

In the opinion of 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 judicial decisions, the portion of the Basic Lease Payments designated and paid as interest to the Series 2007C Certificate holders will be excludable from gross income for federal income tax purposes and 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. See "TAX TREATMENT" for a description of certain other federal tax consequences of ownership of the Series 2007C Certificates. However, no opinion is expressed with respect to the federal income tax consequences of any payments received with respect to the Series 2007C Certificates following termination of the Master Lease as a result of non-appropriation of funds or the occurrence of an event of default thereunder.



\$192,310,000
REFUNDING CERTIFICATES OF PARTICIPATION,
SERIES 2007C
Evidencing Undivided Proportionate Interests
of the Owners Thereof in Basic Lease Payments to be made by
THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA,
As Lessee, Pursuant to a Master Lease Purchase Agreement with
Palm Beach School Board Leasing Corp., as Lessor

Dated: Date of Delivery

Due: August 1, as shown on the inside cover

The refunding Certificates of Participation, Series 2007C (the "Series 2007C Certificates") offered hereby evidence undivided proportionate interests in 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 Palm Beach School Board Leasing Corp. (the "Corporation"), as supplemented by (i) Amended and Restated Schedule 2001A-1 and Amended and Restated Schedule 2001A-2, each dated as of March 1, 2007 (together with the Master Lease, the "Series 2001A Leases") and (ii) Amended and Restated Schedule 2002C, dated as of March 1, 2007 (together with the Master Lease, the "Series 2002C Lease"), (the Series 2001A Leases and the Series 2002C Lease are herein collectively referred to as the "Amended Leases"); in each case providing for the lease purchase refinancing of certain real property and educational facilities by the School Board, as described herein. Such interest in the Basic Lease Payments is on a pro rata basis with the interest of the Owners of (i) the Series 2001A Certificates (defined herein) which will remain outstanding after the issuance of the Series 2007C Certificates and the Series 2005A Certificates (defined herein), with respect to the Series 2001A Leases and (ii) the Series 2002C Certificates (defined herein) which will remain outstanding after the issuance of the Series 2007C Certificates and the Series 2005A Certificates (defined herein), with respect to the Series 2002C Lease.

The Series 2007C Certificates are being issued as fully registered Certificates pursuant to the provisions of a Master Trust Agreement, as supplemented, dated as of November 1, 1994 between the Corporation and The Bank of New York Trust Company, N.A., (successor in interest to NationsBank of Florida, N.A.) Jacksonville, Florida, as trustee (the "Trustee"). The interest portion of the Basic Lease Payments represented by the Series 2007C Certificates is payable on February 1 and August 1 of each year, commencing August 1, 2007 (each a "Payment Date") by check or draft of the Trustee mailed to the Series 2007C 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 2007C Certificates will be initially 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 2007C Certificates (the "Beneficial Owners") will not receive physical delivery of the Series 2007C Certificates. Ownership by the Beneficial Owners of the Series 2007C 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 2007C 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. Individuals may purchase beneficial interests in the Series 2007C Certificates in the amount of \$5,000 or integral multiples thereof.

The principal portions of Basic Lease Payments represented by the Series 2007C Certificates are subject to optional, and extraordinary prepayment prior to maturity as described herein.

THE SCHOOL BOARD IS NOT LEGALLY REQUIRED TO APPROPRIATE MONEYS TO MAKE LEASE PAYMENTS. LEASE PAYMENTS ARE PAYABLE FROM FUNDS APPROPRIATED BY THE SCHOOL BOARD FOR SUCH PURPOSE FROM CURRENT OR OTHER FUNDS AUTHORIZED BY LAW AND REGULATIONS OF THE STATE OF FLORIDA DEPARTMENT OF EDUCATION. NEITHER THE DISTRICT, THE SCHOOL BOARD, THE STATE OF FLORIDA NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS OBLIGATED TO PAY, EXCEPT FROM SCHOOL BOARD APPROPRIATED FUNDS, ANY SUMS DUE UNDER THE AMENDED LEASES FROM ANY SOURCE OF TAXATION, AND THE FULL FAITH AND CREDIT OF THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS NOT PLEDGED FOR PAYMENT OF SUCH SUMS DUE THEREUNDER, AND SUCH SUMS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS OR LIMITATION. NEITHER THE CORPORATION, THE TRUSTEE NOR ANY CERTIFICATE HOLDER MAY COMPEL THE LEVY OF ANY AD VALOREM TAXES BY THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF TO PAY ANY SUMS, INCLUDING THE BASIC LEASE PAYMENTS, DUE UNDER THE AMENDED LEASES. SEE "RISK FACTORS" HEREIN.

Payment of the principal of and interest on the Series 2007C Certificates when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Series 2007C Certificates. See "FINANCIAL GUARANTY INSURANCE" herein.



SEE THE INSIDE COVER FOR CERTAIN ADDITIONAL INFORMATION RELATING TO THE AMENDED LEASES, THE SERIES 2007C CERTIFICATES AND THE MATURITY SCHEDULE.

This cover page and the inside cover 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 to obtain information essential to the making of an informed investment decision.

The Series 2007C 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 Isaacs Williams, P.A., Riviera Beach, Florida, Co-Special Tax Counsel, and certain other conditions. Certain legal matters will be passed upon for the School Board and the Corporation by the District's Office of General Counsel and for the Underwriters by their Co-Counsel, Nabors, Giblin & Nickerson, P.A., Tampa, Florida and KnoxSeaton, Miami, Florida. Public Financial Management, Inc., Orlando, Florida, is acting as Financial Advisor to the School Board. It is expected that the Series 2007C Certificates will be available for delivery in New York, New York through the offices of DTC on or about March 22, 2007.

MERRILL LYNCH & CO.

BEAR, STEARNS & CO. INC.
A.G. Edwards

CITIGROUP

UBS INVESTMENT BANK
RBC Capital Markets

Siebert Brandford Shank & Co., LLC

ADDITIONAL INFORMATION

The Series 2007C Certificates are being issued to provide funds for the purposes of (i) advance refunding a portion of the outstanding Certificates of Participation, Series 2001A and Series 2002C (described herein), thus refinancing the cost of acquisition, construction and installation of certain educational and related facilities leased to the School Board, as described herein, and (ii) paying certain costs of issuance with respect to the Series 2007C Certificates.

The initial terms of the Series 2001A Leases commenced on April 1, 2001, through and including June 30, 2001, have been automatically renewed to date and are automatically renewable annually through August 1, 2026, unless sooner terminated as described herein. The initial term of the Series 2002C Lease commenced on May 15, 2002 through and including June 30, 2002, has been automatically renewed to date and is automatically renewable annually through August 1, 2027, unless sooner terminated as described herein. In addition to the Amended Leases, the School Board (i) has heretofore entered into certain Prior Leases under the Master Lease (as described herein) ,(ii) expects to enter into the Series 2007B Lease under the Master Lease (as described herein) at the same time as delivery of the Series 2007C Certificates and (iii) may 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 Amended Leases. Upon any such termination, any proceeds of the disposition of leased Facilities will be applied solely to the payment of the related Series of Certificates, all as further described herein. HOWEVER, IN NO EVENT WILL HOLDERS OF SERIES 2007C CERTIFICATES HAVE ANY INTEREST IN OR RIGHT TO THE PROCEEDS OF THE DISPOSITION OF FACILITIES LEASED UNDER ANY LEASE OTHER THAN THE SERIES 2001A-1 LEASE AND THE SERIES 2002C LEASE AS DESCRIBED HEREIN. Should termination of the Master Lease occur, no provisions have been made for acceleration or prepayment of the Series 2007C Certificates. Co-Special Tax Counsel will express no opinion as to tax exemption or the effect of securities laws with respect to the Series 2007C 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 2007C 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). The occurrence of a non-appropriation of funds or an event of default under the Master Lease which results in termination of the Lease Term of all Leases will not result in termination of the insurance policy to be issued by Ambac Assurance Corporation concurrently with the delivery of the Series 2007C Certificates.

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

\$192,310,000 Serial Series 2007C Certificates

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	Initial CUSIP Number
2007	\$1,000,000	4.000%	3.580%	100.141	696550TK8
2008	225,000	4.000	3.630	100.482	696550TL6
2009	235,000	4.000	3.680	100.712	696550TM4
2010	245,000	4.000	3.700	100.935	696550TN2
2011	255,000	4.000	3.710	101.153	696550TP7
2012	775,000	4.000	3.720	101.345	696550TQ5
2013	4,990,000	5.000	3.750	107.008	696550TR3
2014	5,325,000	5.000	3.790	107.701	696550TS1
2015	920,000	4.000	3.820	101.273	696550TT9
2016	1,075,000	4.000	3.850	101.165	696550TU6
2017	605,000	4.000	3.890	100.926	696550TV4
2018	800,000	4.000	3.970	100.248*	696550TW2
2019	1,905,000	4.000	4.040	99.609	696550TX0
2020	15,730,000	5.000	3.980	108.584*	696550TY8
2021	6,810,000	4.000	4.200	97.855	696550TZ5
2022	7,150,000	4.500	4.240	102.156*	696550UA8
2023	18,300,000	4.500	4.270	101.904*	696550UB6
2024	19,180,000	4.500	4.290	101.736*	696550UC4
2025	20,165,000	4.500	4.320	101.485*	696550UD2
2026	22,225,000	4.250	4.370	98.438	696550UE0
2026	20,000,000	4.500	4.340	101.318*	696550UF7
2027	44,395,000	4.500	4.360	101.152*	696550UG5

* Priced to first optional prepayment date of August 1, 2017

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA

BOARD MEMBERS

William Graham, Chairman
Monroe Benaim, M.D., Vice Chairman
Paulette Burdick
Mark Hansen
Bob Kanjian
Dr. Sandra Richmond
Debra L. Robinson, M.D.

SUPERINTENDENT OF SCHOOLS

Dr. Art Johnson

CHIEF OPERATING OFFICER

Joseph Moore

CHIEF OF FACILITIES MANAGEMENT

Joseph Sanches

TREASURER

Leanne Evans, CTP

CHIEF FINANCIAL OFFICER

Michael J. Burke

COUNSEL TO THE SCHOOL BOARD

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

CO-SPECIAL TAX COUNSEL

Greenberg Traurig, P.A.
Miami, Florida

Issacs Williams, P.A.
Riviera Beach, Florida

FINANCIAL ADVISOR

Public Financial Management, Inc.
Orlando, Florida

TRUSTEE

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

No dealer, broker, salesman or other person has been authorized by the School Board or the Underwriters to give any information or to make any representations, other than those contained in this Offering Statement, in connection with the offering contained herein, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Offering Statement does not constitute an offer to sell nor 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, Ambac Assurance Corporation (the "Insurer" or "Ambac"), 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 or the Insurer. 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.

Other than with respect to information concerning Ambac contained under the caption "FINANCIAL GUARANTY INSURANCE" and Appendix E "Specimen Municipal Bond Insurance Policy" herein, none of the information in this Offering Statement has been supplied or verified by Ambac and Ambac makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Series 2007C Certificates; or (iii) the tax exempt status of the interest portion of the Basic Lease Payments represented by the Series 2007C Certificates.

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 RESPECTIVE 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 2007C 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 2007C CERTIFICATES FOR SALE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2007C CERTIFICATES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THIS OFFERING STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE SCHOOL BOARD, THE DISTRICT OR THE UNDERWRITERS AND ANY ONE OR MORE OF THE OWNERS OF THE SERIES 2007C CERTIFICATES.

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OFFERING STATEMENT

\$192,310,000

REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2007C

**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 \$192,310,000 aggregate principal amount of refunding Certificates of Participation, Series 2007C (the "Series 2007C Certificates"). The Series 2007C Certificates evidence undivided proportionate interests of the owners thereof in the Basic Lease Payments to be made by The School Board of Palm Beach County, Florida (the "School Board") under the Series 2001A Leases and the Series 2002C Lease (as such terms are defined below) on a pro rata basis with the interests of the Holders of the (i) Series 2001A Certificates (defined herein) which will remain outstanding after the issuance of the Series 2007C Certificates (herein referred to as the "Outstanding Series 2001A Certificates") and the Series 2005A Certificates (defined herein), with respect to the Series 2001A Leases and (ii) Series 2002C Certificates (defined herein) which will remain outstanding after the issuance of the Series 2007C Certificates (herein referred to as the "Outstanding Series 2002C Certificates") and the Series 2005A Certificates (defined herein), with respect to the Series 2002C Lease. The Series 2007C 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 2007C Supplemental Trust Agreement dated as of March 1, 2007 (collectively, the "Trust Agreement"), between Palm Beach School Board Leasing Corp., a Florida not-for-profit corporation (the "Corporation") and The Bank of New York Trust Company, N.A., (successor in interest to NationsBank of Florida, N.A.) Jacksonville, Florida, as trustee (the "Trustee").

The School Board, as the governing body of the School District of Palm Beach County, Florida (the "District"), entered into a Master Lease Purchase Agreement dated as of November 1, 1994 (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 in effect as of the date of delivery of the Series 2007C Certificates (including the Series 2001A Leases and the Series 2002C Lease more particularly described below), 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 Series of Certificates.

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<u>Lease</u>	<u>Related Facilities</u>	<u>Final Renewal Term Ending Date</u>	<u>Related Series of Certificates</u>	<u>Principal Amount Outstanding</u>
Series 1994A	Series 1994A	June 30, 2015	Series 1997A	\$38,050,000
Series 1995A	Series 1995A	June 30, 2015	Series 2002E	93,350,000
Series 1996A	Series 1996A	June 30, 2016	Series 2002E	
Series 2000A	Series 2000A	June 30, 2020	Series 2001B	166,870,000
Series 2001A ⁽¹⁾	Series 2001A	June 30, 2026	Series 2001A	3,450,000 ⁽⁸⁾
			Series 2005A	50,235,000 ⁽⁷⁾
			Series 2007C	78,540,000 ⁽⁹⁾
Series 2002A ⁽²⁾	Series 2002A	August 1, 2018	Series 2002A	63,055,000
			Series 2005A	27,635,000 ⁽⁷⁾
Series 2002B	Series 2002B	August 1, 2027	Series 2002B	115,350,000
Series 2002C	Series 2002C	July 31, 2027	Series 2002C	20,710,000 ⁽⁸⁾
			Series 2005A	25,305,000 ⁽⁷⁾
			Series 2007C	113,770,000 ⁽⁹⁾
Series 2002D	Series 2002D	August 1, 2028	Series 2002D	160,985,000
			Series 2005A	21,280,000 ⁽⁷⁾
Series 2002-QZAB	Series 2002-QZAB	June 11, 2016	Series 2002-QZAB	678,572
Series 2003A	Series 2003A	August 1, 2021	Series 2003A	52,875,000
Series 2003B	Series 2003B	August 1, 2029	Series 2003B	124,295,000
Series 2004A ⁽³⁾	Series 2004A-1 and Series 2004A-2	August 1, 2029 August 1, 2016	Series 2004A	98,375,000
Series 2004-QZAB	Series 2004-QZAB	April 29, 2020	Series 2004-QZAB	2,059,660
Series 2005-QZAB	Series 2005-QZAB	December 15, 2020	Series 2005-QZAB	1,506,798
Series 2005B ⁽⁴⁾	Series 2005B	August 1, 2010	Series 2005B	31,395,000
Series 2006A ⁽⁵⁾	Series 2006A-1 and Series 2006A-2	August 1, 2031 August 1, 2011	Series 2006A	222,015,000
Series 2007A ⁽⁶⁾	Series 2007A-1 and Series 2007A-2	August 1, 2031 August 1, 2015	Series 2007A	268,545,000
Series 2007B	Series 2007B	August 1, 2025	Series 2007B	119,400,000 ⁽¹⁰⁾

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

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

(3) Includes the Series 2004A-1 Lease and the Series 2004A-2 Lease.

(4) Includes the Series 2005B-1 Lease and the Series 2005B-2 Lease.

(5) Includes the Series 2006A-1 Lease and the Series 2006A-2 Lease.

(6) Includes the Series 2007A-1 Lease and the Series 2007A-2 Lease.

(7) On March 22, 2005, the School Board issued \$125,630,000 aggregate principal amount of Series 2005A Certificates, the proceeds of which were deposited in escrow and applied to advance refund a portion of the Series 2001A, Series 2002A, Series 2002C and Series 2002D Certificates. The listed principal amounts represent the approximate principal portion of the Series 2005A Certificates allocated to each refunded Series.

(8) A portion of such Certificates are being prepaid with the proceeds of the Series 2007C Certificates. Number is net of amount being prepaid.

(9) The listed principal amounts represents the principal portion of the Series 2007C Certificates allocated to each refunded Series.

(10) Being issued at the same time as the Series 2007C Certificates.

The Series 1997A Certificates, the Outstanding Series 2001A Certificates, the Series 2002A Certificates, the Series 2001B Certificates, the Series 2002A Certificates, the Series 2002B Certificates, the Outstanding Series 2002C Certificates, the Series 2002 QZAB Certificates, the Series 2002D Certificates, the Series 2002E Certificates, the Series 2003A Certificates, the Series 2003B Certificates, the Series 2004A Certificates, the Series 2004 QZAB Certificates, the Series 2005 QZAB Certificates, the Series 2005A

Certificates, the Series 2005B Certificates, the Series 2006A Certificates and the Series 2007A Certificates, are collectively referred to herein as the "Prior Certificates." The Series 1994A Lease, the Series 1995A Lease, the Series 1996A Lease, the Series 2000A Lease, the Series 2002A Leases, the Series 2002B Lease, the Series 2002D Lease, 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 2005B Leases, the Series 2006A Leases and the Series 2007A Leases, are collectively referred to herein as the "Prior Leases." The Series 2001A Leases and the Series 2002C Lease identified in the table on the prior page are herein respectively referred to as the "Series 2001A Prior Leases" and the "Series 2002C Prior Lease." See "THE MASTER LEASE FACILITIES," "THE PRIOR FACILITIES AND THE SERIES 2007B FACILITIES" and "THE MASTER LEASE PROGRAM."

In addition to the Prior Leases the School Board has (i) authorized, the execution and delivery of a Series 2007B Lease (the "Series 2007B Lease") and in connection therewith the issuance of \$119,400,000 Certificates of Participation, Series 2007B (the "Series 2007B Certificates") to finance the costs of certain education facilities (the "Series 2007B Facilities") and (ii) may authorize other Leases in the future. The Series 2007B Certificates are expected to be issued at the same time as the Series 2007C Certificates.

After completion of the Series 2007A and Series 2007B Facilities (described below) the School Board will have approximately 43% of all gross square feet of educational facilities space in the District under the Master Lease. See "THE MASTER LEASE FACILITIES" and "THE PRIOR FACILITIES AND THE SERIES 2007B FACILITIES."

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 January 24, 2007 authorized the execution and delivery of the Master Lease and (i) Amended and Restated Schedule 2001A-1 and Amended and Restated Schedule 2001A-2, each dated as of March 1, 2007, which amend and restate the Series 2001A Prior Leases in their entirety (together with the Master Lease, herein collectively referred to as the "Series 2001A Leases") and (ii) Amended and Restated Schedule 2002C, dated as of March 1, 2007, which amends and restates the Series 2002C Prior Lease in its entirety (together with the Master Lease, the "Series 2002C Lease"). The Series 2001A Leases and the Series 2002C Lease are herein collectively referred to as the "Amended Leases."

The initial terms of the Series 2001A Leases commenced as of April 1, 2001, through and including June 30, 2001, have been automatically renewed to date and are automatically renewable annually through and including August 1, 2026, unless sooner terminated as described herein. Subject to the Board's right to substitute facilities, the Facilities being lease purchased under the Series 2001A Leases includes eight new

elementary schools, two elementary school replacements, a high school classroom addition and a portable classroom replacement program (the "Series 2001A Facilities"). See "THE AMENDED LEASES" and "THE AMENDED LEASES FACILITIES."

The School Board currently holds title to the sites on which the Series 2001A Facilities are located (the "Series 2001A Facility Sites"). Pursuant to the Series 2001A-1 Ground Lease dated as of April 1, 2001 as amended as of December 1, 2001 (the "Series 2001A Ground Lease"), the School Board is leasing the Series 2001A Facility Sites to the Corporation for an initial term which commenced on April 1, 2001 and ends on August 1, 2031, subject to Permitted Encumbrances (as defined in the Series 2001A Ground Lease), and subject to earlier termination or extension as set forth therein. See "APPENDIX C - FORMS OF CERTAIN LEGAL DOCUMENTS - The Series 2001A Ground Lease." Pursuant to the Series 2001A Assignment Agreement dated as of April 1, 2001 (the "Series 2001A Assignment"), between the Corporation and the Trustee, the Corporation has irrevocably assigned to the Trustee for the benefit of the owners of the Series 2007C Certificates and the Outstanding Series 2001A Certificates substantially all of its right, title and interest in and to the Series 2001A Ground Lease and the Series 2001A Leases including the right to receive the Basic Lease Payments and all other amounts due under the Series 2001A Leases, as herein described. See "APPENDIX C - FORMS OF CERTAIN LEGAL DOCUMENTS - Series 2001A Assignment."

The initial term of the Series 2002C Lease commenced as of May 15, 2002 through and including June 30, 2002, has been automatically renewed to date and is automatically renewable annually through and including August 1, 2027, unless sooner terminated as described herein. Subject to the Board's right to substitute facilities, the Facilities being lease purchased under the Series 2002C Lease includes two new elementary schools, one new high school, modernization of an existing high school and elementary school, an addition to the Village Academy and an addition/HVAC upgrade to an elementary school (the "Series 2002C Facilities"). See "THE AMENDED LEASES" and "THE AMENDED LEASES FACILITIES."

The School Board currently holds title to the sites on which the Series 2002C Facilities are located (the "Series 2002C Facility Sites"). Pursuant to the Series 2002C Ground Lease dated as of May 15, 2002, as amended as of June 1, 2003 and June 1, 2004 (collectively the "Series 2002C Ground Lease"), the School Board is leasing the Series 2002C Facility Sites to the Corporation for an initial term which commenced on May 15, 2002 and ends on August 1, 2032, subject to Permitted Encumbrances (as defined in the Series 2002C Ground Lease), and subject to earlier termination or extension as set forth therein. See "APPENDIX C - FORMS OF CERTAIN LEGAL DOCUMENTS - The Series 2002C Ground Lease." Pursuant to the Series 2002C Assignment Agreement dated as of May 15, 2002 (the "Series 2002C Assignment"), between the Corporation and the Trustee, the Corporation has irrevocably assigned to the Trustee for the benefit of the owners of the Series 2007C Certificates and the Outstanding Series 2002C Certificates

substantially all of its right, title and interest in and to the Series 2002C Ground Lease and the Series 2002C Lease including the right to receive the Basic Lease Payments and all other amounts due under the Series 2002C Lease, as herein described. See "APPENDIX C - FORMS OF CERTAIN LEGAL DOCUMENTS - Series 2002C Assignment."

