td>- $4,645</td>
<td>- $ - $ - 4,645</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>4,795</td>
<td>845</td>
<td>370</td>
<td>340</td>
<td>- 85</td>
<td>- 105</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>5,015</td>
<td>- 4,585</td>
<td>4,205</td>
<td>- 105</td>
<td>3,500</td>
<td>105</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>5,215</td>
<td>- 230</td>
<td>4,325</td>
<td>- 5,130</td>
<td>3,680</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>5,435</td>
<td>- 1,355</td>
<td>4,435</td>
<td>- 5,380</td>
<td>3,825</td>
<td>3,045</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020-2024</td>
<td>30,965</td>
<td>31,415</td>
<td>- 10,890</td>
<td>1,795</td>
<td>16,535</td>
<td>21,935</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025-2029</td>
<td>39,420</td>
<td>13,105</td>
<td>- 18,290</td>
<td>80,075</td>
<td>27,790</td>
<td>55,420</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2030-2034</td>
<td>39,245</td>
<td>67,905</td>
<td>- 42,035</td>
<td>73,405</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>134,675</td>
<td>112,425</td>
<td>1,680</td>
<td>14,865</td>
<td>24,525</td>
<td>20,085</td>
<td>111,955</td>
<td>67,145</td>
<td>115,560</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ended June 30</th>
<th>Series 2014B</th>
<th>Series 2002 QZAB</th>
<th>Series 2005 QZAB</th>
<th>Series 2010A Total Lease Payment</th>
<th>Total Lease Payment &amp; Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>- $ - $ - $ -</td>
<td>- $ - $ - $ -</td>
<td>- $ - $ - $ -</td>
<td>66,385 $ 76,975</td>
<td>143,360</td>
</tr>
<tr>
<td>2016</td>
<td>940</td>
<td>- $ - $ - $ -</td>
<td>- $ - $ - $ -</td>
<td>70,525 $ 76,978</td>
<td>147,503</td>
</tr>
<tr>
<td>2017</td>
<td>11,345</td>
<td>950 $ - $ - $ -</td>
<td>- $ - $ - $ -</td>
<td>74,950 $ 73,745</td>
<td>148,695</td>
</tr>
<tr>
<td>2018</td>
<td>14,335</td>
<td>- $ - $ - $ -</td>
<td>- $ - $ - $ -</td>
<td>76,885 $ 70,483</td>
<td>147,368</td>
</tr>
<tr>
<td>2019</td>
<td>14,945</td>
<td>- $ - $ - $ -</td>
<td>- $ - $ - $ -</td>
<td>80,290 $ 66,841</td>
<td>147,131</td>
</tr>
<tr>
<td>2020-2024</td>
<td>84,935</td>
<td>2,923 $ - $ - $ -</td>
<td>- $ - $ - $ -</td>
<td>412,623 $ 322,205</td>
<td>734,828</td>
</tr>
<tr>
<td>2025-2029</td>
<td>39,510</td>
<td>- $ - $ - $ -</td>
<td>67,665</td>
<td>620,090 $ 109,808</td>
<td>729,898</td>
</tr>
<tr>
<td>2030-2034</td>
<td>- $ - $ - $ -</td>
<td>- $ - $ - $ -</td>
<td>309,475</td>
<td>23,541 $ 333,016</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>166,010</td>
<td>$950 $ 2,923 $ 2,150</td>
<td>$67,665 $ 1,711,223</td>
<td>$820,576 $ 2,531,799</td>
<td>-</td>
</tr>
</tbody>
</table>
State Statute requires that no more that 75% of the capital millage levy be used for COP debt service. The District’s debt policy limits the issuance of COPS by stating that the debt service could not exceed half of the capital millage levy. In fiscal year 2009, when the capital millage levy was reduced to 1.75 mils, the Debt Policy was amended to allow debt service to be up to 1 mil but should be within 50% of the capital millage levy within five years. Based on the reduction of the capital millage levy and lagging property values, the District’s capacity to issue new COPS debt has been dramatically reduced.

**Defeased Debt**

On January 31, 2014, the District issued certificates of participation (Series 2014A) in the amount of $115.6 million at par with net interest cost of 4.68% to refund certificates of participation Series 2002B with variable interest rate of .74%, which met the requirements of an in-substance current debt defeasance. The District made a principal payment of $115.4 million which is recorded in the fund level financial statements as a payment to escrow agent. The main purpose of the refunding was to remove the current bond insurer and the other terms remained relatively unchanged. The District paid cost of issuance of $200 thousand. The refunding meets the requirements of an in-substance defeasance and the liability for the refunded certificates was removed from the District’s financial statements in the current fiscal year.

On June 27, 2014, the District issued certificates of participation (Series 2014B) in the amount of $166.0 million (plus a premium of $25.7 million) with net interest cost of 2.71% to refund certificates of participation Series 2011B with interest rate 5.28%, which met the requirements of an in-substance current debt defeasance. The District provided an additional $3.7 million in funds that had been set aside to pay $2.8 million for SWAP interest and $0.8 million for 2011B debt service. A portion of the net proceeds in the amount of $163.1 million (after payment of $1.0 million in underwriting and other issuance costs, and $31.3 million in SWAP termination fees, which includes $2.8 million of accrued interest) were used to make a principal payment of $162.4 million and a call premium payment of $0.7 million, both are recorded in the fund level financial statements as a payment to escrow agent. As a result of the refunding, the District will decrease its total debt service requirement by $0.2 million, which results in an economic savings (the difference between the present value of the debt service payments on the old and new debt) of $0.2 million, or .096% of the principal amount being refunded. The refunding meets the requirements of an in-substance defeasance and the liability for the refunded certificates was removed from the District’s financial statements in the current fiscal year.

In prior years, the District defeased certain certificates of participation by creating separate irrevocable trust funds. New debt has been issued and the proceeds 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, 2014, the total amount of defeased debt outstanding but removed from the District’s financial statements amounted to $71.3 million.

**Certificates of Participation:**

<table>
<thead>
<tr>
<th>Series</th>
<th>Maturities</th>
<th>Thousands Outstanding</th>
<th>Call Date</th>
<th>Defeased by COPS Series</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td></td>
<td>$71,280</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Forward Delivery Agreement (FDA) also known as Forward Direct Purchase Bank Loan

The District entered into a forward delivery agreement (FDA) in February 2014 to refund the series 2005A. The refunding does not legally take place until May 2015 with the issuance of the series 2015A. The District has the option to terminate the transaction which would require a termination or breakage fee. The bank can only terminate if there is a change in federal law that indicates that the District debt is no longer tax exempt, the state of Florida halts the Certificate of Participation program or the District receives a rating downgrade below BBB.

The instrument does not qualify as an investment derivative instrument since the transaction was not entered into primarily for the purpose of obtaining income or profit and it does not meet the criteria of a hedging derivative instrument. There is no net settlement based on prevailing interest rate, there are no optimal redemption terms and the securities will likely be issued regardless of underlying market conditions because of the termination/breakage fee.

Qualified School Construction Bonds

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 Bond 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 will pay interest only until 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 $53.8 million. A total subsidy of $48.5 million will be recorded as revenue in the year earned. Therefore, the amount the District will pay net of the federal subsidy is $2.8 million. In the current year, the District recorded $3.2 million subsidy as revenue and $3.6 million as interest expense resulting in a net impact of $0.4 million.

Subsequent to the sale of the 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 $6.0 million to be used to repay the principal in 2025.

Hedging Derivative Instrument Payments and Hedged Debt

As of June 30, 2014, aggregate debt service requirements of the District’s debt (fixed-rate and variable-rate) and net receipts/payments on associated hedging derivative instruments are as follows. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.
Refer to Note 11 for information on derivative instruments (amounts in thousands):

<table>
<thead>
<tr>
<th>Fiscal Year Ending June 30</th>
<th>Principal</th>
<th>Interest</th>
<th>Hedging Derivative Instruments, Net</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$ 4,645</td>
<td>$ 2,937</td>
<td>$ 14,256</td>
<td>$ 21,838</td>
</tr>
<tr>
<td>2016</td>
<td>190</td>
<td>2,937</td>
<td>14,252</td>
<td>17,379</td>
</tr>
<tr>
<td>2017</td>
<td>210</td>
<td>2,936</td>
<td>14,247</td>
<td>17,393</td>
</tr>
<tr>
<td>2018</td>
<td>5,130</td>
<td>2,893</td>
<td>14,016</td>
<td>22,039</td>
</tr>
<tr>
<td>2019</td>
<td>8,425</td>
<td>2,835</td>
<td>13,712</td>
<td>24,972</td>
</tr>
<tr>
<td>2020-2024</td>
<td>87,010</td>
<td>12,343</td>
<td>60,598</td>
<td>159,951</td>
</tr>
<tr>
<td>2025-2029</td>
<td>165,730</td>
<td>6,497</td>
<td>34,385</td>
<td>206,612</td>
</tr>
<tr>
<td>2030-2034</td>
<td>80,470</td>
<td>-</td>
<td>1,557</td>
<td>82,027</td>
</tr>
<tr>
<td></td>
<td>$ 351,810</td>
<td>$ 33,378</td>
<td>$ 167,023</td>
<td>$ 552,211</td>
</tr>
</tbody>
</table>

Borrowings of Hybrid Derivative Instruments

The District sold two swaptions with the 2002D and 2001B certificates with a notional amount of $116,555,000 and $162,980,000, respectively. Upon entering into the swaptions, the District received up-front payments of $4,240,000 and $6,250,000, respectively, from the counterparty. The up-front payments were composed of the swaptions’ intrinsic value and time value. Accordingly, the swaptions are hybrid instruments consisting of a borrowing and an embedded derivative instrument. The embedded derivative instrument – the option – was recorded at a value equal to the time value of the option only and the remaining value of the swaption was allocated to the companion instrument (borrowing). The intrinsic value of the borrowing was calculated using the net present value method and is recorded at historical cost. During the option period, interest accreted at the market rate at inception of the borrowing of 4.40% and 4.20%, respectively totaling $882,451 and $1,166,422. The 2001B swaption and 2002D swaption were executed August 1, 2011 and August 1, 2012, respectively.

The 2001B/2011B Pay fixed Interest Rate Swap (Swap) was terminated June 27, 2014. As a result of the termination, the unamortized balance of the borrowing/upfront payment of $4,216,645 was recorded as a reduction of interest expense in June 2014.

The original borrowing of the 2012B/2002D continues to be amortized over the remaining term. Aggregate debt service requirements of the District’s borrowing amounts assume that current interest rates on variable-rate bonds is equal to the at the market rates at inception of the derivative instruments and will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the derivative instruments will vary. Refer to Note 11 for information on derivative instruments.
Debt service requirements for the 2012B/2002D borrowing at June 30, 2014, are as follows (amounts in thousands):

<table>
<thead>
<tr>
<th>Fiscal Year Ending June 30</th>
<th>Principal</th>
<th>Interest</th>
<th>Total Principal and Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$216</td>
<td>$127</td>
<td>$343</td>
</tr>
<tr>
<td>2016</td>
<td>$218</td>
<td>$118</td>
<td>$336</td>
</tr>
<tr>
<td>2017</td>
<td>$228</td>
<td>$108</td>
<td>$336</td>
</tr>
<tr>
<td>2018</td>
<td>$229</td>
<td>$98</td>
<td>$327</td>
</tr>
<tr>
<td>2019</td>
<td>$223</td>
<td>$89</td>
<td>$312</td>
</tr>
<tr>
<td>2020-2024</td>
<td>$1,142</td>
<td>$295</td>
<td>$1,437</td>
</tr>
<tr>
<td>2025-2029</td>
<td>$836</td>
<td>$70</td>
<td>$906</td>
</tr>
<tr>
<td></td>
<td>$3,092</td>
<td>$905</td>
<td>$3,997</td>
</tr>
</tbody>
</table>

11. DERIVATIVE INSTRUMENTS

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2014, classified by type, and the changes in fair value of such derivative instruments are as follows (amounts in thousands):

<table>
<thead>
<tr>
<th>Classification</th>
<th>Amount</th>
<th>Classification</th>
<th>Amount</th>
<th>Notional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental Activities Hedging Derivatives:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002B/2014A Pay-fixed Interest Rate Swap</td>
<td>Deferred outflow of resources</td>
<td>$945</td>
<td>Liability</td>
<td>$(24,884)</td>
</tr>
<tr>
<td>2003B Pay-fixed Interest Rate Swap</td>
<td>Deferred outflow of resources</td>
<td>(1,015)</td>
<td>Liability</td>
<td>(20,551)</td>
</tr>
<tr>
<td>Term-2001B/2011B Pay fixed Interest Rate Swap</td>
<td>Deferred outflow of resources</td>
<td>27,296</td>
<td>Liability</td>
<td>-</td>
</tr>
<tr>
<td>2002D/2012B Pay-fixed Interest Rate Swap</td>
<td>Deferred outflow of resources</td>
<td>251</td>
<td>Liability</td>
<td>(22,052)</td>
</tr>
<tr>
<td>Total Hedging Derivative Instruments</td>
<td>$27,477</td>
<td>Liability</td>
<td>(67,487)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Classification</th>
<th>Amount</th>
<th>Classification</th>
<th>Amount</th>
<th>Notional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Derivatives:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011B-11 Basis point spread - Term</td>
<td>Investment earnings</td>
<td>$ (268)</td>
<td>Asset</td>
<td>-</td>
</tr>
<tr>
<td>2003B-Barrier Option at 7%</td>
<td>Investment earnings</td>
<td>54</td>
<td>Asset</td>
<td>93</td>
</tr>
<tr>
<td>Total Investment Derivative Instruments</td>
<td>$ (214)</td>
<td></td>
<td>$ 93</td>
<td></td>
</tr>
</tbody>
</table>

The barrier option is considered an investment derivative instrument. Refer to Note 4. Investment Derivative Instruments for information on investment derivative instruments. All other derivative instruments are considered hedging derivative instruments.

The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market’s best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the swaps.
Fair values of options may be based on an option pricing model, such as the Black-Scholes-Merton model. That model considers probabilities, volatilities, time, settlement prices, and other variables.

**Objective and Terms of Derivative Instruments**

The table below displays the objective and terms of the District’s derivative instruments outstanding at June 30, 2014, along with the credit rating of the associated counterparty (amounts in thousands):

<table>
<thead>
<tr>
<th>Objective</th>
<th>Notional</th>
<th>Effective Date</th>
<th>Maturity Date</th>
<th>Amount of Cash Received</th>
<th>Terms</th>
<th>Counterparty</th>
<th>Credit Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental Activities Hedging Derivatives:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002B/2014A - Interest Rate Swap</td>
<td>Hedge changes in cash flows on the 2014A Certificates</td>
<td>$115,350</td>
<td>3/20/2002</td>
<td>8/1/2027</td>
<td>N/A</td>
<td>Pay 4.22%; receive 67% of USD LIBOR or SIFMA +46 bps Swap Index</td>
<td>Citigroup Financials Products Inc.</td>
</tr>
<tr>
<td>2003B - Interest Rate Swap</td>
<td>Hedge changes in cash flows on the 2003B Certificates</td>
<td>$124,295</td>
<td>6/26/2003</td>
<td>8/1/2029</td>
<td>N/A</td>
<td>Pay 3.91%; receive SIFMA +65 bps Swap Index</td>
<td>UBS AG, Stamford Branch</td>
</tr>
<tr>
<td>2002D/2012B - Interest Rate Swap</td>
<td>Hedge changes in cash flows on the 2012B Certificates</td>
<td>$111,955</td>
<td>8/1/2012</td>
<td>8/1/2028</td>
<td>$4,240</td>
<td>Pay 4.71%; receive SIFMA Swap Index</td>
<td>Citigroup Financials Products Inc.</td>
</tr>
<tr>
<td><strong>Investment Derivatives:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003B - Barrier option at 7%</td>
<td>Hedge against future increase in interest rates</td>
<td>$100,000</td>
<td>6/26/2003</td>
<td>8/1/2018</td>
<td>$3,010</td>
<td>See Note 1</td>
<td>UBS AG, Stamford Branch</td>
</tr>
</tbody>
</table>

Note 1 Counterparty has right to terminate the 2003B Interest Rate Swap if the 180 day average of the BMA index exceeds 7.0% in the future

**Risks**

**Credit Risk**

The District is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the District’s policy to require counterparty collateral posting provisions on all swap agreements. These terms require full collateralization of the fair value of derivative instruments in asset positions (net of the effect of applicable netting arrangements) should the counterparty’s credit rating fall below AA as issued by Standard & Poor’s or Aa as issued by Moody’s Investors Service. Collateral posted is to be in the form of U.S. Treasury securities held by a third-party custodian. The District has never failed to access collateral when required.

It is the District’s policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the nondefaulting party to accelerate and terminate all outstanding transactions and net the transactions’ fair values so that a single sum will be owed by, or owed to, the nondefaulting party.

The District has investment derivative instruments in asset position of $93 thousand and no hedging derivative instruments in asset positions at June 30, 2014.
Interest rate risk
The District is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swaps, as LIBOR or the SIFMA swap index decreases, the District's net payment on the swap increases which is offset by the variable rate paid on the hedged debt.

Basis risk
The District is exposed to basis risk on its pay-fixed 2002B/2014A and pay-fixed 2012B interest rate swap hedging derivative instrument because the variable-rate payments received by the District on these hedging derivative instruments are based on a rate or index other than interest rates the District pays on its hedged variable-rate debt, which is remarshaled every 7 days. As of June 30, 2014, the weighted-average interest rate on the District’s hedged variable-rate debt is 0.77%, while the fiscal year 2014 average of the SIFMA swap index rate is 0.08% and 67% of LIBOR is 0.11% and 70% of LIBOR is 0.12%.

Termination risk
The District or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract including if either parties credit rating falls below designated levels. In addition, the District is exposed to termination risk on its 2003B interest rate swap with barrier option because the counterparty has the option to terminate the swap if the 180 day average of the BMA index exceeds 7.0% at any time beginning on the commencement date. If at the time of termination, a hedging derivative instrument is in a liability position, the District would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

In connection with the issuance of the Certificates of Participation, Series 2014B, the District also terminated all the outstanding derivative instruments associated with the 2001B/2011B Pay fixed Interest Rate Swap (Swap) for a payment of $31.2 million comprised of $28.4 million with respect to the termination of the transaction (recorded as deferred outflow of resources on refunding) and $2.8 million of accrued interest on June 27, 2014.

In connection with the issuance of the Certificates of Participation, Series 2014A the District called and refunded Certificates of Participation, Series 2002B. Since the primary purpose and subsequent result was to replace or remove the current bond insurer and the other terms remain relatively unchanged it was determined that a terminating event has not occurred and will continue to report 2002B/2014A Interest Rate Swap as a hedging derivative instrument.

12. RETIREMENT PLANS

Plan Description: The District contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer pension plan administered by the State of Florida Division of Retirement. FRS was created in 1970 by consolidating several employee retirement systems, including the Teachers Retirement System. All eligible employees, as defined by the State, who were hired after 1970 and those employed prior to 1970 who elect to be enrolled, are covered by FRS. Employees hired prior to 1970 and not electing to enroll in the FRS may be covered by various contributory plans, principally the Teachers' Retirement System Plan E. FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Florida Legislature established FRS under Chapter 121, Florida Statutes, and has sole authority to amend benefit provisions. Each year FRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Florida Department of Management Services, Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000.

A Deferred Retirement Option Program (DROP), subject to provisions of Section 121.091, Florida Statutes, is offered to employees of the District. DROP permits employees, eligible for normal retirement under the Plan, to defer receipt of monthly benefits payment while continuing employment with a FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate.
During the period of DROP participation, deferred monthly benefits are held in FRS Trust Fund and accrue interest.

**Defined Contribution Plan:** Pursuant to Section 121.45.01, Florida Statutes, the Florida Legislature created a defined contribution program called the Public Employee Optional Retirement Program (PEORP). This program is administered by FRS as an option to the defined benefit plan, and is self-directed by the employee. The employees have the responsibility of selecting how their funds are invested within the approved set of investment choices and may take their funds when they leave FRS. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Special Risk Class, etc.).

**Funding Policy:** The Florida Legislature Senate Bill 2100, making substantive changes to FRS effective July 1, 2011. The bill requires all FRS Investment Plan and Pension Plan members (except those in DROP) to make 3% employee contributions on a pretax basis. The District is required to make contributions in accordance with rates established by the Florida Legislature. During the fiscal year, the rates ranged from 6.95% to 19.06% of annual covered payroll. The Teachers Retirement System is contributory and the rates for those employees still participating in this program is 11.44% and 6.25% for the employer and the employee, respectively. The District’s and employee’s contributions for both plans are equal to the required contributions for each year as follows (amounts in thousands):

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida Retirement System</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer</td>
<td>$ 44,838</td>
<td>$ 50,191</td>
<td>$ 74,277</td>
</tr>
<tr>
<td>Employee</td>
<td>24,533</td>
<td>25,688</td>
<td>26,749</td>
</tr>
<tr>
<td>Teachers’ Retirement System</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plan E: Employer</td>
<td>$ 9</td>
<td>$ 10</td>
<td>$ 10</td>
</tr>
<tr>
<td>Employee</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

Employer rates include the post-employment health insurance supplement of 1.20% and 0.03% for administrative costs of the Public Employee Optional Retirement Program.

The District’s liability to the defined benefit plan and the defined contribution plan is limited to the payment of the required contribution at the rates and frequencies established by law on the future payrolls of the District.

**13. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

The District follows the guidance contained in Governmental Accounting Standards Board Statement No. 45, *Accounting and Reporting by Employers for Post Employment Benefits Other than Pensions* (GASB 45); for certain post employment health care benefits provided by the District for the fiscal year ended June 30, 2014.

**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.
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 2014, 1,152 retirees received health care benefits. The District provided required contributions of approximately $5.0 million toward the annual OPEB cost. Retiree contributions totaled approximately $8.3 million.

Annual OPEB Cost and Net OPEB Obligation
The District’s annual Other Post Employment Benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation to the retiree health plan (amounts in thousands):

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Required Contribution</td>
<td>$13,383</td>
</tr>
<tr>
<td>Interest on Net OPEB Obligation</td>
<td>3,492</td>
</tr>
<tr>
<td>Adjustment to Annual Required Contribution</td>
<td>(3,564)</td>
</tr>
<tr>
<td>Annual OPEB Cost (Expense)</td>
<td>13,311</td>
</tr>
<tr>
<td>Contribution Towards OPEB Cost</td>
<td>(4,969)</td>
</tr>
<tr>
<td>Increase in Net OPEB Obligation</td>
<td>8,342</td>
</tr>
<tr>
<td>Net OPEB Obligation - Beginning of Year</td>
<td>87,297</td>
</tr>
<tr>
<td>Net OPEB Obligation - End of Year</td>
<td>$95,639</td>
</tr>
</tbody>
</table>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2014, was as follows (amounts in thousands):

<table>
<thead>
<tr>
<th>Fiscal Year Ended</th>
<th>Annual OPEB Cost (in thousands)</th>
<th>Percentage of Annual OPEB Cost Contributed</th>
<th>Net OPEB Obligation (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2014</td>
<td>$13,311</td>
<td>37%</td>
<td>$95,639</td>
</tr>
<tr>
<td>June 30, 2013</td>
<td>12,678</td>
<td>32%</td>
<td>87,297</td>
</tr>
<tr>
<td>June 30, 2012</td>
<td>13,735</td>
<td>43%</td>
<td>78,701</td>
</tr>
</tbody>
</table>

Funded Status and Funding Progress
As of June 30, 2014, the actuarial accrued liability for benefits was $138.5 million, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $971.6 million, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 14.2%.

The projection of future benefit payments for an ongoing plan involves 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, mortality, and the healthcare cost trend. 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 multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.
**Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Projected Unit Cost method (PUC) with benefits attributed from date of hire to expected retirement age was used in the actuarial valuation as of July 1, 2012. The unfunded actuarial accrued liability is amortized over the maximum acceptable period of thirty years on an open basis. It is calculated assuming a level dollar percentage. The remaining amortization period at June 30, 2012 is thirty years (open method).

The following assumptions were made:

**Retirement Age** – Annual retirement probabilities have been determined based on the Florida Retirement System Actuarial Valuation as of July 1, 2011.

**Covered Spouses** – Assumed number of eligible spouses is based on the current census information.

**Per Capita Health Claim Cost** – Per capita health claim costs are developed from a combination of historical claim experience and manual claim costs developed using a representative database. The per capita cost at age 60 is $9,744 and at age 70 is $5,611.

**Age Based Morbidity** – The assumed per capita health claim costs are adjusted to reflect expected increases related to age. The increase in per capita health claim costs related to age range from 3.19% to 5.06% under age 65 and from 0.05% to 3.00% over age 65.

**Mortality** – Life expectancies were based on mortality tables from the National Center for Health Statistics. The RP-2000 Table projected to 2015 using Scale AA and applied on a gender specific basis.

**Healthcare Cost Trend Rate** — The expected rate of increase in healthcare insurance premiums was based on District historical experience, our market-place knowledge and macro-economic theory. A rate of 9.5% for under age 65 and 8.5% over age 65 initially, reduced 0.5% each year until reaching the ultimate trend rate of 5.0%.

**Retiree Contributions** – Retiree contributions are assumed to increase with healthcare cost trend.

**Non-Claim Expenses** – Non-claim expenses are based on the current amounts charged per retired employee.

**Termination** – The rate of withdrawal for reasons other than death and retirement has been developed from the Florida Retirement System Actuarial Valuation as of July 1, 2011. The annual termination probability is dependent on an employee’s age, gender, and years of service.

**Plan Participation Percentage** – It is assumed that 35% of all future retirees and their dependents who are eligible for benefits participate in the post employment benefit plan in fiscal year 2014 and 30% participate thereafter.

**Census Data** – The census data was provided as of June 2014.
Salary Increase Assumption – 2.5% per annum.

Discount Rate – 4% per annum

Inflation Rate – 3%

14. NET POSITION AND FUND BALANCE REPORTING

Net Position

The government-wide statement of net position reports all financial and capital resources of the District, as well as assets and liabilities. The difference between assets and liabilities are report as net position. Net position is displayed in three components:

- Net investment in capital assets: Capital assets, net of accumulated depreciation and reduces by the outstanding balance of debt that is attributable to the acquisition, constructions, or improvement in three components.
- Restricted net position: Net position where constraints on their use are: (1) externally imposed by creditors, grantors, contributors, laws, or regulation of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position (deficit): All other assets and liabilities not part of the above categories. This amount represents the accumulated results of all past years’ operations. The deficit in the net position of governmental activities is due to long-term liabilities, including compensated absences.

Net position is categorized as follows:

a) Net Investment in Capital Assets – is intended to reflect the portion of net position which are associated with capital assets, less outstanding capital assets related debt, net of unspent bond and loan proceeds.

b) Restricted Net Position – have third party (statutory, bond covenant or granting agency) limitations on their use, or enabling legislation.

c) Unrestricted Net Position – have no third party limitations on their use. While District management may have categorized and segmented portions for various purposed, the School Board has the unrestricted authority to revisit or alter theses managerial decisions.

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, constitutional provisions or enabling legislation and the minimum cash balance required to be maintained for self-insurance programs. 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

Restricted or unrestricted amounts are considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. 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 $46.5 million or 3.06% of general fund total expenditures.
### Major Funds

<table>
<thead>
<tr>
<th>FUND BALANCES:</th>
<th>General Fund</th>
<th>COPS Debt Service</th>
<th>Capital Improvement</th>
<th>Non-Major Governmental</th>
<th>Total Governmental</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nonspendable:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Inventory:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Textbooks</td>
<td>$8,278</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$8,278</td>
</tr>
<tr>
<td>Child Nutrition</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Warehouse</td>
<td>781</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>781</td>
</tr>
<tr>
<td>Transportation</td>
<td>546</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>546</td>
</tr>
<tr>
<td>Other</td>
<td>14</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14</td>
</tr>
<tr>
<td>Total Nonspendable</td>
<td>9,619</td>
<td>-</td>
<td>-</td>
<td>2,684</td>
<td>12,303</td>
</tr>
<tr>
<td><strong>Restricted for:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Categorical carryover programs</td>
<td>1,915</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,915</td>
</tr>
<tr>
<td>IB, AP, AICE &amp; Industry cert prog*</td>
<td>7,825</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,825</td>
</tr>
<tr>
<td>School Improvement*</td>
<td>1,352</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,352</td>
</tr>
<tr>
<td>Workforce development*</td>
<td>17,078</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17,078</td>
</tr>
<tr>
<td>Child nutrition</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>23,050</td>
<td>23,050</td>
</tr>
<tr>
<td>Debt service</td>
<td>-</td>
<td>107,135</td>
<td>-</td>
<td>3,535</td>
<td>110,670</td>
</tr>
<tr>
<td>Capital projects</td>
<td>-</td>
<td>36,499</td>
<td>-</td>
<td>67,359</td>
<td>103,858</td>
</tr>
<tr>
<td>Total Restricted</td>
<td>28,170</td>
<td>107,135</td>
<td>36,499</td>
<td>93,944</td>
<td>265,748</td>
</tr>
<tr>
<td><strong>Committed to:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Education Network program</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>186</td>
<td>186</td>
</tr>
<tr>
<td>Total Committed</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>186</td>
<td>186</td>
</tr>
<tr>
<td><strong>Assigned to:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>School Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>526</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>526</td>
</tr>
<tr>
<td>Textbooks</td>
<td>875</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>875</td>
</tr>
<tr>
<td>Instructional support services</td>
<td>61</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>61</td>
</tr>
<tr>
<td>Board</td>
<td>178</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>178</td>
</tr>
<tr>
<td>General &amp; School admin</td>
<td>40</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>40</td>
</tr>
<tr>
<td>Central services</td>
<td>192</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>192</td>
</tr>
<tr>
<td>Pupil transportation services</td>
<td>75</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>75</td>
</tr>
<tr>
<td>Operation of plant</td>
<td>129</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>129</td>
</tr>
<tr>
<td><strong>Community services:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>After care/summer camp</td>
<td>6,168</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,168</td>
</tr>
<tr>
<td>Pre-K/VPK Fee Based Activities</td>
<td>78</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>78</td>
</tr>
<tr>
<td>Community Schools</td>
<td>660</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>660</td>
</tr>
<tr>
<td>Other</td>
<td>96</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>96</td>
</tr>
<tr>
<td>Capital projects</td>
<td>220</td>
<td>-</td>
<td>-</td>
<td>35,490</td>
<td>35,710</td>
</tr>
<tr>
<td>Misc local grants/donations</td>
<td>1,895</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,895</td>
</tr>
<tr>
<td>Next year budget appropriations</td>
<td>16,331</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16,331</td>
</tr>
<tr>
<td>Total Assigned</td>
<td>27,524</td>
<td>-</td>
<td>-</td>
<td>35,490</td>
<td>63,014</td>
</tr>
<tr>
<td><strong>Unassigned</strong></td>
<td>46,500</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>46,500</td>
</tr>
<tr>
<td><strong>Total fund balance</strong></td>
<td>$111,813</td>
<td>$107,135</td>
<td>$36,499</td>
<td>$132,304</td>
<td>$387,751</td>
</tr>
</tbody>
</table>

* Net Position Restricted for the Other Purposes total $29,925 which includes items noted above of $26,441 plus cash with fiscal agent of $3,484.
15. 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 additional 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 the final settlements of these matters will not result in a material adverse effect on the financial position of the District.

As part of its capital outlay program, the District has entered into various construction contracts. The District’s construction commitments of $ 48.2 million and other encumbrances of $3.0 million as of June 30, 2014 are shown below (amounts in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Encumbrances</th>
<th>Commitments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$1,295</td>
<td>-</td>
<td>$1,295</td>
</tr>
<tr>
<td>Capital Improvement</td>
<td>-</td>
<td>4,841</td>
<td>4,841</td>
</tr>
<tr>
<td>Non-Major Governmental</td>
<td>1,688</td>
<td>43,311</td>
<td>44,999</td>
</tr>
<tr>
<td>Total Commitments</td>
<td>$2,983</td>
<td>$48,152</td>
<td>$51,135</td>
</tr>
</tbody>
</table>

The District entered into a voluntary non-exchange transaction with Dell Marketing L.P. On October 30, 2012 Dell Marketing, L.P. (Dell) agreed to provide $7.0 million in hardware to the District contingent upon Dell receiving a $12.0 million purchase order from the District by November 1, 2012 for computers and associated peripheral items. The District has received $6.8 million of the donated hardware as of June 30, 2014 ($2.1 million in the current year and $4.7 million in the prior year) and recorded the value of the items received as revenue and expenditure in governmental activities.

16. SUBSEQUENT EVENTS

On July 29, 2014, the District issued $33.3 million in Certificates of Participation, Series 2014C to refund the Series 2007A Certificates owned by CitiBank, N.A. CitiBank, N.A paid the District $2.2 million to extend the call date five years and cover the costs associated with the issuance. Refinancing the Series 2007A will generate $1.6 million cash flow savings for 2015 through 2031. The series 2014C Certificates possess an underlying credit rating of Aa3 and AA Moody’s and Fitch, respectively.

On September 10, 2014 the District issued Tax Anticipation Notes ("TANS") Series 2014. The $115.0 million issue a coupon rate of 1.25% with an effective yield of 0.08%. The notes are dated September 25, 2014.
### Schedule of Funding Progress

**Other Post Employment Benefits Plan**

**June 30, 2014**

<table>
<thead>
<tr>
<th>Actuarial Valuation Date</th>
<th>Actuarial Value of Assets (a)</th>
<th>Actuarial Accrued Liability (AAL) (in thousands)</th>
<th>Unfunded AAL (UAAL) (in thousands)</th>
<th>Funded Ratio (a/b)</th>
<th>Covered Payroll (in thousands)</th>
<th>UAAL as a percentage of Covered Payroll ((b-a)/c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 2013</td>
<td>$</td>
<td>$ 138,454</td>
<td>$ 138,454</td>
<td>0.0%</td>
<td>$ 971,608</td>
<td>14.2%</td>
</tr>
<tr>
<td>July 1, 2012</td>
<td>-</td>
<td>$ 130,194</td>
<td>$ 130,194</td>
<td>0.0%</td>
<td>$ 933,906</td>
<td>13.9%</td>
</tr>
<tr>
<td>July 1, 2011</td>
<td>-</td>
<td>$ 168,939</td>
<td>$ 168,939</td>
<td>0.0%</td>
<td>$ 900,764</td>
<td>18.8%</td>
</tr>
</tbody>
</table>
Independent Auditor's 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

Chairperson and Members of  
The School Board 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, 2014, 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, 2014.

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) to determine the 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.

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 determination of financial statement amounts. 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 entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McHale LLP

West Palm Beach, Florida
November 20, 2014
APPENDIX C

CERTAIN LEGAL DOCUMENTS

The Master Lease

Form of Schedule 2007A-1
Form of Schedule 2007E-1
Form of Schedule 2007E-2

The Series 2007A Ground Lease
The Series 2007E Ground Lease

The Master Trust Agreement

Form of Series 2015D Supplemental Trust Agreement

The Series 2007A Assignment
The Series 2007E Assignment
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
WHEREAS, Facilities approved by the State Department of Education may be leased, sold, or transferred from time to time pursuant to Schedules substantially in the form of Exhibit A hereto (individual Schedules, are herein collectively referred to as a "Schedule"); 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 Lease 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 establish a trust and assign to the Trustee all of its right, title and interest in and to a Facility Site back to the School Board and the lease-purchase financing of the Facilities set forth on a Schedule 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 any Series of Certificates with the Trustee and direct the Corporation 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 or related costs including, without limitation, capitalized interest, accrued interest and costs of issuance and to make lease payments; and

ARTICLE I. DEFINITIONS AND INTERPRETATIONS

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 and shall include the meanings, if any, otherwise ascribed to such terms in the Trust Agreement and any Supplemental Trust Agreement, unless the context otherwise requires:

"Additional Lease Payments" shall mean any amounts payable by the School Board under the terms of the Master Lease as a result of a Basic Lease Payment or a Supplemental Payment, as set forth in a Schedule hereto which is the effective date of such Schedule.

"Agreement" shall mean any Assignment Agreement pursuant to Section 4.1 of the Trust Agreement and any Supplemental Trust Agreement.

"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 Facility Site back to the School Board and the lease-purchase financing of the Facilities set forth on a Schedule hereto which is the effective date of such Schedule.

"Authorized Corporation Representatives" shall mean the Corporation and any person or persons designated by the Corporation to act on behalf of the Corporation by a written certificate delivered to the Trustee in form and manner acceptable to the Trustee and in each case a Basic Lease Payment or a Supplemental Payment, as set forth in a Schedule hereto which is the effective date of such Schedule.

"Authorized School Board Representatives" shall mean the School Board and any person or persons designated by the School Board to act on behalf of the School Board by a written certificate delivered to the Trustee in form and manner acceptable to the Trustee and in each case a Basic Lease Payment or a Supplemental Payment, as set forth in a Schedule hereto which is the effective date of such Schedule.

"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 and designated as a Basic Lease Payment in such Schedule.

"Business Day" shall mean any day other than Saturday, Sunday or any 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 Certificate" shall mean the registered owner of any Certificate or Certificates.

"Certificate of Acceptance" shall mean the certificate or certificates of the School Board substantially in the Form of Exhibit B to the Master Lease to be delivered pursuant to the provisions of Section 2.1 hereof.

"Challenger" shall mean the Challenger of the School Board and any person or Persons designated by the School Board to act on behalf of the School Board by a written certificate delivered to the Trustee in form and manner acceptable to the Trustee and in each case a Basic Lease Payment or a Supplemental Payment, as set forth in a Schedule hereto which is the effective date of such Schedule.


"Completion Date" shall mean the date set forth in each Schedule hereto which is the effective date of such Schedule.

"Completion Dates" 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 all requirements, construction and installation of such Facilities.

"Corporation" shall mean Palm Beach County School Board Leasing Corp., a Florida not-for-profit corporation, and its successors and assigns.

"Costs" shall mean any sums 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 interests in real property, including leasehold interests, easements, easements, rights of way and franchises, including, without limitation, lease payments to be made by the Corporation under the lease or a ground lease unless the recipient accepts the Facilities related thereto as described herein, (ii) costs and expenses incurred for labor and materials and payments to cont---
United States of America, including bonds or other evidences of indebtedness issued or guaranteed by any agency or corporation described in (i); (iii) amounts treated as transferred proceeds of such Certificates in accordance with the Code; (iv) amounts treated as described in (i) above.

lease one or more Facility Sites to the Corporation.

School Board as in effect from time to time.

(vii) amounts used to pay the principal and interest portions of which the earnings on the Gross Proceeds of such Certificates, the amount of which shall be determined in accordance with Sections 235.056 (3) and 235.057 of the Code, and any recurring amounts payable to a provider of a facility-related service, including professional consultants, fees and charges for the installation of equipment or machinery that comprise part of the Facilities, (xi) Costs of Issuance, and (xii) interest during construction and for a reasonable period of time up to six months thereafter.

"Costs of Issuance" shall mean the items of expense incurred in connection with the authorization, sale and delivery of each Certificate, 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, 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 transportation and reference 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 Subaccounts" shall mean a Costs of Issuance Subaccount which is established in accordance with Section 4 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 lease policy, security, surety bond or other irrevocable security device, if any, supplementally 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 described in (i); (iii) amounts treated as transferred proceeds of such Certificates in accordance with the Code; (iv) amounts treated as described in (i) above.

"Credit Facility Account" shall mean any Credit Facility Account established pursuant to Section 4 of the Trust Agreement and any Supplemental Trust Agreement and any refunding account payable to a provider of a credit facility-related service, including professional consultants, fees and charges for the installation of equipment or machinery that comprise part of the Facilities, (xi) Costs of Issuance, and (xii) interest during construction and for a reasonable period of time up to six months thereafter.

"Credit Facility Issuer" shall mean, with respect to a Series of Certificates, the issuer of the Credit Facility Obligations, if any, in connection with the authorization, sale and delivery of each Certificate, which issuer shall be a qualified entity authorized to issue such Certificates and any such other entity as may be designated by the Corporation, and shall be subject to the provisions of Sections 235.056 (3) and 235.057 of the Code, and any recurring amounts payable to a provider of a facility-related service, including professional consultants, fees and charges for the installation of equipment or machinery that comprise part of the Facilities, (xi) Costs of Issuance, and (xii) interest during construction and for a reasonable period of time up to six months thereafter.

"Credit Facility Obligations" shall mean, with respect to a Series of Certificates, the Credit Facility Account established pursuant to Section 4 of the Trust Agreement and any Supplemental Trust Agreement and any refunding account payable to a provider of a credit facility-related service, including professional consultants, fees and charges for the installation of equipment or machinery that comprise part of the Facilities, (xi) Costs of Issuance, and (xii) interest during construction and for a reasonable period of time up to six months thereafter.

"Credit Facility Subaccount" shall mean a Costs of Issuance Subaccount which is established in accordance with Section 4 of the Trust Agreement and in any Supplemental Trust Agreement in connection with the issuance of a Series of Certificates.
Additional Lease Payments and Supplemental Payments then due and prepayment premiums payable on the Certificates prepaid.

registration with the Board of Governors of the Federal Reserve Group, Moody's Investors Service and any other nationally recognized rating service which shall have provided a rating on any obligations at all times at levels in compliance with the

Outstanding Certificates.

obligations which have been so rated,' or (ii) which collateralizes its obligations at all times at levels in compliance with the

School Board and any Credit Facility Issuer.

Supplemental Trust Agreement. . .

Supplemental Trust Agreement.

Reserve Account (trust) to secure a Series of Certificates, such amounts,

Site.:

t:he Superintendent which is to be deposited into a

Reimbursement Agreement" shall mean, with respect to each

Reimbursement Account" shall mean any Reserve Account established pursuant to Section 4.3 of the

Schedule relating to such Facility Site, provided such lien or encumbrance does not materially adversely affect the intended use of such Facility Site

Franchise, grant, license, permit or provision of law; (b) any encumbrances and irregularities in the title to any property which, in the opinion of Counsel,

with the provisions of the Master Lease.

Lease payments represented by Certificates of the Series secured by

portion or the interest portion of Basic Lease Payments is payable if the issue has more than a de minimis part of original

interest if the issue has more than a de minimis part of original

and any Supplemental Trust Agreement.

District.

Project Fund" shall mean the trust fund designated as the

Prepayment Price shall mean, with respect to any Certificate, the principal amount thereof, or, if not due under the context in question or if such lien is being conveyed in accordance with the provisions of the Master Lease.

Supplemental Payments then due and payable or which are not delinquent or the amount or validity of which are being contested and exercised thereon shall stay; (c) easements, rights-of-way, covenants, restrictions, easements 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

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

right 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

Reserve Account to secure a Series of Certificates, such amounts, unless such prepayment shall occur on such Lease

Basic Lease Payment then due plus the amount so designated and set

Basic Lease Payment then due and payable or which are not delinquent or the amount or validity of which are being contested and exercised thereon shall stay; (c) easements, rights-of-way, covenants, restrictions, easements 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

Supplemental Payments then due and payable or which are not delinquent or the amount or validity of which are being contested and exercised thereon shall stay; (c) easements, rights-of-way, covenants, restrictions, easements 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

Supplemental Payments then due and payable or which are not delinquent or the amount or validity of which are being contested and exercised thereon shall stay; (c) easements, rights-of-way, covenants, restrictions, easements 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

In the event that the District, or any other 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

and any Supplemental Trust Agreement.

Supplemental Trust Agreement or a Supplemental Trust Agreement.

issuance of the Series of Certificates issued by the District.

Interests of the owners thereof in a particular lease.

interest on obligations issued by states and political

court of any state of the United States of America.

be comprised of real property, the ground leasing of the

registration with the Board of Governors of the Federal Reserve Group, Moody's Investors Service and any other nationally recognized rating service which shall have provided a rating on any

interest on obligations issued by states and political

court of any state of the United States of America.

be comprised of real property, the ground leasing of the

registration with the Board of Governors of the Federal Reserve Group, Moody's Investors Service and any other nationally recognized rating service which shall have provided a rating on any

interest on obligations issued by states and political

court of any state of the United States of America.

be comprised of real property, the ground leasing of the

registration with the Board of Governors of the Federal Reserve Group, Moody's Investors Service and any other nationally recognized rating service which shall have provided a rating on any

interest on obligations issued by states and political

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interest on obligations issued by states and political

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registration with the Board of Governors of the Federal Reserve Group, Moody's Investors Service and any other nationally recognized rating service which shall have provided a rating on any

interest on obligations issued by states and political

court of any state of the United States of America.
SECTION 2.4. School Board's Liability. As between the Corporation and the School Board, the School Board agrees to indemnify the Corporation, against all liability for all risks of loss with respect to the Facilities and for supervising the acquisition, construction and installation of the Facilities.

The School Board shall maintain in force during the entire acquisition, construction and installation period of any Facilities, and for a period of one year thereafter, all required insurance policies and shall be paid to the Trustee for disposition in accordance with the provisions of the Trust Agreement.

SECTION 2.5. Possession and Enjoyment. From and after the acquisition of the Facilities by the School Board, the School Board shall have and enjoy the extent the Corporation lawfully may do so. 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 assignee of the Corporation or its agents, shall have the right to use and enjoy the Facilities and for supervising the acquisition, construction and installation of the Facilities.

The useful life of the Facilities shall extend beyond the last date not affected on the particular schedule relating to such Facilities.

The terms "hereof," "herein," "hereto," "hereunder," and any similar terms, as used in this Master Lease, refer to this entire Master Lease, and not merely to the particular section, paragraph, subsection, clause or sentence in which such term is used.

ARTICLE II.
LEASE AND SUBLEASE OF FACILITIES AND FACILITY SITES

SECTION 3.1. Lease and Sublease of Facilities and Facility Sites. The Corporation hereby agrees to deliver, lease and sublease to the School Board, and the School Board hereby agrees to lease, lease and sublease to the Corporation, the right, title and possession of the Facilities and Facility Sites, listed on each Schedule hereto, on the terms and conditions set forth in this Master Lease. All materials and services in respect of which amounts are paid by the Corporation for the acquisition, construction, and installation of a Facility (including unpaid disbursements for Contingency items) shall be used exclusively for the purposes for which the Corporation has paid such amounts.

The School Board agrees that no part of the Funds shall be used to make any payment corresponding to the Contingency items unless the total amount of such payments representing the Contingency items shall be paid to the Trustee in accordance with the provisions hereof.

The School Board agrees that it has received valuable consideration for the purpose of making such payments representing the Contingency items and will pay the Trustee in accordance with the provisions hereof.

SECTION 3.2. Lease Term. This Master Lease shall be for an original term commencing on the date hereof and including the last date set forth on any Schedule herein unless otherwise terminated in accordance with the provisions hereof, including in particular Sections 2.6 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, as the assigns of the School Board, shall execute and deliver to the Trustee such documents as may be necessary to evidence the termination hereof. The useful life of the Facilities shall extend beyond the last date not affected on the particular schedule relating to such Facilities.

The terms "hereof," "herein," "hereto," "hereunder," and any similar terms, as used in this Master Lease, refer to this entire Master Lease, and not merely to the particular section, paragraph, subsection, clause or sentence in which such term is used.

ARTICLE II.
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SECTION 2.A. Warranties of the Facilities. The Corporation hereby warrants to the School Board this Agreement and covenant in fact during the Loan 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 contractors, manufacturers or suppliers of any facilities or portion thereof.

SECTION 2.B. Compliance with Law. The School Board and the Corporation each represent, warrant and covenants that it has complied and will comply throughout the Loan Term of each Lease with the requirements of Sections 235.056(3) and 286.011, as well as Florida statutes relating to public access to its meetings and the openness of its meetings to the public.

SECTION 2.C. 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 III, Section 4 (a) of the Florida Constitution (1968) and Chapter 230, Florida statutes, has power to enter into this Master Lease and such Schedule hereinafter and has duly authorized and executed the necessary acts required prior to including all required approvals the execution and delivery of this Master Lease. The School Board represents that this Master Lease, upon the execution and delivery hereof, is a valid, legal and binding obligation of the School Board, payable from current or other funds authorized by law and appropriated for such purpose as provided in Section 2.1 hereof.

(b) Neither the execution and delivery of this Master Lease nor any Schedule hereinafter and such Schedule hereto and the execution and delivery of such Schedule hereinafter shall constitute a violation of any provision of law, regulation or ordinance to which the Corporation is bound, or constitutes a default under any of the foregoing, 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) Each of the Facilities set forth on a Schedule will be located on the Educational Plant Survey for Palm Beach County Schools or a specific survey conducted from time to time by the State of Florida Department of Education and will have been approved by the Board of Education, or the Board of Education, or the Board as appropriate for such purpose as provided in Section 2.1 hereof.

(d) The School Board shall comply with all continuing disclosure statements which may be applicable to it from time to time.

SECTION 2.D. Representations, Covenants and Warranties of the Corporation. The Corporation represents, covenants and warranties as follows:

(a) The Corporation is a Florida not-for-profit corporation organized and existing under the laws of the State of Florida, and is duly authorized to own and operate the Facilities.

(b) The Corporation has full power and authority to execute and deliver this Master Lease and any Schedule hereto, is possessed of full power to own, lease and hold real and personal property and to issue and sell the notes as issuer, and has only used and reserved or the execution and delivery of this Master Lease and this Master Lease, upon execution and delivery hereof, is a valid, legal and binding non-corporation obligation of the Corporation.

(c) Neither the execution and delivery hereof nor of any Schedule hereto, nor the performance or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, by or through the Corporation, or the performance or compliance with the terms and conditions hereof or the consummation of the transactions contemplated hereby, by or through the Corporation, or any other person acting on behalf of the Corporation, will or shall constitute a violation of any provision of any law or legal or regulatory authority.

(d) To the knowledge of the Corporation, there is no litigation or proceeding pending or threatened against the Corporation or any other person acting on behalf of the Corporation to assert in the form of the Corporation to assert in an action to enforce this Master Lease or to enforce or comply with its obligations hereunder or to enjoin the execution and delivery of this Master Lease. Neither the execution and delivery of this Master Lease by the Corporation, nor any action or proceeding by or through the Corporation, or any other person acting on behalf of the Corporation, shall create under this Master Lease, require the approval of any regulatory body or any other entity, which approval has not been obtained.

(e) To the knowledge of the Corporation, there is no litigation or proceeding pending or threatened against the Corporation or any other person acting on behalf of the Corporation to assert in an action to enforcing this Master Lease or to enforce or comply with its obligations hereunder or to enjoin the execution and delivery of this Master Lease. Neither the execution and delivery of this Master Lease by the Corporation, nor any action or proceeding by or through the Corporation, or any other person acting on behalf of the Corporation, shall create under this Master Lease, require the approval of any regulatory body or any other entity, which approval has not been obtained.

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 corresponding Schedule hereinafter and agrees to pay and discharge Additional Lease Payments, including all interest, penalties and additional amounts required to be paid to the Certificates Issuer, to the Certificate Trustee on each Lease Payment Date for any Facility hereunder.

ARTICLE IV.
LEASE PAYMENTS
SECTION 4.1. Payment of Lease Payments. Subject to the conditions stated herein, the School Board agrees to pay the Basic Lease Payments stated on each corresponding Schedule hereinafter and agrees to pay and discharge Additional Lease Payments, including all interest, penalties and additional amounts required to be paid to the Certificates Issuer, to the Certificate Trustee on each Lease Payment Date for any Facility hereunder.

ARTICLE V.
LEASE PAYMENTS
SECTION 5.1. Payment of Lease Payments. Subject to the conditions stated herein, the School Board agrees to pay the Basic Lease Payments stated on each corresponding Schedule hereinafter and agrees to pay and discharge Additional Lease Payments, including all interest, penalties and additional amounts required to be paid to the Certificates Issuer, to the Certificate Trustee on each Lease Payment Date for any Facility hereunder.

ARTICLE VI.
LEASE PAYMENTS
SECTION 6.1. Payment of Lease Payments. Subject to the conditions stated herein, the School Board agrees to pay the Basic Lease Payments stated on each corresponding Schedule hereinafter and agrees to pay and discharge Additional Lease Payments, including all interest, penalties and additional amounts required to be paid to the Certificates Issuer, to the Certificate Trustee on each Lease Payment Date for any Facility hereunder.

ARTICLE VII.
LEASE PAYMENTS
SECTION 7.1. Payment of Lease Payments. Subject to the conditions stated herein, the School Board agrees to pay the Basic Lease Payments stated on each corresponding Schedule hereinafter and agrees to pay and discharge Additional Lease Payments, including all interest, penalties and additional amounts required to be paid to the Certificates Issuer, to the Certificate Trustee on each Lease Payment Date for any Facility hereunder.

ARTICLE VIII.
LEASE PAYMENTS
SECTION 8.1. Payment of Lease Payments. Subject to the conditions stated herein, the School Board agrees to pay the Basic Lease Payments stated on each corresponding Schedule hereinafter and agrees to pay and discharge Additional Lease Payments, including all interest, penalties and additional amounts required to be paid to the Certificates Issuer, to the Certificate Trustee on each Lease Payment Date for any Facility hereunder.

ARTICLE IX.
LEASE PAYMENTS
SECTION 9.1. Payment of Lease Payments. Subject to the conditions stated herein, the School Board agrees to pay the Basic Lease Payments stated on each corresponding Schedule hereinafter and agrees to pay and discharge Additional Lease Payments, including all interest, penalties and additional amounts required to be paid to the Certificates Issuer, to the Certificate Trustee on each Lease Payment Date for any Facility hereunder.
Payments in accordance with the terms of this Master Lease and each Schedule hereto and the Trust Agreement. Additional lease payments for each acquisition lease under this Master Lease, except as otherwise provided by the Schedule relating thereto, shall be paid to the Trustee under the Trust Agreement for each of the provisions from the proceeds of a particular Lease pursuant to Section 3.1 hereof, as set forth in Section 4.1 hereof of a particular Lease, required to be paid under Sections 5.1, 5.2, 5.4, 5.9 and 4.2 hereto. and expenses, including, without limitation, the Corporation expenses, Credit Facility Issuer under any Reimbursement Agreement, all as set forth in Section 4.2 hereof of the Trust Agreement, or recurring amounts payable to a provider of a Reserve Account Letter of Credit/Insurance Policy to pay amounts equal to Basic Lease Payments during the current Fiscal Year and each financial year ending thereafter, within thirty days after notice of any such amount. The Trustee shall be entitled to apply such Reserve Account Letter of Credit/Insurance Policy, if the School Board shall have deposited into the related Reserve Account an amount greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year for each such Letter of Credit/Insurance Policy in accordance with Section 7.9 hereof. (c) There shall be deposited in the Reserve Account Letter of Credit/Insurance Policy to pay amounts equal to Basic Lease Payments during the current Fiscal Year and each financial year ending thereafter, within thirty days after notice of any such amount. The Trustee shall be entitled to apply such Reserve Account Letter of Credit/Insurance Policy, if the School Board shall have deposited into the related Reserve Account an amount greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year for each such Letter of Credit/Insurance Policy in accordance with Section 7.9 hereof. (d) There shall be deposited in the Reserve Account Letter of Credit/Insurance Policy to pay amounts equal to Basic Lease Payments during the current Fiscal Year and each financial year ending thereafter, within thirty days after notice of any such amount. The Trustee shall be entitled to apply such Reserve Account Letter of Credit/Insurance Policy, if the School Board shall have deposited into the related Reserve Account an amount greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year for each such Letter of Credit/Insurance Policy in accordance with Section 7.9 hereof. (e) There shall be deposited in the Reserve Account Letter of Credit/Insurance Policy to pay amounts equal to Basic Lease Payments during the current Fiscal Year and each financial year ending thereafter, within thirty days after notice of any such amount. The Trustee shall be entitled to apply such Reserve Account Letter of Credit/Insurance Policy, if the School Board shall have deposited into the related Reserve Account an amount greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year for each such Letter of Credit/Insurance Policy in accordance with Section 7.9 hereof. (f) There shall be deposited in the Reserve Account Letter of Credit/Insurance Policy to pay amounts equal to Basic Lease Payments during the current Fiscal Year and each financial year ending thereafter, within thirty days after notice of any such amount. The Trustee shall be entitled to apply such Reserve Account Letter of Credit/Insurance Policy, if the School Board shall have deposited into the related Reserve Account an amount greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year for each such Letter of Credit/Insurance Policy in accordance with Section 7.9 hereof. (g) There shall be deposited in the Reserve Account Letter of Credit/Insurance Policy to pay amounts equal to Basic Lease Payments during the current Fiscal Year and each financial year ending thereafter, within thirty days after notice of any such amount. The Trustee shall be entitled to apply such Reserve Account Letter of Credit/Insurance Policy, if the School Board shall have deposited into the related Reserve Account an amount greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year for each such Letter of Credit/Insurance Policy in accordance with Section 7.9 hereof. (h) There shall be deposited in the Reserve Account Letter of Credit/Insurance Policy to pay amounts equal to Basic Lease Payments during the current Fiscal Year and each financial year ending thereafter, within thirty days after notice of any such amount. The Trustee shall be entitled to apply such Reserve Account Letter of Credit/Insurance Policy, if the School Board shall have deposited into the related Reserve Account an amount greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year for each such Letter of Credit/Insurance Policy in accordance with Section 7.9 hereof. (i) There shall be deposited in the Reserve Account Letter of Credit/Insurance Policy to pay amounts equal to Basic Lease Payments during the current Fiscal Year and each financial year ending thereafter, within thirty days after notice of any such amount. The Trustee shall be entitled to apply such Reserve Account Letter of Credit/Insurance Policy, if the School Board shall have deposited into the related Reserve Account an amount greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year for each such Letter of Credit/Insurance Policy in accordance with Section 7.9 hereof. (j) There shall be deposited in the Reserve Account Letter of Credit/Insurance Policy to pay amounts equal to Basic Lease Payments during the current Fiscal Year and each financial year ending thereafter, within thirty days after notice of any such amount. The Trustee shall be entitled to apply such Reserve Account Letter of Credit/Insurance Policy, if the School Board shall have deposited into the related Reserve Account an amount greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year for each such Letter of Credit/Insurance Policy in accordance with Section 7.9 hereof. (k) There shall be deposited in the Reserve Account Letter of Credit/Insurance Policy to pay amounts equal to Basic Lease Payments during the current Fiscal Year and each financial year ending thereafter, within thirty days after notice of any such amount. The Trustee shall be entitled to apply such Reserve Account Letter of Credit/Insurance Policy, if the School Board shall have deposited into the related Reserve Account an amount greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year for each such Letter of Credit/Insurance Policy in accordance with Section 7.9 hereof. (l) There shall be deposited in the Reserve Account Letter of Credit/Insurance Policy to pay amounts equal to Basic Lease Payments during the current Fiscal Year and each financial year ending thereafter, within thirty days after notice of any such amount. The Trustee shall be entitled to apply such Reserve Account Letter of Credit/Insurance Policy, if the School Board shall have deposited into the related Reserve Account an amount greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year for each such Letter of Credit/Insurance Policy in accordance with Section 7.9 hereof. (m) There shall be deposited in the Reserve Account Letter of Credit/Insurance Policy to pay amounts equal to Basic Lease Payments during the current Fiscal Year and each financial year ending thereafter, within thirty days after notice of any such amount. The Trustee shall be entitled to apply such Reserve Account Letter of Credit/Insurance Policy, if the School Board shall have deposited into the related Reserve Account an amount greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year for each such Letter of Credit/Insurance Policy in accordance with Section 7.9 hereof. (n) There shall be deposited in the Reserve Account Letter of Credit/Insurance Policy to pay amounts equal to Basic Lease Payments during the current Fiscal Year and each financial year ending thereafter, within thirty days after notice of any such amount. 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(p) There shall be deposited in the Reserve Account Letter of Credit/Insurance Policy to pay amounts equal to Basic Lease Payments during the current Fiscal Year and each financial year ending thereafter, within thirty days after notice of any such amount. The Trustee shall be entitled to apply such Reserve Account Letter of Credit/Insurance Policy, if the School Board shall have deposited into the related Reserve Account an amount greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year for each such Letter of Credit/Insurance Policy in accordance with Section 7.9 hereof. (q) There shall be deposited in the Reserve Account Letter of Credit/Insurance Policy to pay amounts equal to Basic Lease Payments during the current Fiscal Year and each financial year ending thereafter, within thirty days after notice of any such amount. 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(y) There shall be deposited in the Reserve Account Letter of Credit/Insurance Policy to pay amounts equal to Basic Lease Payments during the current Fiscal Year and each financial year ending thereafter, within thirty days after notice of any such amount. The Trustee shall be entitled to apply such Reserve Account Letter of Credit/Insurance Policy, if the School Board shall have deposited into the related Reserve Account an amount greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year for each such Letter of Credit/Insurance Policy in accordance with Section 7.9 hereof.
related to the School Board and its assigns, and the School Board shall be liable for any loss or destruction resulting from such default.