The scheduled payment of principal and interest in respect of the Series 2007C Certificates will be insured by a municipal bond insurance policy (the "Policy") issued by Ambac Assurance Corporation (the "Insurer" or "Ambac") concurrently with the delivery of the Series 2007C Certificates. See "MUNICIPAL BOND INSURANCE."

Brief descriptions of the District, the School Board, the Insurer, the Policy, the Series 2001A Facilities and the Series 2002C Facilities (collectively referred to herein as the "Amended Leases Facilities") are included in this Offering Statement together with summaries of certain provisions of the Series 2007C Certificates, the Master Lease, the Amended Leases, the Series 2001A Ground Lease and the Series 2002C Ground Lease (collectively referred to herein as the "Ground Leases"), the Trust Agreement and the Series 2001A Assignment and the Series 2002C Assignment (collectively referred to herein as the "Assignments"). Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the Master Lease, the Amended Leases, the Trust Agreement, the Ground Leases and the 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 - FORMS OF CERTAIN LEGAL DOCUMENTS."

PURPOSE OF THE SERIES 2007C CERTIFICATES AND PLAN OF PREPAYMENT OF REFUNDED CERTIFICATES

The Series 2001A Prior Leases are being amended and restated and a portion of the proceeds of the Series 2007C Certificates are being applied to prepay that portion of the Series 2001A Prior Certificates maturing August 1, 2012 through and including August 1, 2026 (the "Refunded Series 2001A Certificates"), and refinance a portion of the cost of acquisition and construction of the Series 2001A Facilities, thus reducing the Basic Lease Payments due under the Series 2001A Leases. As noted under "INTRODUCTION" the portion of the Series 2001A Certificates which will remain outstanding and which do not constitute Refunded Series 2001A Certificates are referred to herein as the "Outstanding Series 2001A Certificates."

The Series 2002C Prior Lease is being amended and restated and a portion of the proceeds of the Series 2007C Certificates are being applied to prepay that portion of the Series 2002C Prior Certificates maturing August 1, 2013 through and including August 1, 2027 (the "Refunded Series 2002C Certificates"), and refinance a portion of the cost of acquisition and construction of the Series 2002C Facilities, thus reducing the Basic Lease Payments due under the Series 2002C Lease. As noted under "INTRODUCTION" the portion of the Series 2002C Certificates which will remain outstanding and which do not constitute Refunded Series 2002C Certificates are referred to herein as the "Outstanding Series 2002C Certificates."

As stated above, a portion of the proceeds of the Series 2007C Certificates will be applied to prepay the (i) Refunded Series 2001A Certificates and refinance a portion of the costs of the Series 2001A Facilities which the School Board acquired, constructed and installed from the proceeds of the Refunded Series 2001A Certificates and (ii) Refunded Series 2002C Certificates and refinance a portion of the costs of the Series 2002C Facilities which the School Board acquired, constructed and installed from the proceeds of the Refunded Series 2002C Certificates. The Refunded Series 2001A Certificates will be called for prepayment prior to maturity on August 1, 2011, at a prepayment price equal to 101% of the par amount of the Refunded Series 2001A Certificates to be prepaid, plus accrued interest to the prepayment date. The Refunded Series 2002C Certificates will be called for prepayment prior to maturity on August 1, 2012, at a prepayment price equal to 100% of the par amount of the Refunded Series 2002C Certificates to be prepaid, plus accrued interest to the prepayment date.

Upon the issuance of the Series 2007C Certificates and the deposit in an escrow deposit trust fund created pursuant to the Escrow Deposit Agreement, dated as of March 1, 2007, by and between the School Board and The Bank of New York Trust Company, N.A., as Escrow Agent, of moneys and certain United States Treasury Obligations (the "Defeasance Securities") which, together with the interest earnings thereon and cash held uninvested, if any, will be sufficient to pay the Basic Lease Payments represented by the Refunded Series 2001A Certificates and the Refunded Series 2002C Certificates (collectively, the "Refunded Certificates") to their date of prepayment and the respective prepayment prices on said prepayment dates, Co-Special Tax Counsel will render its opinion to the effect that, assuming the deposit and application of the Defeasance Securities and any uninvested cash 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 Amended Leases to pay the Basic Lease Payments as represented by the Refunded Certificates will have been released and discharged with respect to the Refunded Certificates. Such opinion will be rendered in reliance upon the verification report of The Arbitrage Group, Inc., independent certified public accountants described herein under the heading "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

THE SERIES 2007C CERTIFICATES

General

The Series 2007C Certificates will be dated their date of delivery, will mature in the years and principal amounts and accrue interest at the rates set forth on the inside cover page of this Offering Statement. The Series 2007C Certificates shall initially be issued in "book-entry" form in denominations of \$5,000 and integral multiples thereof and one fully registered Series 2007C Certificate for each maturity as set forth on the inside cover page, each in the aggregate principal amount of such maturity, will be initially registered in the name of "Cede & Co." as nominee of DTC. Individual purchases will be made in increments of \$5,000 or integral multiples thereof.

The principal portion due on the Series 2007C Certificates at maturity or earlier prepayment represents undivided proportionate interest in the principal portion of the Basic Lease Payments due on each of the dates set forth in the Amended Leases with respect to the Series 2007C Certificates. The interest portion due on the Series 2007C Certificates, payable on February 1 and August 1 of each year to and including the date of maturity or earlier prepayment, commencing on August 1, 2007 (each a "Payment Date"), 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 2007C Certificates. The principal portion or Prepayment Price of the Series 2007C 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 2007C Certificates, the interest portion of the Basic Lease Payments represented by the Series 2007C 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 2007C 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 2007C Certificates maturing on or before August 1, 2017, shall not be subject to prepayment at the option of the School Board. Series 2007C Certificates maturing on or after August 1, 2018 shall be subject to prepayment on or after August 1, 2017 if the School Board elects to prepay the principal portion of Basic Lease Payments due under the Amended Leases in whole or in part on any Business Day, and if in part, in such order of maturity of Series 2007C Certificates

corresponding to the due dates of the principal portion of the Basic Lease Payments under the Amended Leases 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 the Prepayment Price equal to the principal portion of Basic Lease Payments represented by the Series 2007C Certificates or portions thereof to be prepaid plus the interest accrued to the Prepayment Date.

Extraordinary Prepayment. Series 2007C Certificates are subject to prepayment in whole or in part at any time, and if in part, in inverse order of maturity or on a proportionate basis as shall be designated by the School Board, and by lot within a maturity in such manner as the Trustee shall determine to be fair and appropriate, in an amount equal to the principal portion of Basic Lease Payments prepaid (i) under the Series 2001A Lease on a pro rata basis with the Outstanding Series 2001A Certificates and Series 2005A Certificates, and (ii) under the Series 2002C Lease on a pro rata basis with the Outstanding Series 2002C Certificates and Series 2005A Certificates, at a Prepayment Price of par plus the interest accrued to the Prepayment Date, if there are Net Proceeds equal to or greater than 10% of the remaining principal portion of the Basic Lease Payments relating to the Series 2001A-1 Facilities and/or the Series 2002C Facilities as a result of the damage, destruction or condemnation of any portion of the Series 2001A-1 Facilities and/or the Series 2002C Facilities and an election is made by the School Board under the Master Lease with the consent of the Series 2001A Credit Facility Issuer, the Series 2002C Credit Facility Issuer and the Insurer, as appropriate to apply the amount to the prepayment in part of the principal portions of Basic Lease Payment relating to the Series 2001A-1 Facilities and/or the Series 2002C Facilities and represented by the Series 2007C Certificates.

At the election of the Insurer (exercised in its sole discretion), Series 2007C Certificates are subject to prepayment in whole at any time from funds provided by the Insurer, at a Prepayment Price of par plus the interest accrued to the Prepayment Date, if the Lease Term of all Lease is terminated either because funds have not been appropriated for Lease Payments under any Leases or the School Board has defaulted under any Lease.

Selection. If less than all of the Series 2007C Certificates are called for prepayment, the particular Series 2007C Certificates or portions thereof to be prepaid will be in multiples of \$5,000 and, except as otherwise provided above, the maturity of the Series 2007C Certificates to be prepaid shall be in such order of maturity as shall be designated by the School Board. If less than all the Series 2007C Certificates of like maturity are called for prepayment, the particular Series 2007C 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 2007C 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 2007C

Certificates for prepayment, the Trustee will treat each such Series 2007C Certificate as representing that number of Series 2007C Certificates in \$5,000 denominations which is obtained by dividing the principal amount of such Series 2007C Certificate to be prepaid in part by \$5,000.

As long as a book-entry system is used for determining beneficial ownership of Series 2007C Certificates, if less than all of the Series 2007C Certificates with the same maturity date are to be prepaid, DTC and its Participants (as described herein) shall determine, by lot, which of the Series 2007C Certificates with the same maturity date are to be prepaid. See "BOOK-ENTRY ONLY SYSTEM" herein.

Notice. When prepayment of Series 2007C Certificates is required, the Trustee will mail a copy of the notice required by the Trust Agreement, postage prepaid, not less than thirty days before the Prepayment Date in the case of optional prepayments or extraordinary prepayment due to damage, destruction or condemnation of the Amended Leases Facilities, and not less than five days nor more than ten days before the Prepayment Date in the case of extraordinary prepayment for termination of all Leases upon an event of non-appropriation or in certain events of default under any Lease, to the Holders of any Series 2007C Certificates or portions thereof to be prepaid, at their last addresses appearing upon the Series 2007C Certificates registry books, but any defect in the notice to a particular Series 2007C Certificate holder will not affect the validity of the proceedings for the prepayment of Series 2007C Certificates.

As long as a book-entry system is used for determining beneficial ownership of Series 2007C Certificates, notice of prepayment will only be sent to DTC. DTC will be responsible for notifying the DTC Participants, which will in turn be responsible for notifying the Beneficial Owners. Any failure of DTC to notify any DTC Participant, or of any DTC Participant to notify the Beneficial Owner of any such notice, will not affect the validity of the prepayment of the Series 2007C Certificates.

Effect of Prepayment. If, on the Prepayment Date, moneys for the payment of the Prepayment Price of the Series 2007C Certificates or portions thereof to be prepaid are held by the Trustee and available therefore on the Prepayment Date and if notice of prepayment has been given as described above, then from and after the Prepayment Date, the interest portion of the Series 2007C Certificates or the portion thereof called for prepayment will cease to accrue and become payable. If such moneys are not available on the Prepayment Date, the principal portion represented by such Series 2007C 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"), New York, New York, initially will act as securities depository for the Series 2007C Certificates. The Series 2007C 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 Series 2007C Certificate will be issued for each maturity of the Series 2007C Certificates, as set forth on the inside cover page hereof, and will be deposited with DTC.

DTC, the world's largest 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 2.2 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 ("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, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation, (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at <http://www.dtcc.com> and www.dtc.com.

So long as the book-entry only system is in effect, beneficial interests in the Series 2007C Certificates will be available in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Series 2007C Certificates will not receive certificates representing their beneficial interests in the Series 2007C Certificates purchased. The underwriters for the Series 2007C Certificates are expected to confirm original issuance purchases of beneficial interests with statements containing certain terms of the Series 2007C Certificates in which such beneficial interests are purchased.

Purchases of Series 2007C Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2007C Certificates on DTC's records. The ownership interest of each actual purchaser of each Series 2007C 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 2007C Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2007C Certificates, except in the event that use of the book-entry system for the Series 2007C Certificates is discontinued.

To facilitate subsequent transfers, all Series 2007C 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 2007C 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 2007C Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2007C Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping 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 among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The Trustee will make payments of principal of, premium, if any, and interest on the Series 2007C Certificates to DTC or such other nominee, as may be requested by an authorized representative of DTC, as registered owner of the Series 2007C Certificates. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and

corresponding detail information from the Trustee, on payable dates 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 registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, the School Board or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption 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 Trustee, 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 Direct and Indirect Participants.

The Trustee will send redemption notices to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2007C Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee or the Corporation 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 Series 2007C Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

THE CORPORATION, THE SCHOOL BOARD AND THE TRUSTEE WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO THE BENEFICIAL OWNERS, DTC PARTICIPANTS OR THE PERSONS FOR WHOM DTC PARTICIPANTS ACT AS NOMINEES WITH RESPECT TO THE SERIES 2007C CERTIFICATES, FOR THE ACCURACY OF RECORDS OF DTC, CEDE & CO. OR ANY DTC PARTICIPANT WITH RESPECT TO THE SERIES 2007C CERTIFICATES OR THE PROVIDING OF NOTICE OR PAYMENT OF PRINCIPAL, OR INTEREST, OR ANY PREMIUM ON THE SERIES 2007C CERTIFICATES, TO DTC PARTICIPANTS OR BENEFICIAL OWNERS, OR THE SELECTION OF SERIES 2007C CERTIFICATES FOR REDEMPTION.

The Corporation, the School Board and the Trustee cannot give any assurances that DTC, DTC Participants or others will distribute payments of principal of, premium, if any, and interest on the Series 2007C Certificates paid to DTC or its nominee, or any redemption 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 2007C 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 determine to discontinue providing its services with respect to the Series 2007C Certificates at any time by giving notice to the School Board and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, in the event that a successor depository is not obtained, Series 2007C Certificates are required to be printed and delivered. In addition, the Trustee, at the direction of the School Board, may determine to discontinue the use of book-entry transfers through DTC (or any successor securities depository). Under such circumstances, certificated Series 2007C Certificates are required to be delivered as described in the Trust Agreement.

SECURITY FOR THE SERIES 2007C CERTIFICATES

General

The Series 2007C Certificates evidence undivided proportionate interests in the principal portion and interest portion of Basic Lease Payments made by the School Board (i) Series 2001A Lease on a pro rata basis with the Outstanding Series 2001A Certificates and the Series 2005A Certificates and (ii) Series 2002C Lease on a pro rata basis with the Outstanding Series 2002C Certificates and the Series 2005A Certificates. The Series 2007C Certificates are secured by and payable from the Trust Estate established for the Series 2007C Certificates (the "Trust Estate") pursuant to the Trust Agreement and any amounts payable under the Policy. The Trust Estate consists of all estate, right, title and interest of the Trustee in and to the Basic Lease Payments under the Amended Leases, and all amounts held in the funds and accounts under the Trust Agreement in accordance with the provisions of the Master Lease and the Trust Agreement, including investment earnings thereon, and any and all monies received by the Trustee pursuant to the Amended Leases and the Trust Agreement which are not required to be remitted to the School Board or the Corporation pursuant to the Master Lease or the Trust Agreement (i) in the case of the Series 2001A Leases on a pro rata basis with the rights granted to the holders of the Outstanding Series 2001A Certificates and the Series 2005A Certificates and (ii) in the case of the Series 2002C Lease on a pro rata basis with the rights granted to the holders of the Outstanding Series 2002C Certificates and the Series 2005A Certificates.

Neither the Trustee, as assignee of the Corporation, nor the School Board will mortgage or grant a security interest in the Amended Leases Facilities. Upon termination of any of the Amended Leases upon the occurrence of an event of non-appropriation or an event of default, however, the Series 2001A-1 Lease and the Series 2002C Lease provide that the School Board must surrender possession of the Series 2001A-1 Facilities

(but not the Series 2001A-2 Facilities) and the Series 2002C Facilities, respectively, 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, and any proceeds of any such disposition of such Facilities will be applied to the payment of the Series 2007C Certificates and (i) in the case of the Series 2001A Leases, the Outstanding Series 2001A Certificates and the Series 2005A Certificates and (ii) in the case of the Series 2002C Lease, the Outstanding Series 2002C Certificates and the Series 2005A Certificates. The School Board may not be dispossessed of the Series 2001A-2 Facilities or any other personal property financed, in whole or in part, with the proceeds of Certificates. See "THE AMENDED LEASES FACILITIES" herein for a description of the Amended Leases Facilities against which the Trustee may exercise rights on behalf of the Owners of the Series 2007C Certificates. See "THE AMENDED 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 Amended Leases, the Prior Leases, the Series 2007B Lease 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 Amended Leases 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 Trust Agreement provides for the establishment and maintenance of separate Lease Payment Accounts for deposit of Basic Lease Payments appropriated and paid under the Amended Leases with respect to each Series of Certificates secured thereby. 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 FOR A PORTION OF LEASE PAYMENTS DUE FOR ALL OF THE FACILITIES LEASED UNDER THE MASTER LEASE; IT MUST BUDGET AND APPROPRIATE FOR ALL SUCH LEASE PAYMENTS OR NONE OF THEM. THERE CAN BE NO ASSURANCE THAT SUFFICIENT FUNDS WILL BE APPROPRIATED OR OTHERWISE BE MADE AVAILABLE TO MAKE ALL OF THE LEASE PAYMENTS DUE UNDER THE MASTER LEASE.

Limited Obligation of the School Board

THE SCHOOL BOARD IS NOT LEGALLY REQUIRED TO APPROPRIATE MONEYS TO MAKE LEASE PAYMENTS. LEASE PAYMENTS ARE PAYABLE FROM FUNDS APPROPRIATED BY THE SCHOOL BOARD FOR SUCH PURPOSE FROM CURRENT OR OTHER FUNDS AUTHORIZED BY LAW AND REGULATIONS OF THE STATE OF FLORIDA DEPARTMENT OF EDUCATION. NEITHER THE DISTRICT, THE SCHOOL BOARD, THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS OBLIGATED TO PAY, EXCEPT FROM SCHOOL BOARD APPROPRIATED FUNDS, ANY SUMS DUE UNDER THE AMENDED LEASES FROM ANY SOURCE OF TAXATION, AND THE FULL FAITH AND CREDIT OF THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS NOT PLEDGED FOR PAYMENT OF SUCH SUMS DUE THEREUNDER, AND SUCH SUMS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. NEITHER THE CORPORATION, THE TRUSTEE NOR ANY CERTIFICATE HOLDER MAY COMPEL THE LEVY OF ANY AD VALOREM TAXES BY THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF TO PAY ANY SUMS, INCLUDING THE BASIC LEASE PAYMENTS, DUE UNDER THE AMENDED LEASES. SEE "RISK FACTORS" HEREIN.

Additional Leases

As noted above, the School Board has entered into the Prior Leases, is expected to enter into the Series 2007B Lease at the same time as the issuance of the Series 2007C Certificates and may enter into other Leases under the Master Lease in addition to the Amended Leases, the Prior Leases and the Series 2007B Lease. 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 Amended Leases. Upon any such termination of the Lease Term of all Leases, the School Board must surrender all Facilities, including the Amended Leases Facilities (excluding certain designated Facilities such as the Series 2001A-2 Facilities), to the Trustee for sale or re-letting of the Trustee's interest. The proceeds of any such disposition of the Amended Leases Facilities will be applied solely to the payment of the Series 2007C Certificates, the Series 2005A Certificates, the Outstanding Series 2001A Certificates and the Outstanding Series 2002C Certificates, as described in the Amended Leases. In no event will owners of the Series 2007C Certificates have any interest in or right to the proceeds of the disposition of the Series 2001A-2 Facilities or Facilities financed with the proceeds of another Series of

Certificates (other than that portion of the Amended Leases Facilities financed with the proceeds of the Refunded 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 Amended Leases Facilities will produce sufficient amounts to pay the outstanding Series 2007C 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 AMENDED LEASES - Termination of Lease Term" and "Effect of Termination for Non-Appropriation or Default" and "APPENDIX C - FORMS OF 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 2007C CERTIFICATES - Optional Prepayment Price") 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 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 the 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.

As described under the caption "INTRODUCTION," the School Board has entered into the Prior Leases and issued the Prior Certificates related thereto and is entering into the Series 2007B Lease and is expected to issue the Series 2007B Certificates at the same time as the Series 2007C Certificates.

Optional Prepayment Price

The School Board has the right to prepay all or a portion of the Basic Lease Payments represented by the Series 2007C Certificates and in connection therewith remove all or a portion of the Amended Leases Facilities from the Amended Leases and, in the case of the Series 2001A-1 Facilities and the Series 2002C Facilities, from the lien of the Series 2001A Ground Lease and the Series 2002C Ground Lease, respectively, by paying the Purchase Option Price for the specific Series 2001A-Facilities and Series 2002C Facilities being purchased or, to the extent permitted by law, by substituting other Facilities for the Series 2001A-1 Facilities and Series 2002C Facilities being acquired. No such partial prepayment of the Series 2007C Certificates which is accomplished by the removal of Facilities from the Amended Leases and, in the case of the Series 2001A-1 Facilities and the Series 2002C Facilities, from the lien of the Ground Leases may be made without the prior consent of the Insurer. The Purchase Option Price, as of each Lease Payment Date, is: (i) the Basic Lease Payment then due plus the amount designated in the Amended Leases; (ii) minus any credits pursuant to the provisions of the Amended Leases; (iii) plus an amount equal to the interest to accrue with respect to the Series 2007C Certificates and any other Certificates to be prepaid from such Lease Payment Date to the next available date for prepaying such Certificates; (iv) plus an amount equal to any other amounts then due and owing under the Lease or Leases applicable to such Facilities, as applicable, including any prepayment premiums payable on the Series 2007C Certificates and any other Certificates prepaid.

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 AMENDED 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 OR REIMBURSE THE INSURER FOR PAYING SUCH SUMS.

Bond Insurance

The scheduled payment of principal and interest in respect of the Series 2007C Certificates, when due, will be insured by a financial guaranty insurance policy (the "Policy") to be issued by Ambac Assurance Corporation concurrently with the delivery of the Series 2007C Certificates. See "FINANCIAL GUARANTY INSURANCE" herein.

No Reserve Account for Series 2007C Certificates

There is no Reserve Account for the Series 2007C 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 - FORMS OF CERTAIN LEGAL DOCUMENTS - The Master Trust Agreement."

Interest Rate Exchange Agreements

2002B 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. An Alternate Floating Rate Date occurred in September 2002, and since January 2003, CFPI has paid the School Board 67% of "USD LIBOR-BBA." The intent of the 2002B Interest Rate Exchange Agreement is to effectively change the variable interest rate on the Series 2002B Certificates into a synthetic fixed rate of 4.22% per annum. CFPI has an option to cancel the 2002B Interest Rate Exchange Agreement on any date on or after February 1, 2007 upon 30 days' notice to the School Board. As of the date hereof, the School Board has not received notice of

CFPI's intent to cancel. The scheduled termination date of the 2002B Interest Rate Exchange Agreement is August 1, 2027. The scheduled payments of the School Board when due pursuant to the 2002B Interest Rate Exchange Agreement are guaranteed by a financial guaranty insurance policy (the "2002B Swap Policy") issued by Financial Security Assurance Inc. ("Financial Security"). The 2002B Swap Policy does not guarantee termination payments under the 2002B Interest Rate Exchange Agreement unless the termination is at the direction of Financial Security. For additional information on the 2002B Interest Rate Exchange Agreement, see note 9 to the District's basic financial statements attached hereto as Appendix B.

2002D Interest Rate Exchange Agreements: The School Board has entered into three interest rate exchange agreements related to the Series 2002D Certificates (i) an ISDA Master Agreement with Citibank, N.A. ("Citibank") (the "Citibank Master Agreement" and together with all schedules thereto and a confirmation dated January 10, 2003, the "2002D Interest Rate Exchange Agreement (2003)"); (ii) (the "Citibank Master Agreement" and together with all schedules thereto and the confirmation dated August 10, 2005, the "2002D Interest Rate Exchange Agreement (2005)"); and (iii) an ISDA Master Agreement between UBS AG ("UBS") and the School Board (together with all schedules thereto and a confirmation, dated September 13, 2006, the "2002D Interest Rate Exchange Agreement (2006)").

2002D Interest Rate Exchange Agreement (2003). In general, the 2002D Interest Rate Exchange Agreement (2003) provides, subject to the terms and conditions thereof, for payment by the School Board to Citibank of interest calculated at a variable rate based on the SIFMA Index, less a fixed spread of 66.5 basis points and for payment by Citibank to the School Board of interest calculated at a variable rate based on 67% of "USD LIBOR - BBA" (as defined in the 1992 ISDA U.S. Municipal Counterparty Definitions), in each case based on a notional amount of \$100,000,000. The scheduled termination date of the 2002D Interest Rate Exchange Agreement (2003) is June 30, 2028. The scheduled payments of the School Board when due pursuant to the 2002D Interest Rate Exchange Agreement (2003) are guaranteed by a financial guaranty insurance policy (the "2003 Swap Policy") issued by Financial Security. The 2003 Swap Policy does not guarantee termination payments under the 2002D Interest Rate Exchange Agreement (2003) unless the termination is at the direction of Financial Security. For additional information on the 2002D Interest Rate Exchange Agreement (2003), see note 9 to the District's basic financial statements attached hereto as Appendix B.

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 may be exercised by Citibank on February 1 in the years 2013 and 2014 and on August 1 in the years 2012 and 2013. In the event that Citibank exercises its option and the swap commences, in general 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 Financial Security. 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 Financial Security. For additional information on the 2002D Interest Rate Exchange Agreement (2005), see note 9 to the District’s basic financial statements attached hereto as Appendix B.

2002D Interest Rate Exchange Agreement (2006): Beginning on the effective date of June 30, 2007, the 2002D Interest Rate Exchange Agreement (2006) generally provides, subject to the terms and conditions thereof, for payment by the School Board to UBS of interest calculated at a variable rate based on 67% of "USD LIBOR - BBA" (as defined in the 2000 ISDA U.S. Municipal Counterparty Definitions) and for payment by UBS to the School Board of interest calculated at a variable rate based on 59.93% of the 10 year designated maturity of the "USD ISDA Swap Rate" (as defined in the 2000 ISDA U.S. Municipal Counterparty Definitions), in each case based on a notional amount of \$100,000,000. The scheduled termination date of the 2002D Interest Rate Exchange Agreement (2006) is June 30, 2028. The scheduled payments of the School Board when due pursuant to the 2002D Interest Rate Exchange Agreement (2006) are guaranteed by a financial guaranty insurance policy (the “2006 Swap Policy”) issued by Financial Security. The 2006 Swap Policy does not guarantee termination payments under the 2002D Interest Rate Exchange Agreement (2006) unless the termination is at the direction of Financial Security.

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 scheduled payments of the School Board when due pursuant to the 2003B Interest Rate Exchange Agreement are guaranteed by a surety bond for swap agreement (the “2003B Swap Policy”) issued by

Ambac Assurance Corporation (“Ambac”). The 2003B Swap Policy does not guarantee termination payments under the 2003B Interest Rate Exchange Agreement unless the termination is at the direction of Ambac. For additional information on the 2003B Interest Rate Exchange Agreement, see note 9 to the District’s basic financial statements attached hereto as Appendix B.

2001B Interest Rate Exchange Agreement: In connection with the Series 2001B Certificates the School Board entered into an ISDA Master Agreement with Citibank, N.A. New York (“Citibank”) (together with all schedules and confirmations 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 may be exercised by Citibank on each February 1 and August 1, commencing August 1, 2011 through and including August 1, 2014. In the event that Citibank exercises its option and the swap commences, the 2001B Interest Rate Exchange Agreement generally provides, subject to the terms and conditions thereof, for payment by the School Board to Citibank of a fixed rate of interest of 4.59% 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 an amortizing notional amount of \$162,980,000. The scheduled termination date of the 2001B Interest Rate Exchange Agreement is August 1, 2025. The scheduled payments of the School Board when due pursuant to the 2001B Interest Rate Exchange Agreement are guaranteed by a surety bond for swap agreement (the “2001B Swap Policy”) issued by Ambac. The 2001B Swap Policy does not guarantee termination payments under the 2001B Interest Rate Exchange Agreement unless the termination is at the direction of Ambac. For additional information on the 2001B Interest Rate Exchange Agreement, see note 9 to the District’s basic financial statements attached hereto as Appendix B.

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 made lease payments, including payments required under the Amended Leases.

FINANCIAL GUARANTY INSURANCE

General

The following information under this heading has been furnished by Ambac Assurance Corporation for use in this Offering Statement. Reference is made to APPENDIX E for a specimen of the Insurance Policy.

Payment Pursuant to Financial Guaranty Insurance Policy

Ambac has made a commitment to issue the Insurance Policy relating to the Series 2007C Certificates effective as of the date of issuance of the Series 2007C Certificates. Under the terms of the Insurance Policy, Ambac will pay to The Bank of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest represented by the Series 2007C Certificates which shall become Due for Payment but shall be unpaid by reason of Nonpayment (as such terms are defined in the Insurance Policy) by the School Board. Ambac will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac shall have received notice of Nonpayment from the Registrar/Paying Agent. The insurance will extend for the term of the Series 2007C Certificates and, once issued, cannot be canceled by Ambac.

The Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund prepayment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Series 2007C Certificates become subject to mandatory prepayment and insufficient funds are available for prepayment of all Outstanding Series 2007C Certificates, Ambac will remain obligated to pay principal of and interest on Outstanding Series 2007C Certificates on the originally scheduled interest and principal payment dates including mandatory sinking fund prepayment dates. In the event of any acceleration of the principal of the Series 2007C Certificates, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration, except to the extent that Ambac elects, in its sole discretion, to pay all or a portion of the accelerated principal and interest accrued thereon to the date of acceleration (to the extent unpaid by the School Board). Upon payment of all such accelerated principal and interest accrued to the acceleration date, Ambac's obligations under the Insurance Policy shall be fully discharged.

In the event the Registrar/Paying Agent has notice that any payment of principal of or interest on a Series 2007C Certificate which has become Due for Payment and which is made to a holder by or on behalf of the School Board has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court

of competent jurisdiction, such registered owner will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

The Insurance Policy does **not** insure any risk other than Nonpayment, as defined in the Insurance Policy. Specifically, the Insurance Policy does **not** cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.
2. payment of any redemption, prepayment or acceleration premium.
3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee, Paying Agent or Registrar, if any.

If it becomes necessary to call upon the Insurance Policy, payment of principal requires surrender of Series 2007C Certificates to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Series 2007C Certificates to be registered in the name of Ambac to the extent of the payment under the Insurance Policy. Payment of interest pursuant to the Insurance Policy requires proof of holder entitlement to interest payments and an appropriate assignment of the holder's right to payment to Ambac.

Upon payment of the insurance benefits, Ambac will become the owner of the Series 2007C Certificate, appurtenant coupon, if any, or right to payment of principal or interest on such Series 2007C Certificate and will be fully subrogated to the surrendering holder's rights to payment.

The insurance provided by the Insurance Policy is not covered by the Florida Insurance Guaranty Association.

Ambac Assurance Corporation

Ambac Assurance Corporation is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately \$9,699,000,000 (unaudited) and statutory capital of approximately \$6,223,000,000 (unaudited) as of September 30, 2006. Statutory capital consists of Ambac's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch Ratings have each assigned a triple-A financial strength rating to Ambac.

Ambac has obtained a ruling from the Internal Revenue Service to the effect that the insuring of a bond by Ambac will not affect the treatment for federal income tax purposes of interest on such bond and that insurance proceeds representing maturing interest paid by Ambac under policy provisions substantially identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the School Board.

Ambac makes no representation regarding the Series 2007C Certificates or the advisability of investing in the Series 2007C Certificates and makes no representation regarding, nor has it participated in the preparation of, this Offering Statement other than the information supplied by Ambac and presented under the heading "FINANCIAL GUARANTY INSURANCE."

Available Information

The parent company of Ambac, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc. (the "NYSE"), 20 Broad Street, New York, New York 10005.

Copies of Ambac's financial statements prepared in accordance with statutory accounting standards are available from Ambac. The address of Ambac's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Offering Statement:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and filed on March 13, 2006;
2. The Company's Current Report on Form 8-K dated and filed on April 26, 2006;

3. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2006 and filed on May 10, 2006.
4. The Company's Current Report on Form 8-K dated July 25, 2006 and filed on July 26, 2006;
5. The Company's Current Report on Form 8-K dated and filed on July 26, 2006;
6. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended June 30, 2006 and filed on August 9, 2006; and
7. The Company's Current Report on Form 8-K dated and filed on October 25, 2006.
8. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended September 30, 2006 and filed on November 8, 2006;
9. The Company's Current Report on Form 8-K dated and filed on January 31, 2007; and
10. The Company's Current Report on Form 8-K dated and filed on February 12, 2007.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Offering Statement will be available for inspection in the same manner as described above in "Available Information."

THE INFORMATION RELATING TO THE INSURER CONTAINED ABOVE HAS BEEN FURNISHED BY THE INSURER. NO REPRESENTATION IS MADE BY THE SCHOOL BOARD AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION OR THAT THERE HAS NOT BEEN ANY MATERIAL ADVERSE CHANGE IN SUCH INFORMATION SUBSEQUENT TO THE DATE OF SUCH INFORMATION. THE SCHOOL BOARD HAS NOT MADE ANY INVESTIGATION INTO THE FINANCIAL CONDITION OF THE INSURER, AND NO REPRESENTATION IS MADE AS TO THE ABILITY OF THE INSURER TO MEET ITS OBLIGATIONS UNDER THE INSURANCE POLICY.

THE MASTER LEASE FACILITIES

The Amended Leases Facilities were financed from the proceeds of the Series 2001A Certificates and the Series 2002C Certificates 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 by the School Board

under the Master Lease Program are subject to annual appropriation on an all or none basis. After completion of the Series 2007A Facilities and the Series 2007B Facilities the School Board will have approximately 43% of all gross square feet of educational facilities space in the District under the Master Lease. For a complete description of the Facilities under the Master Lease Program see "THE AMENDED LEASES FACILITIES" and "THE PRIOR FACILITIES AND THE SERIES 2007B FACILITIES" herein.

Pursuant to the Master Lease, the School Board does not have the ability to appropriate funds to make Lease Payments on one Facility or some combination of Facilities only. The School Board's annual appropriation for Basic Lease Payments must be for all Facilities under the Master Lease Program or it must terminate all Facilities under the Master Lease Program (other than certain designated Facilities). 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 (except for certain designated Facilities such as the Series 2001A-2 Facilities), to the Trustee for the benefit of the Owners of the Certificates which financed or refinanced such Facilities.

THE AMENDED LEASES FACILITIES

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 Area Elementary School (98-N)
Sunrise Park Elementary School (96-H)
Royal Palm Beach Elementary School (96-J)

Series 2001A-2 Facilities*

Portable replacement program

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

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

Substitution of the Amended Leases Facilities

To the extent permitted by law and with the prior consent of the Insurer, the School Board may substitute for any portion of the Series 2001A-1 Facilities and the Series 2002C Facilities other facilities owned by the School Board, provided such substituted facilities: (a) have the same or greater remaining useful life; (b) have a fair market value equal to or greater than the portion of the Series Facilities for which they are substituted (based on an MAI appraisal); (c) are of substantially equal usefulness as the Facilities to be replaced and provide essential governmental services; and (d) are free and clear of all liens and encumbrances, except Permitted Encumbrances. In order to effect such substitution, Facilities and the applicable Series Facility Site will be released from the encumbrance of the corresponding Lease and the Ground Lease and the Facilities to be substituted shall be incorporated into the corresponding Lease and Ground Lease.

The School Board has the unfettered right to substitute for any portion of the Series 2001A-2 Facilities for other facilities owned by the School Board.

THE PRIOR FACILITIES AND THE SERIES 2007B FACILITIES

The following provides a summarized description of the Facilities being lease-purchased under the Prior Leases and to be lease-purchased under the Series 2007B Lease (expected to be entered into and the same time as the issuance of the Series 2007C Certificates) 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

Indian Ridge Learning Center
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 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
South Olive Elementary School modernization
Jaega Middle School (98-EE)

Series 2002D Facilities

Osceola Creek Middle School (99-HH)
Don Estridge High Tech Middle School (98-GG)
H.L. Watkins Middle School modernization
Lantana Elementary School modernization
Palm Beach Public Elementary School modernization
West Lake Worth Area Middle School (98-II)
Portable/Modular replacement
Site acquisition

Series 2002-QZAB Facilities*

Furniture and equipment for designated Qualified Zone Academies

Series 2003A Facilities

William T. Dwyer Addition
Acreage Area High School (02-NNN)

Series 2003B Facilities

Atlantic High School replacement
Bak Middle School of the Arts modernization
Greenacres Area Middle School (03-KK)

Series 2004A-1 Facilities

Coral Sunset Elementary Addition
Hammock Pointe Elementary Addition
JC Mitchell Elementary 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*

Technology upgrades for designated Qualified Zone Academies

Series 2005-QZAB Facilities*

Technology upgrades for designated Qualified Zone Academies

Series 2005B-1 Facilities

CEO Alternative School
Indian Ridge Modernization

Series 2005B-2 Facilities*

District's Enterprise Resource Planning System (technology)

Series 2006A-1 Facilities

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

Series 2006A-2 Facilities*

Portable/Modular Replacement Program
Voice/Data Equipment

Series 2007A-1 Facilities

C.O. Taylor Elementary School modernization
Suncoast High School modernization
Royal Palm School modernization
Westward Elementary School modernization
Site Acquisition

Series 2007A-2 Facilities*

Site Acquisition
Roosevelt Middle School Classroom addition
FF&E for various educational facilities including the Series 2007B 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
- West Boynton Elementary School (03-2)

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

ESTIMATED SOURCES AND USES OF FUNDS

It is estimated that proceeds received from the sale and delivery of the Series 2007C Certificates are expected to be used as follows:

Estimated Sources:

Principal Amount of Series 2007C Certificates	\$192,310,000.00
Plus: Net Original Issue Premium	<u>3,571,038.55</u>
Total Sources of Funds.....	<u>\$195,881,038.55</u>

Estimated Uses:

Deposit to Escrow Fund ⁽¹⁾	\$194,052,198.98
Series 2007C Certificates Cost of Issuance ⁽²⁾	<u>1,828,839.57</u>
Total Uses of Funds.....	<u>\$195,881,038.55</u>

(1) See "PURPOSE OF THE SERIES 2007C CERTIFICATES AND PLAN OF PREPAYMENT OF REFUNDED CERTIFICATES"

(2) Includes, without limitation, underwriters' discount, bond insurance premium, printing costs, legal, accounting and financial advisory fees and other costs associated with the issuance of the Series 2007C Certificates.

CERTIFICATE PAYMENT SCHEDULE FOR PRIOR CERTIFICATES

Estimated payment requirements on the Prior Certificates are as follows:

Certificate Year Ending August 1	Series 1997A Prior Certificates	Series 2001A ⁽¹⁾ Prior Certificates	Series 2001B Prior Certificates	Series 2002A Prior Certificates	Series 2002B Prior Certificates	Series 2002C Prior Certificates	Series 2002E Prior Certificates	Series 2002D Prior Certificates	Series 2003A Prior Certificates	Series 2003B ⁽²⁾ Prior Certificates	Series 2004A ⁽¹⁾ Prior Certificates	Series 2005A Certificates	Series 2005B Certificates	Series 2006A Certificates	QZAB Certificates	Series 2007A Certificates
2007	\$5,374,875	\$2,791,132	\$8,995,923	\$8,849,694	\$5,145,156	\$6,593,306	\$13,049,213	\$11,410,840	\$4,993,156	\$5,226,909	\$7,193,399	\$6,375,215	\$8,630,750	\$17,536,894	\$322,604	\$ 5,368,960
2008	5,375,025	1,182,737	8,993,235	8,768,194	5,226,957	3,580,810	13,049,213	11,327,425	4,993,056	5,227,779	7,189,799	6,374,815	8,633,900	15,820,074	322,604	22,167,847
2009	5,374,180	519,937	8,994,016	8,846,994	5,145,029	4,161,772	13,053,713	11,407,625	4,993,691	5,226,772	7,189,961	6,374,265	8,630,100	15,818,274	322,604	22,165,667
2010	5,376,540	776,487	8,993,016	8,848,744	5,145,156	3,904,016	13,051,463	11,410,575	4,988,266	5,226,909	7,191,593	6,373,565	8,632,500	15,819,293	322,604	22,166,937
2011	5,371,030	516,037	8,994,666	8,849,181	5,145,156	4,173,181	13,047,975	11,406,275	4,993,391	5,226,909	7,190,493	6,372,520		15,818,218	322,604	22,166,137
2012	5,377,030		8,994,351	8,858,981	5,132,306	4,159,575	13,048,500	11,423,980	4,988,191	5,227,779	7,193,888	6,376,020		15,435,905	322,604	22,167,787
2013	5,372,885		8,991,276	8,846,981	5,145,029		13,051,463	11,408,010	4,991,448	5,226,772	7,194,013	6,373,880		15,434,105	322,604	22,170,475
2014	5,370,213		8,996,086	8,756,063	5,239,807		13,051,450	11,316,498	4,992,498	5,226,909	7,191,019	6,371,140		15,435,905	322,604	22,166,787
2015	5,373,013		8,993,251	658,119	5,145,156		13,054,456	6,422,373	4,990,935	5,226,909	7,189,581	24,123,000		15,430,920	322,604	22,166,212
2016			18,462,931	4,867,369	5,132,306		2,563,600	6,422,373	4,989,335	5,227,779	7,189,831	26,204,000		15,433,645	322,604	22,169,362
2017			21,121,619	431,494	5,145,029			11,457,373	4,997,495	5,226,772	7,193,031	26,081,000		15,433,283	254,746	22,166,162
2018			21,127,500	1,555,538	8,190,156			11,458,035	4,991,588	5,226,909	7,192,031	21,731,750		15,431,733	254,746	22,169,212
2019			21,127,500		15,430,008			5,879,785	4,994,775	5,226,909	7,191,531	20,555,250		15,431,253	254,746	22,169,212
2020			21,121,750		15,429,037			5,879,785	4,989,150	5,227,779	7,191,031	6,811,000		15,432,578	254,746	22,169,212
2021			21,128,750		15,434,962			11,919,785	1,861,600	8,356,772	7,190,031	10,468,000		15,434,953		22,169,212
2022			21,131,000		15,432,970			11,852,685		10,221,069	7,193,031	10,463,250		15,431,533		22,169,212
2023			21,126,750		15,438,329			11,790,385		10,216,051	7,189,281			15,433,153		22,169,212
2024			21,129,250		15,438,650			11,733,135		10,217,528	7,193,531			15,431,528		22,169,212
2025			21,126,000		15,441,032			11,617,385		10,217,882	7,188,813			15,435,095		22,169,212
2026					15,444,315			11,580,385		10,214,363	7,192,063			15,431,433		22,169,212
2027					15,449,457			11,507,635		10,215,637	7,191,063			15,434,825		22,169,212
2028								73,660,135		10,216,800	7,190,313			15,435,363		22,169,212
2029										83,875,692	7,189,063			15,435,688		22,169,212
2030														15,434,275		22,169,212
2031														15,434,625		22,169,212
Total	\$48,364,790	\$5,786,332	\$289,548,871	\$78,137,350	\$203,876,002	\$26,572,661	\$120,021,044	\$294,292,480	\$71,748,575	\$236,931,584	\$165,398,388	\$197,428,670	\$34,527,250	\$389,484,544	\$4,245,028	\$460,416,763

- (1) The Series 2002B Prior Certificates were issued as variable rate Certificates. Payment requirements assume a true interest cost of 4.53% (based on an interest rate swap executed in connection with the delivery of the Series 2002B Certificates) and reflects an estimate of remarketing and liquidity facility fees.
- (2) The Series 2003B Prior Certificates were issued as variable rate Certificates. Payment requirements assume a true interest cost of 4.19% (based on an interest rate swap executed in connection with the delivery of the Series 2003B Certificates) and reflects an estimate of remarketing and liquidity facility fees.

COMBINED CERTIFICATE PAYMENT SCHEDULE⁽¹⁾

The estimated combined payment requirements on the Prior Certificates, Series 2007B Certificates and the Series 2007C Certificates are as follows:

Certificate Year Ending August 1	Series 2007C Certificates			Prior Certificates ⁽¹⁾	Series 2007B Certificate ⁽²⁾ s	Total
	Principal	Interest	Subtotal			
2007	\$1,000,000	\$3,101,147	\$4,101,147	\$117,858,024	\$2,029,800	\$123,988,971
2008	225,000	8,614,362	8,839,362	128,233,469	4,776,000	141,848,832
2009	235,000	8,605,362	8,840,362	128,224,601	4,776,000	141,840,963
2010	245,000	8,595,962	8,840,962	128,227,664	4,776,000	141,844,626
2011	255,000	8,586,162	8,841,162	119,593,774	4,776,000	133,210,936
2012	775,000	8,575,962	9,350,962	118,706,897	4,776,000	132,833,860
2013	4,990,000	8,554,962	13,534,962	114,528,940	4,776,000	132,839,902
2014	5,325,000	8,295,462	13,620,462	114,436,977	4,776,000	132,833,440
2015	920,000	8,029,212	8,949,212	119,096,529	4,776,000	132,821,741
2016	1,075,000	7,992,412	9,067,412	118,983,135	4,776,000	132,828,547
2017	605,000	7,949,412	8,554,412	119,508,004	4,776,000	132,838,416
2018	800,000	7,925,212	8,725,212	119,329,198	4,776,000	132,830,410
2019	1,905,000	7,893,212	9,798,212	102,964,120	20,076,000	132,838,332
2020	15,730,000	7,817,012	23,547,012	89,209,219	20,064,000	132,820,231
2021	6,810,000	7,030,512	13,840,512	98,667,215	20,078,000	132,585,728
2022	7,150,000	6,758,112	13,908,112	98,597,900	20,066,000	132,572,013
2023	18,300,000	6,436,362	24,736,362	88,066,311	20,078,000	132,880,673
2024	19,180,000	5,612,862	24,792,862	88,015,985	20,087,000	132,895,847
2025	20,165,000	4,749,762	24,914,762	89,328,569	18,642,000	132,885,331
2026	42,225,000	3,842,337	46,067,337	86,809,146		132,876,483
2027	44,395,000	1,997,775	46,392,775	86,742,954		133,135,729
2028				133,446,360		133,446,360
2029				133,445,442		133,445,442
2030				42,380,025		42,380,025
2031				42,377,875		42,377,875
Total	<u>\$192,310,000</u>	<u>\$146,953,584</u>	<u>\$339,263,584</u>	<u>\$2,626,780,331</u>	<u>\$193,656,800</u>	<u>\$3,159,700,715</u>

(1) See "CERTIFICATE PAYMENT SCHEDULE FOR PRIOR CERTIFICATES."