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) Upon termination of the Lease Term, all payments of Basic Lease Payments as well as any and all other Payments shall cease.

(b) Upon termination of the Lease Term, the School Board shall deliver possession of the Premises to the Trustee as provided in Section 3.1 hereof.

(c) Upon termination of the Lease Term, the School Board shall pay to the Trustee the amount of Basic Lease Payments, less any sums previously paid by the Trustee for the benefit of the School Board.

ARTICLE V. COMPLIANCE WITH LAWS AND ORDINANCES

SECTION 5.1. Maintenance of the Facilities. The School Board agrees to maintain and operate the Facilities in accordance with all applicable laws, rules, and regulations. The School Board shall, at all times during the Lease Term, comply with all laws, rules, and regulations governing the operation and maintenance of the Facilities.

ARTICLE VI. SECURITY AND INSURANCE

SECTION 6.1. Security and Protection. The School Board shall take all reasonable steps to prevent unauthorized entry into or damage to the Facilities. The School Board shall, during the Lease Term, purchase and maintain insurance against any and all losses or damages which may be suffered by the School Board as a result of any liability to any third party.

SECTION 6.2. Insurance. The School Board shall, during the Lease Term, purchase and maintain insurance against any and all losses or damages which may be suffered by the School Board as a result of any liability to any third party. The School Board shall, at all times during the Lease Term, keep all insurance policies in force and effect and deliver to the Trustee copies of all such policies.

ARTICLE VII. CONCLUSION

In witness whereof, the parties have executed this Master Lease as of the date first above written.
In the event of any loss, damage, injury, accident, theft or destruction of any part of the Facilities, the School Board shall promptly provide or cause to be provided to the Corporation and the Trustee written notice of such event and report to the Corporation and to the Trustee all material information made available to the Corporation and the Trustee about such event.

Any insurance policies purchased pursuant to this Section 5.3 shall be written with the same company or companies rated A by A.M. Best Company or with one of the two highest rating categories of Moody’s and S&P. or otherwise approved by the School Board. A policy of insurance issued pursuant to this Section 5.3 shall provide that the School Board shall be an additional insured.

SECTION 5.4. Damage, Destruction or Condemnation. If prior to the cancellation of the lease term under a particular lease, the Facilities sustained by wind damage; $200,000/$200,000 per occurrence resulting from fire or other cause. If such amounts exceed 10% of the amount of property insurance recommended by the Insurance Consultant, the School Board shall have the option to request such a policy of insurance from a commercial insurance company.

The sufficiency of the School Board's flood insurance coverage shall be reviewed at least annually by the Insurance Consultant and the School Board. The sufficiency of the School Board's flood insurance coverage shall be reviewed at least annually by the Insurance Consultant and the School Board.

If the Net Proceeds are deposited in the escrow account required by the Trust Agreement, each Certificate shall be entitled to receive 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 attached hereto, to the extent not otherwise provided for in this Agreement.

The school board may elect to repair, restore, or replace the facilities under the replacement cost in excess of the amount of the Net Proceeds, and the school board may elect not to self-insure any risk that would otherwise require the maintenance of the full insurance coverage required hereunder. If such elections are not available at reasonably reasonable rates, the School Board shall not secure such insurance for such amounts as will qualify for the federal disaster relief program.

The school board shall provide that the facilities maintained by the school board shall be maintained for public school educational purposes throughout each Lease Term. If in the event of any loss, damage, injury, accident, theft or destruction of any part of the Facilities, the school board shall provide that the facilities maintained by the school board shall be maintained for public school educational purposes throughout each Lease Term.

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null
enforcement shall have occurred provided, that such enforcement shall not be deemed to have occurred unless the School Board has served written notice thereof to the Corporation and the Corporation has failed to contest the same within thirty (30) days or to consent thereto within ten (10) days after receipt of such notice. Any judgment entered against the Corporation in any such suit, action or proceeding shall be conclusively presumed to have been rendered in accordance with the provisions of this Master Lease.

ARTICLE VI.

TITLE

SECTION 6.1. Title to Facility Sites and Facilities. Throughout the term of this Master Lease, the title to the Facility Sites and Facilities shall vest in the School Board, subject to Permitted Encumbrances. Until the earlier of the date on which the Corporation shall have paid in full the Purchase Option Price of one or more Facilities financed under a Lease or leasehold estate therein or any interest therein, and the benefit and advantage of any such law or laws is hereby waived, the Corporation shall be entitled to the title to the Facilities for which substitution is made in full, the School Board shall be deemed to have exercised an option to purchase such Facilities and fee simple title to each Facility Site to the effect that there are no liens or encumbrances except Permitted Encumbrances.

SECTION 6.2. Liens. Except as permitted under this Master Lease, during the term of this Master Lease, the whole or any part of the Corporation and the School Board shall not have recorded nor caused to be recorded in the name of the School Board, subject to Permitted Encumbrances, any notice of or claim of any of the Facilities or Facility Sites or to have made default in the payment of any sum due thereunto.

SECTION 6.3. Financial Guarantees. The Corporation shall provide, at its own cost, security in any form as the School Board may require for the fulfillment of any obligation for the payment of money created in any Facilities or Facility Sites with the leasehold estate, subject to Permitted Encumbrances, with 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. Any such security interest, pledge, lien, charge, encumbrance or claim shall not be released, released, substituted for or released from such security interest, pledge, lien, charge, encumbrance or claim unless and until such security interest, pledge, lien, charge, encumbrance or claim provided, 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 endeavored to discharge or remove such security interest, pledge, lien, charge, encumbrance or claim,

SECTION 6.4. Title to Facility Sites and Facilities. Throughout the term of each Ground Lease, the title to the Facility Sites and Facilities shall vest in the School Board, subject to Permitted Encumbrances. Until the earlier of the date on which the Corporation shall have paid in full the Purchase Option Price of one or more Facilities financed under a Lease or leasehold estate therein or any interest therein, and the benefit and advantage of any such law or laws is hereby waived, the Corporation shall be entitled to the title to the Facility Site for which substitution is made in full, the School Board shall be deemed to have exercised an option to purchase such Facility Site and fee simple title to each Facility Site to the effect that there are no liens or encumbrances except Permitted Encumbrances.

SECTION 6.5. Financial Guarantees. The Corporation shall provide, at its own cost, security in any form as the School Board may require for the fulfillment of any obligation for the payment of money created in any Facility Site with the leasehold estate, subject to Permitted Encumbrances, with 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 Facility Site to be released from such security interest, pledge, lien, charge, encumbrance or claim. Any such security interest, pledge, lien, charge, encumbrance or claim shall not be released, released, substituted for or released from such security interest, pledge, lien, charge, encumbrance or claim unless and until such security interest, pledge, lien, charge, encumbrance or claim provided, 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 endeavored to discharge or remove such security interest, pledge, lien, charge, encumbrance or claim,
SECTION 6.3. Use of the facilities and facility sites. The School Board will not use, or permit the use of, the Facilities or Facility Sites, if the same are not used by the Corporation or its assignee, subject, however, to each of the following conditions:

1. The Corporation or its assignee shall have the right to receive Basic Lease Payments payable by the School Board under the Lease relating to such Facility, or to any part thereof, as a result of damage to or destruction of such Facility, or which would violate the Constitution, statutes, or laws of the State, or the rules and regulations of the State Department of Education, or which would impair or prohibit the Corporation or its assignee, subject, however, to each of the following conditions:

2. The Corporation or its assignee shall have the right to receive Basic Lease Payments payable by the School Board under the Lease relating to such Facility, or to any part thereof, as a result of damage to or destruction of such Facility, or which would violate the Constitution, statutes, or laws of the State, or the rules and regulations of the State Department of Education, or which would impair or prohibit the Corporation or its assignee, subject, however, to each of the following conditions:

3. The Corporation or its assignee shall have the right to receive Basic Lease Payments payable by the School Board under the Lease relating to such Facility, or to any part thereof, as a result of damage to or destruction of such Facility, or which would violate the Constitution, statutes, or laws of the State, or the rules and regulations of the State Department of Education, or which would impair or prohibit the Corporation or its assignee, subject, however, to each of the following conditions:

4. The Corporation or its assignee shall have the right to receive Basic Lease Payments payable by the School Board under the Lease relating to such Facility, or to any part thereof, as a result of damage to or destruction of such Facility, or which would violate the Constitution, statutes, or laws of the State, or the rules and regulations of the State Department of Education, or which would impair or prohibit the Corporation or its assignee, subject, however, to each of the following conditions:

ARTICLE VII
ASSIGNMENT, OPTION TO PURCHASE, AND PREPAYMENT
SECTION 7.1. Assignment; Subleasing
1. It is understood that substantially all right, title and interest of the Corporation in and to each Lease including the rights to receive Basic Lease Payments payable by the School Board under the Lease relating to such Facility, shall 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 covenants with the Trustee to assign such rights, title and interest to the Trustee of such Lease to the Corporation in accordance with the terms of such Agreement, and the Trustee shall have all of the rights of the Corporation thereunder, and shall be entitled to all payments due thereunder. In order to effect such assignments, the Trustee shall have the right to release the encumbrances of the related Lease and ground lease by appropriate instrument executed by the School Board and the Corporation (or Trustee or assignee of the Corporation) in form sufficient to leave good and marketable title to such facilities in the School Board subject to the following:

2. 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:

3. 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, or to any agency or department of the State, or to any other entity or entities, in the opinion of special counsel, which counsel shall be appointed 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:

4. The School Board shall furnish or cause to be furnished to the Corporation and its assignee a copy of any sublease agreement.
Each Event of Extraordinary Prepayment shall result in the following action, respectively:

(1) With respect to (i) and (ii) above, the Corporation and the School Board shall make a single prepayment in the respective Prepayment Accounts applicable to each Series of Certificates relating to such Leases to be used to pay the Basic Lease Payment with respect to each Series of Certificates in the manner provided in the Trust Agreement; and

(2) With respect to (c) above, at the election of a Credit Facility Issuer, if any, the School Board shall make a single prepayment in the respective Prepayment Accounts applicable to each Series of Certificates relating to such Leases to be used to pay the necessary amounts as set forth in Section 8.11 of this Trust Agreement, and upon receipt of the Purchase Option Price of all Facilities, 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, the Trustee shall deposit such moneys to the credit of the related Prepayment Account for each Series relating to such Facilities, to be used to pay any 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 shall 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 as provided in Section 4.1(d) of this Agreement. In such event, the Trustee and the Corporation shall execute and deliver to the School Board all such instruments in reasonable form as the School Board’s expense as may be desirable to evidence such discharge and satisfaction.

ARTICLE VIII.
EVENTS OF DEFAULT AND REMEDIES

SECTION 8.1. Events of Default Notified. The following shall be deemed defaults under this Master Lease and the terms "Event of Default" and "Defaults" shall mean, whenever they shall be 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;

(c) Failure by the School Board to pay in full any Final Lease Payment with respect to any Lease at the time and in the manner specified herein;

(d) Failure by the School Board to pay the Purchase Option Price of all Facilities, to the Credit Facility Issuer, if any, on the terms of the Assumption Agreement and the Purchase Option Price under a Schedule relating to all or a portion of the Leases financed hereunder, all covenants, agreements and other obligations of the School Board to make or cause to be made, Basic Lease Payments thereto, by a deposit with the Trustee as escrow holder under an escrow deposit agreement of amounts as set forth in Section 8.1(h) of the Trust Agreement.

Each Event of Extraordinary Prepayment shall result in the

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(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;

(c) Failure by the School Board to pay the Purchase Option Price of all Facilities, to the Credit Facility Issuer, if any, on the terms of the Assumption Agreement and the Purchase Option Price under a Schedule relating to all or a portion of the Leases financed hereunder, all covenants, agreements and other obligations of the School Board to make or cause to be made, Basic Lease Payments thereto, by a deposit with the Trustee as escrow holder under an escrow deposit agreement of amounts as set forth in Section 8.1(h) of the Trust Agreement.

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(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;

(c) Failure by the School Board to pay the Purchase Option Price of all Facilities, to the Credit Facility Issuer, if any, on the terms of the Assumption Agreement and the Purchase Option Price under a Schedule relating to all or a portion of the Leases financed hereunder, all covenants, agreements and other obligations of the School Board to make or cause to be made, Basic Lease Payments thereto, by a deposit with the Trustee as escrow holder under an escrow deposit agreement of amounts as set forth in Section 8.1(h) of the Trust Agreement.

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(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;

(c) Failure by the School Board to pay the Purchase Option Price of all Facilities, to the Credit Facility Issuer, if any, on the terms of the Assumption Agreement and the Purchase Option Price under a Schedule relating to all or a portion of the Leases financed hereunder, all covenants, agreements and other obligations of the School Board to make or cause to be made, Basic Lease Payments thereto, by a deposit with the Trustee as escrow holder under an escrow deposit agreement of amounts as set forth in Section 8.1(h) of the Trust Agreement.

Each Event of Extraordinary Prepayment shall result in the
hereunder shall be in writing and shall be sufficiently given and
parties at their respective places of business as follows (or to
all other parties)!
waives any right it may have to cause the Corporation to
Issuers at the addresses provided in one or more Schedules.
modification of or amendment to the Trust Agreement, this Master
Lease, any Ground Lease, any Assignment Agreement, any Lease
Schedule or any Credit Facility.

This Master Lease shall be governed by and construed in accordance with the laws of the State
of Florida.

This Master Lease shall be evidenced by and construed in accordance with the laws of the State
of Florida.

IN WITNESS WHEREOF, the Corporation has caused this Master
lease to be executed in triplicate by its duly authorized
officers, and the School Board has caused this Master lease to be
executed in triplicate by its duly authorized
officers and the date set forth below their respective signatures and all as of
the day and year first above mentioned.

[Signature]
By: C. Monica Oehnen
Secretary
Date: November 16, 1994

[Signature]
By: C. Monica Oehnen
Secretary
Date: November 16, 1994

[Signature]
By: C. Monica Oehnen
Secretary
Date: November 16, 1994

[Signature]
By: C. Monica Oehnen
Secretary
Date: November 16, 1994
1. The Corporation has agreed to lease-purchase the Project, as more particularly described in the Schedule attached hereto, from the School Board, as Lessee, as amended or supplemented from time to time.

2. The lease term shall be for a period of years from July 1, 1994 through and including June 30, 2005.

Exhibit A

FORM OF SCHEDULE TO MASTER LEASE

SCHEDULE NO. ________
dated as of November 1, 1994

SECTION 1. Definition. For purposes of the Series ________ Supplemental Trust Agreement dated as of ________, the following terms have the following meanings:

A. "Assignment Agreement" shall mean the Series Assignment Agreement dated as of ________, between the Corporation and the Trustee.

B. "Credit Facility" shall mean the ________ Credit Facility.

C. "Series ________ Facilities" shall mean the ________ Facilities described in this Schedule No. ________.

D. "Series ________ Trust Agreement" shall mean the ________ Supplemental Trust Agreement dated as of ________, between the Corporation and the Trustee.

SECTION 2. Lease Term. The total of all Lease Terms of the Leases are expected to be approximately ________ years consisting of ________ units of time. The Leases shall begin on July 1, 1994 and continue through ________.

SECTION 3. Facilities to be Lease Purchased.

A. The School Board shall lease the ________ Facilities from the Corporation as Leasing Agent, for the terms and purposes set forth in the Master Lease. The Facilities are expected to be ________ Facilities located at ________.

B. The Lease Payments to be made by the School Board pursuant to the Master Lease are expected to be approximately ________ per month.

C. The Lease Payments shall be made to the Corporation in accordance with the provisions of the Master Lease.

D. The Lease Payments shall be made on the first day of each month, beginning on July 1, 1994 and continuing through ________.

E. The Lease Payments shall be made in accordance with the provisions of the Master Lease.

F. The Lease Payments shall be made to the Corporation in accordance with the provisions of the Master Lease.

G. The Lease Payments shall be made in accordance with the provisions of the Master Lease.

H. The Lease Payments shall be made in accordance with the provisions of the Master Lease.

I. The Lease Payments shall be made in accordance with the provisions of the Master Lease.

J. The Lease Payments shall be made in accordance with the provisions of the Master Lease.

K. The Lease Payments shall be made in accordance with the provisions of the Master Lease.

L. The Lease Payments shall be made in accordance with the provisions of the Master Lease.

M. The Lease Payments shall be made in accordance with the provisions of the Master Lease.

N. The Lease Payments shall be made in accordance with the provisions of the Master Lease.

O. The Lease Payments shall be made in accordance with the provisions of the Master Lease.

P. The Lease Payments shall be made in accordance with the provisions of the Master Lease.

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S. The Lease Payments shall be made in accordance with the provisions of the Master Lease.

T. The Lease Payments shall be made in accordance with the provisions of the Master Lease.

U. The Lease Payments shall be made in accordance with the provisions of the Master Lease.

V. The Lease Payments shall be made in accordance with the provisions of the Master Lease.

W. The Lease Payments shall be made in accordance with the provisions of the Master Lease.

X. The Lease Payments shall be made in accordance with the provisions of the Master Lease.

Y. The Lease Payments shall be made in accordance with the provisions of the Master Lease.

Z. The Lease Payments shall be made in accordance with the provisions of the Master Lease.

The lease term shall be for a period of ________ years from July 1, 1994 through and including June 30, 2005.
SECTION 4. 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 leased purchased 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, 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 actual amount of Basic Lease Payments for all Series Facilities to be leased purchased, and for each individual Series Facility or group of Series Facilities to be leased 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 211.16, Florida statutes, since the Series ___ Certificates are rated within the three highest rating categories as set forth in Schedule ___ No., Schedule ___ No., Schedule ___ No., Schedule ___ No., and except as otherwise provided below.

A - 3

A. Uniform copy of all notices required to be given to a credit facility issuer pursuant to the Master Lease, shall be given to the Series ___ Credit Facility Issuers at the following address:

B. Uniform copy of all notices required to be given to a credit facility issuer pursuant to the Master Lease, shall be given to the Series ___ Credit Facility Issuers at the following address:

The School Board hereby confirms its representations, warranties and covenants set forth in Section 3.21 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 A

SCHOOL BOARD'S CERTIFICATE

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 County Board of Education, (the "Corporation") dated as of November 1, 1994, and Schedule No. ______, the undersigned Chairperson of the School Board, do hereby certify pursuant to the terms of the Master Lease Purchase Agreement between the School Board and Palm Beach County Board of Education, (the "Corporation") dated as of November 1, 1994, and Schedule No. ______, the undersigned Chairperson of the School Board, hereby issues a certificate for the Series ___ Certificates in the amount of $__________, for the use and benefit of the Corporation, as Trustee.

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 County Board of Education, (the "Corporation") dated as of November 1, 1994, and Schedule No. ______, the undersigned Chairperson of the School Board, do hereby certify pursuant to the terms of the Master Lease Purchase Agreement between the School Board and Palm Beach County Board of Education, (the "Corporation") dated as of November 1, 1994, and Schedule No. ______, the undersigned Chairperson of the School Board, hereby issues a certificate for the Series ___ Certificates in the amount of $__________, for the use and benefit of the Corporation, as Trustee.

A - 5
SCHEDULE 2007A-l
dated as of February 1, 2007
As Amended and Restated as of July 1, 2014,
As Further Amended and Restated as of April 1, 2015
to the
Master Lease Purchase Agreement dated as of
November 1, 1994

among
The Bank of New York Mellon Trust Company, N.A.
(successor in interest to NationsBank of Florida, N.A.),
as Trustee and Assignee (the “Trustee”)

and

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 AMENDED AND RESTATED SCHEDULE 2007A-l (the “Schedule”) is hereby entered
into as of April 1, 2015, 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 2007A-I Facilities herein
described. The Trustee, as assignee of 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 2007A-I Facilities and the Series 2007A-I Facility Sites described herein, together with the rights
described in clauses (i), (ii) and (iii) of Section 1 of the Series 2007A Ground Lease (as defined in the
Series 2015D Supplemental Trust Agreement). The Master Lease with respect to this Schedule and as
modified and supplemented hereby, is referred to herein as the “Series 2007A-I 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 2007A-I 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 2007A
Supplemental Trust Agreement, the Series 2014C Trust Agreement and the Series 2015D Trust
Agreement, as appropriate.

“Assignment Agreement” shall mean the Series 2007A Assignment Agreement dated as of
February 1, 2007, between the Corporation and the Trustee.

“Certificates” shall mean the Series 2007A Certificates, the Series 2014C Certificates and the

“Series 2007 A Certificates” shall mean the $268,545,000 Certificates of Participation, Series 2007 A dated February 28, 2007, issued under the Trust Agreement and evidencing undivided pro rata portions of the owners thereof in Basic Lease Payments to be made by the School Board pursuant to the Master Lease.

“Series 2007 A Credit Facility” shall mean the municipal bond insurance policy issued by the Series 2007 A Credit Facility Issuer on May 10, 2007, insuring payment of the principal portion and interest portions of Basic Lease Payments represented by the Series 2007 A Credit Facility Certificates when due.

“Series 2007 A Credit Facility Issuer” shall mean National Public Finance Guarantee Corporation, or any successor thereto.

“Series 2007 A-1 Facilities” shall mean the Facilities described in Schedule 2007 A-1, as this Schedule 2007 A-1 is amended or supplemented from time to time.

“Series 2007 A-1 Lease Site” shall mean the Facility Site described in this Schedule 2007 A-1 to be ground leased by the School Board to the Corporation, as the same may be amended or supplemented from time to time.


“Series 2014C Certificates” shall mean the $221,640,000 Certificates of Participation, Series 2014C dated April 30, 2014, issued under the Master Trust Agreement and evidencing undivided pro rata portions of the owners thereof in Basic Lease Payments to be made by the School Board pursuant to the Master Lease.

“Series 2014C Supplemental Trust Agreement” shall mean the Series 2014C Supplemental Trust Agreement dated as of July 1, 2014, between the Corporation and the Trustee.

“Series 2015D Certificates” shall mean the $221,640,000 Certificates of Participation, Series 2015D dated July 29, 2015, issued under the Master Trust Agreement and evidencing undivided pro rata portions of the owners thereof in Basic Lease Payments to be made by the School Board pursuant to the Master Lease.

“Series 2015D Supplemental Trust Agreement” shall mean the Series 2015D Supplemental Trust Agreement dated as of July 1, 2014, between the Corporation and the Trustee.

Section 2. Lease Term. The total of all Lease Terms of the Series 2007 A-I Lease is expected to be approximately twenty-four (24) Renewal Terms of twelve (12) months each, each from July 1 through and including June 30, 2024, with twenty-four (24) Renewal Terms of twelve (12) months each, each from July 1, 2024 through and including June 30, 2036. The Trust Agreement covers the entire lease term of the Series 2007 A-I Lease.

Section 3. Lease Payments. Additional Lease Payments with respect to the Series 2007 A-I Lease consist of a pro rata portion of the following amounts to be paid with respect to both the Series 2007 A-I Lease and the Series 2007 A-I Facilities in accordance with the provisions of Article III of the Series 2007 A Supplemental Trust Agreement or Section 801 of the Master Trust Agreement.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Lease Payments with respect to the Series 2007 A-1 Lease</td>
<td>$132,307,786.80</td>
</tr>
<tr>
<td>Additional Lease Payments with respect to the Series 2007 A-1 Facilities</td>
<td>$144,710.00</td>
</tr>
</tbody>
</table>

Section 5. Application of Certain Proceeds of Series 2015D Certificates. Pursuant to the provisions of Section 402 of the Series 2015D Supplemental Trust Agreement, the Trustee will deposit the following amounts attributable to the Series 2015D Certificates in the following accounts from the proceeds of the Series 2015D Certificates:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Lease Payments with respect to the Series 2015D Lease</td>
<td>$144,710.00</td>
</tr>
<tr>
<td>Application of Certain Proceeds of Series 2015D Certificates</td>
<td>$221,640,000.00</td>
</tr>
</tbody>
</table>

Section 6. Lease Term. The total of all Lease Terms of the Series 2007 A-I Lease is expected to be approximately twenty-four (24) Renewal Terms of twelve (12) months each, each from July 1, 2007 through and including June 30, 2024, with twenty-four (24) Renewal Terms of twelve (12) months each, each from July 1, 2024 through and including June 30, 2036. The Trust Agreement covers the entire lease term of the Series 2007 A-I Lease.

Section 7. Lease Payments. Additional Lease Payments with respect to the Series 2007 A-I Lease consist of a pro rata portion of the following amounts to be paid with respect to both the Series 2007 A-I Lease and the Series 2007 A-I Facilities, except as otherwise provided herein:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Lease Payments with respect to the Series 2007 A-I Lease</td>
<td>$132,307,786.80</td>
</tr>
<tr>
<td>Additional Lease Payments with respect to the Series 2007 A-I Facilities</td>
<td>$144,710.00</td>
</tr>
</tbody>
</table>

Section 8. Issuance of Certificates. Series 2007 A Certificates. In addition to or in lieu of the provisions of Section 2.7 of the Series 2007 A-I Lease, the provisions of the Series 2007 A-I Lease are incorporated by reference and shall be deemed a part of the Series 2007 A-I Lease.

Series 2007 A-1 Facility or group of Series 2007 A-1 Facilities. 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 2007 A Certificates, Series 2014C Certificates and Series 2015D Certificates relating to the Series 2007 A-I Facilities to be lease-purchased hereunder in the following accounts from the proceeds of the Series 2015D Certificates:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Lease Payments with respect to the Series 2007 A-I Lease</td>
<td>$132,307,786.80</td>
</tr>
<tr>
<td>Application of Certain Proceeds of Series 2015D Certificates</td>
<td>$221,640,000.00</td>
</tr>
</tbody>
</table>

Section 9. Additional Lease Payments. Additional Lease Payments with respect to the Series 2007 A-I Lease consist of a pro rata portion of the following amounts to be paid with respect to both the Series 2007 A-I Lease and the Series 2007 A-I Facilities, except as otherwise provided herein:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Lease Payments with respect to the Series 2007 A-I Lease</td>
<td>$132,307,786.80</td>
</tr>
<tr>
<td>Application of Certain Proceeds of Series 2015D Certificates</td>
<td>$221,640,000.00</td>
</tr>
</tbody>
</table>

Section 10. Proportion Payments. Series 2007 A Certificates. In addition to or in lieu of the provisions of Section 2.7 of the Series 2007 A-I Lease, the provisions of the Series 2007 A-I Lease are incorporated by reference and shall be deemed a part of the Series 2007 A-I Lease.

Series 2007 A-1 Facilities. 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 2007 A Certificates, Series 2014C Certificates and Series 2015D Certificates relating to the Series 2007 A-I Facilities to be lease-purchased hereunder in the following accounts from the proceeds of the Series 2015D Certificates:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Lease Payments with respect to the Series 2007 A-I Lease</td>
<td>$132,307,786.80</td>
</tr>
<tr>
<td>Application of Certain Proceeds of Series 2015D Certificates</td>
<td>$221,640,000.00</td>
</tr>
</tbody>
</table>

Section 11. Additional Lease Payments. Additional Lease Payments with respect to the Series 2007 A-I Lease consist of a pro rata portion of the following amounts to be paid with respect to both the Series 2007 A-I Lease and the Series 2007 A-I Facilities, except as otherwise provided herein:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Lease Payments with respect to the Series 2007 A-I Lease</td>
<td>$132,307,786.80</td>
</tr>
<tr>
<td>Application of Certain Proceeds of Series 2015D Certificates</td>
<td>$221,640,000.00</td>
</tr>
</tbody>
</table>

Section 12. Proportion Payments. Series 2007 A Certificates. In addition to or in lieu of the provisions of Section 2.7 of the Series 2007 A-I Lease, the provisions of the Series 2007 A-I Lease are incorporated by reference and shall be deemed a part of the Series 2007 A-I Lease.

Series 2007 A-1 Facilities. 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 2007 A Certificates, Series 2014C Certificates and Series 2015D Certificates relating to the Series 2007 A-I Facilities to be lease-purchased hereunder in the following accounts from the proceeds of the Series 2015D Certificates:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Lease Payments with respect to the Series 2007 A-I Lease</td>
<td>$132,307,786.80</td>
</tr>
<tr>
<td>Application of Certain Proceeds of Series 2015D Certificates</td>
<td>$221,640,000.00</td>
</tr>
</tbody>
</table>
The principal portion of Basic Lease Payments due on or after June 30, 2025 shall be subject to prepayment in whole or in part at any time at the option of the School Board, and in part, in each case, due to the prepayment of the principal portion of the Basic Lease Payments with respect to such prepaid principal portion to the Prepayment Date.

**B. Extraordinary Prepayment**

The principal portion of Basic Lease Payments due under the Series 2007 A-I Lease shall be subject to prepayment in whole or in part at any time at the option of the School Board, and in part, in each case, due to the prepayment of the principal portion of the Basic Lease Payments with respect to such prepaid principal portion to the Prepayment Date.

**C. Restriction of Release**

No release, substitution or sublease of any portion of the Series 2007 A-I Facilities shall be subject to prepayment at the option of the School Board.

**D. Release of Lien**

No release, substitution or sublease of any portion of the Series 2007 A-I Facilities shall be subject to prepayment at the option of the School Board.

**E. Proceeds**

Proceeds are (i) less than ten percent (10%) of the Remaining Principal Portion of the Basic Lease Payments relating to the Series 2007 A-I Facilities to be credited against Basic Lease Payments next coming due 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 extraordinary prepayment provisions of Section 7.2(B)(b) of the Master Lease; or (2) at the direction of the School Board, upon delivery to the Trustee of a favorable opinion of counsel, such Net Proceeds shall be used instead in the net proceeds to the Series 2015 D Certificates had they been subject to the extraordinary prepayment provisions of Section 7.2(B)(b) of the Master Lease.

**F. Release of Lien**

No release, substitution or sublease of any portion of the Series 2007 A-I Facilities shall be subject to prepayment at the option of the School Board.