(2) Assumes that \$119,400,000 aggregate principal amount of Series 2007B Certificates are issued at an estimated true interest cost of 4.33%, inclusive of auction rate and broker-dealer fees. The Series 2007B Certificates are expected to be issued bearing interest at variable auction rates.

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 - FORMS OF CERTAIN LEGAL DOCUMENTS - The Master Lease."

The Amended Leases are three of the leases entered into under the Master Lease and provide for the leasing of the Amended Leases Facilities by the Corporation to the School Board. See "THE AMENDED LEASES" and "THE AMENDED LEASES FACILITIES." As noted above, the School Board has previously leased certain facilities pursuant to the Prior Leases which were or are being funded from the proceeds of the Prior Certificates and is expected to lease the Series 2007B Facilities pursuant to the Series 2007B Lease which are expected to be funded from the proceeds of the Series 2007B 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 2007C 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 Amended Leases or any other Leases.

THE AMENDED LEASES

The following is a brief summary of certain provisions of the Amended Leases, which is not intended to be definitive. Reference is made in "APPENDIX C - FORMS OF CERTAIN LEGAL DOCUMENTS - The Master Lease."

Authority

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

Lease Term

Under the Amended Leases, the Corporation leases to the School Board, and the School Board leases from the Corporation, the Amended Leases Facilities. The initial terms of the Series 2001A Leases commenced on April 1, 2001 through and including June 30, 2001, have been automatically renewed to date and are automatically renewable annually through August 1, 2026, unless sooner terminated as described herein. The initial term of the Series 2002C Lease commenced on May 15, 2002 through and including June 30, 2002, has been automatically renewed to date and is automatically renewable annually through August 1, 2027, unless sooner terminated as described herein. See "THE SERIES 2007C LEASES - Termination of Lease Term."

Lease Payments

Subject to the conditions stated in the Amended Leases, the School Board has expressed its current intent to make all Lease Payments due under the Amended Leases; PROVIDED, HOWEVER, THAT NEITHER THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, IS OBLIGATED TO PAY, EXCEPT FROM APPROPRIATED FUNDS, ANY SUMS DUE UNDER THE AMENDED 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 AMENDED 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 Amended 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, 2007 and thereafter on December 30 and June 30 of each year, the Lease Payment Dates preceding each Series 2007C Certificate Payment Date, the School Board is required to pay to the Trustee the Basic Lease Payment due on such date related to the Series 2007C Certificates, which amount corresponds to the next succeeding Series 2007C Certificate Payment. The School Board is also required to pay, when due, Additional Lease Payments and Supplemental Payments, consisting, among other things, of payments due under its Interest Rate Exchange Agreements (see "SECURITY FOR THE SERIES 2007C CERTIFICATES - Interest Rate Exchange Agreements") and the fees and expenses of the Trustee and the Corporation. Lease Payments due under the Amended Leases may be reduced, when applicable, by amounts credited as follows:

- (a) The Trustee will deposit into the Lease Payment Account 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) The Trustee will deposit in the Lease Payment Account, as the case may be, Net Proceeds realized in the event of damage, destruction or condemnation to be applied to Basic Lease Payments under the Amended Leases or the Prepayment Price of the Series 2007C Certificates.

Assignment of Leases to Trustee

Pursuant to the Assignments, substantially all right, title and interest of the Corporation in and to the Ground Leases and in and to the Amended 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 Series 2007C Certificate Holders pro rata with (i) the Series 2001A Certificate Holders and the Series 2005A Certificate Holders with respect to the Series 2001A Leases and Series 2001A Ground Lease and (ii) the Series 2002C Certificate Holders and the Series 2005A Certificate Holders with respect to the Series 2002C Leases and the Series 2002C Ground Lease. The School Board has consented to such assignment.

Lease Covenants

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

Budget and Appropriation

The cost and expense of the performance by the School Board of its obligations under the Amended Leases, under the Prior Leases, the Series 2007B Lease and any Additional Leases and the incurrence of any liabilities of the School Board under the Amended Leases, the Prior Leases, the Series 2007B Lease 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 Amended Leases.

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

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

Termination of Lease Term

The Lease Term of each Lease, including the Amended Leases, will either 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 "AMENDED 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. Unless the Insurer is in default of its obligations under the Policy, the Insurer is entitled to control and direct the rights and remedies of the Trustee. See "RISK FACTORS - No Right of Certificate Holders to Direct Remedies." 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 Amended Leases Facilities will be applied to the payment of the Series 2007C Certificates, the Outstanding Series 2001A Certificates (in the case of the Series 2001A-1 Lease) and the Outstanding 2002C Certificates (in the case of the Series 2002C Lease), in accordance with the terms of the Amended Leases. See "RISK FACTORS - Limitation Upon Disposition; Ability to Sell or Relet." IN NO EVENT WILL OWNERS OF THE SERIES 2007C CERTIFICATES HAVE ANY INTEREST IN OR RIGHT TO ANY PROCEEDS OF THE DISPOSITION OF FACILITIES FINANCED WITH THE PROCEEDS OF ANOTHER SERIES OF CERTIFICATES EXCEPT FOR ANY CERTIFICATES ISSUED TO COMPLETE THE AMENDED LEASES FACILITIES OR TO REFUND SERIES 2007C CERTIFICATES, THE OUTSTANDING SERIES 2001A CERTIFICATES OR THE OUTSTANDING SERIES 2002C CERTIFICATES.

For a discussion of the remedies available to the Trustee if the School Board refuses or fails to voluntarily deliver possession of the Facilities to the Trustee, see "APPENDIX C - FORMS OF 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 Series 2001A-1 Facilities and the Series 2002C Facilities will produce sufficient amounts to pay the Series 2007C Certificates. Federal income tax status of payments made to Series 2007C 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 2007C 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 2007C 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 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 Assignments, the Corporation has made absolute and unconditional assignments of substantially all its right, title and interest under the Amended Leases to the Trustee, retaining its rights to indemnification, its right to hold title to the Amended Leases 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 2007C 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 the eleventh largest in the United States and the fifth largest in Florida as measured by student enrollment. The geographic boundaries of the District are coterminous with those of Palm Beach County, Florida (the "County"). The County, established in 1909, had a 2006 population of 1,284,767. It is the third largest county in Florida with a land area of approximately 2,023 square miles. The District services the

unincorporated areas of the County and all 38 municipalities within the boundaries of the County, including the municipalities of Palm Beach, West Palm Beach, Lake Worth, Delray Beach and Boca Raton.

As of June 30, 2006, the District consisted of 165 schools, approximately 172,527 full time-equivalent ("FTE") students and 19,696 full time employees, including approximately 10,779 teaching staff. Management of the schools is independent of the County and the various municipal governments in the County. The Tax Collector of Palm Beach County, Florida (the "County Tax Collector") collects the ad valorem school tax for the District, but the County exercises no control over its expenditures.

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 hereto.

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

<u>School Year</u>	<u># of Schools in Operation</u>	<u>Number of Teaching Staff at Fiscal Year-End</u>	<u>Unweighted FTE Students⁽¹⁾</u>	<u>Average Expenditure per FTE Student⁽²⁾</u>
2005-06	165	10,779	172,527	\$8,294
2004-05	161	11,654	172,237	6,356
2003-04	160	10,918	168,011	5,951
2002-03	156	10,424	162,591	5,740
2001-02	149	10,155	157,499	5,521
2000-01	147	9,706	157,075	5,432
1999-00	143	9,657	161,670	5,280
1998-99	138	9,478	156,087	5,141
1997-98	138	8,608	150,719	4,825

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

- (1) Unweighted, as of the fourth FEFP (Florida Education Finance Program) calculation.
- (2) Excludes outgoing transfers.

Growth Projections for FTE

The Full-Time Equivalent (FTE) Enrollment for School Years 2001-02 through 2005-06 were/are as follows:

School District of Palm Beach County, Florida
Profile of Enrollments
Unweighted Full-Time Equivalent Students⁽¹⁾
2001-02 - 2005-06

	<u>2005-06⁽³⁾</u>	<u>2004-05⁽²⁾</u>	<u>2003-04⁽²⁾</u>	<u>2002-03⁽²⁾</u>	<u>2001-02⁽²⁾</u>
Grades K-3	43,570	33,997	33,212	32,226	31,585
Grades 4-8	61,539	47,518	46,024	43,155	42,591
Grades 9-12	43,134	35,792	33,699	32,047	30,813
Exceptional Ed.	1,635*	33,863	33,101	31,975	29,960
Vocational Ed.	6,063	5,958	5,692	7,728	7,327
At Risk Programs	<u>16,586</u>	<u>15,946</u>	<u>15,861</u>	<u>15,300</u>	<u>15,302</u>
Total	<u>172,527</u>	<u>173,074</u>	<u>167,589</u>	<u>162,431</u>	<u>157,578</u>
Percentage Change	(.32)%	3.27%	3.18%	3.08%	4.32%

(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.

(2) Figures as of third FEFP (Florida Education Finance Program) calculation.

(3) Figures as of fourth FEFP (Florida Education Finance Program) calculation

* In Fiscal Year 2006, the Florida Department of Education changed the definition of "Exceptional" or ESE to include only support level IV and V. Support levels I through III are now included within the basic education programs.

The School Board

The School Board is a public corporation existing under the laws of the State of Florida, particularly Chapter 1001, Florida Statutes, and is the governing body of the District. The School Board consists of seven members elected from single member districts for overlapping four-year terms. The principal office of the School Board is located in West Palm Beach, Florida.

Under existing statutes, the School 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 School 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 School Board is elected by the members of the School Board annually.

The Superintendent of Schools is the ex-officio Secretary of the School Board.

The Superintendent of Schools

The chief executive officer of the District is the Superintendent of Schools (the "Superintendent"). The Superintendent is appointed by, and serves at the discretion of, the School Board and serves pursuant to negotiated contract. The Superintendent oversees operations of the school system, makes policy recommendations to the School Board and performs the duties assigned by law and the regulations of the State of Florida Department of Education.

The Superintendent prepares the annual budget for approval by the School Board, recommends the tax levy based upon needs illustrated by the budget, recommends debt issuance and borrowing plans of the District when necessary, provides recommendations for the investment of District funds and keeps records with respect to all funds and financial transactions of the District.

Biographical Information for Certain Administrators

Biographical descriptions of certain key members of the District's staff are as follows:

Dr. Art Johnson accepted the responsibilities of Superintendent of Schools on March 28, 2001. Dr. Johnson, a lifelong educator, began his career as an elementary school teacher and later served as a principal at both the elementary and secondary levels. Dr. Johnson received his bachelor's degree from the University of South Florida. He received his master's degree and doctorate from Florida State University.

Joseph Moore, Chief Operating Officer, joined the District in February of 2001. Mr. Moore brings over twenty years of financial management experience to the District, having served in progressively more responsible positions with the South Florida Water Management District including the position of CFO, prior to joining the District. He has a Public Administration degree 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 Manager credential in Treasury Management.

Michael Burke, Chief Financial Officer, joined the District in April 1998. Mr. Burke brings 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.

Joseph Sanches, Chief of Facilities Management, joined the District in April 2002. Mr. Sanches brings over 18 years of experience in the private sector managing major capital improvement programs for governmental agencies in New York, New Jersey, Atlanta and the U.S. Virgin Islands. He received his bachelor's degree in Construction Management from Pratt Institute and his MBA from the City University of New York.

Full Time School Personnel

The full time professional staff of the District includes approximately 13,030 supervisors, analysts, specialists, administrators and instructional personnel. Other personnel include teachers' aides, clerks and secretaries, bus drivers, cafeteria personnel, custodial and maintenance workers, mechanics and warehousemen. The total number of full time staff as of the Fall 2005 was 19,696, the largest number of employees of any one employer in the County.

Employee Relations

Approximately 53% 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 33% are represented by non-instructional collective bargaining agents.

As of the Fall 2005, the School Board employed 19,696 full time persons representing the following groups:

Administrators, Principals and Assistant Principals	730
Teachers	10,779
Guidance Counselors, Social Workers, Psychologists, Media Specialists and Aides	2,331
Professional, Secretarial and Clerical	2,698
Service Workers (skilled and unskilled)	<u>3,158</u>
	19,696

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

Teachers	June 30, 2008
Clerical	December 31, 2006*
Bus, Custodial, Maintenance and Mechanics	June 30, 2008
Police	December 31, 2006*

* The contracts that expired on December 31, 2006, remain in full force and effect until successor contracts are approved. The District is currently in bargaining with PBA on a successor contract for School Police and with AESOP for clerical employees, with both contracts to be retroactively effective January 1, 2007.

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

The Superintendent, with input from his staff, principals and interested community groups, prepares and submits to the School Board a recommended budget. The School 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 School 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 School Board. The final budget for the Fiscal Year ending June 30, 2007 was adopted at a public hearing held on September 13, 2006. 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 2006.

REVENUE, FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT

The following briefly describes revenues available to the District for operating and capital purposes, financial results of the District and certain District liabilities. For additional information concerning such matters see "APPENDIX B - BASIC FINANCIAL STATEMENTS OF THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2006."

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 said 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 "REVENUE, FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT - District Revenues for Capital Projects."

State Sources

Florida Educational Finance Program. The major portion of State support is distributed under the provisions of the Florida Education Finance Program (FEFP), which was enacted by the State Legislature in 1973. Basic FEFP funds are provided on a weighted full-time equivalent student ("FTE") 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. The amount of FEFP funds disbursed by the State is adjusted four times during each year to reflect changes in FTE and in variables comprising the formula.

To participate in FEFP funding, the District must levy a minimum millage for operating purposes which is set by the State of Florida Department of Education.

The FEFP revenues received by the District for Fiscal Year 2004-05 were \$247,463,288, \$206,886,697 in Fiscal Year 2005-06 and are expected to be \$136,816,411 in Fiscal Year 2006-07. The expected \$70.2 million decrease in State FEFP revenue between Fiscal Year 2005-06 and Fiscal Year 2006-07 results from the significant

increase in property values in the District lessening the amount needed from State funding for the District's base student allocation.

State Lottery Revenues. A portion of the revenues generated from the state lottery is distributed to each Florida school district. The District received \$10,210,495 lottery revenues for Fiscal Year 2004-05 and \$8,880,754 lottery revenues for Fiscal Year 2005-06. The District is budgeting \$8,446,922 of lottery revenues for Fiscal Year 2007-07.

State Categorical Programs. These are special educational program lump-sum appropriations which supplement local school district revenues in order to enhance educational and support services. Among the categorical programs for which the largest appropriations are made are Instructional Materials, Transportation and Class Size Reduction. Allocations for these categorical appropriations are based on funding formulas. The majority of funds available therefrom require actual appropriation by the School Board for the purposes for which they were provided. The number and amount of categorical program allocations have been limited in recent years in an attempt to shift fiscal decision making from the State to school boards at the local level. The State also created a Discretionary District Lottery Fund which districts may use to fund programs deemed appropriate for such funding by the School Board.

Total state revenues from State Categorical Programs for the District's operations were \$121,202,782 for Fiscal Year 2004-05, \$155,205,854 for Fiscal Year 2005-06 and are projected to be \$195,298,242 in Fiscal Year 2006-07.

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 appropriation of FEFP funds for current operations must levy the millage certified by the Commissioner of the State of Florida Department of Education as 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. Moreover, the 1994 State Legislature authorized school districts to levy not to exceed .25 mills for operating purposes designed to raise up to but not more than \$100 (an increase from \$50 in 2005) per full-time equivalent student. For districts that cannot raise \$100 per student from the .25 mills, the State will provide the difference.

For Fiscal Years ended June 30, 2005 and 2006 the District levied 6.158 mills and 5.884 mills, respectively, under this provision. For Fiscal Year ending June 30, 2007 the District is levying 5.712 mills under this provision. See "REVENUE, FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT - District Revenues for Capital Projects - Local Capital Outlay Sources."

Budgeted revenues from ad valorem taxes are based on applying millage levies to 95 percent of the non-exempt assessed valuation of real and personal property within the County. See "REVENUE, FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT - Ad Valorem Tax Procedures" below.

Federal Sources

The District receives certain federal moneys, both directly and through the State, substantially all of which are restricted for specific programs. Direct federal revenue sources were \$711,767 in Fiscal Year 2004-05, \$726,016 in Fiscal Year 2005-06 and are projected to be \$667,000 in Fiscal Year 2006-07. Federal funds through the State totaled \$3,285,277 in Fiscal Year 2004-05, \$4,002,974 in Fiscal Year 2005-06 and are projected to be \$2,400,000 in Fiscal Year 2006-07. Such funds are not available to make Lease Payments on the Leases.

District Revenues for Capital Projects

The District derives its revenues for capital projects from certain State and local sources. The major categories of these revenue sources are briefly described below.

State Sources

PECO. The primary source of State educational funding contributions for the District's capital outlay requirements is the Florida Public Education Capital Outlay Program (PECO). The method of allocating funds to the various school districts within the State is provided by State law based upon a statutory formula, a component of which is the number of students in the various districts. The State Commissioner of Education administers PECO and allocates or reallocates funds as authorized by law. PECO funds of \$9,470,636 were allocated to the District for Fiscal Year 2004-05 and \$13,853,765 in Fiscal Year 2005-06. Funding in the amount of \$16,648,728 is budgeted for Fiscal Year 2006-07 based on State projections.

CO&DS Funds. The District receives a portion of the revenues generated by the State from the sale and renewal of motor vehicle licenses. The distributed revenues are designated as capital outlay and debt service (CO&DS) funds. CO&DS funds can be used by the District to make Lease Payments, but only if the facilities being lease-purchased appear on the project priority list approved by the State Board of Education. The District received \$1,185,021 of CO&DS funds in Fiscal Year 2004-05, \$1,188,199 in

Fiscal Year 2005-06 and expects to receive \$700,000 of CO&DS funds in Fiscal Year 2006-07.

State Indebtedness on Behalf of the District

Capital Outlay Bonds. The State of Florida Board of Education Capital Outlay Bonds are serviced entirely by the State using a portion of the District's share of revenue derived from automobile registrations. The annual sinking fund requirements are determined by the State Board of Administration and amounts necessary to retire bonds and pay interest are withheld from amounts due to the District. At June 30, 2006, amounts withheld and in the custody of the State totaled \$1,563,991.

Local Capital Outlay Sources

The Local Option Capital Outlay Millage Levy. In addition to the millage levies for operating purposes, school boards may set an additional non-voted millage known as the "Local Option Millage Levy" for capital outlay and maintenance purposes. This levy may be up to 2.0 mills for new construction and remodeling; site acquisition and site improvement; auxiliary or ancillary facilities; maintenance, renovation, and repair of existing school plants; school bus purchases; and amounts payable pursuant to lease purchase agreements for educational facilities and sites. Payments pursuant to lease purchase agreements for educational facilities and sites are authorized in an amount not to exceed three-fourths (75%) the proceeds of the millage actually levied, which may not exceed 2.0 mills. The District has assessed a capital outlay and maintenance levy of 2.0 mills in Fiscal Year 2006-2007 and 2.0 mills for each of the past ten Fiscal Years. The Local Option Millage Levy constitutes the primary source of funds to make lease payments in respect of the Series 2007C Certificates. The District is not required to levy any millage for capital outlay purposes in the future. Since revenues from the levy of the Capital Outlay Millage may be used for, but are not pledged to, the payment of Basic Lease Payments under the Leases, the failure of the District to levy all or a portion of the Capital Outlay Millage would have an adverse effect on available revenues from which the School Board may appropriate funds to make Basic Lease Payments.

The table below sets forth the millage levy that would provide 1.00x coverage of the maximum annual payments represented by the Prior Certificates and the Series 2007B Certificates, assuming a 95% collection of the taxes levied.

**Anticipated Capital Outlay Millage Levy Required
to Cover Certificate Payments**

	Fiscal Year <u>2005-06</u>
Net Taxable Assessed Valuation (2006)	\$161,252,193,000 ⁽¹⁾
Funds Generated from Local Option Capital Outlay Millage which are Available to Make Lease Payments	\$229,784,376
Maximum Annual Lease Payments Represented by the Prior Certificates, the Series 2007B Certificates and the Series 2007C Certificates	\$141,848,832 ⁽²⁾
Minimum Millage Levy <u>Used</u> to Produce 1.00x Coverage of Maximum Annual Lease Payments represented by the Prior Certificates, the Series 2007B Certificates and the Series 2007C Certificates	0.93 mills ⁽²⁾
Millage Levy Legally <u>Required</u> to Produce 1.00x Coverage of Maximum Annual Lease Payments represented by the Prior Certificates, the Series 2007B Certificates and the Series 2007C Certificates	1.23 mills ⁽¹⁾⁽²⁾

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

- (1) Rounded. This number calculated using 95% of the net taxable assessed valuation and assuming only 75% of the Local Option Capital Outlay Millage levy is available to make payments represented by the Prior Certificates, the Series 2007B Certificates and the Series 2007C Certificates.
- (2) Assumes that (i) the Series 2002B Certificates bear interest at 4.53%, (ii) the Series 2003B Certificates bear interest at 4.19% and (iii) the Series 2007B Certificates are issued in the aggregate principal amount of \$119,400,000 and bear interest at an estimated true interest cost of 4.33%, inclusive of auction agent and broker-dealer fees.