**G. Amendment of Section 3.4(h) of the Master Lease**

For purposes of the Series 2007 A-I Lease, with respect to the Series 2015 D Certificates, Section 3.4(h) of the Master Lease shall read as follows:

(b) Option B - Deposit to the trust Account for the Series of Certificates relating to such Facilities to be credited against Basic Lease Payments next coming due.

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. 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 less than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year under such Lease, then such 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.
IN WITNESS WHEREOF, the Trustee has caused this Amended and Restated Schedule 2007A-I to be executed in its corporate name by its duly authorized officer, the Corporation has caused this Amended and Restated Schedule 2007A-I to be executed in its name by its duly authorized members or officers, and the School Board has caused this Amended and Restated Schedule 2007A-I to be executed in its name by its duly authorized members or officers, all as of the day and year first written above.

Palm Beach School Board
Leasing Corp.

By: ______________ _
E. Wayne Gent
Secretary

[Seal]

Attest:

By: ______________ _
Chuck Shaw
President

The School Board of Palm
Beach County, Florida

By: ______________ _
E. Wayne Gent
Secretary

[Seal]

Attest:

By: ______________ _
Chuck Shaw
Chairman

The Bank of New York Mellon
Trust Company, N.A., as Trustee

By: ______________ _
Linda Boenish
Vice President

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SCHEDULE 2007E-1  
dated as of October 1, 2007  
As Amended and Restated as of April 1, 2015  
to the  
Master Lease Purchase Agreement  
dated as of November 1, 1994  
among  
The Bank of New York Mellon Trust Company, N.A.  
(successor in interest to NationsBank of Florida, N.A.),  
as Trustee and Assignee (the “Trustee”)  

and  
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 AMENDED AND RESTATED SCHEDULE 2007E-1 (the “Schedule”) is hereby entered into as of April 1, 2015 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 2007E-1 Facilities herein described. The Trustee, as assignee of the Corporation, hereby demises, leases and subleases to the School Board, and the School Board hereby hires, takes, leases and subleases from the Trustee, the Series 2007E-1 Facilities and the Series 2007E-1 Facility Sites described herein, together with the rights described in clauses (i), (ii) and (iii) of Section I in the Series 2007E Ground Lease (as defined in the Series 2015D Supplemental Trust Agreement). The Master Lease with respect to this Schedule and as modified and supplemented hereby, is referred to herein as the “Series 2007E-1 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 2007E-1 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 Master Trust Agreement, including the Series 2007E Supplemental Trust Agreement and the Series 2015D Supplemental Trust Agreement, as appropriate.

“Assignment Agreement” shall mean the Series 2007E Assignment Agreement dated as of October 1, 2007, between the Corporation and the Trustee.

“Certificates” shall mean the Series 2007E Certificates and the Series 2015D Certificates, allocable to the Series 2007E-1 Lease.

“Commencement Date” for the Series 2007E-1 Lease is October 31, 2007.

“Series 2007E Certificates” shall mean the $147,390,000 Certificates of Participation, Series 2007E dated as of the Closing Date, issued under the Master 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.

"Series 2007E-1 Facilities" shall mean the Facilities described in this Schedule 2007E-1, as such Schedule 2007E-1 may be amended or supplemented from time to time. A portion of the improvements to be made to the Series 2007E-1 Facilities from the proceeds of the Series 2007E Certificates are not subject to the lien of the Series 2007E-1 Lease.

"Series 2007E-1 Facility Sites" shall mean the Facility Sites described in such Schedule 2007E-1 to be ground leased by the School Board to the Corporation, as the same may be amended or supplemented from time to time.


"Series 2015D Certificates" shall mean the $221,640,000 Certificates of Participation, Series 2015D dated April 30, 2015, issued under the Master Trust Agreement and evidencing undivided beneficial interests of the owners thereof in Basic Lease Payments to be made by the School Board pursuant to the Master Lease.

"Series 2015D Supplemental Trust Agreement" shall mean the Series 2015D Supplemental Trust Agreement dated as of April 1, 2015, between the Corporation and the Trustee.

"Series 2007E-1 Lease" shall be deemed to refer to the Master Lease as supplemented by this Schedule 2007E-1, and except as provided herein, to that extent, shall be subject to the limitations provided in the Series 2007E-1 Lease.

"Series 2007E-1 Lease Term" is expected to be approximately twenty-four (24) years and nine (9) months consisting of an "Original Term" of approximately eight (8) months from the Commencement Date through and including June 30, 2008, and twenty-four (24) 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, 2008, and ending June 30, 2032, and the last Renewal Term of approximately one (1) month from July 1, 2032, through and including August 1, 2032, provided that on each date no Series 2007E Certificates are "Outstanding" under the Master Trust Agreement, each Lease Term shall be subject to annual renewal pursuant to the provisions of Article II of the Master Lease.

"Section 3. Series 2007E-1 Facilities Lease Purchased." A general description and the estimated costs of the Series 2007E-1 Facilities lease-purchased under the Series 2007E-1 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 2007E-1 Facilities Ground Leased to the Corporation and Pledged Encumbrances." The legal descriptions of the Series 2007E-1 Facility Sites ground leased to the Corporation and the Pledged Encumbrances (as defined in Paragraph 5.1 herein or any other facility described 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 2007E-1 Ground Lease.

"Section 5. Application of Certain Proceeds of Series 2007E Certificates." Pursuant to the provisions of Section 3 of the Series 2007E Supplemental Trust Agreement the Trustee deposited the following sums attributable to the Series 2007E-1 Facilities lease purchased hereunder in the following accounts from the proceeds of the Series 2007E Certificates:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>$103,172,655.69</td>
<td>Series 2007E Acquisition Account</td>
</tr>
</tbody>
</table>

"Section 6. Basic Lease Payments." The principal portion of the Basic Lease Payments due on or after June 30, 2004 shall be subject to prepayment on or after June 30, 2025 by the School Board in whole or in part at any time at the option of the School Board, and if in part, in each 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.

"Section 7. Prepayment Provisions." Series 2007E Certificates. Additional Lease Payments with respect to the Series 2007E-1 Lease consist of a pro rata portion of the following amounts to be paid with respect to both the Series 2007E-1 Lease and the Series 2007E-2 Lease:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4,000.00 for counsel fees, plus out-of-pocket expenses billed at cost.</td>
<td>Series 2015D Cost of Issuance Account</td>
</tr>
</tbody>
</table>

Acceptance Fee of $3,000.00. Annual administration fee of $3,000.00, payable annually in advance.

2. Trustee Expenses: $1,000.00 for counsel fees, plus out-of-pocket expenses billed at cost.

The fees set forth above for Trustee services include services under Schedules 2007E-1 and 2007E-2.

"Section 8. Brokerage Fees." The fees set forth above for Trustee services include services under Schedules 2007E-1 and 2007E-2.

"Section 9. Additional Lease Payments." Such 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 the Series 2007E-1 Lease, or (2) be deposited in the Series 2007E-1 Escrow Deposit Trust Fund and used for the payment of any Costs of the Facilities set forth herein.


(i) The principal portion of Basic Lease Payments due on or after June 30, 2024 shall be subject to prepayment on or after June 30, 2025. In addition to or in lieu of the prepayment provisions of Section 7.2 of the Master Lease, the principal portion of Basic Lease Payments due on or after June 30, 2024 shall be subject to prepayment on or after June 30, 2025 by the School Board in whole or in part at any time at the option of the School Board, and if in part, in each 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.

(ii) The principal portion of Basic Lease Payments due on or after June 30, 2024 shall be subject to prepayment on or after June 30, 2025. In addition to or in lieu of the prepayment provisions of Section 7.2 of the Master Lease, the principal portion of Basic Lease Payments due on or after June 30, 2024 shall be subject to prepayment on or after June 30, 2025 by the School Board in whole or in part at any time at the option of the School Board, and if in part, in each 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.

(iii) The principal portion of Basic Lease Payments due on or after June 30, 2024 shall be subject to prepayment on or after June 30, 2025. In addition to or in lieu of the prepayment provisions of Section 7.2 of the Master Lease, the principal portion of Basic Lease Payments due on or after June 30, 2024 shall be subject to prepayment on or after June 30, 2025 by the School Board at any time at the option of the School Board, and if in part, in each 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.

The extraordinary prepayment provisions set forth in Section 7.2(b) and Section 9 of the Master Lease shall not apply to Basic Lease Payments represented by the Series 2007E Certificates.

"Section 11. Other Special Provisions." Such 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 the Series 2007E-1 Lease, or (2) be deposited in the Series 2007E-1 Escrow Deposit Trust Fund and used for the payment of any Costs of the Facilities set forth herein.

"Section 12. Brokerage Fees." Such 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 the Series 2007E-1 Lease, or (2) be deposited in the Series 2007E-1 Escrow Deposit Trust Fund and used for the payment of any Costs of the Facilities set forth herein.

"Section 13. Other Special Provisions." Such 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 the Series 2007E-1 Lease, or (2) be deposited in the Series 2007E-1 Escrow Deposit Trust Fund and used for the payment of any Costs of the Facilities set forth herein.

"Section 14. Other Special Provisions." Such 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 the Series 2007E-1 Lease, or (2) be deposited in the Series 2007E-1 Escrow Deposit Trust Fund and used for the payment of any Costs of the Facilities set forth herein.

"Section 15. Other Special Provisions." Such 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 the Series 2007E-1 Lease, or (2) be deposited in the Series 2007E-1 Escrow Deposit Trust Fund and used for the payment of any Costs of the Facilities set forth herein.

"Section 16. Other Special Provisions." Such 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 the Series 2007E-1 Lease, or (2) be deposited in the Series 2007E-1 Escrow Deposit Trust Fund and used for the payment of any Costs of the Facilities set forth herein.
(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 2007E-l under any Lease, Ground Lease or the Master Trust Agreement. The Trustee hereby represents that it has not received any notice to the contrary.

B. Notices. Copies of all notices required to be given to a Credit Facility Issuer pursuant to the Master Lease shall comply with the provisions of the Continuing Disclosure Certificate and the Disclosure Agreement, as applicable. Notwithstanding any other provision of the Series 2007E-l Lease, failure of the School Board to comply with the Continuing Disclosure Certificate or the Disclosure Agreement shall not be an Event of Default; however, provided it has been satisfactorily indemnified in accordance with Section 602 of the Master Trust Agreement, the Trustee may (a) seek recovery of damages from the Participating Underwriters, (b) seek specific performance by court order, to cause the School Board to comply with its obligations under this Section 9.C. 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 Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates by the IRS.

C. Continuing Disclosures. The School Board hereby covenants and agrees to comply with the terms and provisions of the Continuing Disclosure Certificate and the Disclosure Agreement, as applicable. Notwithstanding any other provision of the Series 2007E-l Lease, failure of the School Board to comply with the Continuing Disclosure Certificate or the Disclosure Agreement shall not be an Event of Default; however, provided it has been satisfactorily indemnified in accordance with Section 602 of the Master Trust Agreement, the Trustee may (a) seek recovery of damages from the Participating Underwriters, (b) seek specific performance by court order, to cause the School Board to comply with its obligations under this Section 9.C. 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 Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates by federal income tax purposes.

D. Section 9.4 of the Master Lease. For purposes of the Series 2007E-l Lease, Section 9.4 of the Master Lease shall read as follows:

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 Master Trust Agreement, by the Trustee. Except as specifically provided in the Master Lease, with respect to the Series 2017E-l Lease, Section 5.2(c) hereof and Section 5.2(d) 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 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 5.2(c) hereof and (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, with the consent of the Initial Purchaser, 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 5.2(c) hereof.

F. Effective Date. Schedule 2007E-l, as amended and restated as of April 1, 2015, shall be effective as of the date of delivery of the Series 2017D Certificates.

IN WITNESS WHEREOF, the Trustees has caused this Amended and Restated Schedule 2007E-l to be executed in its corporate name by its duly authorized officer, the Corporation has caused this Amended and Restated Schedule 2007E-l to be executed in its corporate name by its duly authorized members or officers, and the School Board has caused this Amended and Restated Schedule 2007E-l to be executed in its corporate 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: ________________________________

E. Wayne Gent
Secretary

By: ________________________________

Chuck Shaw
President

[SEAL]

The School Board of Palm Beach County, Florida

Attest:

By: ________________________________

E. Wayne Gent
Secretary

By: ________________________________

Chuck Shaw
Chairman

[SEAL]

The Bank of New York Mellon Trust Company, N.A., as Trustee

By: ________________________________

Linda Boenish
Vice President

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SCHEDULE 2007E-2

dated as of October 1, 2007
As Amended and Restated as of April 1, 2015
to the
Master Lease Purchase Agreement dated as of
November 1, 1994,

among

The Bank of New York Mellon Trust Company, N.A.
(successor in interest to NationsBank of Florida, N.A.),
as Trustee and Assignee (the “Trustee”)

and

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 AMENDED AND RESTATED SCHEDULE 2007E-2 (the “Schedule”) is hereby entered
into as of April 1, 2015, 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 2007E-2 Facilities herein
described. The Trustee, as assignee of the Corporation hereby demises, leases and subleases to the
School Board, and the School Board hereby hires, takes, leases and subleases from the Trustee, the Series
2007E-2 Facilities described herein. The Master Lease with respect to this Schedule and as modified and
supplemented hereby, is referred to herein as the “Series 2007E-2 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 2007E-2 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 Master Trust Agreement, including the Series 2007E
Supplemental Trust Agreement and the Series 2015D Supplemental Trust Agreement, as appropriate.

“Assignment Agreement” shall mean the Series 2007E Assignment Agreement dated as of
October 1, 2007, between the Corporation and the Trustee.

“Certificates” shall mean the Series 2007E Certificates and the Series 2015D Certificates,
allocable to the Series 2007E-1 Lease and Series 2007E-2 Lease.

“Commencement Date” for the Series 2007E-2 Lease is October 31, 2007.

“Series 2007E Certificates” shall mean the $147,390,000 Certificates of Participation, Series
2007E dated as of October 31, 2007, issued under the Master Trust Agreement and evidencing undivided
C-26

preponderant interests of the owners thereof. Basic Lease Payments to be made by the School Board pursuant to the Master Lease.

"Series 2007T-2 Facilities" shall mean the Facilities described in this Schedule 2007T-2, as this Schedule 2007T-2 may be amended or supplemented from time to time.


"Series 2010T Certificates" shall mean the $221,660,000 Certificates of Participation, Series 2010T dated April 30, 2010, issued under the Trust Agreement and evidencing individual preponderant interests of the owners thereof in Basic Lease Payments to be made by the School Board pursuant to the Master Lease.

"Series 2010B Supplemental Trust Agreement" shall mean the Series 2010B Supplemental Trust Agreement dated as of April 1, 2015, between the Corporation and the Trustee.

Section 2. Lease Term. The total of all Lease Terms of the Series 2007T-2 Lease is expected to be approximately twelve (12) years and nine (9) months consisting of an "Original Term" of approximately eight (8) months from the Commencement Date through and including June 30, 2008, and twelve (12) Renewal Terms of twelve (12) months each, from July 1, 2008 through and including June 30, 2020, and the last Renewal Term of approximately nine (9) months from July 1, 2020 through and including August 1, 2020. Each Lease Term shall be subject to annual renewal pursuant to the provisions of Article II of the Master Lease.

Section 3. Series 2007T-2 Facilities Lease Purchased. A general description of the Series 2007T-2 Facilities and the estimated costs of the Series 2007T-2 Facilities lease purchased under the Series 2007T-2 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.


Pursuant to the provisions of Section 601 of the Series 2007T Supplemental Trust Agreement the Trustee deposited in the Escrow Account the following amounts attributable to the Series 2007T-2 Facilities to be leased purchased hereunder in the following amounts from the proceeds of the Series 2007T Certificates:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Escrow Deposit Trust Fund</td>
<td>$127,175,238.82</td>
</tr>
<tr>
<td>Series 2007T Cost of Insurance Surcharge</td>
<td>226,052.21</td>
</tr>
</tbody>
</table>

Section 5. Basic Lease Payments. The principal portion and the interest portion of the Basic Lease Payments, the Lease Payment Date (each June 30 and December 31, commencing December 30, 2007) and the remaining principal portions with respect to the Series 2007T-2 Facilities to be leased purchased and the Series 2010T Certificates and the Series 2010T Certificates attributable to such Series 2007T-2 Facilities are set forth in Exhibit B hereto. If, upon delivery of the Certificate of Acceptance indicating completion of the acquisition, construction, installation and payment of all costs of the Series 2007T-2 Facilities, or if the School Board determines not to acquire, construct or install one or more components of the Series 2007T-2 Facilities, it is determined that the cost of, and consequently the actual amount of Basic Lease Payments for, a Series 2007T-2 Facility is different from the amount set forth herein, Exhibit B shall be revised to reflect the adjusted Schedule of Basic Lease Payments for all Series 2007T-2 Facilities to be leased purchased, and for each individual Series 2007T-2 Facility or group of Series 2007T-2 Facilities. TheComposite Schedule of Basic Lease Payments shall be no less than the principal and interest payments with respect to the portion of the Series 2007T Certificates and the Series 2010T Certificates relating to the Series 2007T-2 Facilities and shall only be amended in the event of a prepayment or a payment deposit of the principal portion of Basic Lease Payments represented by each such portion of the Series 2007T Certificates pursuant to Section 7.3 or 7.3 of the Master Lease, and prepayment or defeasance of a portion of Series 2007T Certificates pursuant to Article II of the Master Lease, and prepayment or defeasance of a portion of Series 2007T Certificates, pursuant to Article II of the Series 2007T Supplemental Trust Agreement or Section 8.1 of the Master Trust Agreement.

The interest portion of the Basic Lease Payments represented by the Series 2007T Certificates, and the Series 2010T Certificates expressed as an annual interest rate, in each case from the Restrictions on interest rates set forth in Section 215.8A, Florida Statutes, since the Series 2007T Certificates and the Series 2010T Certificates upon their respective due date of sale were rated within the three highest rating categories by a nationally recognized rating service.

Section 6. Additional Lease Payments. Series 2007T Certificates. Additional Lease Payments with respect to the Series 2007T-2 Lease consist of a pro rata portion of the following amounts to be paid with respect to both the Series 2007T-2 Lease and the Series 2007T-2 Lease, except as otherwise provided herein:

1. Trustee Fees: Acceptance Fee of $5,000.00. Annual administration fee of $1,000.00, payable annually in advance.
2. Trustee Expenses: $4,000.00 for actual fees, plus out-of-pocket expenses billed at cost.
3. Credit Facility Issuer Payment: $300,000.00 to be paid to the Series 2007T-2 Credit Facility Issuer upon issuance of the Series 2007T-2 Certificates with respect to the Series 2007T-2 Credit Facility.

The fees set forth above for Trustee services include services under Schedule 2007T-1 and 2007T-2.

Series 2010T Certificates. Additional Lease Payments with respect to the Series 2007T-2 Lease consist of a pro rata portion of the following amounts:

1. Trustee Fees: Acceptance Fee of $1,000.00. Annual administration fee of $1,850.00 payable annually in advance.
2. Trustee Expenses: $5,000.00 for actual fees, plus out-of-pocket expenses billed at cost.

The fees set forth above for Trustee services include services under Schedule 2007T-1 and 2007T-2 and Schedule 2007T-1.

Section 7. Proportionate Provisions. Series 2007T Certificates. In addition to or in lieu of the proportionate provisions of Section 7.2 of the Master Lease, the principal portion of the Basic Lease Payments due on or before June 30, 2007 shall not be subject to prepayment at the option of the School Board.

(ii) The principal portion of Basic Lease Payments due on or before June 30, 2007 shall not be subject to prepayment at the option of the School Board.

(iii) The principal portion of Basic Lease Payments due on or after June 30, 2008 shall be subject to prepayment on or after June 30, 2008 by the School Board in whole or in part at any time before the expiration of the Series 2007T-2 Lease, in each case, 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.

(i) The principal portion of Basic Lease Payments due on or before June 30, 2007 shall not be subject to prepayment at the option of the School Board.

(ii) The principal portion of Basic Lease Payments due on or after June 30, 2008 shall be subject to prepayment on or after June 30, 2008 by the School Board in whole or in part at any time before the expiration of the Series 2007T-2 Lease, in each case, 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. The extraordinary prepayment provisions set forth in Section 7.2(B) and Section 5.4(h) of the Master Lease shall not apply to the Series 2007T-2 Lease.

The principal portion of Basic Lease Payments shall be subject to prepayment in the event the Series 2007T-2 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 2007T Trust Agreement and the Series 2007T-2 Lease, in the extent and subject to the limitations provided in the Series 2007T-2 Lease.

Section 8. Other Special Provisions.

A. Representations. (i) The School Board hereby covenants and warranties set forth in Section 2.18 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 2007T-2, and all references therein to the Facilities shall be included in the Series 2007T-2 Facilities. The Corporation hereby covenants, representations 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 2007T-2 and all references therein to the Facilities shall include the Series 2007T-2 Facilities.

(ii) 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 2007T-2 under any Lease, Ground Lease or the Trust Agreement. The Trustee hereby represents that it has not received any notice at any time of any such default.

(iii) The School Board hereby represents, covenants and warrants that adequate water, sanitary sewer and storm sewer utilities, electric power, telephone and all other utilities are available to the 2007T-2 Facilities, and the cost of providing them available is included in the School Board's acquisition and construction budget for the Series 2007T-2 Facilities.

B. Title. Notwithstanding the provisions of Section 6.1 of the Master Lease, title to the Series 2007T-2 Facilities shall vest in the School Board upon acquisition.
C. Notices. Copies of all notices required to be given to a Credit Facility Issuer pursuant to the Master Lease shall be given to the Series 2007E Credit Facility Issuer at the following address:

Series 2007E Credit Facility Issuer:
National Public Finance Guarantee Corporation
(As Agent and Servicer of MBIA Insurance Corporation)
333 King Street
Annandale, New York 10024
Attention: Surveillance Department Policy No. 340070

D. Section 9.11 of the Master Lease. For purposes of the Series 2007E-2 Lease, Section 9.11 of the Master Lease shall not apply. The School Board hereby represents and warrants that it has taken no action and covenants that it will take no action to implement the provisions of Section 9.11 of the Master Lease.

E. Remedies Upon Nonpayment or Default. For purposes of the Series 2007E-2 Lease only, Section 3.6 of the Master Lease shall not apply and, in its place, the following shall govern:

Section 3.6 No Waiver of Series 2007E-2 Facilities.

(A) Upon the termination of the Series 2007E-2 Lease Term prior to the payment of all Lease Payments scheduled thereunder or without the payment of the then-applicable Purchase Option Price of the Series 2007E-2 Facilities, or (B) as provided in Section 8.2 of the Master Lease upon the occurrence of an event of default, the Purchase Option Price of the Series 2007E-2 Facilities shall become immediately due and payable, but only from the School Board's current or other funds authorized by law and appropriated for such purpose as provided in Section 3.1 of the Master Lease. The Corporation's sole remedy shall be to seize the collateral and, after the occurrence of the event of default, provide the required funds for the Corporation's sole benefit and use to the extent necessary to pay the Purchase Option Price, which judgment shall be enforceable solely against the School Board's legally available funds.

Notwithstanding the obligations of the School Board to pay the Purchase Option Price of the Series 2007E-2 Facilities, the School Board shall have no obligation to transfer possession of said title to the Series 2007E-2 Facilities to the Corporation, and the Corporation shall have no rights under the Series 2007E-2 Lease to the extent otherwise provided by the Corporation or the Trustee in a lease that has been designated as a lease. The Corporation hereby irrevocably waives any right to specific performance of the School Board's covenants upon any such termination of the Lease Term.

Upon the termination of the Lease Term as a result of a default by the School Board, the Corporation shall have, in addition to the rights and remedies described above, the right to sue for compensatory damages, including damages for any loss suffered by the Corporation or the Trustee in a lease that has been designated as a lease. The Corporation hereby irrevocably waives any right to specific performance of the Purchase Option Price when due.

F. Continuing Disclosure. The School Board hereby covenants and agrees to comply with the terms and provisions of the Continuing Disclosure Certificate and the Disclosure Agreement, as applicable. Notwithstanding any other provision of the Series 2007E-2 Lease, failure of the School Board to comply with the Continuing Disclosure Certificate or the Disclosure Agreement shall not be considered an Event of Default; provided, however, if it has been established that there has been a default, in accordance with Section 602 of the Master Trust Agreement as if it were a breach of an Event of Default, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% of the aggregate principal amount of the Certificates outstanding, shall) give notice of any such default, in accordance with the provisions of such Trust Agreement, to pay the outstanding principal amount of the Certificates outstanding, shall) give notice of any such default, in accordance with the provisions of such Trust Agreement.

G. Section 9.4 of the Master Lease. For purposes of the Series 2007E-2 Lease, Section 9.4 of the Master Lease shall read as follows:

SECTION 9.4. Amendments. The terms of this Master Lease and any Schedule may be amended, 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. In the event that all or any portions of the Certificates are amended ("Amended Certificate"), the Credit Facility Issuer may give consent with respect to the Issued Certificates. In the event that there is no Credit Facility Issuer, except as otherwise provided herein, the consent of the Holders of at least a majority in principal amount of the Certificates outstanding, who are affected by such waiver, alteration, modification, supplement or amendment shall be required. Notwithstanding the foregoing, a Schedule may be amended without obtaining the consent of Holders of the Issued Certificates, for the purpose of (i) adding a legal description and/or the permitted circumstances for a Facility Site which has already been designated as such Schedule, (ii) adding additional Facilities to be financed under such Schedule, (iii) substituting Facilities in accordance with Section 6.6 herein or (iv) releasing a Facility or portion thereof if such Facility or portion thereof has been released from the lien of the Lease in accordance with the provisions thereof.

H. Effective Date. Schedule 2007E-2, as amended and restated as of April 1, 2013, shall be effective as of the date of delivery of the Series 2015D Certificates.

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SERIES 2007A
GROUND LEASE

Dated as of February 1, 2007

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 2007A-1 Facility Sites)
WHEREAS, the School Board has the power, pursuant to Section 100-425, Florida Statutes, to amend, to revise, publish, solicit bids, license, permit, contract for, and purchase any land, site, or other property (whether real or personal) for educational purposes, and to sell Series 2007A-1 certificates, as amended, to enter into leases or lease-purchase agreements of real and personal facilities, or of real or personal facilities for school purposes, and

WHEREAS, for the same reason, the School Board has the authority to acquire additional facilities by lease or award for the benefit of the School Board and

WHEREAS, the Corporation is a "private corporation" within the meaning of Section 100-425, Florida Statutes, as amended, and is a "support organization" under the meaning of Section 100-63, Florida Statutes, as amended,

WHEREAS, in order to carry out its powers and authority, to acquire facilities and equipment, the School Board has entered into a Master Lease Purchase Agreement dated as of November 1, 1994, for the sale of the Series 2007A-1 Lease, and

WHEREAS, the School Board is the governing body of the District, the governing body of the School District of Palm Beach County, Florida, and is duly incorporated as such under the laws of the State of Florida and in accordance with the provision of the governing body of the School Board, as the lessee, pursuant to the Series 2007A-1 Lease and the Series 2007A-2 Lease (the "School Board" or "the lessee") and the Corporation, as the lessor, pursuant to the Series 2007A-1 Lease and the Series 2007A-2 Lease (the "Corporation" or "the lessor"), in accordance with the Series 2007A-1 Lease and the Series 2007A-2 Lease (the "Lease Agreement"), or any amendment or supplement thereto, or any assignment thereof (the "Lease") and in accordance with the Series 2007A-1 Lease and the Series 2007A-2 Lease (the "Lease Agreement"), or any amendment or supplement thereto, or any assignment thereof (the "Lease") and in accordance with the provisions of the Lease Agreement and any amendments or supplements thereto, or in accordance with the terms and conditions of the Lease Agreement and any amendments or supplements thereto.

NOW, THEREFORE, the School Board and the Corporation do hereby grant, covenant, and agree as follows:

Section 1. Lease of Series 2007A-Ground Lease. Subject to the terms and conditions of the Lease Agreement, the School Board hereby leases its Exhibit A Property to the Corporation and the Corporation hereby hires, takes and leases the Exhibit A Property from the School Board, for the purposes of constructing and maintaining certain facilities to be located on the Exhibit A Property, and desires to lease certain other facilities to be located on the Exhibit A Property, subject to the terms and conditions of the Lease Agreement.

The School Board and the Corporation, together with the terms and provisions of the Lease Agreement, constitute a separate lease, all of which may be amended by supplemental agreements from time to time, so that the Series 2007A-1 Lease and the Series 2007A-2 Lease 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 Exhibit A Property from the School Board, for the purposes of constructing and maintaining certain facilities to be located on the Exhibit A Property, and desires to lease certain other facilities to be located on the Exhibit A Property, subject to the terms and conditions of the Lease Agreement.

THEREFORE, the School Board and the Corporation accordingly covenant and agree as follows:

Section 2. Ground Lease of Exhibit A Property. Subject to the terms and conditions of the Lease Agreement, the School Board hereby leases its Exhibit A Property to the Corporation, and the Corporation hereby hires, takes and leases the Exhibit A Property from the School Board, for the purposes of constructing and maintaining certain facilities to be located on the Exhibit A Property, and desires to lease certain other facilities to be located on the Exhibit A Property, subject to the terms and conditions of the Lease Agreement.

The School Board and the Corporation, together with the terms and provisions of the Lease Agreement, constitute a separate lease, all of which may be amended by supplemental agreements from time to time, so that the Series 2007A-1 Lease and the Series 2007A-2 Lease 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 Exhibit A Property from the School Board, for the purposes of constructing and maintaining certain facilities to be located on the Exhibit A Property, and desires to lease certain other facilities to be located on the Exhibit A Property, subject to the terms and conditions of the Lease Agreement.

Section 3. Lease of Exhibit A Property. Subject to the terms and conditions of the Lease Agreement, the School Board hereby leases its Exhibit A Property to the Corporation, and the Corporation hereby hires, takes and leases the Exhibit A Property from the School Board, for the purposes of constructing and maintaining certain facilities to be located on the Exhibit A Property, and desires to lease certain other facilities to be located on the Exhibit A Property, subject to the terms and conditions of the Lease Agreement.

The School Board and the Corporation, together with the terms and provisions of the Lease Agreement, constitute a separate lease, all of which may be amended by supplemental agreements from time to time, so that the Series 2007A-1 Lease and the Series 2007A-2 Lease 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 Exhibit A Property from the School Board, for the purposes of constructing and maintaining certain facilities to be located on the Exhibit A Property, and desires to lease certain other facilities to be located on the Exhibit A Property, subject to the terms and conditions of the Lease Agreement.

Section 4. Lease of Exhibit A Property. Subject to the terms and conditions of the Lease Agreement, the School Board hereby leases its Exhibit A Property to the Corporation, and the Corporation hereby hires, takes and leases the Exhibit A Property from the School Board, for the purposes of constructing and maintaining certain facilities to be located on the Exhibit A Property, and desires to lease certain other facilities to be located on the Exhibit A Property, subject to the terms and conditions of the Lease Agreement.

The School Board and the Corporation, together with the terms and provisions of the Lease Agreement, constitute a separate lease, all of which may be amended by supplemental agreements from time to time, so that the Series 2007A-1 Lease and the Series 2007A-2 Lease 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 Exhibit A Property from the School Board, for the purposes of constructing and maintaining certain facilities to be located on the Exhibit A Property, and desires to lease certain other facilities to be located on the Exhibit A Property, subject to the terms and conditions of the Lease Agreement.
Corporation shall pay, as and for rental for the Series 2007A-I Facility Sites an amount determined by an Appraisal to be prepared by an appraiser selected by the Trustee as assignee of the Corporation (the "Appraisal") providing that the levy be not less than one month's rent or that the Appraisal shall not be issuable or from being a Partly Wall.

The School Board, at its sole expense, shall bring or cause to be brought to the Series 2007A-I Facility Sites adequate connections for water, electrical power, telephones, storm sewerage and sewerage.

Corporation shall pay, and for rental for the Series 2007A-I Facility Sites an amount determined by a U.S.A. Approach at the fair market rental for the Series 2007A-I Facility Sites (the "Appraisal") which appraisal to be the fair market rental for the Series 2007A-I Facility Sites (the "Appraisal"). In the event the Appraisal is not made within thirty (30) days of the Appraisal, the right therein shall be adjusted and paid in the manner set forth in Section 3(b) hereof.

The Corporation shall pay all or a portion of the Ground Lease payable hereunder for the entire initial lease term. The Ground Lease may not be terminated by the School Board until the end of the Lease Term. The Corporation may terminate the Ground Lease and pay the Ground Rent as follows:

Section 7. Ground Lease Term and Termination

The Corporation shall have the right to terminate the Ground Lease by giving written notice to the School Board, which notice shall become effective thirty (30) days after the date of such notice. The School Board shall have the right to terminate the Ground Lease by giving written notice to the Corporation, which notice shall become effective thirty (30) days after the date of such notice. The Corporation shall pay all or a portion of the Ground Lease payable hereunder for the entire initial lease term. The Ground Lease may not be terminated by the School Board until the end of the Lease Term.
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 in order to enable the Corporation to use the Series 2007A-1 Facilities in accordance with the terms of the Series 2007A-1 Ground Lease, as amended from time to time by any agreement entered into by the Corporation and the School Board, or any other person or entity that may acquire any interest in the Series 2007A-1 Ground Lease, or any provisions hereof.

Section 5. Liens. Unless the Series 2007A-1 Lease shall have been terminated as a result of non-appropriation or default pursuant to Section 6 or 7 of this Agreement, the Corporation shall, directly or indirectly, erect, install, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim or any restriction upon such Series 2007A-1 Facility Sites, other than those permitted by the memorandum of the Series 2007A-1 Credit Facility Issuer set forth in the Series 2007A-1 Lease. The Corporation shall be liable for any expense incurred by the Trustee in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim. Upon the occurrence or nonoccurrence of any event or other occurrence which shall terminate the Series 2007A-1 Lease, the Corporation, the Trustee and any Permitted Transferees may enter into a mortgage or other encumbrance to the Series 2007A-1 Credit Facility Issuer, provided, however, that the Corporation, the Trustee and any Permitted Transferees shall not be bound to or required by such any mortgage or other encumbrance, including without limitation, any provision which might affect the public's interest.

Section 6. Estoppel Certificates. The School Board, at any time and from time to time, shall furnish the Corporation, its successors, assigns, and their agents, upon written request therefor, a certificate, signed by the authorized representative of the Series 2007A-1 Credit Facility Issuer, containing a recital of any lease, conveyance, license or lien thereon, and of any encumbrance or lien attached thereto, and such other information as the Corporation may reasonably request.

Section 7. Amendments. No amendment or modification of this Agreement shall be effective unless the same shall have been approved by the parties hereto in writing. Any additional or substitute leases entered into by the Corporation, to the extent that the same are not inconsistent with the terms of this Agreement, shall be binding upon the Corporation and the School Board and their respective successors and assigns.

Section 8. Right of Entry. The Corporation shall have the right for any of its duly authorized representatives to enter upon the Series 2007A-1 Facility Sites at any reasonable time to inspect any or all such premises, and to make or cause to be made all such repairs, alterations or changes necessary for the preservation thereof.

Section 9. Liens. Unless the Series 2007A-1 Lease shall have been terminated as a result of non-appropriation or default pursuant to Section 6 or 7 of this Agreement, the Corporation shall, directly or indirectly, erect, install, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim or any restriction upon such Series 2007A-1 Facility Sites, other than those permitted by the memorandum of the Series 2007A-1 Credit Facility Issuer set forth in the Series 2007A-1 Lease. The Corporation shall be liable for any expense incurred by the Trustee in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim. Upon the occurrence or nonoccurrence of any event or other occurrence which shall terminate the Series 2007A-1 Lease, the Corporation, the Trustee and any Permitted Transferees may enter into a mortgage or other encumbrance to the Series 2007A-1 Credit Facility Issuer, provided, however, that the Corporation, the Trustee and any Permitted Transferees shall not be bound to or required by such any mortgage or other encumbrance, including without limitation, any provision which might affect the public's interest.

Section 10. Estoppel Certificates. The School Board, at any time and from time to time, shall furnish the Corporation, its successors, assigns, and their agents, upon written request therefor, a certificate, signed by the authorized representative of the Series 2007A-1 Credit Facility Issuer, containing a recital of any lease, conveyance, license or lien thereon, and of any encumbrance or lien attached thereto, and such other information as the Corporation may reasonably request.
IN WITNESS WHEREOF, the Corporation has caused this Series 2007A 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 2007A Ground Lease to be executed in its name and its seal to be hereunto affixed by its duly authorized officers, all as of the date first above written.

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

[Signature]
William Graham, Chairman

Palm Beach School Board Leasing Corp.

[Signature]
William Graham, President

MIA 177823815v2111612007

STATE OF FLORIDA
COUNTY OF PALM BEACH

The undersigned, a Notary Public in and for the said County in the State aforesaid, do hereby certify that William Graham and Dr. Art Johnson, 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 in person and personally acknowledged the same, being then duly authorized, signed, sealed with the seal of said School Board, and delivered the said instrument to me, for the time and amount of act of said School Board in its own free and voluntary act, for the uses and purposes therein set forth.

FOR THE USES AND PURPOSES THEREIN SET FORTH.

EXHIBIT A

SERIES 2007A FACILITY SITES

A. DESCRIPTION OF REAL ESTATE

C.O. TAYLOR/KIRKLANE ELEMENTARY MODERNIZATION

The West one-half (W 1/2) of the Southeast one-quarter (SE 1/4) of the Northeast one-quarter (NE 1/4) of Section 13, Township 44 South, Range 42 East, located on the North 45.00 feet for said right-of-way.

ROYAL PALM SCHOOL MODERNIZATION

A parcel of land in the West one-half of Section 6, Township 45 South, Range 43 East, Palm Beach County, Florida and being more particularly described as follows:

Begin at the intersection of the meanderly right-of-way of the Lake Worth Drainage District L-17 Canal and said southerly right-of-way line of a quitclaim deed to the Lake Worth Drainage District as recorded in Official Record Book 122, Page 443, of the Public Records of Palm Beach County, Florida, with the newly right-of-way line of Lawrence Road as said southerly right-of-way line is set forth as a northwest right-of-way to Palm Beach County as recorded in Official Record Book 777, Page 306, of said Public Records;

Then North 89°31'55" East, along said southerly right-of-way line, a distance of 944.64 feet, to a point on the westerly line of the Santaluces Sports and Athletic Complex as said westerly line is set forth in the Special Warranty Deed to Palm Beach County as recorded in Official Record Book 401, Page 1359 of said Public Records;

Then South 00°28'14" East, along said westerly line, a distance of 1034.69 feet, to a point on the westerly line of the Santaluces Sports and Athletic Complex as said westerly line is set forth in the Special Warranty Deed to Palm Beach County as recorded in Official Record Book 401, Page 1359 of said Public Records;

Then South 00°28'14" East, along said westerly line, a distance of 1016.35 feet, to a point on the westerly line of the Santaluces Sports and Athletic Complex as said westerly line is set forth in the Special Warranty Deed to Palm Beach County as recorded in Official Record Book 401, Page 1359 of said Public Records;

Then North 00°28'14" East, along said westerly line, a distance of 944.64 feet, to a point on the westerly line of the Santaluces Sports and Athletic Complex as said westerly line is set forth in the Special Warranty Deed to Palm Beach County as recorded in Official Record Book 401, Page 1359 of said Public Records;
Acrehome Park Addition to Kelsey City, according to the Plat Book 15, at Page 17 of the Public Records of Palm Beach County, Florida and a portion of Cedar Street of Kelby Addition to Riviera, according to Plat Book 4, at Page 70 of the Public Records of Palm Beach County, Florida and a portion of Sections 29, 31 and 32, Township 42 South, Range 43 East, Palm Beach County, Florida, being more particularly described as follows:

Commence at the Northwest corner of Section 32, Township 42 South, Range 43 East, Palm Beach County, Florida, thence South 00°10'41" East for a distance of 190.74 feet; thence North 89°58'44" East for a distance of 259.24 feet; thence South 01°28'38" West for a distance of 282.09 feet to a point on the east line of Tract "B" as shown on the correct Plat of 3rd Acrehome Park according to the Plat thereof recorded in Plat Book 15, at Page 17 of the Public Records of Palm Beach County, Florida;

Then a distance of 620.78 feet to a point on the north line of Section 31, Township 42 South, Range 43 East;

Thence North 89°10'37" West for a distance of 382.09 feet to a point on the east line of said Plat of Congress Park Homes;

Thence South 620.78 feet parallel to and south of the south right-of-way line of Arcand Street as shown on the corrected Plat of 3rd Acrehome Park recorded in Plat Book 15, at Page 17 of the Public Records of Palm Beach County, Florida;

That portion of Tracts "B", "C" and "D", Replat of Part of Roosevelt Estates, according to the Plat thereof as recorded in Plat Book 46, at Page 70 of the Public Records of Palm Beach County, Florida;

Together with:

1. Easement in favor of Florida Power & Light Company recorded in Official Record Book 1753, Page 162.

2. Reservations in favor of the Everglades Drainage District recorded in Deed Book 717, Page 374.

3. Reservations in favor of the Lake Worth Drainage District recorded in Deed Book 653, Page 176.


ROYAL PALM SCHOOL MODERNIZATION


SUNCOAST HIGH SCHOOL MODERNIZATION

1. None.
WESTWARD ELEMENTARY MODERNIZATION

1. Matters shown on the Replat of Part of Roosevelt Estates recorded in Plat Book 26, Page 17.
2. Restrictions contained in deed recorded in Official Record Book 104, Page 323.
4. Restrictions contained in deed recorded in Official Record Book 806, Page 274.
5. Reserved lift station easement in favor of the City of West Palm Beach contained in deed recorded in Official Record Book 21468, Page 671.

NOTE: ALL RECORDING INFORMATION IS FROM THE PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA, UNLESS OTHERWISE SPECIFIED.

A-6

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SERIES 2007E
GROUND LEASE

Dated as of October 1, 2007

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 2007E-1 Facility Sites)
WHEREAS, the School Board desires to lease-purchase one or more particular educational facilities to be located on the School Board’s facilities, and desires to lease certain other educational facilities and sites individually and collectively, the Series 2007E-1 Facilities is subject to Schedule 2007E-1 to the Master Lease, the same being approved and delivered by the School Board.

WHEREAS, the Corporation will assign to the Trustee, for the benefit of the holders of the Series 2007E Certificates, a right to receive a portion of the annual interest and principal payments on the Series 2007E Certificates, and the Corporation, in accordance with the provisions of the Master Trust Agreement, will assign such right to the holders of the Series 2007E Certificates.

WHEREAS, the Corporation and the School Board desire to lease certain educational facilities to the School Board and the Corporation, the rights under such leases and the terms and conditions of such leases shall include:

(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 2007E-1 Facilities;

(ii) The adjacent property of the School Board and the Series 2007E-1 Facilities may be attached to one or more educational facilities located on the adjacent property of the School Board, and the Corporation, in accordance with the terms and conditions of the leases, shall have the right to install such meters or submeters as may be reasonably appropriate to measure and monitor the use of such services within the Series 2007E-1 Facilities;

(iii) The adjacent property of the School Board and the Series 2007E-1 Facilities may be attached to one or more educational facilities located on the adjacent property of the School Board, and the Corporation, in accordance with the terms and conditions of the leases, shall have the right to install such meters or submeters as may be reasonably appropriate to measure and monitor the use of such services within the Series 2007E-1 Facilities.

Section 1. Lease of Series 2007E-1 Facility Sites.

Subject to the provisions of this Article, the Corporation shall have the right to lease certain educational facilities and sites, the Series 2007E-1 Facilities, to the School Board and the Corporation, and the Corporation, in accordance with the terms and conditions of the leases, shall have the right to install such meters or submeters as may be reasonably appropriate to measure and monitor the use of such services within the Series 2007E-1 Facilities.

The rights shall include, but are not necessarily limited to, the rights to:

(a) Access to the adjacent property of the School Board for the Services reasonably necessary to the full use and enjoyment of the Series 2007E-1 Facilities;

(b) The right to install such meters or submeters as may be reasonably appropriate to measure and monitor the use of such services within the Series 2007E-1 Facilities.

WHEREAS, the Corporation and the School Board desire to lease certain educational facilities to the School Board and the Corporation, and the Corporation, in accordance with the terms and conditions of the leases, shall have the right to install such meters or submeters as may be reasonably appropriate to measure and monitor the use of such services within the Series 2007E-1 Facilities.

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Section 1. Lease of Series 2007E-1 Facility Sites.

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Section 1. Lease of Series 2007E-1 Facility Sites.

Subject to the provisions of this Article, the Corporation shall have the right to lease certain educational facilities and sites, the Series 2007E-1 Facilities, to the School Board and the Corporation, and the Corporation, in accordance with the terms and conditions of the leases, shall have the right to install such meters or submeters as may be reasonably appropriate to measure and monitor the use of such services within the Series 2007E-1 Facilities.
(b) The Corporation shall at all times during the term of this Series 2007E Ground Lease, in addition to the rent equal to the fair market rental of the Series 2007E-1 Facility Sites determined in the manner provided in Section 3.06 of the Trust Agreement, indemnify and hold the School Board harmless against all claims, demands, suits, actions, proceedings, losses, costs, expenses, and other amounts described in Section 5.04 of the Trust Agreement arising from the exercise of any rights, powers and covenants of the Corporation evidenced by any of the Series 2007E-1 Lease Payments under the Series 2007E-1 Lease Payments under the Series 2007E-1 Lease Term.

(c) The Corporation shall at all times during the term of the Series 2007E-1 Ground Lease have a basketball court on the Series 2007E-1 Facility Sites with full recreational use to the extent interrelated with the Series 2007E-1 Facility Sites and the adjacent property of the School Board (collectively referred to as "School Board Properties") in the manner prescribed in the Trust Agreement, and shall not use said basketball court for any purpose other than the use of said basketball court as a part of the School Board Properties.

(d) The Corporation shall at all times during the term of the Series 2007E-1 Ground Lease, hold harmless the School Board from and against any and all claims, demands, suits, actions, proceedings, losses, costs, expenses, and other amounts described in Section 5.04 of the Trust Agreement arising from the exercise of any rights, powers and covenants of the Corporation evidenced by any of the Series 2007E-1 Lease Payments under the Series 2007E-1 Lease Payments under the Series 2007E-1 Lease Term.

(e) The Corporation shall at all times during the term of the Series 2007E-1 Ground Lease, indemnify and hold the School Board harmless against all claims, demands, suits, actions, proceedings, losses, costs, expenses, and other amounts described in Section 5.04 of the Trust Agreement arising from the exercise of any rights, powers and covenants of the Corporation evidenced by any of the Series 2007E-1 Lease Payments under the Series 2007E-1 Lease Payments under the Series 2007E-1 Lease Term.
Ground Lease is to be irrevocably assigned by the Corporation to the Trustee pursuant to the Series Corporation nor any Permitted Transferee shall use or permit the Series 2007E-1 Facility Sites to 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 2007E Certificates and any other pertinent interests representing an undivided proportionate interest in the Series 2007E-1 Facility Sites, other than Permitted Encumbrances. The assignment and assumption agreement and assumption agreement as provided above the Series 2007E Ground Lease shall be effective as of the date hereof.

Notwithstanding anything to the contrary herein or in any exhibit, instrument, document or paper relating to this Series 2007E-1 Ground Lease or any of the transactions contemplated thereby, the parties hereto acknowledge and agree that upon the execution by the Corporation the School Board may exercise all remaining control over the Series 2007E-1 Facility Sites, other than Permitted Encumbrances. The School Board shall not have any other authorized representatives to carry upon the Series 2007E-1 Ground Lease Term acquire title to the Series 2007E-1 Facility Sites:

Section 7. Default. In the event the Corporation shall be in default in the performance of any obligation of the Corporation in this Series 2007E-1 Ground Lease, which default continues for sixty (60) days following notice and demand for correction thereto (the “Default”), the Trustee may appropriate all of the Corporation’s leasehold estate in the Series 2007E-1 Facility Sites, provided, however, that the Corporation or the School Board may cure any default occurring within such sixty (60) day period, in which case the Corporation and the School Board shall be deemed to be in default again.

Section 8. Right of Entry. Unless the Series 2007E-1 Ground Lease shall have been terminated as a result of non-appropriation or default pursuant to Section 4 of this Trust Agreement, the School Board, the Corporation or the Trustee may enter the Series 2007E-1 Facility Sites at all times after notice has been provided to the Corporation and the School Board and the Net Proceeds resulting therefrom shall be paid to the Corporation and the School Board, as their respective interests may appear; and (ii) if such person acquires title to a portion of the Series 2007E-1 Facility Sites, any “Permitted Encumbrances” with respect to the Series 2007E-1 Ground Lease, the Series 2007E-1 Facility Sites, or any portion thereof shall be of no further force or effect and the Net Proceeds resulting therefrom shall be paid to the Corporation and the School Board.

Section 9. Covenants. The Series 2007E-1 Lease shall be subject to and shall be binding upon any and all other encumbrances, including without limitation any mechanic’s or materialman’s liens.

Section 10. Condemnation. In the event that any person, public or private, shall by virtue of condemnation acquire title to a portion of the Series 2007E-1 Facility Sites, other than any “Permitted Encumbrances”. The School Board shall reimburse the Trustee for any expenses incurred in connection therewith.

Any taking of any portion of the Series 2007E-1 Facility Sites shall be made in a manner that is fair, reasonable and in accordance with the laws of the State of Florida.

Section 11. Applicable Law. This Series 2007E-1 Ground Lease shall be governed by and construed in accordance with the laws of the State of Florida.

Section 12. Merger, Assignment, etc. Any one or more of the Series 2007E-1 Ground Lease may be assigned, merged or merged with and into any other lease or leases which may be made hereunder, and the net proceeds resulting therefrom shall be paid to the Corporation and the School Board, and such assignment, merger or merger shall be binding upon the Corporation and the School Board and the Corporation and the School Board and their respective successors and assigns.

Section 13. Severability. In the event any provision of this Series 2007E-1 Ground Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall be limited so as not to affect the validity or enforceability of any other provisions hereof.

Section 14. Dispute Resolution. Any dispute or controversy arising out of this Series 2007E-1 Ground Lease or the construction, performance or breach hereof may be settled by binding arbitration in accordance with the laws of the State of Florida.

Section 15. More Positive Words. All references in this Series 2007E-1 Ground Lease to the payment of any sum shall be construed as a reference to the payment of that sum in lawful money of the United States of America.

Section 16. Counterparts. This Series 2007E-1 Ground Lease may be executed in several counterparts, each of which shall be an original and all of which shall be evidence of the same instrument.

Section 17. Maintenance of Lease. Simultaneously with the execution of this Series 2007E-1 Ground Lease, the School Board shall execute and deliver to the Trustee a general assignment and transfer agreement, in the form attached hereto as Exhibit “A”, whereby the Trustee shall be assigned and made party to all of the obligations or promises of the school board hereunder.

Section 18. Partial Non-Ubility. No covenant or agreement contained in this Series 2007E-1 Ground Lease or any other lease or leases which may be made hereunder shall be void or invalid because of any one or more of the Series 2007E-1 Ground Lease or any other lease or leases which may be made hereunder.

Section 19. Third Party Beneficiary. Each Credit Facility Issuer entering into a Series 2007E-1 Ground Lease shall be a third-party beneficiary of this Series 2007E-1 Ground Lease.

Section 20. Material Event. Common Law provides that a party to a contract owes a duty to perform his or her obligations in good faith, and that a breach of this duty may be the basis for an action for breach of contract.

Section 21. Preliminary Statements. The preliminary statements are to be provided to the Corporation and the School Board.

Section 22. Rights. The rights of the Corporation and the School Board are set forth in Sections 11 through 13 of this Series 2007E-1 Ground Lease.

Section 23. Notices. All notices, requests, demands, waive, receipts and other communications hereunder shall be in writing, and be deemed to be given when delivered personally, by registered or certified mail, postage prepaid, return receipt requested, or by facsimile transmission, addressed to the Corporation and the School Board and the Trustee at the following addresses:

Corporation: 1300 Forest Hill Boulevard West Palm Beach, Florida 33405 Attention: President

School Board: 1300 Forest Hill Boulevard West Palm Beach, Florida 33405 Attention: Superintendent of Schools

With copies to:

The Bank of New York Trust Company, N.A. 1012 Centre Boulevard, 12th Floor Jacksonville, Florida 32256 Attention Corporate Trust Department

Series 2007E-1 General Obligation Certificate of Deposit:

WFB Insurance Corporation

1314 Centre Avenue, 2nd Floor

Jacksonville, Florida 32256

Attention Corporate Trust Department

Series 2007E-1 Ground Lease:

WFB Insurance Corporation

11314 Centre Avenue

New York, New York 1003

Attention Corporate Trust Department

10

11
IN WITNESS WHEREOF, the Corporation has caused this Series 2007E Ground Lease to be executed in its corporate name and in its corporate seal to be hereunto affixed by its duly authorized officers and the School Board has caused this Series 2007E Ground Lease to be executed in its corporate name and in its corporate seal to be hereunto affixed by its duly authorized officers, all as of the date first above written.

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

By: ________________________

William Graham
Chairman

Palm Beach Schools Board Leasing Corp.

By: ________________________

William Graham
President

COUNCIL OF PALM BEACH COUNTY, FLORIDA

By: ________________________

Dr. Art Johnson
Secretary

STATE OF FLORIDA
COUNTY OF PALM BEACH

Notary Public

IN WITNESS WHEREOF, the Corporation has caused this Series 2007E Ground Lease to be executed in its corporate name and in its corporate seal to be hereunto affixed by its duly authorized officers and the School Board has caused this Series 2007E Ground Lease to be executed in its corporate name and in its corporate seal to be hereunto affixed by its duly authorized officers, all as of the date first above written.

The undersigned, a Notary Public, in and for the said County, in the State aforesaid, do hereby certify that William Graham and Dr. Art Johnson, personally known to me to be the same persons whose names are, respectively, as Chairman and Secretary, respectively, of PALM BEACH SCHOOLS BOARD LEASING CORP., a Florida not-for-profit corporation as aforesaid, have executed the instrument hereunto attached on this day in person and as such officers, respectively, of said corporation, and that the instrument was 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 10th day of October, 2007.

Ethel Isaacs Williams

Notary Public

IN WITNESS WHEREOF, the Corporation has caused this Series 2007E Ground Lease to be executed in its corporate name and in its corporate seal to be hereunto affixed by its duly authorized officers and the School Board has caused this Series 2007E Ground Lease to be executed in its corporate name and in its corporate seal to be hereunto affixed by its duly authorized officers, all as of the date first above written.

EXHIBIT A

SERIES 2007E FACILITY SITES

1. DESCRIPTION OF REAL ESTATE

ALLAMANDA ELEMENTARY MODERNIZATION

The Southwest Quarter of the Northeast Quarter of the Southeast Quarter of Section 8, Township 42, Range 43 East, Palm Beach County, Florida, less the West 60 feet thereof for road purposes.

AND

The South 412.3 feet of the South 52.2 feet, northerly described, of the Northeast Quarter of the Northeast Quarter of Section 8, Township 42, Range 43 East, Palm Beach County, Florida, less and excepting therefrom the West 60 feet of the Northeast Quarter of the Northeast Quarter of Section 8, Township 42, Range 43 East, Palm Beach County, Florida, less the West 60 feet thereof for road purposes.

AND

The area bounded by the following described parcel:

A parcel of land lying in Section 8, Township 42, Range 43 East, County of Palm Beach, State of Florida, being a portion of that certain parcel of land described in Official Record Book 2428, Page 1021, the Public Records of Palm Beach County, which parcel being more particularly described as follows:

Commencing at the center of said Section 8, Thence North 55°18'14" West along the East-West one-quarter (E-W %) Section Line of said Section 8, Thence North 88°18'16" West along the East-West one-quarter (E-W %) Section Line of said Section 8 and a distance of 665.47 feet, Thence North 01°43'46" West a distance of 251.13 feet to a point being the Northeast corner of said central parcel of land and the Point of Beginning, Thence North 88°18'16" West along the North line of said central parcel of land a distance of 251.13 feet to the point of beginning of a curve concave to the Southwest having a radius of 351.20 feet and a central angle of 10°00'00" a radial line passing through said point of curvature bears North 01°43'46" East, Thence South 0°18'14" East along said tangent line a distance of 14.36 feet to the beginning of a curve concave to the Northwest having a radius of 90.00 feet and a central angle 12°03'10".
THENCE Easterly along the arc of said curve a distance of 68.34 feet to a reverse curve and running the said arc a distance of 139.34 feet to the intersection with the East line of said certain described tract.

THENCE southeasterly through a central angle of S88°38'40"E, a distance of 337.68 feet to a point on the wesley line of the plat of sabal lakes phase one, as recorded in plat book 60, page 188 of the public records of palm beach county, florida, a distance of 25.87 feet.

THENCE northerly a distance of 59.67 feet.

THENCE northerly a distance of 18.50 feet.

THENCE northerly a distance of 59.00 feet.

THENCE northerly a distance of 9.34 feet.

THENCE northerly a distance of 24.33 feet.

THENCE northerly a distance of 11.50 feet.

THENCE northerly a distance of 11.00 feet.

THENCE northerly a distance of 59.67 feet.

THENCE northerly a distance of 24.33 feet.

THENCE northerly a distance of 11.50 feet.

THENCE northerly a distance of 24.33 feet.

THENCE northerly a distance of 18.50 feet.

THENCE northerly a distance of 24.33 feet.

THENCE northerly a distance of 29.00 feet.

THENCE northerly a distance of 18.17 feet.

THENCE northerly a distance of 11.50 feet.

THENCE northerly a distance of 11.00 feet.

THENCE northerly a distance of 27.17 feet.

THENCE northerly a distance of 90.00 feet to a point on the line of the plat of sabal lakes phase one, as recorded in plat book 60, page 188 of the public records of palm beach county, florida, a distance of 234.28 feet.

THENCE northerly a distance of 185.67 feet.

THENCE northerly a distance of 180.00 feet.

THENCE northerly a distance of 18.50 feet.

THENCE northerly a distance of 11.50 feet.

THENCE northerly a distance of 11.00 feet.

THENCE northerly a distance of 271.73 feet.

THENCE northerly a distance of 337.68 feet.

THENCE northerly a distance of 68.34 feet.

THENCE northerly a distance of 139.34 feet.

THENCE northerly a distance of 90.00 feet.

THENCE northerly a distance of 48.14 feet.

THENCE northerly a distance of 220.00 feet.

THENCE northerly a distance of 277.30 feet.

THENCE northerly a distance of 350.00 feet.

THENCE northerly a distance of 555.31 feet.

THENCE northerly a distance of 337.68 feet.

THENCE northerly a distance of 555.31 feet.

THENCE westerly a distance of 50.00 feet.

THENCE southwesterly a distance of 141.02 feet.

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THENCE southwesterly a distance of 350.00 feet.

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THENCE southwesterly a distance of 68.34 feet.
06-D WEST PALM BEACH AREA ELEMENTARY

Lots 17, 18, 19, 29 and 31, Haverhill Acres, an Addition to West Palm Beach, Florida, in Section 26, Township 43 South, Range 42 East, according to the Plat recorded as recorded in Plat Book 20, at Page 75, of the Public Records of PALM BEACH County, Florida.

TOGETHER WITH:

A portion of land in Section 26, Township 43 South, Range 42 East, Palm Beach County, Florida, more particularly described as follows:

Beginning at the Southeast corner of Section 26, run thence west along the South line of said Section (a distance of) 1,679.58 feet to a point in the East line of a tract of land hereinafter referred to as "said Tract" and being the West half of the East half of the Southwest quarter of the Southeast quarter of said Section 26; thence North along the East line of said Tract, and making an angle with said Section line, measured from East to North 89°11'50" (a distance of) 1,073.44 feet to the Point Of Beginning; thence West along the above described West line (a distance of) 335.98 feet to a point in the West line of said Tract; thence Northerly along the above described West line (a distance of) 268.56 feet, more or less, to the Northwest corner of said Tract; thence Northerly along the North line of said Tract (a distance of) 336 feet to the Northeast corner of said Tract; thence Southerly 268.30 feet, more or less, to the Point of Beginning.