General Obligation Debt. In addition to the School Board-set levies, qualified electors, by referendum, may vote an additional millage levy for District operation and capital outlay purposes, as prescribed by the Florida constitution and applicable statutes. Qualified electors within the District may authorize issuance of general obligation bonds to be retired by a millage levy. In 1986, the voters of the County approved the issuance of up to \$317,000,000 of general obligation bonds for school construction and

renovation. The bonds were sold in two installments. The Series A Bonds, in the amount of \$250,000,000, were issued on September 3, 1987. The Series B Bonds, in the amount of \$67,000,000, were issued on June 28, 1989. In 1992, the District issued \$184,215,000 of general obligation refunding bonds to advance refund a portion of the outstanding Series A Bonds, a portion of which 1992 general obligation bonds were, in turn, refunded with the proceeds of 2002 general obligation refunding bonds issued on May 7, 2002. In 1993 the District issued \$65,315,000 of the general obligation refunding bonds to advance refund all of the outstanding Series B Bonds, all of which 1993 general obligation bonds were, in turn, refunded with the proceeds of 2002A general obligation refunding bonds issued on May 16, 2002. All of the outstanding Bonds are expected to be paid in full on August 1, 2017. The District currently has no issuance capacity remaining under its general obligation school bond authorization for new projects. The approval of the majority of the qualified electors voting in a new referendum would be required to issue additional general obligation debt for school construction and renovation. Principal and interest on the authorized and outstanding general obligation bonds is paid from ad valorem school district taxes levied on all taxable real and personal property within the District, excluding exempt property as required by Florida law. See "REVENUE, FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT - Liabilities."

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 the past five complete fiscal years and the forecasted numbers for the current fiscal year.

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

Fiscal Year Ended <u>June 30</u>	<u>Federal Funds⁽²⁾</u>	<u>State Funds</u>	<u>Local Funds</u>	<u>Total Revenue</u>
2006	\$4,729,000	\$403,796,000	\$789,327,000	\$1,197,852,000
2005	3,997,000	410,760,000	705,112,000	1,119,869,000
2004	4,025,000	410,000,000	632,863,000	1,047,271,000
2003	5,200,000	377,600,000	579,400,000	962,200,000
2002	4,900,000	350,900,000	546,700,000	902,500,000

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

(1) Rounded.

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

General Fund Operations

The following table summarizes results of operations for the general fund and capital projects fund of the District for the Fiscal Years ended June 30, 2003 through June 30, 2006 and budgeted anticipated results of operations for Fiscal Year ending June 30, 2007.

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

	Results of Operations ⁽¹⁾				Budget
	2003	2004	2005	2006	2007 ⁽²⁾
Beginning Fund Balance:					
Reserved	24.1	20.9	20.0	24.3	22.5
Undesignated	35.2	36.3	37.5	39.7	37.3
Contingency Reserve	29.3	31.6	31.6	29.6	39.4
Total	<u>\$88.6</u>	<u>\$82.2</u>	<u>\$89.1</u>	<u>\$93.6</u>	<u>\$99.2</u>
Revenues:					
Local Sources and Other Financing Sources:					
Ad Valorem Taxes	546.6	594.8	662.2	739.4	875.0
Interest Income and Other	4.6	2.9	7.2	12.7	14.0
Other Revenue	29.7	35.2	47.9	57.8	38.5
Transfers In	32.9	33.0	40.2	43.7	42.3
Total Local Sources and Other Financing Sources	<u>\$613.8</u>	<u>\$665.9</u>	<u>\$757.5</u>	<u>\$853.6</u>	<u>\$969.8</u>
State Sources:					
FL Educ. Finance Pro. & Lottery	\$280.8	305.1	257.7	215.8	145.3
Categorical Grants	93.3	102.0	130.0	155.2	195.3
Other	0.1	3.2	23.1	32.8	32.9
Total State sources	<u>\$ 374.2</u>	<u>\$ 410.3</u>	<u>\$ 410.8</u>	<u>\$ 403.8</u>	<u>\$ 373.5</u>
Federal Sources	4.8	4.0	4.0	4.7	3.1
Total Revenues	<u>\$ 992.9</u>	<u>\$1,080.2</u>	<u>\$1,172.3</u>	<u>\$1,262.1</u>	<u>\$1,346.4</u>
Adjustments to Fund Balance	----	----	----		
Total Rev. & Fund Balance	<u>\$1,081.5</u>	<u>\$1,162.4</u>	<u>\$1,261.4</u>	<u>\$1,355.7</u>	<u>\$1,445.6</u>
Expenditures:					
Salaries	\$ 654.8	\$ 683.8	\$ 724.7	\$ 779.5	\$832.1
Employee Benefits	170.4	199.5	209.9	225.4	279.7
Purchased Services	63.3	75.8	104.5	115.4	147.0
Other Non-personnel	114.7	118.2	128.7	136.2	147.3
Transfer Out	0.0	0.0	0.0	0.0	0.0
Total Expenditures	<u>\$1,003.2</u>	<u>\$1,077.2</u>	<u>\$1,167.8</u>	<u>\$1,256.5</u>	<u>\$1,466.2</u>
Excess of Revenues Over (Under) Expenditures	(10.3)	3.0	4.5	5.6	(59.8)
Ending Fund Balance:					
Reserved for Encumbrances	\$ 7.1	\$ 21.2	\$ 5.7	\$ 8.7	\$ 0.0
Reserved for Inventory	12.0	---	17.4	11.8	0.0
Reserved for Board Contingency	31.6	31.6	29.6	39.4	39.4
Reserved for Carryover Programs	1.8	---	1.2	2.0	0.0
Undesignated	29.7	36.3	39.7	37.3	0.0
Total Fund Balance	<u>\$82.2</u>	<u>\$ 89.1</u>	<u>\$ 93.6</u>	<u>\$ 99.2</u>	<u>\$ 39.4</u>
Total Expenditures & Fund Balance	<u>\$1,085.4</u>	<u>\$1,166.3</u>	<u>\$1,261.4</u>	<u>\$1,355.7</u>	<u>\$1,445.6</u>

Source: (1) Results of operations derived from the Superintendent's Annual Financial Report (Unaudited) of the School District of Palm Beach County, Florida for the 2003-2006 Fiscal Years.
(2) Executive Summary of the 2006-2007 Budget

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

	Results of Operations - Budgetary Basis				Budget
	2003	2004	2005	2006	2007
REVENUES:					
Local Sources:					
Ad valorem taxes	170.1	190.2	215.1	251.4	306.4
Local Sales Tax			54.0	120.4	116.0
Interest income and other	<u>16.8</u>	<u>33.4</u>	<u>39.1</u>	<u>55.7</u>	<u>32.5</u>
Total Local Sources	<u>\$186.9</u>	<u>\$223.6</u>	<u>\$308.2</u>	<u>\$427.5</u>	<u>\$454.9</u>
State Sources:					
Capital outlay distributed to					
District - net	1.1	1.0	1.2	1.2	.7
Public education capital outlay	22.5	13.6	9.5	13.9	16.6
Other	<u>2.0</u>	<u>42.6</u>	<u>8.7</u>	<u>5.5</u>	<u>30.2</u>
Total State Sources	<u>\$ 25.7</u>	<u>\$ 57.2</u>	<u>\$ 19.4</u>	<u>\$ 20.6</u>	<u>\$ 47.5</u>
GAAP Adjustments	12.18	(25.3)	10.8	17.1	0.0
TOTAL REVENUES	<u>224.8</u>	<u>255.4</u>	<u>338.4</u>	<u>465.2</u>	<u>502.4</u>
EXPENDITURES:					
Facilities acquisition and construction:					
Land	\$ 28.2	\$ 17.5	\$ 27.4	37.4	72.5
Buildings	577.8	631.6	532.5	591.0	1,183.6
Improvements	<u>9.3</u>	<u>11.9</u>	<u>8.6</u>	<u>10.6</u>	<u>18.3</u>
Total facilities acquisition & construction	\$615.2	\$661.0	\$548.5	639.0	1,274.4
Other capital outlay:					
Furniture, fixtures and equipment	\$ 52.4	\$53.6	\$73.9	\$80.9	\$150.7
Debt Service	<u>4.5</u>	<u>2.1</u>	<u>2.5</u>	<u>11.7</u>	<u>13.3</u>
Less Encumbrances	(251.9)	(253.0)	(245.9)	(209.7)	
TOTAL EXPENDITURES	<u>\$420.2</u>	<u>\$463.7</u>	<u>\$379.0</u>	<u>\$521.9</u>	<u>\$1,438.4</u>
EXCESS (DEFICIENCY) OF REVENUES					
OVER (UNDER) EXPENDITURES	(195.4)	(208.3)	(40.6)	(56.7)	(936.0)
OTHER FINANCING SOURCES (USES):					
Transfers out	(95.7)	(121.0)	(127.9)	(145.4)	(189.1)
Proceeds from sale of Capital Assets					
and other	0.0	0.0	0.0	2.1	
Proceeds from leases	2.9		0.0	0.0	
Proceeds from insurance loss recoveries			3.6	15.2	
Proceeds from issuance of					
long-term debt	<u>382.9</u>	<u>115.8</u>	<u>39.5</u>	<u>229.9</u>	<u>689.2</u>
Total Other Financing Sources (Uses)	<u>290.1</u>	<u>(5.2)</u>	<u>(84.8)</u>	<u>101.8</u>	<u>500.1</u>
EXCESS (DEFICIENCY) OF REVENUES					
AND OTHER FINANCING SOURCES					
OVER (UNDER) EXPENDITURES					
AND OTHER FINANCING USES					
	94.7	(213.5)	(125.4)	45.1	(435.9)
Beginning Fund Balance (Budget-State)					
					\$435.9
Beginning Fund Balances (GAAP)					
	606.0	700.7	487.2	361.8	
Adjustment to fund balance					
	<u>0.0</u>				
Ending Fund Balances (GAAP)					
	<u>\$700.7</u>	<u>\$487.2</u>	<u>\$361.8</u>	<u>\$406.9</u>	

Source:

- (1) Comprehensive Annual Financial Report ("CAFR") of the School District of Palm Beach County for fiscal years ended June 30, 2003 - 2006.
- (2) Executive Summary of the 2006-2007 Budget.

Constitutional Amendments Related to Class Size Reduction

In the November 5, 2002 general election, the voters of the State of Florida approved two amendments to the State Constitution that may affect the District's operations. Amendment 9 to the State Constitution requires that the State Legislature provide funding for sufficient classrooms so that class sizes can be reduced to certain constitutional class size maximums by the beginning of the 2010 school year. Amendment 9 was passed by the Florida Legislature during the 2003 special legislative session and signed into law on June 9, 2003. Amendment 9 and Section 1003.03, Florida Statutes, which implements Amendment 9, are referred to herein as the "Class Size Legislation."

The Class Size Legislation establishes 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. These maximums must be implemented by the beginning of the 2010 school year. School districts that presently exceed these class size maximums are required to reduce the average number of students per class in each of these grade groupings by at least two students each year, beginning with the 2003-2004 fiscal year.

The Class Size Legislation further creates 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. Failure to reduce class sizes by at least two students each year until the constitutional maximum is met may result in transfer of class size reduction operating funds to fixed capital outlay appropriations, required implementation of year-round schools, double sessions, extended school year or rezoning, implementation of a state-mandated constitutional compliance plan or withholding of various State funds.

The District fully complied with Class Size Reduction (CSR) requirements at the district-wide level in Fiscal Year 2005 and Fiscal Year 2006. For the 2006-07 school year (Fiscal Year 2007), CSR compliance was required at the individual school level. Of the District's 165 traditional school locations, four schools failed to meet their CSR requirement. In addition, one of the District's forty-two charter schools also failed to

meet CSR. The District plans to have all schools into CSR compliance for the upcoming 2007 February full-time equivalent survey.

In the November 5, 2002, general election, the voters of the State of Florida also approved Amendment 8 to the State Constitution which provides that every 4-year old child in the State shall be offered a free, high quality pre-kindergarten learning opportunity by the State no later than the 2005 school year. In furtherance thereof, Section 411.012, Florida Statutes, created a voluntary universal pre-kindergarten education program for four-year olds within the Agency for Workforce Innovation and directed the State Board of Education to conduct a study and make recommendations for this education program regarding curriculum and standards, quality of instruction, delivery system, assessment and evaluation, funding and best practices.

During the 2004-A special session, the Florida Legislature passed House Bill 1-A, codified in Part V of Chapter 1002, Florida Statutes, which creates a statewide Voluntary Pre-kindergarten Education Program. House Bill 1-A, as codified in Part V, Chapter 1002, Florida Statutes is referred to herein as the "Pre-K Legislation." Among other things, the Pre-K Legislation 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 Legislation 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 Legislation 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. It is uncertain what effect implementation of and compliance with the Pre-K Legislation might have upon the District or the School Board. There can be no assurance that the Pre-K Legislation and compliance therewith will not adversely affect the District. Further, there can be no assurance that the District will have funds sufficient to meet the capital and facility needs of the District required by the Pre-K Legislation or that compliance therewith will not adversely affect other capital needs and operating costs of the District, which may have an adverse impact on the District's ability to appropriate funds for Lease Payments.

Recent Legislative Initiatives

During recent years and in the current 2007 session of the Legislature, proposals have been introduced that could, if enacted, have an effect on District funding sources and, possibly, make-up. In the 2006 session legislation was introduced, but failed to pass, that would have submitted to referendum an amendment to the State Constitution permitting the division of school districts with more than 45,000 students into smaller

districts. Legislation was also introduced in the 2006 Legislative session, and is being proposed in the current 2007 session, that would permit homeowners to transfer all or a portion of their ad valorem tax basis to a new home rather than being subject to reevaluation and a new tax basis at the time of purchase and/or increasing (even doubling) the amount of property value ("homestead") exempt from ad valorem taxes. During the 2006 Legislative session the Legislature also commissioned a study by the Department of Revenue and the Office of Economic and Demographic Research to examine Florida's ad valorem tax structure in its entirety. While some proposals suggest that an increase in the State's sales tax would be used to offset revenues lost from such proposals, others do not.

It is impossible to predict whether such legislation will be enacted or other legislation will be introduced or enacted in the future or whether any increase in the homestead exemption or other constitutional provisions will be approved by voters and what effect, if any, any such legislation or approval of the increase in the homestead exemption or changes to other constitutional provisions will have on the District's finances.

Budget Constraints

While Florida's economy has not suffered as much as many state economies during the most recent economic turndown, severe constraints have been placed on its budget due to diminishing revenues being derived from current sources in recent years. The Florida Legislature has been reluctant to create new sources of revenues through the levy of new taxes or the elimination of certain exemptions from the payment of sales taxes, the primary source of State revenues. As a result, in recent years the Legislature has adopted budgets without significant increases in revenue sources. Budgets do provide for increased allocations to school districts, although the majority of additional funds are designated for the Class Size Amendment, growth in numbers of students, and for Summer Reading Camps. However, due in part to construction expenditures resulting from hurricane damage sustained in the State over the last several years and a rebounding economy, this year's budget increased dramatically. The District was allocated \$30,172,225 for class size reduction during the most recent legislative session.

Ad Valorem Tax Procedures, Assessed Valuations and Collections

General. Ad valorem taxes may be levied only by counties, school districts, municipalities and certain special districts. No ad valorem taxes may be levied by the State upon real estate or tangible personal property. Real and personal property valuation is determined as of January 1 by the County Property Appraiser. Except as noted below, all taxable real and tangible personal property must be assessed at 100 percent of fair market value.

The following uses of real property are generally exempt from ad valorem taxation; religious, educational, charitable, scientific, literary and governmental. In addition, there are special exemptions for widows, hospitals, homesteads and homes for the aged and disabled veterans. The "homestead exemption" exempts from taxation the first \$25,000 of the assessed valuation of a residence occupied by the owner on a permanent basis, as of January 1 of the year of valuation. Agricultural land, noncommercial recreational land, inventory and livestock are assessed at less than 100 percent of fair market value.

Constitutional Amendment. By voter referendum held on November 3, 1992, Article VII, Section 4 of the Florida Constitution was amended by adding thereto a subsection which, in effect, limits the increases in assessed just value of homestead property to the lesser of: (1) three percent of the assessment for the prior year; or (2) the percentage change in the Consumer Price Index for all urban consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics. Further, the amendment provides that: (1) no assessment shall exceed just value; (2) after any change of ownership of homestead property or upon termination of homestead status such property shall be reassessed at just value as of January 1 of the year following the year of sale or change of status; (3) new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead; and (4) changes, additions, reductions or improvements to homestead shall initially be assessed as provided for by general law, and thereafter as provided in the amendment. The amendment became effective commencing January 1, 1995. Because of the offsetting impact of new residential construction within the County on assessed just value of homestead property, the amount of the adverse impact of such amendment on the collection of ad valorem taxes cannot be accurately ascertained.

In the November 7, 2006 general election, the voters of Florida approved Amendments 6 and 7 to the State Constitution, which provide for an increase in the homestead (ad valorem tax) exemption to \$50,000 from \$25,000 for certain low-income seniors effective February 1, 2007 and provide a discount from the amount of ad valorem taxes for certain permanently disabled veterans effective December 7, 2006, respectively. The extent to which these amendments may effect the ad valorem tax collections of the District in future years is not currently known.

Procedure for Ad Valorem Tax Collections. All real and tangible personal property taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the County Tax Collector based on the valuation as of January 1 of such year. On or about November 1 of the year of valuation, the County Tax Collector mails to each property owner on the assessment roll a notice of taxes levied by the County, the District and other taxing authorities. Taxes may be paid upon receipt of such notice with discounts at the rate of four percent if paid in the month

of November, three percent if paid in the month of December, two percent if paid in the month of January and one percent if paid in the month of February. Taxes paid during the month of March are without discount. All unpaid taxes on real and tangible personal property become delinquent on April 1 of the year following the year in which taxes were levied or within sixty days after the mailing of the original tax notice of the final assessment rate, whichever is later. All taxes collected are remitted by the County Tax Collector to the governmental unit levying the taxes.

Delinquent real property taxes bear interest at the rate of one and one-half percent (1 1/2%) per month from April 1, or within sixty (60) days after the mailing of the original tax notice of the final assessment rate, whichever is later, until a tax certificate is sold at auction, from which time the interest rate shall be as bid by the buyer of the tax certificate. Delinquent tangible personal property taxes also bear interest at the rate of one and one-half percent (1 1/2%) per month from April 1 until paid. Tax certificates for delinquent personal property taxes must be advertised within forty-five (45) days after delinquency, and after May 1 the property is subject to warrant, levy, seizure and sale.

Florida law provides that real property tax liens and personal property tax liens are superior to all other liens, except prior United States Internal Revenue Service liens. The County Tax Collector advertises once each week for four weeks and sells tax certificates to the lowest bidder, based on the interest rate bid, commencing on or about June 1 of each year on substantially all real property with taxes due. Tax certificates not sold at auction revert to the County.

If the owner of real property subject to a tax certificate does not redeem the certificate within two years, the holder of the certificate is entitled to apply for a tax deed of sale. The highest bidder at such sale receives a tax deed for the property subject to the tax certificate. To redeem a tax certificate, the owner of the property must pay all delinquent taxes, the interest that accrued prior to the date of the sale of the tax certificate, charges incurred in connection with the sale of the tax certificate, omitted taxes, if any, and interest at the rate bid on the tax certificate from the date of the sale of the tax certificate to the date of redemption. The interest rate on a tax certificate is a minimum of five percent, unless the interest bid on the certificate is a lower rate.

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)

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Gross Assessed</u> <u>Value⁽¹⁾</u>	<u>Total Taxable Value for</u> <u>Operating Millages</u>	<u>% Taxable to Total</u> <u>Assessed Value</u>
2006 ⁽²⁾	\$232,872,481	\$161,252,193	69.25%
2005	180,740,112	130,559,912	72.24
2004	149,439,019	111,489,843	74.61
2003	129,350,607	98,725,684	76.34
2002	114,045,351	88,507,776	77.74
2001	100,998,488	79,634,180	78.84

Source: The School District of Palm Beach County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ending June 30, 2006.

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

The following table sets forth millage rates for the District for Fiscal Year 2005-06 and for the last four Fiscal Years.

The School District of Palm Beach County, Florida
Historical Tax Rates
(in millions)

	Fiscal Year Ended June 30				Fiscal Year Ending June 30
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>General Fund</u>					
District School Tax:					
State - Required Local Effort	5.819	5.652	5.5660	5.2300	5.0890
Local - Discretionary	<u>0.608</u>	<u>0.599</u>	<u>0.5920</u>	<u>0.6540</u>	<u>0.6230</u>
Sub-total	6.427	6.251	6.1580	5.8840	5.7120
<u>Capital Projects Funds</u>					
Local Option Capital Outlay Millage	<u>2.000</u>	<u>2.000</u>	<u>2.000</u>	<u>2.0000</u>	<u>2.0000</u>
Sub-total	8.427	8.251	8.158	7.8840	7.7120
<u>Debt Service - Interest and Sinking Funds</u>					
	<u>0.352</u>	<u>0.320</u>	<u>0.274</u>	<u>0.2220</u>	<u>0.1600</u>
TOTAL MILLAGE LEVY	<u>8.779</u>	<u>8.571</u>	<u>8.432</u>	<u>8.1060</u>	<u>7.8720</u>

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

**The School District of Palm Beach County
Tax Levies and Tax Collections
(in thousands)**

Fiscal Year Ended June 30,	Property Taxes Levied	Current Tax Collections	Total Tax Collections	% of Current Tax Collected to Property Taxes Levied
2006	\$768,215	\$721,979	\$721,060	93.98%
2005	686,554	648,455	649,530	94.45
2004	617,134	580,619	581,884	94.08
2003	568,839	532,720	533,822	93.65
2002	521,365	489,176	490,811	93.83
2001	467,900	425,422	439,243	90.92
2000	444,833	418,800	421,179	94.15

Source: The School District of Palm Beach County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2006.

**Palm Beach County, Florida
Ten Largest Taxpayers
For the Fiscal Year Ending September 30, 2005
(In Thousands)
(Rounded)**

Taxpayer	Taxes Paid	Percentage of Total Taxes Levied
Florida Power & Light	\$22,908	3.22%
BellSouth Telecommunications	10,804	1.52
U.S. Sugar Corporation	5,321	0.75
Town Center	4,619	0.65
Panthers BRHC LTD	4,253	0.60
Breakers Palm Beach, Inc.	4,067	0.57
Lawrence L. Landry	3,399	0.48
Okeelanta Co	3,262	0.46
TJ Palm Beach Assoc LTD	3,022	0.42
West Palm Beach CRA Lessor	<u>2,946</u>	<u>0.41</u>
Total of Top 10	<u>\$64,601</u>	9.06%
Total Taxes Levied	\$712,059	

Source: Palm Beach County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ending September 30, 2005.

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)**

	<u>General Obligation</u>	<u>Non-Self Supporting Revenue Debt⁽¹⁾</u>
DIRECT DEBT (As of June 30, 2006)		
<u>State of Florida</u>		
State Board of Education Capital Outlay Bonds, Series 1997-A		220
State Board of Education Capital Outlay Bonds, Series 1998-A		215
State Board of Education Capital Outlay Bonds, Series 1999-A		2,090
State Board of Education Capital Outlay Bonds, Series 2000-A		275
State Board of Education Capital Outlay Bonds, Series 2001B		1,615
State Board of Education Capital Outlay Bonds, Series 2002A		2,505
State Board of Education Capital Outlay Bonds, Series 2002B		5,915
State Board of Education Capital Outlay Bonds, Series 2003A		5,685
State Board of Education Capital Outlay Bonds, Series 2005-A		21,200
State Board of Education Capital Outlay Bonds, Series 2005-B		2,660
<u>District Bonds</u>		
General Obligation Refunding Bonds, Series 2002	42,300	
General Obligation Refunding Bonds, Series 2002A	<u>11,975</u>	
TOTAL DIRECT DEBT	\$ 54,275	\$42,380

Source: The School District of Palm Beach County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2006.

- (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.

**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)
(continued)**

OVERLAPPING DEBT (COUNTY)	Governmental Activities		Business-Type Activities
	General Obligation	Non-Ad Valorem Revenue Bonds	Revenue Bonds
Total General Obligations Bonds	\$283,885		
Total Non-Ad Valorem Revenue Bonds		\$634,471	
Total Revenue Bonds	_____	_____	<u>\$506,425</u>
TOTAL COUNTY DIRECT DEBT	\$283,885	634,471	506,425
TOTAL DISTRICT DEBT ⁽¹⁾	\$ 54,275	\$ 42,380	
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$338,160</u>	<u>\$676,851</u>	<u>\$506,425</u>

Source: Palm Beach County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2005 and The School District of Palm Beach County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2006.

(1) From prior page.

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

1.	Population (2006)	1,284,767
2.	Net Taxable Valuation (2006)	\$161,252,193,000 ⁽¹⁾
3.	Direct General Obligation Debt	\$283,885,000
	a) As a Percent of Taxable Valuation	.18%
	b) Per Capita	\$220.96
4.	Direct and Overlapping General Obligation Debt	\$338,160,000
	a) As a percent of Taxable Valuation	.21%
	b) Per Capita	\$263.21
5.	Direct Non-Ad Valorem Revenue Bonds and Direct General Obligation Debt	\$918,350,000
	a) As a percent of Taxable Valuation	.57%
	b) Per Capita	\$714.80
6.	Direct and Overlapping General Obligation and Non-Ad Valorem Revenue Bonds	\$1,015,015,000
	a) As a percent of Taxable Valuation	.63%
	b) Per Capita	\$790.04

(1) Rounded. Prior to adjustments on appeals from taxpayers.

Sources: The School District of Palm Beach County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2006 and Palm Beach County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2005.

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 Amended 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. State law provides that employers, such as the District, are obligated to contribute 7.83% of the salary of regular members, 15.23% of the salary of School Board members, and 18.53% of the salary of special risk members. For the Fiscal Year ended June 30, 2006, the District contributed \$69,712,034 for employees of all funds.

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. The District's contribution for the Fiscal Year ended June 30, 2006, was \$81,883.

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 will be required to comply with the Governmental Accounting Standard's Board Statement No. 45 - Accounting and Financial Reporting by Employers for Postemployment Benefit Plans other than Pension Plans ("GASB 45") no later than its fiscal year ending June 30, 2008. The District has 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. The District has retained an actuary to review the District's OPEB liabilities and provide the District with a written valuation. A draft report was received on March 2, 2007 and the District is currently analyzing the data to determine if the appropriate assumptions were used. Once the review has been completed, the final report will be forwarded to the School Board for approval.

While the District does not know what its 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 that its OPEB liability will be manageable within the normal budgeting process.

RISK FACTORS

Each purchaser of Series 2007C Certificates is subject to certain risk and each prospective purchaser of Series 2007C 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 2007C Certificates to an extent that cannot be determined.

Annual Right of the School Board to Terminate Amended Leases

Although the School Board has determined that the Amended Leases Facilities are necessary to its operations and currently intends to continue the Amended Leases in force and effect for the respective Lease Terms and has covenanted in the Amended 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 Amended Leases, the Prior Leases, the Series 2007B Lease 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 Amended 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 AMENDED 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 2007C CERTIFICATE HOLDERS, INCLUDING THE CONTINUING FUTURE UTILITY OF THE AMENDED LEASES 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 Amended Leases or non-appropriation of funds, the Trustee as assignee of the Corporation may take possession of the Series 2001A-1 Facilities and the Series 2002C Facilities (but not certain designated Facilities such as the Series 2001A-2 Facilities) and sell or re-let the leasehold interests therein. The Trustee's ability to actually achieve such a disposition of the Series 2001A-1 Facilities and the Series 2002C Facilities is limited by its inability to convey fee simple title to the Series 2001A-1 Facilities and the Series 2002C Facilities and by the governmental nature of the Series 2001A-1 Facilities, the Series 2002C 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 2001A-1 Facilities and the Series 2002C

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 2001A-1 Facilities and the Series 2002C Facilities will produce sufficient amounts to make timely payments of the principal and interest portions due on the outstanding Series 2007C Certificates.

No Right of Certificate Holders to Direct Remedies

Unless the Insurer is in default of its obligations under the Policy, the Insurer is entitled to control and direct any of the rights or remedies of the Trustee including the right to direct the Trustee as to whether or not to re-let or sell the Series 2001A-1 Facilities and the Series 2002C Facilities and to declare the Purchase Option Price immediately due and payable. However, the Insurer has no fiduciary responsibility to the Series 2007C Certificate holders with respect to the direction of such remedies and has no obligation to preserve the exclusion from gross income for federal income tax purposes, of amounts paid to Series 2007C Certificate holders by the Insurer and designated as interest.

Tax Treatment

Upon termination of the Amended Leases, there is no assurance that payments made by the Trustee or the Insurer with respect to the Series 2007C Certificates and designated as interest will be excludable from gross income for federal income tax purposes or that the ownership or disposition of the Series 2007C Certificates will not be subject to Florida's intangible personal property tax. See "TAX TREATMENT."

Applicability of Securities Laws

After termination of the Amended Leases, the transfer of a Series 2007C 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 2007C Certificates will not be impaired following termination of the Amended Leases.

Capital Outlay Millage Revenue

The amount which can be realized by the District derived from the levy of the Local Option Capital Outlay Millage 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 "DISTRICT REVENUE, FINANCIAL RESULTS AND LIABILITIES - District Revenues for Capital Projects - Local Capital Outlay Sources."

State Revenues

A large portion of the District's funding is derived from State sources. See "REVENUE, 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. The State experienced some significant shortfalls in sales tax revenues during the 2001 through 2004 calendar years, which resulted in significant budget cuts. However, the State experience a significant increase in revenue in the 2005 and 2006 calendar years. It is impossible to predict whether the State will continue to see an increase or experience further decreases in revenues in future years.

Additional Leases

Pursuant to the Master Lease, the School Board may enter into other Leases in addition to the Prior Leases, the Series 2007B Lease and the Amended 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 Amended Leases. Upon any such termination of all Leases, the School Board must surrender all Facilities (except certain designated Facilities such as the Series 2001A-2 Facilities), including the Series 2001A-1 Facilities and the Series 2002C 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 (including the Series 2007C Certificates, the Outstanding Series 2001A Certificates and the Outstanding Series 2002C Certificates). There can be no assurance that the remedies available to the Trustee upon any such termination of all Leases and the disposition of the Series 2001A-1 Facilities and the Series 2002C Facilities will produce sufficient amounts to pay the outstanding Series 2007C Certificates or reimburse the Insurer for paying such sums.

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 2007C Certificates. Incurring such additional indebtedness may adversely affect the School Board's ability to make Lease Payments under the Master Lease.

LITIGATION

There is no litigation now pending or threatened: (i) to restrain or enjoin the issuance or sale of the Series 2007C Certificates; (ii) questioning or affecting the validity of the Amended 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 2007C 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 Chief 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"), Standard & Poor's Ratings Services ("S&P") and Fitch Ratings ("Fitch") are expected to assign ratings of "Aaa," "AAA" and "AAA," respectively, to the Series 2007C Certificates with the understanding that upon delivery of the Series 2007C Certificates, the Insurer will issue its Policy insuring the payments of the Basic Lease Payments represented by the Series 2007C Certificates when due. Moody's, S&P and Fitch have also assigned underlying ratings of "A1," "AA-" and "A+," respectively, to the Series 2007C Certificates without regard to the Policy. An explanation of the rating given by Moody's may be obtained from Moody's at 99 Church Street, New York, New York 10007, (212) 553-0470. An explanation of the rating given by S&P may be obtained from S&P at 25 Broadway, New York, New York 10004, (212) 208-8000. An explanation of the rating 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 2007C Certificates, the School Board and the District were furnished to Moody's, S&P and Fitch by the District. If in its judgment circumstances so warrant, any rating service may raise, lower or withdraw its rating. If a downward change or withdrawal occurs, it could have an adverse effect on the resale price of the Series 2007C Certificates.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

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

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, execution, delivery and sale of the Series 2007C Certificates are subject to the approving legal opinion of Greenberg Traurig, P.A., Miami, Florida and Isaacs Williams, P.A., Riviera Beach, Florida, Co-Special Tax Counsel. The proposed form of such opinion is included herein as Appendix C. 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 their Co-Counsel Nabors, Giblin & Nickerson, P.A., Tampa, Florida and KnoxSeaton, Miami, Florida.

UNDERWRITING

Merrill Lynch & Co., together with the other Underwriters set forth on the cover page hereof, have agreed to purchase the Series 2007C Certificates at a price of \$194,856,590.43 (which represents the \$192,310,000 principal amount of the Series 2007C Certificates, plus net original issue premium of \$3,571,038.55 and less an underwriters' discount of \$1,024,448.12). The Underwriters will purchase all of the Series 2007C Certificates if any are purchased, the obligation to make such purchase being subject to certain terms and conditions contained in the Purchase Contract and the approval of certain legal matters by counsel.

The Underwriters may offer and sell the Series 2007C Certificates to certain dealers and others at prices lower than the respective public offering prices stated herein. After the initial public offering, the respective offering prices may be changed from time to time by the Underwriters.

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 2007C Certificates in order that the interest portion of the Basic Lease Payments represented by the Series 2007C 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 2007C Certificate holders to be included in gross income for Federal income tax purposes retroactively to the date of execution and delivery of the Series 2007C 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 2007C Certificate holders and not to take any actions that would adversely affect that excludability. Co-Special

Tax Counsel expects to deliver an opinion at the time of issuance of the Series 2007C 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 2007C Certificates will be excludable from gross income for Federal income tax purposes. However, no opinion is expressed with respect to the Federal income tax consequences of any payments received with respect to the Series 2007C Certificates following termination of the Master Lease as a result of non-appropriation of funds or the occurrence of an event of default thereunder. The interest portion of the Basic Lease Payments represented by the Series 2007C 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 2007C Certificates is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Except as described above, Co-Special Tax Counsel will express no opinion regarding the Federal 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 2007C Certificate holders or the ownership or disposition of the Series 2007C Certificates. Prospective purchasers of Series 2007C Certificates should be aware that the ownership of Series 2007C 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 2007C 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 2007C 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 2007C Certificates, (iii) the inclusion of the interest portion of the Basic Lease Payments represented by the Series 2007C 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 2007C 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) recipients of certain Social Security and Railroad Retirement benefits are required to take into account receipts and accrual of the interest portion of the Basic Lease Payments represented by the Series 2007C 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 in Congress which, if enacted, could alter or amend one or more of the Federal income tax matters referred to herein or adversely affect the market value of the Series 2007C Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Series 2007C Certificates), issued prior to enactment.

The discussion of tax matters in this Offering Statement applies only in the case of purchasers of the Series 2007C 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 2007C Certificates. Purchasers of the Series 2007C Certificates should consult their own tax advisers regarding their particular tax status or other tax considerations resulting from ownership of the Series 2007C Certificates.

ORIGINAL ISSUE DISCOUNT AND PREMIUM

Certain of the Series 2007C Certificates as indicated on the inside cover of this Offering Statement (“Discount Certificates”) were offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Certificate. The issue price of a Discount Certificate is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Certificates of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Certificate over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Certificate (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2007C Certificates, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Certificate. A purchaser of a Discount Certificate in the initial public offering at the price for that Discount Certificate stated on the inside cover of this Offering Statement who holds that Discount Certificate to maturity will realize no gain or loss upon the retirement of that Discount Certificate.

Certain of the Series 2007C 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 Discount and Premium Certificates should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable in any period with respect to the Discount or Premium Certificates and as to other federal tax consequences and the treatment of OID and 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. Financial Advisor assisted in matters relating to the planning, structuring, execution and delivery of the Series 2007C Certificates and provided other advice. Financial Advisor did not engage in any underwriting activities with regard to the sale of the Series 2007C Certificates.

BASIC FINANCIAL STATEMENTS

The basic financial statements of the District for the Fiscal Year ended June 30, 2006, included in this Offering Statement have been audited by KPMG LLP, independent certified public accountants, as stated in their report appearing in Appendix B.

CONTINUING DISCLOSURE

The School Board has covenanted and undertaken for the benefit of the Series 2007C Certificate holders to execute and deliver a Continuing Disclosure Certificates

(the "Continuing Disclosure Certificate") on the date of initial issuance of the Series 2007C Certificates. Pursuant to the Continuing Disclosure Certificate, the School Board will agree to provide certain financial information and operating data relating to the District and the Series 2007C Certificates in each year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if deemed to be material by the School Board. Such covenant shall only apply so long as the Series 2007C Certificates remain Outstanding under the Amended Leases, the Amended Leases have been terminated or there has 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 each Nationally Recognized Municipal Securities Information Repository (the "NRMSIRs") described in the Form of Continuing Disclosure Certificate attached hereto as Appendix F, as well as any state information depository that is subsequently established in the State of Florida (the "SID"). The notices of material events will be filed by the School Board with the Municipal Securities Rulemaking Board or the NRMSIRs and with the SID. The specific nature of the information to be contained in the Annual Report and the notices of material events are described in "APPENDIX F - FORM OF CONTINUING DISCLOSURE CERTIFICATE" to be dated and delivered at the time of issuance of the Series 2007C Certificates. These undertakings have been made in order to assist the Underwriters in complying with the Rule.

With respect to the Series 2007C 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 has never failed to comply in any material respects with any previous undertaking pursuant to the Rule.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The Arbitrage Group, Inc. verified the information provided to them related to the mathematical accuracy as of the date of the closing on the Series 2007C Certificates of (1) the computations contained in the provided schedules to determine that the anticipated receipts from the securities and cash deposits listed in the underwriters' schedules, to be held in escrow, will be sufficient to pay, when due, the principal, interest and Prepayment Price of the Refunded Certificates, and (2) the computations of yield on both the securities and the Series 2007C Certificates contained in the provided schedules used by Co-Special Tax Counsel in its determination that the interest on the Series 2007C Certificates is exempt from federal income taxation. The verification agent will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest on the Series 2007C Certificates.

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 2007C 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/ William Graham*
Chairman

By: */s/ Dr. Art Johnson*
Superintendent of Schools

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APPENDIX A

INFORMATION CONCERNING PALM BEACH COUNTY, FLORIDA

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APPENDIX A

INFORMATION CONCERNING PALM BEACH COUNTY, FLORIDA

General Information

Palm Beach County was founded in 1909 and encompasses an area of 2,023 square miles. It is located on the lower east 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 74.9 F degrees and an average rainfall of 61.7 inches. These 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, ten of which have a population in excess of 25,000. West Palm Beach is the County seat and is the largest city in the County. The County had a 2006 population of 1,284,767.

Population

Palm Beach County is Florida's largest county in the area and third in population. Growth has been the major influencing factor of the County in the last several years. Population has increased approximately 2% annually since 1990, compared to double and triple that rate in the 1980's. The total non-exempt property valuation has increased 54% over the past five years.

Population Growth

Year	Palm Beach County		Florida		United States	
	Population	Change	Population	Change	Population	Change
1997	1,003,798	2.2	14,712,365	2.0	267,636,000	.4
1998	1,020,521	1.6	15,475,000	4.9	270,733,000	1.1
1999	1,042,196	2.1	15,322,000	(1.0)	272,190,000	.5
2000	1,131,184	7.9	15,982,378	4.1	275,860,949	1.3
2001	1,154,464	2.0	16,331,739	2.1	285,371,621	3.3
2002	1,183,197	2.4	16,674,608	2.1	290,299,949	1.7
2003	1,211,448	2.3	17,071,508	2.3	292,287,454	0.7
2004	1,242,270	2.5	17,516,732	2.5	295,340,436	1.0
2005	1,265,900	1.9	17,789,865	1.6	296,410,404	0.4
2006	1,284,767	1.5	N/A		300,483,387	0.1

Source: Palm Beach County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2005.
U.S. Census Bureau

Income

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

Per Capita Personal Income

<u>Year</u>	<u>Palm Beach County</u>			<u>Florida</u>		<u>U.S.</u>
	<u>Dollars</u>	<u>% of Florida</u>	<u>% of U.S.</u>	<u>Dollars</u>	<u>% of U.S.</u>	<u>Dollars</u>
1994	33,862	155.5	153.6	21,777	98.8	22,044
1995	36,213	156.5	155.0	23,139	99.1	23,359
1996	38,081	157.4	155.8	24,198	99.0	24,436
1997	38,772	156.3	153.3	24,799	98.1	25,288
1998	39,182	149.8	145.7	26,161	97.3	26,893
1999	39,545	148.7	142.0	26,593	95.5	27,843
2000	41,007	147.7	139.2	27,764	94.2	29,469
2001	43,626	150.2	143.4	29,048	95.5	30,413
2002	44,120	148.6	143.2	29,700	96.4	30,814
2003	44,050	146.3	139.9	30,116	96.0	31,487

Source: Palm Beach County, Florida Comprehensive Annual Financial Report for Fiscal Year ended September 30, 2005.
Florida Statistical Abstract, 2005

Note: Data for 2004 and 2005 is not available.

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 economic sector.

Palm Beach County, Florida
Average Monthly Employment Covered by Unemployment Compensation
2003-2004

	<u>Average Annual</u> <u>Employment</u>		<u>Percent of Total</u>	
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
All Industries	444,262	458,395	100.00%	100.00%
Agriculture, Forestry, Fishing and Hunting	8,918	8,026	2.01	1.75
Mining	24	39	0.01	0.01
Utilities	N/A	N/A	N/A	N/A
Construction	34,224	36,296	7.70	7.92
Manufacturing	20,559	19,967	4.63	4.36
Wholesale Trade	19,246	19,850	4.33	4.33
Retail Trade	67,806	69,236	15.26	15.10
Transportation and Warehousing	7,059	7,448	1.59	1.62
Information	10,906	10,644	2.45	2.32
Finance and Insurance	25,033	24,044	5.63	5.25
Real Estate and Rental Leasing	12,612	13,406	2.84	2.92
Professional, Scientific and Technical Services	30,363	32,294	6.83	7.05
Management Companies and Enterprises	6,119	8,113	1.38	1.77
Administration and Support	47,628	51,625	10.72	11.24
Educational Services	6,224	6,12	1.40	1.44
Health care and social assistance	62,920	63,869	14.16	13.93
Arts, Entertainment and Recreation	13,327	14,575	3.00	3.18
Accommodation and Food Services	46,654	49,893	10.50	10.88
Other Services	21,028	20,439	4.73	4.46
Unclassified	673	628	0.15	0.14

Source: Florida Statistical Abstract 2005.

Percentages may not equal due to rounding.

The data on County unemployment in the following table represents annual averages.

**Palm Beach County
Annual Average Labor Force and Unemployment Estimates**

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Unemployment Rates</u>		
		<u>Palm Beach County</u>	<u>Florida</u>	<u>United States</u>
1998	507,754	5.5	4.3	4.5
1998	507,754	5.5	4.3	4.5
1999	543,006	4.8	4.0	3.8
2000	524,708	4.1	3.6	3.8
2001	541,377	5.9	4.5	4.7
2002	553,833	6.4	5.4	5.4
2003	590,677	6.2	5.4	5.8
2004	599,785	5.7	4.7	5.1
2005	622,443	4.1	3.8	5.1
2006*	648,110	3.3	3.3	4.3

Source: Palm Beach County, Florida Comprehensive Annual Financial Report for Fiscal Year ended September 30, 2005.

*Florida Research and Economic Database. As of November 2006.

Largest Employers

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

	<u>No. of Employees</u>
Palm Beach County School Board.....	21,618
State Government.....	9,100
Palm Beach County.....	6,379
Federal Government.....	6,300
Tenet Healthcare Corp.....	5,000
Columbia Palm Beach Health Care System, Inc.....	3,750
Florida Power & Light Company.....	2,924
Office Depot (Headquarters).....	2,680
Boca Raton Resort & Club.....	2,200
U.S. Sugar Corp.....	2,100

Source: Palm Beach County, Florida Comprehensive Annual Financial Report for Fiscal Year ended September 30, 2005.

Tourism

Visitors to the Palm Beaches have a significant economic impact on the County. According to the Florida Department of Business Regulation, there are 231 licensed hotels and motels in the County, having a total of over 15,000 rooms. The Tourism Development Council of Palm Beach County estimates that over three million people visit the County annually and spend approximately \$1.1 billion.

Agriculture

Agriculture, together with the related service industries, are the leading sources of income for the County's residents. The "Glades" region of the County is one of the nation's most productive agricultural areas. Palm Beach County is the largest agricultural county in Florida and the fourth largest in the United States, with annual sales in excess of \$2 billion.

Construction

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

**Building Permit Activity
County of Palm Beach, Florida
(Dollars in Thousands)
1999 - 2005**

Calendar Year	<u>Number of Units</u>		Residential Valuation
	<u>Single Family</u>	<u>Multi-Family</u>	
1999	5,319	3,015	941,435
2000	5,869	2,996	1,070,918
2001	7,577	3,163	1,452,476
2002	9,159	3,913	1,854,009
2003	10,880	4,999	2,493,684
2004	10,266	4,270	2,552,373
2005*	8,689	3,802	2,702,574
2006**	210	55	69,963

Source: University of Florida, College of Business Administration, Bureau of Economic and Business Research, Building Permit Activity in Florida, 1998-2004.

* Florida Research and Economic Database.