2. PERMITTED ENCUMBRANCES

ALLAMANDA ELEMENTARY MODERNIZATION

1. Easement to Florida Power and Light Company recorded in Official Record Book 1077, Page 145.

2. Easement to North Palm Beach Utilities, Inc. recorded in Official Record Book 2391, Page 1040; and assigned in Official Record Book 1529, Page 790, Official Record Book 6002, Page 166, Office Record Book 6007, Page 139, Official Record Book 6463, Page 117, and Official Record Book 6463, Page 117.


BANYAN CREEK ELEMENTARY ADDITION

1. None.

WELLINGTON ELEMENTARY ADDITION

1. Oil, gas and mineral reservations as set forth in deed by Southern States Land & Timber Company recorded in Deed Book 935, Page 323, as modified by releases of surface exploration rights recorded in Official Record Book 2859, Page 421 and Official Record Book 3262, Page 1621.

2. Oil, gas and mineral reservations as set forth in deed by Model Land Company recorded in Deed Book 938, Page 442, as modified by Non-Use Commitment recorded in Official Record Book 1918, Page 177.

3. Matters contained on the Plat of School Site No. 1 of Wellington, as recorded in Plat Book 38, Page 93.

WHISPERING PINES ELEMENTARY ADDITION

1. Matters contained on the Plat of Palm Beach Farms Co. Plat No. 3, as recorded in Plat Book 2, Page 45.

2. Developer Agreement recorded in Official Record Book 3543, Page 109.

NOTE: ALL RECORDING INFORMATION IS FROM THE PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA, UNLESS OTHERWISE SPECIFIED.

A-7

C-41
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

ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION

101. Definitions

ARTICLE II
APPLICATION, DECLARATION OF TRUST, REPRESENTATIONS

201. Description and Estimated Costs of the Facilities

ARTICLE III
CERTIFICATES; TERMS AND PROVISIONS

301. Authorization of Certificates

ARTICLE IV
ESTABLISHMENT AND ADMINISTRATION OF FUNDS AND ACCOUNTS; PREPAYMENT OF CERTIFICATES

401. Establishment of Project Fund

ARTICLE V
CONCERNING THE TRUSTEE

501. Employment of Trustee

ARTICLE VI
AMENDMENTS

601. Amended or Supplemental Agreements

ARTICLE VII
PROVISIONS CONCERNING THE TRUSTEE

701. Authority of Trustee

APPENDIX
PROVISIONS CONCERNING THE TRUSTEE
ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

1. Definitions. The terms used in this Section and in the certificate or certificates referred to in Section 5.0 of the Master Lease and the right to receive notices from time to time separate series of Certificates of Participation corresponding to such Series of Certificates and to disburse such proceeds to third parties to whom such Certificates are sold and for whose benefit such proceeds are received. The term "Environmental Liabilities" shall mean any liability, costs and expenses incurred in connection with the acquisition, construction and installation of equipment or machinery that comprise part of the Facilities, (ix) deposits into any Reserve Account established pursuant to Section 401 hereof and in any Supplemental Trust Agreement and any recurring amounts payable to a provider of a Reserve Account Letter of Credit/Insurance Policy. Legal fees and expenses incurred for labor and materials and payments to contractors, including the cost of reserve funds and insurance of all kinds, including premiums and other costs, charges and fees for insurance, including the cost of insurance, taxes, interest and expenses incurred for labor and materials and payments to contractors. The term "Environmental Liabilities" shall mean any liability, costs and expenses incurred in connection with the acquisition, construction and installation of equipment or machinery that comprise part of the Facilities.

2. Additional lease payments. The amount or additional lease payments, on each Basic Lease Payment, at least in the Master Lease, including the cost of insurance, taxes, interest and expenses incurred for labor and materials and payments to contractors. The term "Environmental Liabilities" shall mean any liability, costs and expenses incurred in connection with the acquisition, construction and installation of equipment or machinery that comprise part of the Facilities.

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8. Additional lease payments. The amount of additional lease payments, on each Basic Lease Payment, at least in the Master Lease, including the cost of insurance, taxes, interest and expenses incurred for labor and materials and payments to contractors. The term "Environmental Liabilities" shall mean any liability, costs and expenses incurred in connection with the acquisition, construction and installation of equipment or machinery that comprise part of the Facilities.

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12. Additional lease payments. The amount of additional lease payments, on each Basic Lease Payment, at least in the Master Lease, including the cost of insurance, taxes, interest and expenses incurred for labor and materials and payments to contractors. The term "Environmental Liabilities" shall mean any liability, costs and expenses incurred in connection with the acquisition, construction and installation of equipment or machinery that comprise part of the Facilities.

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14. Additional lease payments. The amount of additional lease payments, on each Basic Lease Payment, at least in the Master Lease, including the cost of insurance, taxes, interest and expenses incurred for labor and materials and payments to contractors. The term "Environmental Liabilities" shall mean any liability, costs and expenses incurred in connection with the acquisition, construction and installation of equipment or machinery that comprise part of the Facilities.

15. Additional lease payments. The amount of additional lease payments, on each Basic Lease Payment, at least in the Master Lease, including the cost of insurance, taxes, interest and expenses incurred for labor and materials and payments to contractors. The term "Environmental Liabilities" shall mean any liability, costs and expenses incurred in connection with the acquisition, construction and installation of equipment or machinery that comprise part of the Facilities.

16. Additional lease payments. The amount of additional lease payments, on each Basic Lease Payment, at least in the Master Lease, including the cost of insurance, taxes, interest and expenses incurred for labor and materials and payments to contractors. The term "Environmental Liabilities" shall mean any liability, costs and expenses incurred in connection with the acquisition, construction and installation of equipment or machinery that comprise part of the Facilities.
of Certificates, the amount of the Credit Facility, if any, for the
issuance of Certificates, the issuer of the Credit Facility
supplemental Trust Agreement, shall mean cash or Government
Treasury of the United States of America.
appurtenances thereto and interests therein, all as set forth on a
series of Certificates, upon which a Facility is to be located
Lease.
other government-sponsored agencies approved by the Credit Facility
Loan Mortgage Corporation, and other senior debt obligations of
not considered as the rating of
360 days after the date of purchase. (Ratings on holding companies are
rated "AAA" or better by Standard & Poor's Ratings Group.
Investment in a money market fund rated "AAA" or
AAA-A" or better by Standard & Poor's Ratings Group.
(1) Pre-refunded Municipal Obligations Defined as follows: Any bonds or other obligations of any state or any count-
ian, including bonds or other evidences of indebtedness issued
by or on behalf of the Corporation from the sale of such Certificates, if
represent a rate, is a mortgage of a government or any other obliga-
credited 11 or 11.1% amounts created as transferred proceeds of
such Certificates, to the extent permitted by local law, or (iv) amounts received as proceeds under the provisions of the Rule relating to invested
and Moody's Investors Service or any
Investments described in this paragraph on the maturity date or
Pre-refunded Municipal Obligations defined in subsection (2) hereof may not be used as,
Pending Investments (unless written approval of Standard & Poor's Ratings Group.
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.
Any other Investment agreed to in writing by the
Credit Facility Issuer involving 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 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"
Ter:m" shall mean, with respect to each Lease, the
period from the date of a Lease through the end of the !=-hen
~hen current
Fiscal Year plus each annual or
br lesser renewal period thereafter
during which such Lease is maintained in effect in accordance
therewith, with the
t.he maximum number of renewals being specified in
the Schedule corresponding to such Lease.
t.he

(iii)
Certificates in lieu of or in substitution for
which other Certificates shall have been executed and
delivered pursuant to Article III hereof; and

"Master Lease" shall mean the Master Lease Purchase Agreement
dated as of November
Novemb~=r .1,
_1, 1994, between the Corporation and the
School Board and any and all modifications, alterations, amendments
and supplements thereto.

"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.

Certificates deemed to
tt;' have been paid as provided
(iv)
801 hereof.
in subsection {b)
(b) of Section aOl

Account 11 shall mean any prepayment
Prepayment Account estab"Prepayment Account"
1lished
i shed pursuant to Section 401 hereof and in any Supplemental Trust
Agreement,
Agreement.

Proce~eds"
more
"Net Proceeds"
shall mean, with respect to one or more'
Facilities financed under a Lease, proceeds from any insurance,
condemnation!
condemnation, performance bond, Federal or State flood disaster
assistance or any other financial
financ~al 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
t.hat the School Board elects to self
self-- insure under
5. 3 of the Master Lease, any moneys payable from any approSection !:>.3
priation made by the School Board in connection wit:h
with such self~
selfinsurance,
insurance.

Date 11 shall mean the date on which optional
"Prepayment Date"
prepayment or extraordinary prepayment or mandatory sinking fund
prepayment of Basic Lease Payments representE:!d
represented by a Series of
Certificates 'Outstanding
Outstanding shall be made pursuant to Section 312
Agreement..
hereof or pursuant to any Supplemental Trust Agreement.
Certifi"Prepayment Price" shall mean, with respect to any Certifi-'
cate, the principal amount thereof (together with the premium, if
any, applicable upon an optional prepayment) payable upon prepayT:rust Agreement
ment thereof pursuant to such Certificate and this Trust
or any Supplemental Trust Agreement, together with accrued interest
represented by such Certificate to the Prepayment Date.

"Notice by Mail" shall mean a written notice meeting the
requirements of t.his
ma~l to
:::::-equirements
this Trust Agreement mailed by first-class mail
the Certificate
Certificat.e holders, at the addresses shown on the register
reg~ster
maintained
maint:ained by the Trust.ee.
Trustee.

"Opinion of
attorney OF
o~ finn
firm
qualified to pass
be counsel to the
the School Board.

con"Project" shall mean the lease-purchase financing and con~
struction 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
B~ard to the Corporation and the subFacility Site by the School Board
back to the School Board.
leasing of such Facility Site back

Counsel" shall mean an opinion signed by an
of attorneys of recognized standing and who are
on the legality of the particular matter (who may
School Board or Special Tax Counsel)
Counsell selected by

"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:

"Project Fund"
thE= trust fund designated as the
Pund" shall mean the
~Project Fund" created and established in Section 401 hereof.
"Project
npurchase Option Price" shall mean, with respect to any
"Purchase
Payment Date, the
Facility financed under aa Lease, as of each Lease payment
plus the amount so designated and set
Basic Lease Payment then due plus'
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.
plus, an amount·
equal to the interest to accrue with respect to the certificates
Certificates to
be prepaid as a result of the release
rel~~ase of such Facility from the
Payment Date to the next available date for
Lease, from such Lease payment
prepaying such Certificates, unless such prepayment shall occur on
such Lease Payment Date, plus an amount equal to a pro-rata portion
Additional Lease payments
of any .Additional
Payments and Supplemental Payments then due
ow1ng under the Lease relating to such Facility, including any
and owing
prepayment premiums payable on the Certificates prepaid.

(i)
(il
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
nBy be, with
pOI:t.ion
Date, shall be
interest to the date of Il'lQ.turity
mo;tturity or Prepayment Date.
held in trust under this Trust Agreement and set aside. for
such payment or prepayment, (whether at or prior to the
maturity
provided that if such
matu~i~y
or Prepayment Date),
Date},
Certificates
Certificates) are to be prepaid,
Certlflcates (or portions of Certificates}
notice of such prepayment shall have been given as provided in
Article IIII
I I of this Trust Agreement;

- 11 -

- 10 ..-

"Qua1ified
"Qualified Financia1
Financial 'Institution"
Institution" shall mean a bank, trust
corporation_ subject to
company, national banking association or a corporation.
regislration
registration with the Board of Governors of the Federal Reserve
system under the Bank Holding Company Act of 1956 or the Federal
System
other
National Mortgage Association or any insurance company or o~her
uncollateralized
corporation {i)
(i) whose unsecured obligations or uncollaterall.zed
term debt
rating by a Rating
long tenn
dept obligations have been assigned
assi9n~d a rat~ng
Agency which is not lower than M/Aa,
AA/Aa, or wh].ch
which has ].ssued
issued a letter
of credit, contract, agreement or surety bond in support of debt
obligations which have been so rated; or (ii)
(ii} which collateralizes.
lE~vels in compliance with the
its obligations at all times at levels
requirements of the Rating Agencies for ratings not lower than
AA/Aa.
M/Aa.

"School Board" shall mean the School Board of Palm Beach'
Beach
"Scbool
County,
county, Florida, a body corporate and the governing .body
body of the
District.
"Series" or "Series of Certificates" shall mean the aggregate
"Series
amount of each series of Certificates evidencing an undivided pro~
prothereof in a particular Lease
portionate interest of the owners the:r::eof
L:ase and
this Trust
the Basic Lease Payments thereunder, issued
l.ssued pursuant to th1s
l\.greement.
Agreement or a Supplemental Trust Agreement.
ft

Counsel 01 shall mean Greenberg, Traurig, Hoffman,
"Special Tax Counsel"
Lipoff, Rosen lie
& Quentel, .P.A.,
P.A .. , Miami, Florida, Cunningham &:
& Self,
BE?ach, Florida and'Michael
and· Michael B. Brown, P.A.,
P .A., West Palm
West Palm Beach,
Beach,
Beach/ Florida.
Florida/ or any other attorney at law or firm of attorneys,
of nationally recognized standing in matt-ers
matters pertaining to the
('xclusion
exclusion from gross incOtne
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
st~ates of America.
of any state of the United States

"Rating Agency" shall mean each of Standard && Poor's Ratings
Group, Moody's Investors Service and any other nationa,lly
nationally recog~
recogGroup.
nized rating service which shall have provided a rating
rat~ng on any
outstanding
Outstanding Certificates.
"Reimburse.m.ent Agreement"
Agreement 11 shall mean, with respect to each
"Reimbursement
Lease, any reimbursement agreement among the Corporation, the
School
F<l;Cility Issuer.
school Board and any Credit F<l;cility
Issuer,

"State" shall mean the State of Florida.
"Superintendent U shall mean the Superintendent of Schools of'
of·
"superintendent
the District.
11

Account".. shall mean any Reserve Account established
"Reserve Account
401 of the Trust Agreement and in any Supplepursuant to Section 40l
IT.ental Trust Agreement
Agreement.
mental
..

'

"Supplem.ent:al Payments" shall mean all amounts due under a
"Supplemental
l.ease other than Basic Lease Payments and Additional Lease PayLease
ments.

"Reserve~ Account Letter of Credit/Insurance Policy"
"Reserve
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.
.

'I'rust Agreement" shall mean any agreement sup'
sup"Supplemental Trust
plemental or amendatory of this Trust Agreement.
r:-lemental
~greement.

nTrust Agreement" shall mean this Master Trust Agreement dated
"Trust
1, 1994, entered into by and between the Corporation
as of November I,
Supplemental Trust Agreement.
and the Trustee, and any SuppLemental

"Reserve Account Requirement" shall mean, in regard to a
Reserve Account to secure a Series of Certificates, such amounts,
iif
f any, as shall be provided in the Supplemental Trust Agreement
authorizing the
t.he issuance of such Series and in the Schedule
thereto 1 provided such Reserve Account Requirement shall
relating thereto,
not exceed the least of {i)
til 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%
125%" of the average annual amount of Basic Lease Payments
represented by Certificates of the Series secured by such Reserve
{iii)
Account in the current or any·subsequent
any· subsequent Fiscal Years, and {iii}
10%- of the stated principal amount of such Series
Serie~s of Certificates.
1D!t

~:~state, right
"Trust Estate" shall mean all estate,
right,1 title and interest of the Trustee in and to (a)
(a) the Basic Lease Payments, the
Master Lease, the Leases and each Assignment
Assigrunent Agreement, and (b) (i)
all amounts from time to time deposited in the funds and accounts
created pursuant to this Trust
T1:ust Agreement and any Supplemental Trust.
Trust
the· prOVisions
provisions of the Master
~1a.ster Lease,
Agreement in accordance with the'
the Leases and this Trust Agreement, including investment earnings
thereon; and (ii) any and all monies received by the Trustee
t~ereon;
pursuant to the provisions ·hereof
'hereof and not required to be remitted.
to the School Board pursuant to the Master Lease or this Trust
Agreement.

Naster Lease to be
"Schedule" shall mean a schedule to the Master
t~he Corporation for
executed and delivered by the School Board and the
each Project, substantially in the form of Exhibit A to the Master
JJease.
Lease.

"Trustee" shall mean NationsBank.
N.A., Fort
Lauderdale, Florida, and its successors or assigns which may at any
substitut:ed in its place pursuant to the provisions hereof.
time be substituted
102.
Rules of Construction. Unless the context shall otherwise indicate, words importing the singular number shall include
c;.n.<:·J•IO:-.f\:t4UII.C\ll/¢"1/'t'l

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ARTICLE II

ASSIGNMENT, DECLARATION OF TRUST, REPRESENTATIONS

201. Trust Property. The Corporation shall assign and transfer to the Trustee its rights under each Ground Lease and such other agreements as are required to implement the transactions described in this Trust Agreement, and in consideration of such assignment and transfer of such rights, the Corporation shall execute and deliver each Series of Certificates, evidencing an undivided proportional interest of the Certificate holder(s) 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 assets created by it by the Corporation hereunder upon the trusts and apply the income, profits and gains and such other funds as arise, to and in connection with the execution and delivery of this Trust Agreement, and in consideration of such assignment and transfer of such rights, the Trustee shall execute and deliver each Series of Certificates, evidencing an undivided proportional interest of the Certificate holder(s) in Basic Lease Payments under the corresponding Lease.

203. Representations. In the context hereof, the Corporation has agreed to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities, and, in consideration of such representations and agreements, the Corporation hereby represents and agrees that:

(a) Each party hereto, in reliance upon such representations and agreements, and in consideration of the purchase of the Certificate hereunder, has executed and delivered this Trust Agreement.

(b) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(c) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(d) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(e) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(f) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(g) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(h) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(i) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(j) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(k) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(l) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(m) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(n) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(o) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(p) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(q) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(r) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(s) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(t) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(u) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(v) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(w) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(x) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(y) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

(z) The Corporation hereby represents and agrees that it is now empowered to perform the acts, obligations and duties hereunder and is and shall be authorized to execute and deliver the Trust Agreement, and to perform and complete the acquisition, construction, installation and equipping of the Facilities.

101. 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 ASSIGNMENT
Exhibit C. FORM OF ACQUISITION (RIGHT OF ENSUING)
with respect to all Series of Certificates on any Payment Date, except that to the extent that Basic Lease Payments available for such amount available shall be applied on a pro-rata basis to the Series on such Payment Date bears to the total principal balance due under the Agreement shall be paid only from the portion of the Trust Estate payable by the Trustee, with respect to a Series of Certificates for the purposes described in Section 306 and (ii) the disposition of the proceeds of the sale of such Series of Certificates, providing for (i) Lease payments to be made by the Trustee pursuant to the Schedule derived from Basic Lease Payments made pursuant to the Schedule for the use of the Trust Facility, if any, securing such Series pursuant to this Trust Agreement except liability under this Trust Agreement as a result of negligence or willful misconduct by the Trustee.

One or more Opinions of Counsel in form and substance satisfactory to each Credit Facility Issuer to the extent that the ownership of such Series of Certificates is or may be transferred, provided that this paragraph shall not be construed to prevent the Credit Facility Issuer from transferring or otherwise disposing of such Series of Certificates in any manner permitted by this Trust Agreement and outstanding, without preference, priority or distinction of any kind.

The proceeds of such Series of Certificates shall be held and placed in the Supplemental Trust Agreement providing for such Series of Certificates and shall be distributed in accordance with the provisions therein for the purposes described in Section 302(b) above, or as may be required under the laws of the State in which such Series of Certificates is being issued.

Payments from Trust Estate Only. The Trustee, at the option of the Certificate holder thereof, may, at any time, execute and deliver to such Certificate holder the payment to the Trustee of a specified sum; in writing by an Authorized Corporate Representative to execute and deliver the Series of Certificates to be paid or refunded;

Receipts and payments shall be made in accordance with the provisions of this Trust Agreement. All certificates surrendered in its knowledge there are no defaults at the time of issuance of such Series of Certificates for the purposes described in Section 302(b) above, or as may be required under the laws of the State in which such Series of Certificates is being issued.

(c) A written order to the Trustee by an Authorized Corporate Representative to receive and operate on behalf of the Trustee the purchase or prepayment therein identified upon payment to the Trustee of a specified sum;

(d) A trust instrument of resolution of the Corporation and the Board of Directors of the Corporation creating a new Certificate of Beneficial Interest in one or more Series of Certificates;

(e) Evidence of approval of the related Lease by the Department of Education, or an opinion of Special Counsel, in the form of a document executed and delivered by the Corporation Representative to execute and deliver the Series of Certificates to be paid or refunded;

(f) Such other documents and opinions as may be required by the Corporation Representative to execute and deliver the Series of Certificates for the purposes described in Section 302(b) above, or as may be required under the laws of the State in which such Series of Certificates is being issued.

(i) Such other documents and opinions as may be required by the Corporation Representative to execute and deliver the Series of Certificates for the purposes described in Section 302(b) above, or as may be required under the laws of the State in which such Series of Certificates is being issued.

(j) A certificate signed by an Authorized Corporate Representative of the Corporation and the Board of Directors of the Corporation creating a new Certificate of Beneficial Interest in one or more Series of Certificates;

(k) A written order to the Trustee by an Authorized Corporate Representative to receive and operate on behalf of the Trustee the purchase or prepayment therein identified upon payment to the Trustee of a specified sum;
...
ARTICLE IV
PURCHASING AND ADMINISTRATION OF PROJECTS AND ACCOUNTS; PAYMENT OF CERTIFICATES

401. Establishment of Project Funds. There is hereby established a trust under the Supplemental Trust Agreement for the Trustee a special trust fund to be designated as the "Project Fund." The Trustee shall keep the Project Fund separate and apart from the Special Trust Fund established under the Supplemental Trust Agreement for the Trustee a related Ground Lease and all subaccounts therein, more particularly described in Section 406 hereof; (d) a Reserve Account, more particularly described in Section 406 hereof; (c) a Deficiency Account, more particularly described in Section 406 hereof; and (e) a Prepayment Account, more particularly described in Section 406 hereof. The Trustee shall establish separate Acquittal Accounts, Cost of Issuance Subaccounts, Deficiency Accounts and Prepayment Accounts for each Project in the Supplemental Trust Agreement, providing the issuance of the Series of Certificates in accordance with the terms and conditions of the Supplemental Trust Agreement and Subaccounts under any Supplemental Trust Agreement. The account or subaccount in which any such account or subaccount may be maintained shall be designated by the Trustee with the Series of Certificates to which it relates.

In the event of default under any of the Series of Certificates the Trustee shall deposit the proceeds thereof in the Project Fund and shall commence the Project in the manner provided therein.

402. Acquisition Account.

(c) There shall be paid into such Acquisition Account the amounts required to be paid by the provisions of the Supplemental Trust Agreement authorizing the issuance of the Series of Certificates to which such Acquisition Account relates.

(d) Pursuant to an election by the School Board under Section 5.4(b) of the Master Lease with respect to any Project, may be deposited into the Acquisition Account established under the Supplemental Trust Agreement, or by any person or entity authorized by the Issuer of the Series of Certificates to which such Acquisition Account relates.

(e) The cost (other than the Cost of Issuance) of the acquisition, construction and installation of the Facilities comprising each Project shall be paid from the amounts paid into the related Acquisition Account. Amounts paid into the related Acquisition Account shall be deemed to have been paid into the related Acquisition Account for the purposes of the Supplemental Trust Agreement only if deposited into such Acquisition Account in accordance with the following:

(f) Certification by the School Board that the acquisition, construction and installation of the Facilities comprising each Project were performed in accordance with the terms and conditions of the Supplemental Trust Agreement and subaccounts thereunder.

(g) The amounts set forth initially in a Schedule, so long as the certifications provided below may be made. The Trustee shall make such payments upon receipt of a requisition substantially in writing setting forth the details of such requisition, signed by an authorized representative of the School Board.

(h) Payment to be made pursuant to a requisition for the costs of acquiring, constructing and installing the Facilities comprising each Project previously entered into by the School Board in an agreement with a11 the relevant parties.

(i) The requisition shall state (1) the name of the entity or agency to whom payment is due, (2) the amount to be paid, and (3) that such payment has been approved by the School Board and the Corporation in the form of the requisition.

(j) Amounts on deposit in the related Lease Payment Account shall be deemed to have been approved by the School Board and the Corporation for the purpose of paragraph (k) hereof.

(k) In the event that there is a dispute over the amount due, the School Board may request a review by an independent third party, and the amount shall be determined in accordance with the terms of the Supplemental Trust Agreement and Section 7.2(A) of the Master Lease.

403. Reserve Accounts.

(a) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(b) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(c) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(d) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(e) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(f) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(g) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(h) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(i) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(j) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(k) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(l) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(m) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(n) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(o) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(p) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(q) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(r) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(s) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(t) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(u) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(v) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(w) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(x) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(y) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.

(z) In the event that a Lease Term expires under Section 6.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising each Project, there shall remain in the related Acquisition Account an amount to be determined by the Trustee and the Corporation in the form of a requisition.
In the event that upon the occurrence of any deficiency in a Lease Payment Account, the Reserve Account is first funded with a Reserve Account Letter of Credit/Insurance Policy, the Trustee shall, on a Payment Date or upon orcause to be paid under the Account Letter of Credit/Insurance Policy as applicable, and any corresponding Prepayment Account and not needed to pay the principal portion and interest portion of the Basic Lease Payments represented by any Certificates, sufficient to pay the Prepayment Price of such Series next coming due, the Trustee shall, within five (5) days after making such transfer, be deemed to satisfy the School Board's obligation to deposit such monies into the Reserve Account pursuant to Section 406. Amounts in a Prepayment Account representing payment of such principal amount of the related Series of Certificates, together with any interest due upon such payment, shall 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 hereunder on any Payment Date or upon or cause to be paid under the Account Letter of Credit/Insurance Policy, and shall be available for such purpose. Reserve Account Letter of Credit/Insurance Policy is substituted for monies on deposit in the Reserve Account, the excess reserves in the Reserve Account, in accordance with the Master Lease, may be transferred to the related Lease Payment Account. If a disbursement is made into the Reserve Account pursuant to Section 406, the related Reserve Account shall be transferred to the related Lease Payment Account. Any provision of the Trust Agreement to the contrary notwithstanding, so long as the Reserve Account is maintained in trust and set aside by it for the purpose of making payment of the principal portion and interest portion of any Basic Lease Payments represented by the related Series of Certificates corresponding to the principal portion of Basic Lease Payments payable on or prior to the Project Facility Date of all of a Series of Certificates, together with the reasonable fees, commissions and expenses of any registered broker or dealer involved in such disposition, upon presentation and surrender of such Certificates.

407. Deposits of Money.

(a) All monies deposited under the provisions of this Trust Agreement shall be deposited in trust and applied solely as directed by an Authorized School Board Representative to the purchase of a principal portion of Basic Lease Payments represented by any Certificates, or to give security for the deposit of any moneys held in trust, in accordance with the Master Lease, in Investment Securities maturing after the Project Facility Date of all of a Series of Certificates, together with any interest due upon such payment, shall 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 hereunder on any Payment Date or upon or cause to be paid under the Account Letter of Credit/Insurance Policy, and shall be available for such purpose. Reserve Account Letter of Credit/Insurance Policy is substituted for monies on deposit in the Reserve Account, the excess reserves in the Reserve Account, in accordance with the Master Lease, may be transferred to the related Lease Payment Account. If a disbursement is made into the Reserve Account pursuant to Section 406, the related Reserve Account shall be transferred to the related Lease Payment Account. Any provision of the Trust Agreement to the contrary notwithstanding, so long as the Reserve Account is maintained in trust and set aside by it for the purpose of making payment of the principal portion and interest portion of any Basic Lease Payments represented by the related Series of Certificates corresponding to the principal portion of Basic Lease Payments payable on or prior to the Project Facility Date of all of a Series of Certificates, together with the reasonable fees, commissions and expenses of any registered broker or dealer involved in such disposition, upon presentation and surrender of such Certificates.

408. Investment of Certain Accounts.

(a) Monies held in such Acquisition Account, Capitalized Interest Account, Reserve Payment Account and Prepayment Account shall be invested and reinvested by the Trustee, solely as directed by an Authorized School Board Representative, in the fullest extent practicable in Investment Securities which mature not later than the latest maturity date of the related Series of Certificates, in accordance with the Master Lease, and the related Reserve Account shall be invested in Investment Securities with authorities not larger than three (3) years after the date of Investment, in accordance with the Master Lease, and the related Reserve Account shall be invested in Investment Securities with authorities not larger than three (3) years after the date of Investment, and in accordance with the Master Lease, may be transferred to the related Reserve Account. This provision shall not necessarily require the investment of all such investments of monies held by it only as directed in accordance with instructions which may be soliciting instructions...
confirmed in writing, received from an Authorized School Board Representative and the Trustee shall have no responsibility for
authorizing whether any Sale of Securities shall be lawful under State law or for involvement of the School Board's funds.

(b) Notice to the Trustee. In the event of delinquency in the payment when due of any Basic Lease Payments, the
School Board shall give notice of default to the Trustee by a Certified Check or Draft payable to order of the
Trustee. The notice of default shall be in writing and shall state the amount in default, the date the payment was
due, the date the payment was received, and the date of receipt of notice of default.

The Trustee, upon receipt of such notice, shall give notice to the School Board by Certified Check or Draft payable to
order of the Trustee. The notice of default shall state the amount in default, the date the payment was due, the
date the payment was received, and the date of receipt of notice of default.

(c) Any amounts collected following an event of default or non-payment shall be applied in accordance with the
provisions of this Trust Agreement, including those related to the Trustee's reimbursement of expenses.

(d) The Trustee, upon receipt of such notice, shall give notice to the School Board by Certified Check or Draft payable
to order of the Trustee. The notice of default shall state the amount in default, the date the payment was due, the
date the payment was received, and the date of receipt of notice of default.

Any amounts collected following an event of default or non-payment shall be applied in accordance with the
provisions of this Trust Agreement, including those related to the Trustee's reimbursement of expenses.

14.6. Notice to the Trustee. In the event of delinquency in the payment when due of any Supplemental Lease Payments, the
School Board shall give notice of default to the Trustee by a Certified Check or Draft payable to order of the
Trustee. The notice of default shall be in writing and shall state the amount in default, the date the payment was
due, the date the payment was received, and the date of receipt of notice of default.