** As of October 2006.

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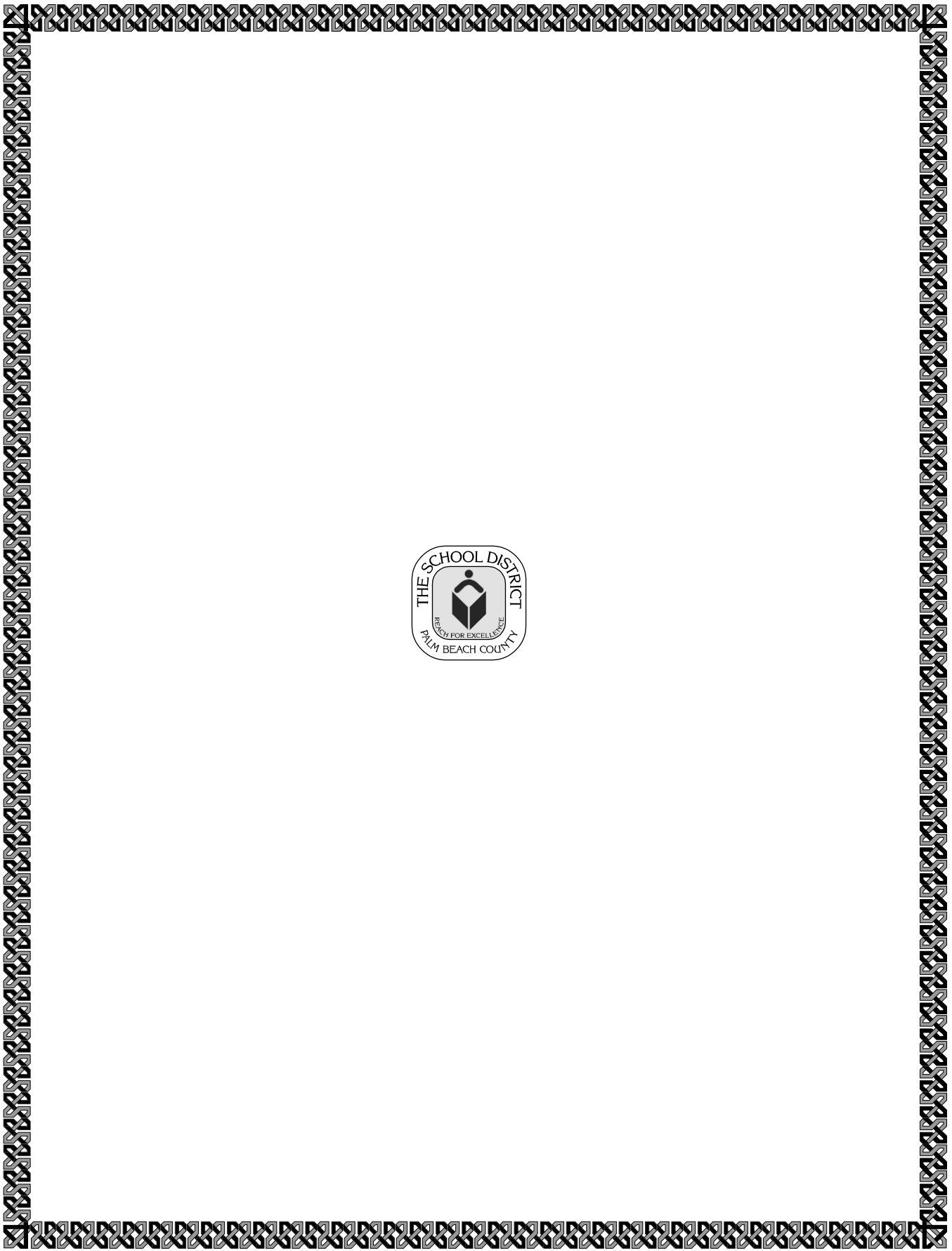
APPENDIX B

**BASIC FINANCIAL STATEMENTS
OF THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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BASIC FINANCIAL STATEMENTS





THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
STATEMENT OF NET ASSETS
JUNE 30, 2006
(amounts expressed in thousands)

	Primary Government	
	Governmental	Component
	Activities	Units
	<hr/>	<hr/>
ASSETS		
Cash, cash equivalents and investments	\$ 1,000,042	\$ 9,142
Taxes receivable	23,953	-
Accounts and interest receivable	904	1,194
Due from other agencies	75,292	129
Inventories	15,725	-
Restricted assets (cash with fiscal agent)	1,116	-
Other assets	16,561	668
Capital assets:		
Land	276,525	-
Construction in progress	443,461	-
Improvements other than buildings	11,922	1,294
Buildings and improvements	2,547,162	5,102
Furniture, fixtures and equipment	171,229	3,177
Motor vehicles	81,127	106
Audio/video materials and software	41,260	374
Less accumulated depreciation	(717,377)	(1,533)
Total capital assets, net of depreciation	<hr/> 2,855,309	<hr/> 8,520
TOTAL ASSETS	<hr/> 3,988,902	<hr/> 19,653
LIABILITIES		
Accounts and contracts payable	82,144	2,072
Accrued payroll and payroll deductions	47,727	360
Due to other agencies	357	-
Due to fiscal agent	170	-
Retainage payable on contracts	20,816	-
Tax anticipation notes payable	55,000	-
Commercial paper notes payable	250,000	-
Deposits payable	372	-
Interest payable	31,772	-
Unearned revenue	2,915	131
Noncurrent liabilities:		
Portion due or payable within one year:		
Notes payable	-	634
Bonds payable	30,310	-
Obligations under capital leases	-	24
Liability for compensated absences	12,368	174
Certificates of participation payable	37,605	-
Estimated claims and post retirement benefits	10,892	-
Portion due or payable after one year:		
Notes payable	-	7,432
Bonds payable	67,487	-
Obligations under capital leases	-	-
Liability for compensated absences	140,720	-
Certificates of participation payable	1,554,411	-
Estimated claims and post retirement benefits	33,773	-
TOTAL LIABILITIES	<hr/> 2,378,839	<hr/> 10,827
NET ASSETS		
Invested in capital assets, net of related debt	1,412,258	2,380
Restricted for:		
Categorical carryover programs	16,244	-
Debt service	105,814	-
Capital projects	155,767	1,353
Other purposes	39,400	178
Unrestricted (deficit)	(119,420)	4,915
TOTAL NET ASSETS	<hr/> \$ 1,610,063	<hr/> \$ 8,826

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, 2006
(amounts expressed in thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
Instruction	\$ 854,689	\$ 1,477	\$ 103,667	\$ -
Instructional support services	158,704	-	-	-
Board	5,309	-	-	-
General administration	9,400	-	-	-
School administration	90,685	-	-	-
Facilities acquisition and construction	85,528	-	-	43,165
Fiscal services	4,264	-	-	-
Food services	57,339	23,449	33,170	-
Central services	12,675	-	-	-
Pupil transportation services	45,420	1,619	27,128	-
Operation of plant	123,876	-	-	-
Maintenance of plant	43,678	-	-	-
Administrative technology services	5,228	-	-	-
Community services	25,328	19,385	7,864	-
Interest on long-term debt	76,875	-	-	5,861
Depreciation expense	81,467	-	-	-
Amortization expense	1,459	-	-	-
Total primary government governmental activities	<u>1,681,924</u>	<u>45,930</u>	<u>171,829</u>	<u>49,026</u>
Component Units:				
Charter schools	<u>\$ 47,386</u>	<u>\$ 408</u>	<u>\$ 4,644</u>	<u>\$ 1,194</u>

General revenues:

Taxes:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Property taxes, levied for capital projects
- Local sales taxes

Grants and entitlements not restricted to specific programs

Investment earnings

Miscellaneous

Total general revenues

Change in net assets

Net Assets—beginning, as previously reported

Adjustments for effect of change in reporting entity

Net Assets—beginning, as adjusted

Net Assets—ending

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

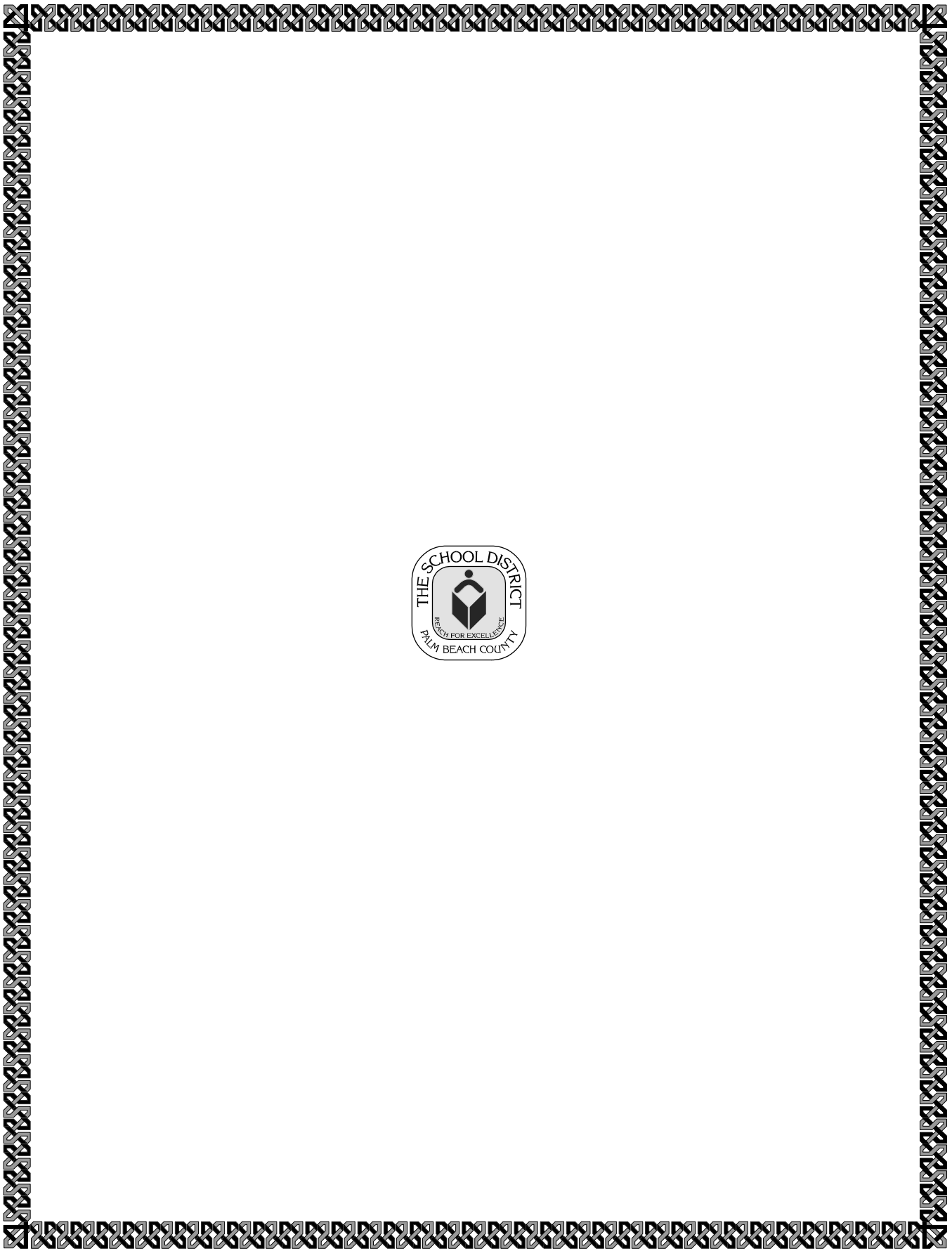
Net (Expense) Revenue and Changes in Net Assets	
Primary	
Government	
Governmental	Component
Activities	Units
\$ (749,545)	\$ -
(158,704)	-
(5,309)	-
(9,400)	-
(90,685)	-
(42,363)	-
(4,264)	-
(720)	-
(12,675)	-
(16,673)	-
(123,876)	-
(43,678)	-
(5,228)	-
1,921	-
(71,014)	-
(81,467)	-
(1,459)	-
<u>(1,415,139)</u>	<u>-</u>
<u>-</u>	<u>(41,140)</u>
739,700	-
27,862	-
251,074	-
120,466	-
410,636	39,697
39,849	(119)
48,396	3,880
<u>1,637,983</u>	<u>43,458</u>
<u>222,844</u>	<u>2,318</u>
<u>1,387,219</u>	<u>8,890</u>
<u>-</u>	<u>(2,382)</u>
<u>1,387,219</u>	<u>6,508</u>
<u>\$ 1,610,063</u>	<u>\$ 8,826</u>

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006
(amounts expressed in thousands)

	GENERAL FUND	COPS DEBT SERVICE	CAPITAL IMPROVEMENT
ASSETS			
Cash, cash equivalents and investments	\$ 163,421	\$ 95,037	\$ 148,054
Taxes receivable	17,387	-	5,910
Accounts and interest receivable	8	-	-
Due from other agencies	6,436	-	-
Due from other funds	17,000	-	-
Other assets	340	-	1,073
Inventories	14,041	-	-
TOTAL ASSETS	218,633	95,037	155,037
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts and contracts payable	16,694	-	22,471
Accrued payroll and payroll deductions	47,727	-	-
Due to other funds	-	-	-
Due to other agencies	10	3	-
Due to fiscal agent	-	170	-
Retainage payable on contracts	-	-	2,377
Tax anticipation notes payable	55,000	-	-
Commercial paper payable	-	-	-
Deposits payable	240	-	-
Interest payable	1,528	-	-
Unearned revenue	629	-	-
TOTAL LIABILITIES	121,828	173	24,848
FUND BALANCES (DEFICITS)			
Fund balances reserved:			
Reserved for encumbrances	8,670	-	44,023
Reserved for inventory	14,041	-	-
Reserved for categorical carryover programs	2,005	-	-
Reserved for debt service	-	94,864	-
Fund balances (deficits) unreserved:			
General Fund - designated for board contingency	39,400	-	-
Capital Project Funds - designated for capital projects	-	-	86,166
Undesignated (deficits), reported in:			
General Fund	32,689	-	-
Capital Project Funds	-	-	-
Special Revenue Funds	-	-	-
TOTAL FUND BALANCES (DEFICITS)	96,805	94,864	130,189
TOTAL LIABILITIES AND FUND BALANCES	\$ 218,633	\$ 95,037	\$ 155,037

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

COPS	SALES TAX	OTHER CAPITAL PROJECTS	OTHER NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 287,539	\$ 209,118	\$ 47,181	\$ 50,771	\$ 1,001,121
-	-	-	656	23,953
-	-	-	896	904
-	19,977	25,345	23,534	75,292
-	-	-	-	17,000
-	-	-	-	1,413
-	-	-	1,684	15,725
<u>287,539</u>	<u>229,095</u>	<u>72,526</u>	<u>77,541</u>	<u>1,135,408</u>
12,568	16,667	10,443	3,289	82,132
-	-	-	-	47,727
-	-	-	17,000	17,000
-	-	-	344	357
-	-	-	-	170
7,681	9,035	1,723	-	20,816
-	-	-	-	55,000
-	250,000	-	-	250,000
-	-	-	132	372
-	1,080	-	-	2,608
-	-	3,282	2,286	6,197
<u>20,249</u>	<u>276,782</u>	<u>15,448</u>	<u>23,051</u>	<u>482,379</u>
59,721	74,925	27,854	7,065	222,258
-	-	-	1,684	15,725
-	-	14,239	-	16,244
-	-	-	34,867	129,731
-	-	-	-	39,400
207,569	-	14,985	-	308,720
-	-	-	-	32,689
-	(122,612)	-	(3,132)	(125,744)
-	-	-	14,006	14,006
<u>267,290</u>	<u>(47,687)</u>	<u>57,078</u>	<u>54,490</u>	<u>653,029</u>
\$ 287,539	\$ 229,095	\$ 72,526	\$ 77,541	\$ 1,135,408



**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006
(amounts expressed in thousands)**

Total Fund Balances - Governmental Funds \$ 653,029

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

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

Cost of the assets	3,572,686	
Accumulated depreciation	<u>(717,377)</u>	2,855,309

Debt issuance charges 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 assets.

15,148

An internal service fund is used by management to charge the costs of maintenance activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.

25

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

3,282

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities (net of discounts/premiums and deferred amounts on refundings) at year-end consist of:

Bonds payable	97,797	
Compensated absences	153,088	
Certificates of Participation payable	1,592,016	
Long-term claims payable	44,665	
Accrued interest on long-term debt	<u>29,164</u>	<u>(1,916,730)</u>

Total Net Assets - Governmental Activities \$ 1,610,063

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

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)

	<u>GENERAL FUND</u>	<u>COPS DEBT SERVICE</u>	<u>CAPITAL IMPROVEMENT</u>
REVENUES:			
Local sources:			
Ad valorem taxes	\$ 739,365	\$ -	\$ 251,364
Sales tax	-	-	-
Impact fees	-	-	-
Interest income and other	11,355	1,636	9,663
School age child care fees	18,763	-	-
Food service sales	-	-	-
Local grants and other	19,844	-	-
Total local sources	<u>789,327</u>	<u>1,636</u>	<u>261,027</u>
State sources:			
Florida education finance program	206,887	-	-
Capital outlay and debt service	107	-	-
Food service	-	-	-
Transportation	27,128	-	-
Public education capital outlay	-	-	-
Effort index	-	-	-
Class size reduction	103,667	-	-
State grants and entitlements	66,007	-	-
Total state sources	<u>403,796</u>	<u>-</u>	<u>-</u>
Federal sources:			
Federal grants and entitlements	4,729	-	-
National school lunch act	-	-	-
Total federal sources	<u>4,729</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>1,197,852</u>	<u>1,636</u>	<u>261,027</u>
EXPENDITURES:			
Current:			
Instruction	797,054	-	-
Instructional support services	103,040	-	-
Board	4,809	-	-
General administration	6,858	-	-
School administration	91,588	-	-
Facilities acquisition and construction	518	-	-
Fiscal services	4,371	-	-
Food services	-	-	-
Central services	13,442	-	-
Pupil transportation services	43,961	-	-
Operation of plant	120,962	-	-
Maintenance of plant	43,223	-	-
Administrative technology services	5,216	-	-
Community services	20,876	-	-
Total Current Expenditures	<u>1,255,918</u>	<u>-</u>	<u>-</u>

<u>COPS</u>	<u>SALES TAX</u>	<u>OTHER CAPITAL PROJECTS</u>	<u>OTHER NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$ -	\$ -	\$ -	\$ 27,904	\$ 1,018,633
-	120,466	-	-	120,466
-	-	28,063	-	28,063
5,177	9,000	1,472	1,449	39,752
-	-	-	-	18,763
-	-	-	23,056	23,056
580	-	1,752	9,710	31,886
<u>5,757</u>	<u>129,466</u>	<u>31,287</u>	<u>62,119</u>	<u>1,280,619</u>
-	-	-	-	206,887
-	-	-	7,003	7,110
-	-	-	869	869
-	-	-	-	27,128
-	-	-	12,608	12,608
-	-	491	-	491
-	-	23,441	-	127,108
-	-	-	3,797	69,804
<u>-</u>	<u>-</u>	<u>23,932</u>	<u>24,277</u>	<u>452,005</u>
-	-	-	108,885	113,614
-	-	-	32,311	32,311
-	-	-	141,196	145,925
<u>5,757</u>	<u>129,466</u>	<u>55,219</u>	<u>227,592</u>	<u>1,878,549</u>
-	-	-	51,970	849,024
-	-	-	55,027	158,067
-	-	-	-	4,809
-	-	-	2,802	9,660
-	-	-	788	92,376
-	-	-	224	742
-	-	-	98	4,469
-	-	-	57,064	57,064
-	-	-	386	13,828
-	-	-	1,240	45,201
-	-	-	1,949	122,911
-	-	-	38	43,261
-	-	-	-	5,216
-	-	-	3,509	24,385
<u>-</u>	<u>-</u>	<u>-</u>	<u>175,095</u>	<u>1,431,013</u>

(Continued)

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)**

	<u>GENERAL FUND</u>	<u>COPS DEBT SERVICE</u>	<u>CAPITAL IMPROVEMENT</u>
Capital outlay	1,153	-	126,925
Debt service:			
Retirement of principal	-	29,060	-
Interest	1,358	62,544	36
Fiscal charges	-	1,492	-
TOTAL EXPENDITURES	<u>1,258,429</u>	<u>93,096</u>	<u>126,961</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(60,577)</u>	<u>(91,460)</u>	<u>134,066</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	43,705	101,720	-
Transfers out	-	-	(140,017)
Issuance of long-term and refunded debt	-	-	-
Net premium (discount) from issuance of long-term and refunded debt	9,811	678	-
Payments to refunded debt escrow agent	-	(77,204)	-
Proceeds of loss recoveries	10,228	-	-
Sale of capital assets and other	3	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>63,747</u>	<u>25,194</u>	<u>(140,017)</u>
NET CHANGE IN FUND BALANCES	3,170	(66,266)	(5,951)
FUND BALANCES, JULY 1, 2005	<u>93,635</u>	<u>161,130</u>	<u>136,140</u>
FUND BALANCES (DEFICIT), JUNE 30, 2006	<u>\$ 96,805</u>	<u>\$ 94,864</u>	<u>\$ 130,189</u>

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

<u>COPS</u>	<u>SALES TAX</u>	<u>OTHER CAPITAL PROJECTS</u>	<u>OTHER NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
108,702	195,301	65,050	18,224	515,355
-	-	901	28,900	58,861
-	7,495	11	4,538	75,982
2,045	839	1	560	4,937
<u>110,747</u>	<u>203,635</u>	<u>65,963</u>	<u>227,317</u>	<u>2,086,148</u>
<u>(104,990)</u>	<u>(74,169)</u>	<u>(10,744)</u>	<u>275</u>	<u>(207,599)</u>
-	-	-	-	145,425
(1,104)	-	(3,304)	(1,000)	(145,425)
224,165	-	-	2,675	226,840
5,698	-	-	260	16,447
-	-	-	(3,385)	(80,589)
-	-	15,139	343	25,710
-	-	2,050	-	2,053
<u>228,759</u>	<u>-</u>	<u>13,885</u>	<u>(1,107)</u>	<u>190,461</u>
123,769	(74,169)	3,141	(832)	(17,138)
<u>143,521</u>	<u>26,482</u>	<u>53,937</u>	<u>55,322</u>	<u>670,167</u>
<u>\$ 267,290</u>	<u>\$ (47,687)</u>	<u>\$ 57,078</u>	<u>\$ 54,490</u>	<u>\$ 653,029</u>

(Concluded)

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)**

Total net change in fund balances - governmental funds \$ (17,138)

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 by which capitalized capital outlays (\$433,980) exceed depreciation expense (\$81,466) in the period.	352,514
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.	(224,165)
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(14,168)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	58,861
Bond refunding proceeds provide current financial resources to governmental funds. Bond refunding payments are expenditures in the governmental funds. This is the amount by which refunding payments (\$80,589) exceed refunding proceeds (\$2,675) in the current period.	77,914
Revenues in the statement of activities that are not available to liquidate current financial obligations are not reported in the governmental funds.	3,282
The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.	(7,485)
Expenses in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds.	(6,771)
An internal service fund is used by management to charge the costs of maintenance activities to individual funds. The net revenue of the internal service fund is reported with governmental activities.	-