The Trustee, upon receipt of such notice, shall give notice to the School Board by Certified Check or Draft payable to
order of the Trustee. The notice of default shall state the amount in default, the date the payment was due, the
date the payment was received, and the date of receipt of notice of default.

Any amounts collected following an event of default or non-payment shall be applied in accordance with the
provisions of this Trust Agreement, including those related to the Trustee's reimbursement of expenses.

14.7. Notice to the Trustee. In the event of delinquency in the payment when due of any prepayment, the School Board shall
give notice of default to the Trustee by a Certified Check or Draft payable to order of the
Trustee. The notice of default shall be in writing and shall state the amount in default, the date the payment was
due, the date the payment was received, and the date of receipt of notice of default.

The Trustee, upon receipt of such notice, shall give notice to the School Board by Certified Check or Draft payable to
order of the Trustee. The notice of default shall state the amount in default, the date the payment was due, the
date the payment was received, and the date of receipt of notice of default.

Any amounts collected following an event of default or non-payment shall be applied in accordance with the
provisions of this Trust Agreement, including those related to the Trustee's reimbursement of expenses.

14.8. Notice to the Trustee. In the event of delinquency in the payment when due of any liquidated damages, the
School Board shall give notice of default to the Trustee by a Certified Check or Draft payable to order of the
Trustee. The notice of default shall be in writing and shall state the amount in default, the date the payment was
due, the date the payment was received, and the date of receipt of notice of default.

The Trustee, upon receipt of such notice, shall give notice to the School Board by Certified Check or Draft payable to
order of the Trustee. The notice of default shall state the amount in default, the date the payment was due, the
date the payment was received, and the date of receipt of notice of default.

Any amounts collected following an event of default or non-payment shall be applied in accordance with the
provisions of this Trust Agreement, including those related to the Trustee's reimbursement of expenses.

14.9. Notice to the Trustee. In the event of delinquency in the payment when due of any insurance, the School Board shall
give notice of default to the Trustee by a Certified Check or Draft payable to order of the
Trustee. The notice of default shall be in writing and shall state the amount in default, the date the payment was
due, the date the payment was received, and the date of receipt of notice of default.

The Trustee, upon receipt of such notice, shall give notice to the School Board by Certified Check or Draft payable to
order of the Trustee. The notice of default shall state the amount in default, the date the payment was due, the
date the payment was received, and the date of receipt of notice of default.

Any amounts collected following an event of default or non-payment shall be applied in accordance with the
provisions of this Trust Agreement, including those related to the Trustee's reimbursement of expenses.

14.10. Notice to the Trustee. In the event of delinquency in the payment when due of any fees, the School Board shall
give notice of default to the Trustee by a Certified Check or Draft payable to order of the
Trustee. The notice of default shall be in writing and shall state the amount in default, the date the payment was
due, the date the payment was received, and the date of receipt of notice of default.

The Trustee, upon receipt of such notice, shall give notice to the School Board by Certified Check or Draft payable to
order of the Trustee. The notice of default shall state the amount in default, the date the payment was due, the
date the payment was received, and the date of receipt of notice of default.

Any amounts collected following an event of default or non-payment shall be applied in accordance with the
provisions of this Trust Agreement, including those related to the Trustee's reimbursement of expenses.

14.11. Notice to the Trustee. In the event of delinquency in the payment when due of any obligations, the School Board shall
give notice of default to the Trustee by a Certified Check or Draft payable to order of the
Trustee. The notice of default shall be in writing and shall state the amount in default, the date the payment was
due, the date the payment was received, and the date of receipt of notice of default.

The Trustee, upon receipt of such notice, shall give notice to the School Board by Certified Check or Draft payable to
order of the Trustee. The notice of default shall state the amount in default, the date the payment was due, the
date the payment was received, and the date of receipt of notice of default.

Any amounts collected following an event of default or non-payment shall be applied in accordance with the
provisions of this Trust Agreement, including those related to the Trustee's reimbursement of expenses.

14.12. Notice to the Trustee. In the event of delinquency in the payment when due of any other payments, the School Board shall
give notice of default to the Trustee by a Certified Check or Draft payable to order of the
Trustee. The notice of default shall be in writing and shall state the amount in default, the date the payment was
due, the date the payment was received, and the date of receipt of notice of default.

The Trustee, upon receipt of such notice, shall give notice to the School Board by Certified Check or Draft payable to
order of the Trustee. The notice of default shall state the amount in default, the date the payment was due, the
date the payment was received, and the date of receipt of notice of default.

Any amounts collected following an event of default or non-payment shall be applied in accordance with the
provisions of this Trust Agreement, including those related to the Trustee's reimbursement of expenses.
602. Trustee Acceptance of Duties.

(a) The Trustee shall signify its acceptance of the

(b) At any and all reasonable times the Trustee, and its

(c) The Trustee shall not be required to give bond or

(d) Before taking any action referred to in Article V,

ARTICLE VI

ARTICLE VII

603. Evidence on Which Trustee May Act.

(b) Whenever the Trustee shall deem it necessary or

(c) (i) The Trustee shall not be required to give bond or

(d) Before taking any action referred to in Article V, the

604. Liability of Parties.

(b) The Trustee shall not be liable for any order of

605. Employment of Trustees.

(b) The Trustee is not liable or responsible because of the failure of the Corpora-

(c) The words "Trustee" and "Corporation" shall be defined as follows:

606. 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 rights of the Corporation under this Trust Agreement. The Trustee shall not be liable or responsible for the performance by the Corporation of any of its obligations under this Trust Agreement, or for the validity, priority, recording or filing of this Trust Agreement, or for insuring the Facilities or collecting any insurance moneys, or for any other action taken or suffered by the Corporation in respect of this Trust Agreement. The Issuance of the Trustee hereby agrees to the provisions of this Trust Agreement. The Issuance of the Trustee hereby agrees to have such powers as are necessary to carry into effect the purposes and objects of this Trust Agreement.

607. Possession and Enjoyment: With respect to each project, the Trustee shall have such powers and authorities as are necessary for the performance of its duties under this Trust Agreement.

608. Property and生产设备.

(a) The Trustee shall not be liable for any order of payment made in good faith by any officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the correctness of the facts upon which such order was based.

(b) If any party shall be aggrieved by any action taken by the Trustee under this Trust Agreement, such party shall have the right to bring an action under this Trust Agreement in good faith and in accordance herewith.

(c) Except as to the acceptance of the trust in accordance herein, the Trustee shall have no responsibility in respect of the execution or acknowledgment of this Trust Agreement by the Corporation, or the validity of the Certificate or the issuance thereof.

609. Evidence on Which Trustee May Act.

(a) The Trustee shall have the right to inspect all books, records and other papers of the Corporation in connection with its duties under this Trust Agreement.

(b) The Trustee shall have the right to inspect all books, records and other papers of the Corporation in connection with its duties under this Trust Agreement.

(c) The Trustee shall not be required to give bond or submit to any other condition as a prerequisite to the performance of its duties under this Trust Agreement.
in accordance with Section 408 hereof.

(h) The Trustee may exercise any powers hereunder and perform any duties required of it through authorized agents, officers, or employees, and shall be entitled to advice and assistance of any nature from such counsel, advisors, officers, employees, agents, or other persons as it may deem advisable, all of which shall be fully binding and conclusive on the Trustee.

(i) Each Credit Facility Issuer shall be furnished with a copy of each instrument or agreement executed by the Trustee in its capacity as Trustee hereunder.

(j) The Trustee shall have the power to execute, acknowledge, and deliver any and all such deeds, contracts, agreements, conveyances, instruments, and other written or oral statements as may be required for the purpose of carrying out the provisions of this Trust Agreement.

(k) The Trustee shall have the power to employ such attorneys, agents, and counsel as it may deem necessary or advisable for the purpose of carrying out the provisions of this Trust Agreement.

(l) The Trustee shall have the power to cause to be delivered any certificate, instrument, or other document required by the terms of this Trust Agreement.

(m) The Trustee shall have the power to require any party to this Trust Agreement to execute and deliver any and all such deeds, contracts, agreements, conveyances, instruments, and other written or oral statements as may be required for the purpose of carrying out the provisions of this Trust Agreement.

(n) The Trustee shall have the power to require any party to this Trust Agreement to execute and deliver any and all such deeds, contracts, agreements, conveyances, instruments, and other written or oral statements as may be required for the purpose of carrying out the provisions of this Trust Agreement.

(o) The Trustee shall have the power to require any party to this Trust Agreement to execute and deliver any and all such deeds, contracts, agreements, conveyances, instruments, and other written or oral statements as may be required for the purpose of carrying out the provisions of this Trust Agreement.

(p) The Trustee shall have the power to require any party to this Trust Agreement to execute and deliver any and all such deeds, contracts, agreements, conveyances, instruments, and other written or oral statements as may be required for the purpose of carrying out the provisions of this Trust Agreement.

(q) The Trustee shall have the power to require any party to this Trust Agreement to execute and deliver any and all such deeds, contracts, agreements, conveyances, instruments, and other written or oral statements as may be required for the purpose of carrying out the provisions of this Trust Agreement.

(r) The Trustee shall have the power to require any party to this Trust Agreement to execute and deliver any and all such deeds, contracts, agreements, conveyances, instruments, and other written or oral statements as may be required for the purpose of carrying out the provisions of this Trust Agreement.

(s) The Trustee shall have the power to require any party to this Trust Agreement to execute and deliver any and all such deeds, contracts, agreements, conveyances, instruments, and other written or oral statements as may be required for the purpose of carrying out the provisions of this Trust Agreement.

(t) The Trustee shall have the power to require any party to this Trust Agreement to execute and deliver any and all such deeds, contracts, agreements, conveyances, instruments, and other written or oral statements as may be required for the purpose of carrying out the provisions of this Trust Agreement.

(u) The Trustee shall have the power to require any party to this Trust Agreement to execute and deliver any and all such deeds, contracts, agreements, conveyances, instruments, and other written or oral statements as may be required for the purpose of carrying out the provisions of this Trust Agreement.

(v) The Trustee shall have the power to require any party to this Trust Agreement to execute and deliver any and all such deeds, contracts, agreements, conveyances, instruments, and other written or oral statements as may be required for the purpose of carrying out the provisions of this Trust Agreement.

(w) The Trustee shall have the power to require any party to this Trust Agreement to execute and deliver any and all such deeds, contracts, agreements, conveyances, instruments, and other written or oral statements as may be required for the purpose of carrying out the provisions of this Trust Agreement.

(x) The Trustee shall have the power to require any party to this Trust Agreement to execute and deliver any and all such deeds, contracts, agreements, conveyances, instruments, and other written or oral statements as may be required for the purpose of carrying out the provisions of this Trust Agreement.

(y) The Trustee shall have the power to require any party to this Trust Agreement to execute and deliver any and all such deeds, contracts, agreements, conveyances, instruments, and other written or oral statements as may be required for the purpose of carrying out the provisions of this Trust Agreement.

(z) The Trustee shall have the power to require any party to this Trust Agreement to execute and deliver any and all such deeds, contracts, agreements, conveyances, instruments, and other written or oral statements as may be required for the purpose of carrying out the provisions of this Trust Agreement.

[...]

[...]

[...]
Outstanding and receipt of indemnity shall intervene, on behalf of
Outs Landing and receipt of indemnity shall intervene, on behalf of

The rights and obligations of the
Credit Facility Issuer under the Master Lease.

ment. Certificates of any particular Series or maturity would be

Lease Term of the Master Lease shall remain in effect and no
default shall have occurred thereunder) may at any time enter into

Corporation (at the direction of the School Board so long as the
Corporation (at the direction of the School Board so long as the

Trustee to such Certificate holders (but failure to mail such
by this Trust Agreement, and is valid and binding upon the parties

stating that such Supplemental Trust Agreement has been duly and

Copy of such Supplemental Trust Agreement {or brief summary thereof

by the parties thereto on a stated date, a copy of which is on file

may be referred to as a Supplemental Trust Agreement entered int.o

the provisions of this Trust Agreement applicable to a Series of Certif­

shall be such as is permitted by

standing, upon any subsequent Holder of such Certificates and of
subsequent Holder thereof has notice thereof) unless such consent

any Certificates issued in exchange therefor (whether or not such.

any Certificates issued in exchange therefor (whether or not such,

and binding as in this Section 703 provided} . A record, consisting

shall be such as is permitted by

such consent to be given as provided

in accordance with its terms. Each such consent shall be

have been given by the Holders of the Certificates described in

shall be binding upon the Holder of the Certificates giving such

shall be such as is permitted by

of consent, of the Certificates with respect to which such

thereto in accordance with its terms. Each such consent shall be

accordance with Section 802 shall be conclusive that the consents

shall be binding upon the Holder of the Certificates giving such

any Certificates issued in exchange therefor (whether or not such.

any Certificates issued in exchange therefor (whether or not such.

will, provided. however, that if any sucn modification or amendment will,

provided. however, that the Trustee, the School Board and the corporation

as a reduction in the principal portion or the Face Amount there­

the principal portion or the Face Amount there­

consents have been so filed. At any time thereafter notice,

consents have been so filed. At any time thereafter notice,

outstanding for the purpose commenced within such forty (40) day period; provided,

however, that the Trustee, the School Board and the corporation

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however, that if any sucn modification or amendment will,

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however, that if any sucn modification or amendment will,

provided. however, that the Trustee, the School Board and the corporation

as a reduction in the principal portion or the Face Amount there­

the principal portion or the Face Amount there­
842. Notice of Certification. A Notice of Certification must be given to the Trustee by the School Board at any time prior to the maturity or Prepayment Date of the Certificates. The Notice of Certification shall be in a form satisfactory to the Trustee and shall contain the following information:

(a) The amount of the Certificates to be retired;
(b) The date of retirement of the Certificates;
(c) The name of the Trustee;
(d) The address of the School Board;
(e) The name and address of the firm of attorneys for the School Board;
(f) The name and address of the firm of accountants for the School Board;
(g) The name and address of the firm of actuaries for the School Board;
(h) The name and address of the firm of actuaries for the Trustee;
(i) The name and address of the firm of actuaries for the Corporation;
(j) The name and address of the firm of actuaries for the Trustee.

843. Payment of Amounts. The payment of amounts owing to any Credit Facility Issuer under a Reimbursement Agreement or as ground rent under any Ground Lease, shall be made in accordance with the terms of the Reimbursement Agreement or the Ground Lease, as the case may be.

844. Termination of Certificates. The Trustee shall have the right to terminate Certificates at any time prior to their maturity or Prepayment Date, subject to the following conditions:

(a) The Trustee must give written notice of termination to the School Board, the Corporation, and the Trustee, at least thirty (30) days prior to the date of termination;
(b) The Trustee must have received payment in full of all amounts due and owing to the Trustee under the Trust Agreement;
(c) The Trustee must have received written consent from the School Board and the Corporation to the termination of the Certificates.

845. Reimbursement Agreements. Reimbursement Agreements shall be entered into by the School Board, the Corporation, and the Trustee, in accordance with the terms of the Trust Agreement.

846. Intellectual Property. The Trustee shall have the right to license or assign the intellectual property rights in the Certificates, subject to the following conditions:

(a) The Trustee must have received written consent from the School Board and the Corporation to the licensing or assignment of the intellectual property rights in the Certificates;
(b) The Trustee must have received payment in full of all amounts due and owing to the Trustee under the Trust Agreement;
(c) The Trustee must have received written consent from the School Board and the Corporation to the licensing or assignment of the intellectual property rights in the Certificates.
propagation, it such moneys were held by the Trustee at such date, or for six (6) years after the date of deposit of such moneys if left unclaimed, shall be returned to the School Board.

904. 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 to examination by the School Board, the Corporation or the Trustee in accordance therewith.

905. Certificates of Deposit. Subject to Section 648, everything done, evidenced, or implied, as intended or shall be construed to evidence such certificates of deposit, or any other instrument, or any other document to which the same is referred, shall be signed or executed by any person holding the interest therein or by his attorneys appointed in writing, and shall be signed or executed by any such attorneys, or any other person or corporation to which any such person or corporation may be authorized by a guarantee of the signature thereon by a bank or trust company or by the signature of any notary public or other officer authorized to take acknowledgments or to administer oaths, whose names and official titles or other identification and date of holding the same shall be proved by the register maintained by the Trustee.

906. 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, such covenant or agreement shall be deemed severable from the remaining covenants and agreements, and shall be so construed as to effectuate the purpose of this Trust Agreement.

907. Recording and Filing. The School Board shall be responsible for the recording and filing of any instruments or documents of further assurance, if any, as may be required by law, or any other instruments or documents of further assurance, if any, as may be required by law, or any other documents required by law. This Trust Agreement shall be construed and governed in accordance with the laws of the State of Florida.
STATE OF FLORIDA
COUNTY OF PALM BEACH

IN WITNESS WHEREOF, the parties have executed this Master Lease Purchase Agreement by their duly authorized officers as of the date first written above.

JUNE 26, 1995

S. reconciliation of the parties hereto by their duly authorized officers as of the date first written above.

STATE OF FLORIDA
COUNTY OF PALM BEACH

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JUNE 26, 1995

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shall have the meaning given to such terms in the Trust Agreement.

Said amounts are payable in lawful money of the United States of America. The amounts representing principal portion and premium, if any, shall be payable by check or draft of the Trustee mailed to the registered owner or the address of the registered owner as it shall appear on the registration books maintained by the Trustee as of the 15th day of each month next preceding the month in which such payment is due. Such interest portion may be paid by wire transfer to the registered owner of $1,000,000 or more upon their request in writing received at least 15 days prior to any Payment Date.

The Basic 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. The School Board is not legally required to appropriate funds for this purpose. However, the State of Florida Department of Education and the Department of Education shall have been performed precedent to and in connection with the agreements and covenants of the School Board in the Series Lease and any and all supplements or amendments thereto, certain limitations relating to the issuance of additional certificates with respect to the Series Project and Basic Lease Agreement, the manner in which the terms of the Trust Agreement may be amended, and the other terms and conditions upon which the Certificates are delivered hereunder.

This Certificate shall be issued initially pursuant to a book-entry-only system maintained by The Depository Trust Company, New York, New York ("DTC"), which shall act as securities depository for the Certificates, with no physical distribution of certificates to the holder. Except when registration of the Certificates is being made, or as otherwise required under the Trust Agreement, no physical certificate representing any of the Certificates with respect thereto, the terms and conditions under the Trust Agreement. Copies of the Trust Agreement and the Series Lease and any and all supplements or amendments thereto, including the exhibits, schedules, and definitions contained therein, are available upon written request to the Trustee.

The Trustee has no obligation or liability to make payment with respect to this Certificate except from funds received by it pursuant to the Trust Agreement referred to on the reverse hereof.

Refering to the further provisions of the Certificate set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth herein.

To the best of the knowledge and belief of the undersigned, all acts, conditions and things required by the Constitution and laws of the United States of America with respect to this Certificate, except from funds received by it pursuant to the Trust Agreement, shall have been performed precedent to and in connection with the agreements and covenants of the School Board in the Series Lease and any and all supplements or amendments thereto. The obligations of the Trust Estate and assignment and covenants of the School Board in the Series Lease and all other amounts required to be paid by the School Board thereunder shall be subject to and dependent upon appropriations being made from time to time by the school board for such purposes or other amounts being lawfully available therefor. The payment of the principal portion and interest portion of the Basic Lease Payments represented by the Certificate is not a liability or charge upon the credit of the Trustee on the part of the School Board or any other person, firm, corporation or other entity. This Certificate shall be initially issued in the name of Cede & Co., a New York limited partnership, as agent for or on behalf of the Depository Trust Company, New York, New York ("DTC"), which shall act as securities depository for the Certificates, with no physical distribution of certificates to the holder. Except when registration of the Certificates is being made, or as otherwise required under the Trust Agreement, no physical certificate representing any of the Certificates with respect thereto shall be made. The Trustee will have the responsibility of DTC Participants, and Indirect Participants will be responsible for maintaining records with respect to the beneficial ownership interests of individual purchasers of the Certificates ("Beneficial Owners"). The Certificate shall be issued initially pursuant to a book-entry-only system maintained by The Depository Trust Company, New York, New York ("DTC"), which shall act as securities depository for the Certificates, with no physical distribution of certificates to the holder. Except when registration of the Certificates is being made, or as otherwise required under the Trust Agreement, no physical certificate representing any of the Certificates with respect thereto shall be made. The Trustee will have the responsibility of DTC Participants, and Indirect Participants will be responsible for maintaining records with respect to the beneficial ownership interests of individual purchasers of the Certificates ("Beneficial Owners").
C-60
EXHIBIT B

REQUISITION NO. __________

CERTIFICATES OF PARTICIPATION
SERIES __________
Evidencing Undivided Proportionate Interest of the Owners Thereof in Basic 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(c) to pay Costs of the Series Facilities.

The Trustee is hereby directed to pay sums out of the Series Acquisition Account as follows:

<table>
<thead>
<tr>
<th>Name &amp; Address</th>
<th>Purpose of Payment</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>B-1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total:

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:

<table>
<thead>
<tr>
<th>Name</th>
<th>Purpose of Payment</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total:

The undersigned hereby certifies that each payment obligation has been properly incurred, in a Cost of Issuance Subaccount in the Series Acquisition Account as follows:

Dated: __________

Authorized School Board Representative

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SERIES 2015D SUPPLEMENTAL TRUST AGREEMENT

by and between

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 April 1, 2015
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, to provide funds for the acquisition and/or construction of the Series 2007A-1 Facilities and the Series 2007A-2 Facilities, Certificates of Participation, Series 2007A were issued in the aggregate principal amount of $268,548,000 (the “Series 2007A Certificates”) pursuant to the Master Trust Agreement, as supplemented by a Series 2007A Supplemental Trust Agreement dated as of February 1, 2007 (the Master Trust Agreement as so supplemented, the “Original Series 2007A Trust Agreement”); and

WHEREAS, the Corporation assigned substantially all of its interest in the Series 2007A Ground Lease, the Series 2007A-1 Lease and the Series 2007A-2 Lease to the Trustee pursuant to a Series 2007A Assignment Agreement dated as of February 1, 2007 (the Master Trust Agreement as so supplemented, the “Original Series 2007A Trust Agreement”); and

WHEREAS, the School Board refinanced a portion of its obligations under the Original Series 2007A-1 Lease and refunded a portion of the Series 2007A Certificates through the amendment and restatement of Schedule 2007A-1, the amendment of the Original Series 2007A Supplemental Trust Agreement (as so amended, the “Series 2007A Supplemental Trust Agreement” and the issuance, pursuant to a Series 2014 Supplemental Trust Agreement, of refunding Certificates of Participation, Series 2014C, in the aggregate principal amount of $33,281,000 (the “Series 2014C Certificates”), representing undivided proportionate interests of the owners thereof in Basic Lease Payments to be made by the School Board pursuant to the Original Series 2007A-1 Lease, as amended in connection with the issuance of the Series 2014C Certificates; and

WHEREAS, to provide funds for the acquisition and/or construction of the Series 2007E-1 Facilities and Series 2007E-2 Facilities, Certificates of Participation, Series 2007E were issued in the aggregate principal amount of $147,390,000 (the “Series 2007E Certificates”) pursuant to the Master Trust Agreement, as supplemented by a Series 2007E Supplemental Trust Agreement dated as of October 1, 2007 (the Master Trust Agreement as so supplemented, the “Series 2007E Trust Agreement”); and

WHEREAS, the Corporation assigned substantially all of its interest in the Series 2007E Ground Lease and the Series 2007E-1 Lease and the Series 2007E-2 Lease to the Trustee pursuant to a Series 2007E Assignment Agreement dated as of October 1, 2007; and

WHEREAS, to accomplish such refinancing the Corporation is entering into this Series 2015D Supplemental Trust Agreement, which, 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 2015D Supplemental Trust Agreement, and the creation, execution and issuance of the Series 2015D Certificates subject to the terms thereof, have in all respects been duly authorized; and

WHEREAS, a portion of the proceeds of the Series 2015D Certificates will be deposited with the Bank of New York Mellon Trust Company, N.A., as escrow agent (the “Escrow Agent”) under a Series 2015D Escrow Deposit Agreement dated as of March 1, 2015 (the “Escrow Deposit Agreement”), between the School Board and the Escrow Agent, and used to prepay the Refunded Certificates on their prepayment date at a prepayment price equal to the principal portion of Basic Lease Payments represented by the Refunded Certificates, plus prepayment premium, as applicable, and to pay Basic Lease Payments represented by the Refunded Certificates until such prepayment date; and

WHEREAS, all things necessary to make the Series 2015D 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 in all respects been duly authorized; and

NOW, THEREFORE, THIS SERIES 2015D 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 2015D Supplemental Trust Agreement, the following words and terms as used herein with respect to the Series 2015D Certificates shall have the following meanings:

“Amended and Restated Schedule 2007A-1” shall mean that certain Schedule 2007A-1 to the Master Lease dated as of February 1, 2007, as amended and restated as of April 1, 2015, by and among the School Board, the Corporation and the Trustee as assignee of the Corporation.
### Restated Schedule 2007E-1

<table>
<thead>
<tr>
<th>Year (August 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>6,410,000</td>
<td>5.000</td>
</tr>
<tr>
<td>2024</td>
<td>6,375,000</td>
<td>5.000</td>
</tr>
<tr>
<td>2025</td>
<td>7,700,000</td>
<td>5.000</td>
</tr>
<tr>
<td>2026</td>
<td>7,700,000</td>
<td>5.000</td>
</tr>
</tbody>
</table>

### Restated Schedule 2007E-2

<table>
<thead>
<tr>
<th>Year (August 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>25,820,000</td>
<td>5.000</td>
</tr>
<tr>
<td>2024</td>
<td>22,760,000</td>
<td>5.000</td>
</tr>
<tr>
<td>2025</td>
<td>21,675,000</td>
<td>5.000</td>
</tr>
<tr>
<td>2026</td>
<td>21,675,000</td>
<td>5.000</td>
</tr>
</tbody>
</table>

### Series 2015D Cost of Issuance Account


- **Series 2015D Participal** means the principal portion of Basic Lease Payments represented by the Series 2015D Certificates.

- **Series 2015D Principal** means the principal portion of Basic Lease Payments represented by the Series 2015D Certificates.

The principal and interest portions of Basic Lease Payments represented by the Series 2015D Certificates shall be payable directly to Coce & 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 of 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.

## SECTION 301. EXTRAORDINARY PREPAYMENT

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 and the Participal Trustee will register in the Beneficial Owners replacement Series 2015D Certificates in denominations of $5,000 or integral multiples thereof, in accordance with instructions from Coce & Co., the Beneficial Owners replacement Series 2015D 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.

### ARTICLE III PREPAYMENTS

The Series 2015D Principal shall be subject to prepayment in the event the Series 2007E-1 Lease, the Series 2007E-2 Lease or the Series 2007E-2 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 to the Series 2015D Trust Agreement and the Series 2007E-1 Lease, the Series 2007E-2 Lease or the Series 2007E-3 Lease, as the case may be, to the extent and subject to the limitations provided in the Series 2015D Certificates, the Series 2007E-1 Lease, the Series 2007E-3 Lease and the Series 2007E-2 Lease, as the case may be.
SECTION 302. OPTIONAL PREPAYMENT OF SERIES 2015D CERTIFICATES.

The Series 2015D Certificates maturing on or before August 1, 2025, are not subject to prepayment in the option of the School Board. The Series 2015D Certificates maturing on and after August 1, 2026 shall be subject to prepayment on or after August 1, 2025, if the School Board elects to prepay the principal portion of the Series 2015D Certificates in whole at any time, or in part on the first day of any month, and if in part in such order of maturity of Series 2015D Certificates corresponding to the due dates of the principal portion of Basic Lease Payments prepaid under the Amended and Restated Series 2007A-1 Lease, the Amended and Restated Series 2007A-1 Lease, or the Amended and Restated Series 2007A-1 Lease, as the case may be, 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, as 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 2015D Certificates of any optional prepayment of Series 2015D Certificates under this Section 302, 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 2015D Certificates subject to prepayment, plus accrued interest to the prepayment date, plus any premium applicable to such prepayment, 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 direction of an Authorized Officer only in Government Obligations that mature on or before the Prepayment Date.

ARTICLE IV

ESTABLISHMENT OF ACCOUNTS; APPLICATION OF SERIES 2015D CERTIFICATE PROCEEDS

SECTION 401. ESTABLISHMENT OF ACCOUNTS.

(a) There is hereby established within the Project Fund the Series 2015D Cost of Issuance Account therein, more particularly described in Section 402 of the Master Trust Agreement. The Series 2007A Supplemental Trust Agreement has established the Series 2007A Prepayment Account within the Project Fund, as more particularly described in Sections 404 and 406, respectively, of the Master Trust Agreement and Section 401 of the Series 2007A Supplemental Trust Agreement. The Series 2007E Supplemental Trust Agreement has established the Series 2007E Lease Payment Account and the Series 2007E Prepayment Account within the Project Fund, as more particularly described in Sections 404 and 406, respectively, of the Master Trust Agreement and Section 401 of the Series 2007E Supplemental Trust Agreement.

(b) The moneys on deposit in the Accounts and Subaccounts described herein shall be disbursed by the Trustee in the manner described in the Series 2015D Trust Agreement. Moneys in the Series 2007A Lease Payment Account shall be paid in accordance with Section 404 of the Master Trust Agreement equally and ratably to the holders of the Series 2015D Certificates and the unrefunded Series 2007A Certificates and the Series 2014C Certificates. Moneys in the Series 2007E Lease Payment Account shall be paid in accordance with Section 404 of the Master Trust Agreement equally and ratably to the holders of the Series 2015D Certificates and the unrefunded Series 2007E Certificates. Moneys in the Series 2007A Prepayment Account shall be paid in accordance with Section 406 of the Master Trust Agreement equally and ratably to the holders of the Series 2015D Certificates, the unrefunded Series 2007A Certificates and the Series 2014C Certificates. Moneys in the Series 2007E Prepayment Account shall be paid in accordance with Section 406 of the Master Trust Agreement equally and ratably to the holders of the Series 2015D Certificates and the unrefunded Series 2007E Certificates.

SECTION 402. APPLICATION OF PROCEEDS OF SERIES 2015D CERTIFICATES.

The Trustee shall deposit: (a) in the escrow deposit trust funds created pursuant to the Escrow Deposit Agreement $229,483,025.62 derived from the proceeds of the Series 2015D Certificates, which amount is to be invested in Government Obligations (except for $5,056,103.21 which shall be held uninvested) pursuant to the Escrow Deposit Agreement, to be used to pay when due the portion of Basic Lease Payments represented by, and the Prepayment Price on the respective Prepayment Date of, the Refunded Certificates, all in accordance with the Escrow Deposit Agreement; and (b) in the Series 2015D Cost of Issuance Account, the amount of $472,122,13 to pay the costs associated with the issuance of the Series 2015D Certificates.

ARTICLE V

MISCELLANEOUS PROVISIONS RELATING TO SERIES 2015D CERTIFICATES

SECTION 501. CONTINUING DISCLOSURE. Pursuant to the Series 2007A-1 Lease and the Series 2007E Leases, 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 2015D Certificates or any other person with respect to the Rule. Notwithstanding any other provision of the Series 2015D 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 request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Series 2015D Certificates, shall) or any owner of the Series 2015D Certificates or Beneficial Owner 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 Series 2007A-1 Lease and Series 2007E Leases. For purposes of this Section, “Beneficial Owner” means any person which (a) has the power, direct or indirect, to cause the election of directors, to direct the management or policies of an entity, to contract with an entity, or to dispose of ownership of, or any Series 2015D Certificates (including persons holding Series 2015D Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2015D 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 Master Trust Agreement and this Series 2015D Supplemental Trust Agreement, the terms hereof shall control.
SERIES 2007A
ASSIGNMENT AGREEMENT

BETWEEN

PALM BEACH SCHOOL BOARD LEASING CORP.

AND

THE BANK OF NEW YORK TRUST COMPANY, N.A.
(successor in interest to NationsBank of Florida, N.A.)
As Trustee

Dated as of February 1, 2007
Section I. Recitals.

1.01 The School Board of Palm Beach County, Florida (the "School Board"), and the Corporation have entered into a Master Lease, dated as of November 1, 1994 (as the same may be amended or supplemented from time to time, the "Master Lease"), and have executed Exhibit A-1 to the Master Lease, a Memorandum of which was recorded on February 1, 2007 in Official Records Book 1, Page 1, of the Public Records of Palm Beach County, Florida, and Schedule 2007A-1 to the Master Lease, a Memorandum of which was recorded on February 1, 2007 in Official Records Book 1, Page 1, of the Public Records of Palm Beach County, Florida, respectively.

1.02 The Corporation and the Trustee have entered into a Series 2007A Lease Agreement dated as of November 9, 1994, as amended and supplemented from time to time, the "Trust Agreement," which acknowledges and contemplates the execution of this Agreement in conjunction with the Trust Agreement and the Series 2007A Lease Agreement.

Section 2. Assignment.

2.01 The Corporation hereby assigns and conveys all of its right, title and interest in the Series 2007A-1 Facilities and the Series 2007A-2 Facilities to the Corporation, as sublessee of the Master Lease, to the Corporation in accordance with their respective terms, and to the Trustee in accordance with their respective terms, and not and without effect in the execution of the entire writing, obligation and agreement between the Corporation and the School Board.

2.02 The Corporation hereby assigns and conveys all of its right, title and interest in the Series 2007A Ground Lease to the Trustee for the benefit of the holders of the Series 2007A Certificates, to the extent permitted by the Master Lease, the Trust Agreement and the Series 2007A Lease Agreement, and not and without effect in the execution of the entire writing, obligation and agreement between the Corporation and the School Board.

2.03 The Corporation hereby assigns and conveys the Series 2007A-1 Ground Lease to the Trustee, to the extent permitted by the Master Lease, the Trust Agreement and the Series 2007A Lease Agreement, and not and without effect in the execution of the entire writing, obligation and agreement between the Corporation and the School Board.

2.04 The Corporation hereby assigns and conveys all of its right, title and interest in the Series 2007A-2 Ground Lease to the Trustee, to the extent permitted by the Master Lease, the Trust Agreement and the Series 2007A Lease Agreement, and not and without effect in the execution of the entire writing, obligation and agreement between the Corporation and the School Board.
THE SERIES 2007 A CREDIT FACILITY ISSUER, in its capacity as "Trustee of this Agreement, the Corporation shall have no further rights or interest under the Series 2007 A Ground Lease or the Series 2007 A Lease Payments or any other amounts due and payable as a result of the assignment of the Series 2007 A Credit Facility Issuer's interest in the Series 2007 A Ground Lease and the Series 2007 A Lease, including the fact that no title to the Series 2007 A Ground Lease is vested in the School Board.

2.04 Except as otherwise set forth in Section 2.01, upon and after the date of delivery to the Trustee of this Agreement, the Corporation shall have no further rights or interest under the Series 2007 A Ground Lease or the Series 2007 A Lease Payments or any other amounts due and payable as a result of the assignment of the Series 2007 A Credit Facility Issuer's interest in the Series 2007 A Ground Lease and the Series 2007 A 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 receive any documents deemed necessary by the Trustee to further evidence or perfect the assignment and the Series 2007 A Ground Lease Payments or other amounts due under the Series 2007 A 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 2007 A Lease Payments and all other amounts owing under the Series 2007 A 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 2007 A Lease Payments or other amount.

2.08 The Corporation agrees to notify the Trustee of any default under the Series 2007 A Lease Payments or any other amount due under the Series 2007 A Lease, including the fact that no title to the Series 2007 A Ground Lease is vested in the School Board.

Section 3. Administrative Provisions.

3.01 This Agreement shall be construed and governed in accordance with the laws of the State of Florida.

3.02 Any provision of this Agreement found to be prohibited by applicable laws shall be severable and the remainder of this Agreement shall be enforceable.

3.03 This Agreement may be amended without the prior written consent of the Series 2007 A Credit Facility Issuer.

IN WITNESS WHEREOF, the parties hereto have executed this Series 2007 A Assignment Agreement as of the date set forth below their respective signatures and as of the day and year first written above.

[Seal]

ATTEST:

The Bank of New York Trust Company, N.A., as Trustee

[Seal]

The undersigned, a Notary Public in and for the said County of Palm Beach, do hereby certify that William Orlandini, Dr. Art Scobey, generally known to me as the true signatures whose names appear below, respectively, as President and Secretary, respectively of PALM BEACH SCHOOL BOARD LEASING CORP., a Florida non-profit corporation, authorized by the foregoing instrument, appeared before me this day to subscribe to the said instrument as the true and genuine signatures of said corporations and as their own free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and seal this 7th day of February, 2007.

[Seal]

COUNTY OF PALM BEACH

STATE OF FLORIDA

\[\text{Name of Notary Public, Print, Stamp or Signature}\]

\[\text{Type of Identification Produced}\]
STATE OF FLORIDA

COUNTY OF PALM BEACH

The undersigned, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Barbara Buck, personally known to me to be the same person whose name is as Vice President of The Bank of New York Trust Company, N.A., 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 and personally 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 February, 2007.

[Signature]
NOTARY PUBLIC
STATE OF FLORIDA

[Type as Commissioned]

[Type of Identification Produced]

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SERIES 2007E
ASSIGNMENT AGREEMENT

BETWEEN

PALM BEACH SCHOOL BOARD LEASING CORP.

AND

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
As Trustee

Dated as of October 1, 2007
ISSUE OF THE SERIES 2007-E-1 FACILITY SECURITIES, PLUS $10.00 AND OTHER GOOD AND VALUABLE CONSIDERATION AND THE MUTUAL Covenants CONTAINED, THE PARTIES HEREOF BEING DESIRous OF ENTERING INTO THE AGREEMENT INTENDED TO BE NOR SHALL IT BE CONSTRUED TO BE A MORTGAGE, OR OTHER SECURITY AGREEMENT OF ANY NATURE.

Section 3: Administration and Costs

The Corporation hereby transfer, sell, assign and convey to the Trustee, without recission, in favor of all of the holders of the Series 2007-E Certificates, without warranty, representation or agreement, all of its rights to the Series 2007-E-1 and Series 2007-E-2 Leases and all other agreements, covenants, conditions and agreements, in and to the Trust under the Series 2007-E Lease, to the Trustee, or to any Permitted Transferee designated by the Trustee. The Corporation hereby agrees that all of its properties and by which the Corporation or any of its property is bound.

Section 4: Non-Recourse

The Corporation hereby agrees that the Series 2007-E Lease, the Series 2007-E Ground Lease, the Series 2007-E Lease, this Agreement and the Trust Agreement do not contravene any provision of the Series 2007-E Lease, the Series 2007-E Ground Lease, the Series 2007-E Lease, and all other agreements and agreements, in and to the Trust under the Series 2007-E Lease, to the Trustee.

Section 5: Termination

The Corporation hereby transfers, sells, assigns and conveys to the Trustee, without recission, in favor of all of the holders of the Series 2007-E Certificates, without warranty, representation or agreement, all of its properties and by which the Corporation or any of its property is bound.

Section 6: Notices

Any notice or demand required to be given hereunder shall be in writing and shall be given by registered or certified mail, return receipt requested, addressed to the parties at the addresses set forth herein or such other addresses as the parties may from time to time designate by written notice to the other parties.

Section 7: Governing Law

This Agreement shall be governed and construed in accordance with the laws of the State of Florida, without giving effect to principles of conflicts of laws.

Section 8: Entire Agreement

This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, understandings and negotiations relating thereto.

Section 9: Miscellaneous

The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

THIS AGREEMENT DATED THIS DAY OF OCTOBER, 2007, BY AND BETWEEN THE PALM BEACH SCHOOL BOARD, BOARD OF EDUCATION, FOR THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA, AS LEASEE ("the "Leasee"), AND THE TRUSTEE AND THE CORPORATION, AS LESSEE ("the "Corporation"), AND THE BANK OF NEW YORK, TRUST COMPANY, N.A., JERSEY CITY, NEW JERSEY, AS TRUSTEE ("the "Trustee"), IS HEREBY EXECUTED AND DELIVERED IN THE FORM OF THIS INSTRUMENT.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and delivered as of the day and year first above written.

[Signatures]

THE CORPORATION, AS LESSEE:

[Signature]

[Name]

OFFICIAL SEAL

[Stamp]

THE TRUSTEE, AS TRUSTEE:

[Signature]

[Name]

OFFICIAL SEAL

[Stamp]
in witness whereof the parties hereto have executed this Series 2007E Assignment Agreement as of the date and year first written above.

[SEAL]

Attest:

[SEAL]

IN WITNESS WHEREOF the parties hereto have executed this Series 2007E Assignment Agreement as of the date and year first written above.

[SEAL]

Attest:

[SEAL]

IN WITNESS WHEREOF the parties hereto have executed this Series 2007E Assignment Agreement as of the date and year first written above.

[SEAL]

Attest:

[SEAL]
STATE OF FLORIDA
COUNTY OF DUVAL
SEAL OF OFFICE
NOTARY PUBLIC

The undersigned, a Notary Public in and for the said County in the State aforesaid, do hereby bond, subscribe to and serve the foregoing instrument, which is submitted to me as Notary Public in and for the said County in the State aforesaid, to be executed by the party or parties thereto mentioned and as her own free and voluntary act, for the uses and purposes therein set forth.

COMMENCE AT THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF SECTION 12, TOWNSHIP 46 SOUTH, RANGE 42 EAST, AND RUNNING THENCE WITH THE NORTH LINE OF SAID NORTHEAST QUARTER OF SECTION 12, S01°03'10"W A DISTANCE OF 337.84 FEET.

THENCE LEAVING SAID NORTH LINE OF THE NORTHEAST QUARTER OF SECTION 12, S01°03'10"W A DISTANCE OF 500.00 FEET TO A POINT ON THE SOUTHERLY LINE OF LAKE WORTH DRAINAGE DISTRICT CANAL NO. 130, 380.43 FEET

THENCE ALONG THE SOUTHERLY LINE OF LAKE WORTH DRAINAGE DISTRICT CANAL NO. 130, 380.43 FEET A DISTANCE OF 555.31 FEET TO A POINT ON THE WESTERLY LINE OF THE PLAT OF SABAL LAKES PHASE ONE AS RECORDED IN PLAT BOOK 260 PAGE 915.

THENCE LEAVING SAID WESTERLY LINE OF LAKE WORTH DRAINAGE DISTRICT CANAL NO. 130, 380.43 FEET ALONG THE WESTERLY LINE OF SAID PLAT OF SABAL LAKES PHASE ONE AS RECORDED IN PLAT BOOK 260 PAGE 915, AND AN EASMENT FOR INGRESS AND EGRESS.

THENCE A DISTANCE OF 18.50 FEET TO THE POINT OF BEGINNING.

EXPRESSLY RESERVING THE EASEMENT OF LAKE WORTH DRAINAGE DISTRICT CANAL NO. 130, 380.43 FEET ALONG THE WESTERLY LINE OF SAID PLAT OF SABAL LAKES PHASE ONE AS RECORDED IN PLAT BOOK 260 PAGE 915, FOR AN EASEMENT FOR INGRESS AND EGRESS.

CONTAINING 47,320 SQUARE FEET MORE OR LESS.

TOGETHER WITH

COMMENCE AT THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF SECTION 12, TOWNSHIP 46 SOUTH, RANGE 42 EAST, AND RUNNING THENCE WITH THE NORTH LINE OF SAID NORTHEAST QUARTER OF SECTION 12, S01°03'10"W A DISTANCE OF 337.84 FEET.

THENCE LEAVING SAID NORTH LINE OF THE NORTHEAST QUARTER OF SECTION 12, S01°03'10"W A DISTANCE OF 500.00 FEET TO A POINT ON THE SOUTHERLY LINE OF LAKE WORTH DRAINAGE DISTRICT CANAL NO. 130, 380.43 FEET

THENCE ALONG THE SOUTHERLY LINE OF LAKE WORTH DRAINAGE DISTRICT CANAL NO. 130, 380.43 FEET A DISTANCE OF 555.31 FEET TO A POINT ON THE WESTERLY LINE OF THE PLAT OF SABAL LAKES PHASE ONE AS RECORDED IN PLAT BOOK 260 PAGE 915.

THENCE LEAVING SAID WESTERLY LINE OF LAKE WORTH DRAINAGE DISTRICT CANAL NO. 130, 380.43 FEET ALONG THE WESTERLY LINE OF SAID PLAT OF SABAL LAKES PHASE ONE AS RECORDED IN PLAT BOOK 260 PAGE 915, AND AN EASMENT FOR INGRESS AND EGRESS.

THENCE A DISTANCE OF 21.17 FEET TO THE POINT OF BEGINNING.

THENCE N01°03'10"W A DISTANCE OF 21.17 FEET.

THENCE S01°03'10"W A DISTANCE OF 26.00 FEET.

THENCE S01°03'10"W A DISTANCE OF 24.33 FEET.

THENCE S01°03'10"W A DISTANCE OF 18.50 FEET.

THENCE S01°03'10"W A DISTANCE OF 18.50 FEET.

THENCE S01°03'10"W A DISTANCE OF 18.50 FEET.

THENCE S01°03'10"W A DISTANCE OF 18.50 FEET.

THENCE S01°03'10"W A DISTANCE OF 18.50 FEET.

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WILLINGTON ELEMENTARY ADDITION

A PORTION OF SCHOOL SITE NO. 1 OF WELLINGTON ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 26, PAGE 79, IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF PALM BEACH COUNTY, IN FLORIDA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF THE TRACT OF LAND HEREIN DESCRIBED;

THENCE NORTH 89°52'09" EAST, A DISTANCE OF 85.67 FEET TO THE POINT OF BEGINNING;

THENCE SOUTH 00°07'51" EAST FOR 152.67 FEET;

THENCE SOUTH 89°52'09" WEST FOR 85.67 FEET;

THENCE NORTH 00°07'51" WEST FOR 152.67 FEET;

THENCE NORTH 89°52'09" EAST FOR 65 FOR AN ARC DISTANCE OF 355.01 FEET;

THENCE NORTH 89°52'09" EAST, ALONG THE NORTHWESTERN LINE OF SAID PLAT, A DISTANCE OF 26.62 FEET;

THENCE NORTH 80°07'31" EAST, ALONG THE NORTH LINE OF SAID PLAT, A DISTANCE OF 72.45 FEET, TO THE POINT OF BEGINNING.

SAID LANDS LIEING AND BEING IN THE CITY OF WELLINGTON, PALM BEACH COUNTY, FLORIDA, CONTAINING 0.20 ACRES OR LESS.

06-D WEST PALM BEACH AREA ELEMENTARY

Lots 17, 18, 19, 20 and 31, HAVERHILL ACRES, AN ADDITION TO WEST PALM BEACH, FLORIDA, in Section 26, Township 43 South, Range 42 East, According to the Plat thereof as recorded in Plat Book 26, at Page 79, of the Public Records of PALM BEACH County, Florida.

TOGETHER WITH:

A PARCEL OF LAND LAYING WITHIN TRACTS 95 AND 96, BLOCK 23, PALM BEACH FARMS CO, PLAT NO. 3, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 2, AT PAGE 45 THROUGH 54 INCLUSIVE OF THE PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF TRACT 96, BLOCK 23, PALM BEACH FARMS COL, PLAT NO. 3, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 2, AT PAGE 45 THROUGH 54 INCLUSIVE OF THE PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA;

THENCE SOUTH 89°52'09" WEST, ALONG THE EAST LINE OF SAID TRACT 96 FOR A DISTANCE OF 2500 FEET TO AN INTERSECTION WITH THE SOUTH LINE OF THE LAKE NORTH DRAINAGE DISTRICT REQUIRED RIGHT OF WAY FOR LATERAL CANAL NO. 41 AS SHOWN ON SHEET 100 OF 240 SHEETS DATED MAY 1965 AND ON FILE IN PALM BEACH COUNTY COURTHOUSE

THENCE N00°07'31" WEST, ALONG THE SAID SOUTH LINE OF LATERAL NO. 41, A DISTANCE OF 85.62 FEET TO AN INTERSECTION WITH THE WEST RIGHT OF WAY LINE OF LYONS ROAD;

THENCE 89°52'09" WEST, ALONG THE SAID WEST RIGHT OF WAY LINE OF LYONS ROAD FOR A DISTANCE OF 158.73 FEET;

THENCE DEPARTING FROM SAID WEST RIGHT OF WAY N89°52'09" WEST FOR 234.28 FEET TO THE POINT OF BEGINNING;

THENCE 00°07'31" WEST, FOR 352.67 FEET;

THENCE N00°07'31" EAST, FOR 352.67 FEET;

THENCE 89°52'09" EAST, FOR 234.28 FEET TO THE POINT OF BEGINNING.

SAID LANDS LIEING WITHIN PALM BEACH COUNTY, FLORIDA, CONTAINING 13,079 SQUARE FEET OR 0.30 ACRES OR LESS.

WISPERING PINES ELEMENTARY ADDITION

A PARCEL OF LAND LAYING WITHIN TRACTS 95 AND 96, BLOCK 73, PALM BEACH FARMS CO, PLAT NO. 2, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 2, AT PAGE 45 THROUGH 54 INCLUSIVE OF THE PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF TRACT 96, BLOCK 73, PALM BEACH FARMS CO, PLAT NO. 2, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 2, AT PAGE 45 THROUGH 54 INCLUSIVE OF THE PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA;

THENCE 89°52'09" W, ALONG THE EAST LINE OF SAID TRACT 96 FOR A DISTANCE OF 2500 FEET TO AN INTERSECTION WITH THE SOUTH LINE OF THE LAKE NORTH DRAINAGE DISTRICT REQUIRED RIGHT OF WAY FOR LATERAL CANAL NO. 41 AS SHOWN ON SHEET 100 OF 240 SHEETS DATED MAY 1965 AND ON FILE IN PALM BEACH COUNTY COURTHOUSE

THENCE 00°07'31" W, ALONG THE SAID SOUTH LINE OF LATERAL NO. 41, A DISTANCE OF 85.62 FEET TO AN INTERSECTION WITH THE WEST RIGHT OF WAY LINE OF LYONS ROAD;

THENCE 89°52'09" W, ALONG THE SAID WEST RIGHT OF WAY LINE OF LYONS ROAD FOR A DISTANCE OF 158.73 FEET;

THENCE DEPARTING FROM SAID WEST RIGHT OF WAY N89°52'09" W FOR 234.28 FEET TO THE POINT OF BEGINNING;

THENCE 00°07'31" W, FOR 352.67 FEET;

THENCE N00°07'31" E, FOR 352.67 FEET;

THENCE 89°52'09" E, FOR 234.28 FEET TO THE POINT OF BEGINNING.

SAID LANDS LIEING WITHIN PALM BEACH COUNTY, FLORIDA, CONTAINING 10,075 SQUARE FEET OR 0.24 ACRES OR LESS.

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C-74
APPENDIX D

FORM OF CO-SPECIAL TAX COUNSEL OPINION
On the date of issuance of the Series 2015D Certificates in definitive form, Greenberg Traurig, P.A., and Edwards & Associates, P.A., Co-Special Tax Counsel, propose to render their approving opinions in substantially the following form.

April 30, 2015

The School Board of Palm Beach County, Florida
3300 Forest Hill Boulevard
West Palm Beach, Florida 33406

Re: Certificates of Participation, Series 2015D 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 special tax counsel in connection with the issuance of $221,640,000 aggregate principal amount of Certificates of Participation, Series 2015D, 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 2015D 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 2007A-1 dated as of February 1, 2007, as amended and restated as of April 1, 2015 (“Schedule 2007A-1”), Schedule 2007E-1 dated as of October 1, 2007, as amended and restated as of April 1, 2015 (“Schedule 2007E-1”) and Schedule 2007E-2 dated as of October 1, 2007, as amended and restated as of April 1, 2015 (“Schedule 2007E-2”), each attached to the Master Lease and executed by the School Board, 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 as assignee of the Corporation (Schedule 2007A-1, together with the Master Lease being hereinafter referred to as the “Series 2007A-1 Lease”, Schedule 2007E-1, together with the Master Lease being hereinafter referred to as the “Series 2007E-1 Lease”, and Schedule 2007E-2, together with the Master Lease being hereinafter referred to as the “Series 2007E-2 Lease” and the Series 2007E-1 Lease and the Series 2007E-2 Lease being hereinafter collectively referred to as the “Series 2007E Lease”); the Series 2007A Ground Lease dated as of February 1, 2007, and the Series 2007E Ground Lease, dated as of October 1, 2007, each between the School Board and the Corporation; the Series 2007A Assignment Agreement dated
as of February 1, 2007, and the Series 2007E Assignment Agreement dated as of October 1, 2007, each between the Corporation and the Trustee; the Master Trust Agreement, dated as of November 1, 1994, as supplemented by a Series 2015D Supplemental Trust Agreement, dated as of April 1, 2015 (collectively, the “Trust Agreement”), between the Corporation and the Trustee; the form of the Series 2015D Certificates; and various other related documents and certificates. The Series 2015D Certificates are payable from a portion of the Basic Lease Payments made pursuant to (i) the Series 2007A-1 Lease equally and ratably with the portion of the Series 2007A Certificates allocable to the Series 2007A-1 Lease that will remain Outstanding upon issuance of the Series 2015D Certificates and the Series 2014C Certificates, (ii) the Series 2007E-1 Lease equally and ratably with the portion of the Series 2007E Certificates allocable to the Series 2007E-1 Lease that will remain Outstanding upon issuance of the Series 2015D Certificates and (iii) the Series 2007E-2 Lease equally and ratably with the portion of the Series 2007E Certificates allocable to the Series 2007E-2 Lease that will remain Outstanding upon issuance of the Series 2015D 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 2007A-1 Lease or the Series 2007E Lease 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 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 2007A-1 Lease, the Series 2007E Lease 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 2007A-1 Lease and the Series 2007E Lease have been duly authorized, executed and delivered by the School Board and, assuming due authorization, execution and delivery by the Corporation, constitutes the valid and legally binding agreement of the School Board enforceable in accordance with its 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.

2. The Series 2015D Certificates evidence an undivided proportionate interest of the owners thereof in the Basic Lease Payments to be made by the School Board pursuant to (i) the Series 2007A-1 Lease payable equally and ratably with the portion of the Series 2007A
Certificates allocable to the Series 2007A-1 Lease that will remain Outstanding upon issuance of the Series 2015D Certificates and the Series 2014C Certificates, (ii) the Series 2007E-1 Lease payable equally and ratably with the portion of the Series 2007E Certificates allocable to the Series 2007E-1 Lease that will remain Outstanding upon issuance of the Series 2015D Certificates and (iii) the Series 2007E-2 Lease payable equally and ratably with the portion of the Series 2007E Certificates allocable to the Series 2007E-2 Lease that will remain Outstanding upon issuance of the Series 2015D Certificates.

3. Under existing statutes, regulations, rulings and court decisions, subject to the assumptions stated in the following paragraph, the portion of the Basic Lease Payments designated and paid as interest to the owners of the Series 2015D Certificates is excludable from gross income for federal income tax purposes. Furthermore, the portion of the Basic Lease Payments designated and paid as interest to the owners of the Series 2015D Certificates is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest portion of the Basic Lease Payments is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. 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 2015D Certificates, or the ownership or disposition of the Series 2015D Certificates. Furthermore, no opinion is expressed with respect to the federal income tax consequences of any payments received with respect to the Series 2015D 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 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 2015D Certificates in order that the portion of the Basic Lease Payments designated and paid as interest to the owners of the Series 2015D 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 2015D Certificates to be included in gross income for federal income tax purposes retroactively to the commencement date of the Series 2015D Certificates. The School Board has covenanted to comply with such requirements.

4. The Series 2015D Certificates and the portion of the Basic Lease Payments designated and paid as interest to the owners of the Series 2015D 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 2015D 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 2015D 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 TRAURIG, P.A.
EDWARDS & ASSOCIATES, P.A.
APPENDIX E

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT
DISCLOSURE DISSEMINATION AGENT AGREEMENT

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA
$221,640,000
Certificates of Participation, Series 2015D

This Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated April 30, 2015, 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 (the “Certificates”) and in order to provide certain continuing disclosure with respect to the Certificates (hereinafter defined) 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 Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“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.

“Audited Financial Statements” means the financial statements (if any) 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 the certificates as listed on the attached Exhibit A, 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 Representative” means the Chief Finance Officer of the District, 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.

“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.

“District” means the School District of Palm Beach County, Florida.

“Failure to File Event” means the School Board’s failure to file an Annual Report on or before the Annual Filing Date.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shutdown 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 (if any), 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 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.

“Official Statement” means that certain Offering Statement prepared by the School Board in connection with the Certificates, as described 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, together with a copy for the Trustee, 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 EMMA not later than January 15 of each fiscal year of the District, commencing January 15, 2014. 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, together with a copy for the Trustee, 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, IRS notices or events affecting the tax status of the security;”

7. “Modifications to rights of securities holders, if material;”

8. “Certificate calls, if material;”

9. “Defeasances;”
10. “Release, substitution, or sale of property securing repayment of the securities;”

11. “Rating changes;”

12. “Tender Offers;”

13. “Bankruptcy, insolvency or receivership or similar event of the Obligated Person;”

14. “Merger, consolidation or acquisition of the Obligated Person, if material;”

15. “Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”

(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;”

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 District’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 CAFR (as hereinafter defined):

1. Updates of information in the Offering Statement relating to:
   a. Statistical and financial information about the District under the heading “THE DISTRICT;” and
   b. Revenue sources and millage levels as described under the headings “OPERATING REVENUES OF THE DISTRICT” and “AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS.”

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).

(c) The School Board’s Comprehensive Annual Financial Report (“CAFR”) for the immediately preceding Fiscal Year. If the School Board’s CAFR is not available by the time the Annual Report is required to be filed pursuant to Section 2(a), the Annual Report shall contain the Superintendent’s Annual Financial Report (Unaudited) for the immediately prior Fiscal Year and the CAFR shall be filed in the same manner as the Annual Report when it becomes available. The CAFR will be provided in the same manner as the Audited Financial Statements pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official 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 MSRB Internet 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 interest portion of Basic Lease Payments represented by the Certificates, or other material events affecting the tax-exempt status of the interest portion of Basic Lease Payments represented by the Certificates;
7. Modifications to rights of Certificate holders, 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.

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) 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-2.

(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 redemption 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 special tax 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 underwriter, 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: ______________________________________
   Name: 
   Title: 

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

By: ______________________________________
   Chuck Shaw
   Chairman
EXHIBIT A

NAME AND CUSIP NUMBERS OF CERTIFICATES

Name of Issuer: THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

Obligated Persons: The School Board of Palm Beach County, Florida

Name of Certificate Issue: $221,640,000 Certificates of Participation, Series 2015D

Date of Issuance: April 30, 2015

Date of Offering Statement: March 26, 2015

Initial CUSIP Numbers: See below

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EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

Obligated Persons: The School Board of Palm Beach County, Florida

Name of Certificate Issue: $221,640,000 Certificates of Participation, Series 2015D

Date of Issuance: April 30, 2015

Date of Offering Statement: March 26, 2015

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 Agreement, dated April 30, 2015, 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 Certificate Issue: $221,640,000 Certificates of Participation, Series 2015D

School Board’s Six-Digit CUSIP Number: 696550

Nine-Digit CUSIP Number(s) of the Certificates to which this event notice relates:

Initial
CUSIP No.

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 Certificate holders, if material
8. ___Certificate calls, if material
9. ___Defeasances
10. ___Release, substitution, or sale of property securing repayment of the Certificates, if material
11. ___Rating changes
12. ___Tender offers
13. ___Bankruptcy, insolvency or receivership or similar event of the Obligated Person
14. ___Merger, consolidation or acquisition of the Obligated Person, if material
15. ___Appointment of a successor or additional trustee, or the change of name of a trustee, if material

___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 April 30, 2015, 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 Certificate Issue: $221,640,000 Certificates of Participation, Series 2015D
School Board’s Six-Digit CUSIP Number: 696550
Nine-Digit CUSIP Number(s) of the certificates to which this event notice relates:

Initial
CUSIP No.

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: __________________

E-19
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 April 30, 2015, 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 Certificate Issue: $221,640,000 Certificates of Participation, Series 2015D

School Board’s Six-Digit CUSIP Number: 696550

Nine-Digit CUSIP Number(s) of the certificates to which this event notice relates:

Initial
CUSIP No.

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: ____________________________

E-20
[THIS PAGE INTENTIONALLY LEFT BLANK]