Change in net assets of governmental activities \$ 222,844

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

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
REVENUES:					
Local sources	\$ 772,643	\$ 789,703	\$ 789,327	\$ 17,060	\$ (376)
State sources	433,190	403,616	403,796	(29,574)	180
Federal sources	3,941	4,729	4,729	788	-
TOTAL REVENUES	<u>1,209,774</u>	<u>1,198,048</u>	<u>1,197,852</u>	<u>(11,726)</u>	<u>(196)</u>
EXPENDITURES:					
Instruction	852,031	830,368	798,612	21,663	31,756
Instructional support services	106,291	109,568	104,698	(3,277)	4,870
Board	5,111	5,073	4,894	38	179
General administration	7,254	7,206	6,903	48	303
School administration	96,143	93,342	91,665	2,801	1,677
Facilities acquisition and construction	1,675	636	577	1,039	59
Fiscal services	4,536	4,519	4,380	17	139
Central services	14,032	14,025	13,642	7	383
Pupil transportation services	40,199	44,450	44,190	(4,251)	260
Operation of plant	117,829	124,694	121,450	(6,865)	3,244
Maintenance of plant	40,399	49,316	48,287	(8,917)	1,029
Administrative Technology Services	5,553	5,477	5,260	76	217
Community services	22,608	26,000	21,183	(3,392)	4,817
Debt service	1,063	1,357	1,358	(294)	(1)
TOTAL EXPENDITURES	<u>1,314,724</u>	<u>1,316,031</u>	<u>1,267,099</u>	<u>(1,307)</u>	<u>48,932</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(104,950)</u>	<u>(117,983)</u>	<u>(69,247)</u>	<u>(13,033)</u>	<u>48,736</u>
OTHER FINANCING SOURCES:					
Transfers in	39,000	43,705	43,705	4,705	-
Issuance of long-term and refunded debt	9,811	9,811	9,811	-	-
Proceeds from loss recoveries	-	10,228	10,228	10,228	-
Sale of capital assets	-	2	3	2	1
TOTAL OTHER FINANCING SOURCES	<u>48,811</u>	<u>63,746</u>	<u>63,747</u>	<u>14,935</u>	<u>1</u>
NET CHANGE IN FUND BALANCE	<u>\$ (56,139)</u>	<u>\$ (54,237)</u>	<u>(5,500)</u>	<u>\$ 1,902</u>	<u>\$ 48,737</u>
FUND BALANCE, JULY 1, 2005 (GAAP BASIS)			<u>93,635</u>		
FUND BALANCE, JUNE 30, 2005 (BUDGETARY BASIS)			88,135		
Adjustment To Conform With GAAP:					
Elimination of encumbrances			<u>8,670</u>		
FUND BALANCE, JUNE 30, 2006 (GAAP BASIS)			<u>\$ 96,805</u>		

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

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2006
 (amounts expressed in thousands)

	Governmental Activities
	Internal Service Fund
ASSETS	
Cash, cash equivalents and investments	\$ 37
Total assets	<u>\$ 37</u>
LIABILITIES	
Accounts payable	\$ 12
NET ASSETS	
Unrestricted	25
Total liabilities and net assets	<u>\$ 37</u>

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

**THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)**

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES:	
Service revenue	\$ 27,549
TOTAL OPERATING REVENUES	<u>27,549</u>
OPERATING EXPENSES:	
Salaries	20,780
Benefits	6,734
Purchased services	131
TOTAL OPERATING EXPENSES	<u>27,645</u>
OPERATING LOSS	(96)
NONOPERATING REVENUES:	
Interest and other income	96
TOTAL NONOPERATING REVENUES	<u>96</u>
CHANGE IN NET ASSETS	-
NET ASSETS - Beginning of year	<u>25</u>
NET ASSETS - End of year	<u>\$ 25</u>

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, 2006
(amounts expressed in thousands)**

	Governmental Activities
	Internal Service Fund
	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash receipts from services provided to other funds	\$ 27,549
Cash payments to suppliers for goods and services	(131)
Cash payments for salaries, benefits, and other expenses	(27,514)
Net cash used in operating activities	<u>(96)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest earnings on investments	96
Net cash provided by investing activities	<u>96</u>
Net increase in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	<u>37</u>
Cash and cash equivalents, end of year	<u>\$ 37</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	\$ (96)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Increase in accounts payable	-
Total adjustments	<u>-</u>
Net cash used in operating activities	<u>\$ (96)</u>

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 ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006
(amounts expressed in thousands)

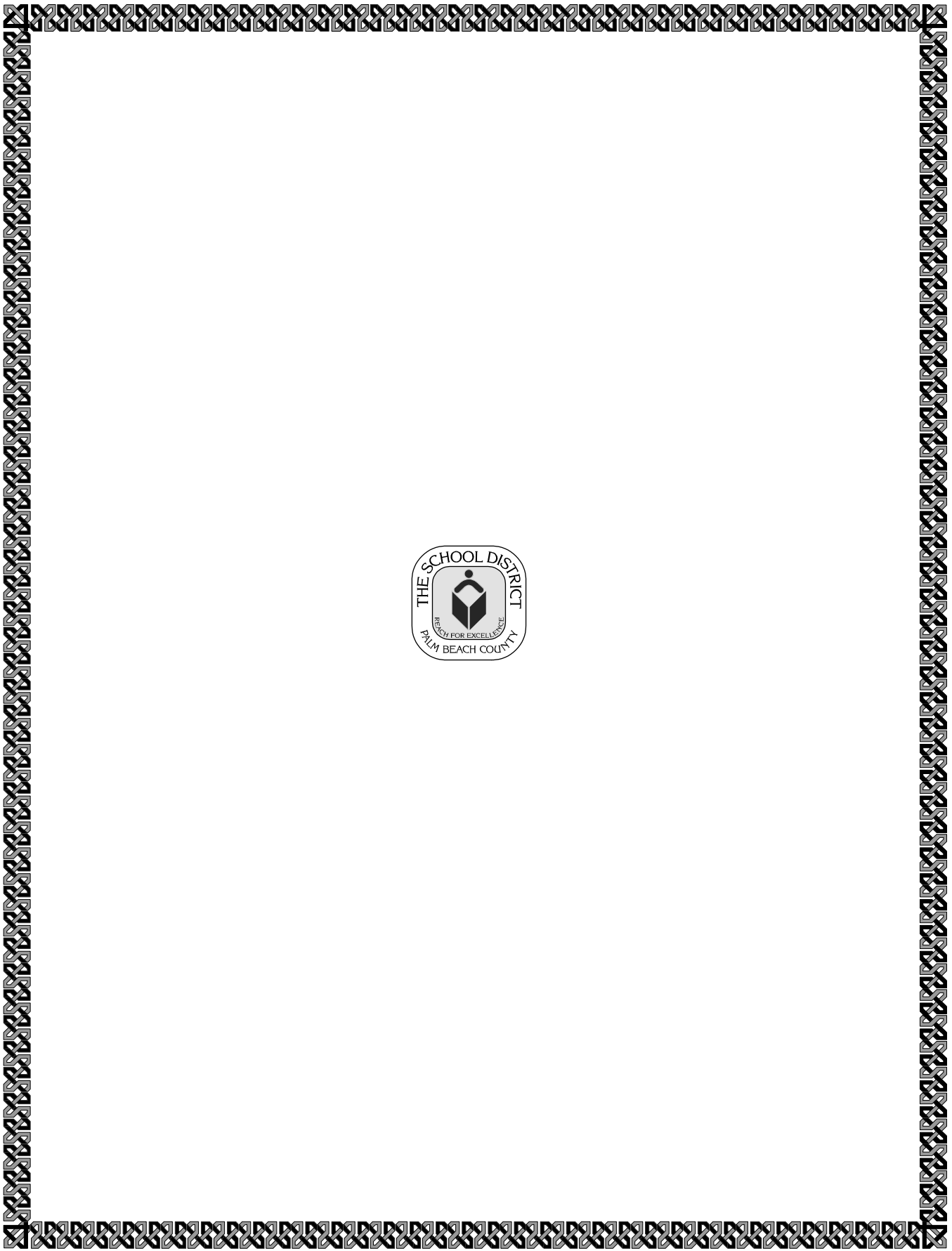
	<u>PRIVATE- PURPOSE TRUST FUND</u>	<u>AGENCY FUND</u>
	<u>FLORIDA FUTURE EDUCATORS OF AMERICA</u>	<u>SCHOOL INTERNAL FUNDS</u>
ASSETS		
Cash, cash equivalents and investments	\$ 524	\$ 13,675
Accounts receivable	-	599
	<u>524</u>	<u>14,274</u>
TOTAL ASSETS	<u>524</u>	<u>\$ 14,274</u>
LIABILITIES		
Accounts payable	-	\$ 69
Other liabilities	-	340
Due to student organizations	-	13,865
	<u>-</u>	<u>14,274</u>
TOTAL LIABILITIES	<u>-</u>	<u>\$ 14,274</u>
NET ASSETS		
Held in trust for scholarships	<u>524</u>	
TOTAL NET ASSETS	<u>\$ 524</u>	

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

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)

	PURPOSE TRUST FUND <hr/> FLORIDA FUTURE EDUCATORS OF AMERICA <hr/>
ADDITIONS	
Donations	\$ 98
	<hr/> 98
Scholarship disbursements	75
	<hr/> 75
TOTAL DEDUCTIONS	75
	<hr/>
CHANGE IN NET ASSETS	23
NET ASSETS - Beginning of year	501
	<hr/>
NET ASSETS - End of year	\$ 524
	<hr/> <hr/>

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





THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

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 by countywide vote for overlapping four-year terms. The Superintendent is appointed by the Board to act as executive officer of the District.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. In accordance with GASB 14, "The Financial Reporting Entity," as amended by GASB 39, "Determining Whether Certain Organizations Are Component Units", the criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or the nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be incomplete. Applying this definition, District management has determined that the component units and/or joint ventures reportable within the accompanying financial statements are the Palm Beach School Board Leasing Corporation, (the "Corporation"), Assumption of Operations of Charter Schools of Palm Beach County, Inc. ("Assumption") and thirty-eight of the forty-four Charter Schools operating within the District. These Charter Schools are included due to the fact that the exclusion of them would cause the District's financial statements to be incomplete. Based on the Auditor General's Rules, Chapter 10.850, "Audits of Charter Schools and Similar Entities" District management has determined that the following four charter schools are non-component units: Palm Beach Maritime Academy, Potentials Charter School, Potentials South Charter School and Seagull Academy Charter School. Each of these charter schools are operated by entities other than the District and are not legally separate from those entities. As such, each of these charter schools is included as a component unit of their respective operating entity.

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.

Assumption's sole purpose is to assume operations of certain charter schools, while legal or administrative procedures are followed. Additionally, Assumption is legally separate from the District and the Board of Assumption consists of three officers of the District. The financial activities of Assumption are considered to be immaterial to the District and have not been blended.

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

Discretely Presented Component Units - Florida State Statute 1002.33 authorized the establishment of Charter Schools as part of the State's education program. All Charter Schools are fully recognized as public schools. As such, Charter Schools are funded on the same basis and are subject to the same financial reporting requirements as the District. Additionally, all students enrolled in Charter Schools are included in the District's total enrollment. At fiscal year end there were thirty-eight Charter Schools operating within the School District of Palm Beach County meeting the criteria for presentation as a discretely presented component unit.

During fiscal year 2006, two of the charter schools ceased operations: Spanish Academy Charter School on February 5, 2006 and Corebridge Educational Academy on June 15, 2006. On December 14, 2005 two other charter school contracts (Delray Boynton Academy and Riviera Beach Academy) were terminated and the charter schools were converted to alternative education schools, operating as private providers. Effective February 1, 2006 Assumption took over the operations of two charter schools, Survivors Charter School of West Palm Beach and Survivors Charter School of Boynton Beach. The charter schools continued to operate for the remaining portion of the fiscal year under the administration of Assumption.

In addition, applications for two new charter schools were approved to open during the fiscal year, Palm Beach Military Academy and New Vision Child Academy. Neither of these schools opened during the fiscal year, thus no financial information has been reported for these entities.

Complete financial statements of the individual component units can be obtained from their administrative offices, except for those previously identified that closed operations during the year or those whose charters were terminated. The thirty-two component unit charter schools in operation at fiscal year end are listed below:

Academy for International Studies 757 Lighthouse Drive North Palm Beach, Florida 33408	Academy for Positive Learning 128 North C. Street Lake Worth, Florida 33460
Boca Raton Charter (Opened 2-6-06) 414 NW 35 th Street Boca Raton, Florida 33431	Bright Futures International 757 Lighthouse Drive North Palm Beach, Florida 33408
Chancellor Charter School at Lantana 600 South East Coast Avenue Lantana, Florida 33462	Charter School of Boynton Beach 801 North Congress Avenue, Suite 529 Boynton Beach, Florida 33426
DayStar Academy of Excellence 970 North Seacrest Boulevard Boynton Beach, Florida 33435	Delray Youth Vocational Charter School 601 North Congress Avenue, Unit 110 Delray Beach, Florida 33445
Ed Venture Charter School 117 East Coast Avenue Hypoluxo, Florida 33462	Everglades Preparatory Academy 183 South Lake Avenue Pahokee, Florida 33476
G-STAR School of the Arts 2065 Prairie Road, Building J West Palm Beach, Florida 33406	Glades Academy 1200 East Main Street Pahokee, Florida 334
Good Schools for All Leadership NW 4 th Avenue Delray Beach, Florida 444	Guided Path Academy 1199 West Lantana Road, Building 3 Lantana, Florida 33462

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

Gulfstream Goodwill Career Academy
269 NE 14th Street
Boca Raton, Florida 33432

Gulfstream Goodwill L.I.F.E Academy
3800 South Congress Avenue
Boca Raton, Florida 33426

Gulfstream Goodwill Transition
950 North Congress Avenue
Riviera Beach, Florida 33404

Hope Learning Community of Riviera Beach
(Noah's Ark International)
21 West 22nd Street
Riviera Beach, Florida 33404

The IMAGINE School
2580 Metrocentre Boulevard
West Palm Beach, Florida 33407

Inlet Grove Community High School, Inc.
7071 Garden Road
West Palm Beach, Florida 33404

JFK Medical Center Charter School
4696 Davis Road
Lake Worth, Florida 33461

Joseph Littles-Nguzo Saba Charter School
5829 Corporate Way, 2nd Floor
West Palm Beach, Florida 33407

Lakeside Academy Charter School
710 South Main Street
Belle Glade, Florida 33430

Leadership Academy West
2030 South Congress Avenue
West Palm Beach, Florida 33406

Life Skills Center, Palm Beach
600 N. Congress Avenue, Suite 560
Delray Beach, Florida 33445

Montessori Academy of Early Enrichment
2030 South Congress Avenue
West Palm Beach, Florida 33406

Montessori Academy of Northern Palm Beach
9482 Mac Arthur Boulevard
Palm Beach Gardens, Florida 33403

Palm Beach School for Autism, Inc.
1199 West Lantana Road, Cottage #16
Lantana, Florida 33462

Renaissance Learning Center
5800 Corporate Way
West Palm Beach, Florida 33407

South Tech Charter School
1300 S.W. 30th Avenue
Riviera Beach, Florida 33426

Toussaint L'Ouverture
14610-A South Military Trail
Delray Beach, Florida 33484

Western Academy Charter School
500F-K Royal Plaza Road
Royal Palm Beach, Florida 33411

The six charter schools that ceased operations or converted to alternative education schools are listed below:

Corebridge Educational Academy (Closed 6-15-06)
7887 North Federal Highway
Boca Raton, Florida 33487

Delray Boynton Academy
425 Martin Luther King Boulevard
Boynton Beach, Florida 33435

Riviera Beach Academy
80 30th Street
Riviera Beach, Florida 33404

Spanish Academy Charter School (Closed 2-5-06)
414 N.W. 35th Street
Boca Raton, Florida 33431

Survivors Charter School
(Charter Terminated 1-31-06)
1310 North Congress Avenue
West Palm Beach, Florida 33409

Survivors Charter School of Boynton Beach
(Charter Terminated 1-31-06)
1325 Gateway Boulevard
Boynton Beach, Florida 33426

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

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, Assumption, as well as all of the funds of the District as a governmental unit.

Change in Reporting Entity

As a result of the cease of operations of various charter schools and the continued operations of other charter schools under the administration of Assumption, District's management has excluded six of the Charter Schools that were reported as component units during prior years (as described above). As a result of this change in reporting, the net assets of the component units as a whole has been restated by \$2,382,000 as follows:

Net Assets - Beginning of year, as previously reported	\$	8,890,000
Adjustments for Effect of Change in Reporting Entity		
Corebridge Educational Academy		74,000
Delray Boynton Academy		(517,000)
Rivera Beach Academy		(5,000)
Spanish Academy Charter School		152,000
Survivors Charter School		(814,000)
Survivors Charter School-Boynton Beach		(1,272,000)
Subtotal		(2,382,000)
Net Assets - Beginning of year, adjusted	\$	6,508,000

At the date of issuance of this report, the District had no financial information available relating to the operations of these charter schools.

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

Government-wide Financial Statements

The Statement of Net Assets 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. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus. 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 a 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.

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

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. Nonmajor funds are aggregated and presented in a single column. All of the component units are nonmajor and are aggregated and presented in a single column. The internal service fund is 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. This measurement focus is based on the concept of accountability, which includes measuring interperiod equity whether current year revenues were sufficient to pay for current year services. The Proprietary Fund is accounted for on an "economic resources" measurement focus. Accordingly, the Statement of Revenues, Expenses and Changes in Fund Net Assets 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.

Certificates of Participation ("COPS") Debt Service Fund

The COPS debt service fund accounts for the repayment of the certificates of participation.

Capital Improvement Capital Projects Fund

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

Certificates of Participation ("COPS") Capital Projects Fund

The COPS capital projects fund accounts for construction projects and equipment purchases financed by the sale of certificates of participation.

Sales Tax Capital Projects Fund

The sales tax capital projects fund accounts for locally received funds, primarily sales tax revenue, for the acquisition, construction or renovation of capital facilities, including land and equipment.

Other Capital Projects Fund

The other capital projects fund account for impact fees and miscellaneous state revenues received for the acquisition, construction and renovation of capital facilities.

Other Governmental Funds

The other governmental funds are a summarization of all the non-major governmental funds.

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

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 fund that the District has is an internal service fund.

Internal Service Fund

Internal service funds are used to account for the financing of goods and services provided by one department to another on a cost reimbursement basis. The District's only internal service fund accounts for the District's maintenance services.

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.

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 also 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. Property tax revenue is recognized when taxes are received, except at year end when revenue is recognized for taxes received by the District within 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 and compensated absences which are recognized when due.

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

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

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. Any unused money is returned to the FDOE and so recorded in the year returned.

The District, at various times, receives authorization for the expenditure of funds for Public Education Capital Outlay (“PECO”), Classrooms First, Effort index grant and Class size reduction projects from the State of Florida. For State reporting purposes, PECO, Classrooms First, Effort index grant and Class size reduction revenue is recognized at the time authorization is approved by the State. For financial reporting purposes however, as there is no assurance that all funds made available will become eligible and since authorizations are made available for several years, revenue is not recognized until the eligibility criteria is met.

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.

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. The principal operating revenues of the District’s internal service fund are charges for maintenance services. Operating expenses include the cost of the services along with payroll and related expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

C. Budgetary Policies

Revenues and 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, and the PECO, Classrooms First, Effort index grant and Class size reduction revenues. The budgetary process includes encumbrances and the aforementioned revenues in the current year budget. The encumbrances and revenues are reported as expenditures or revenues respectively, 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 through September 6, 2006, 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. All budget amendments that are categorized as federal or State grants must have State approval as well as Board approval. The Board is not legally authorized to approve expenditures that exceed appropriations; therefore, during fiscal year 2006, budget amendments were approved as necessary to comply with legal requirements.

Unreserved appropriations are canceled at the end of the fiscal year. However, encumbered appropriations for funds do not lapse at the end of the fiscal year. Undesignated fund balances at June 30, 2006 for funds under budgetary control have been reappropriated for the fiscal year 2007 operating budget within the appropriate fund. Programs reserved 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 reserved for encumbrances at the governmental fund level indicate that portion of the fund

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

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. Investments consist of direct obligations of the United States Treasury, U.S. Government Agency Securities, and money market funds investing in U.S. Treasury Securities. 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, books, maintenance items, transportation items, commodities, etc. USDA commodities received from the federal government are recorded at the value established by the federal government using the average cost method. Inventoriable items are recorded as expenditures when shipped to schools and department offices (the consumption method). The reserve for inventories 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 not available for appropriation and expenditure.

G. 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 assets. In the case of gifts or contributions, such assets are recorded at fair market value at the time received.

The District's capitalization levels are \$1,000 on tangible personal property, \$100,000 on building improvements and \$50,000 on improvements other than buildings. Other costs incurred for repairs and maintenance are 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:

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

H. Long-term Debt

In the fund-level financial statements, governmental funds report the face amount of debt issued, 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 assets. Debt premiums, discounts, issuance costs, as well as deferred amounts on refundings, are deferred and amortized over the life of the debt.

I. Self Insurance

The District is self-insured for portions of its general and automobile liability insurance and workers'

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

compensation. The estimated liability for self-insured risks represents an estimate of the amount to be paid on insurance claims reported and on insurance claims incurred but not reported (See Note 7). Consistent with GAAP guidelines, for the governmental funds, in the fund financial statements, the liability for self-insured risks is considered long-term and therefore, is not a fund liability and represents a reconciling item between the fund level and government-wide presentations. An expenditure is recognized in the governmental fund as payments come due each period.

J. 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 is payable to employees upon termination or retirement at the current rate of pay on the date of termination or retirement. The costs of vacation and sick leave benefits are budgeted and expended in the respective operating funds when payments are made to employees.

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 current portion is the amount estimated to be used in the following year. Consistent with GAAP guidelines, for the governmental funds, in the fund financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and government-wide presentations. An expenditure is recognized in the governmental fund as payments come due each period, for example, as a result of employee resignations and retirements.

K. Reserves of Fund Equity

Portions of Fund Equity that have been reserved indicate the amount of fund balance that cannot be appropriated for expenditures since it is legally segregated for a specific future use. In addition, the District established a reservation of Fund Equity for Board Contingency that will ultimately accumulate up to 3% of the total annual General Fund appropriations and transfers.

L. Implementation of New Accounting Principle

The District adopted the provisions of GASB Statement No. 44, Economic Condition Reporting: The Statistical Section. This Statement amends the previous statement that guides in the preparation of the statistical section. This Statement improves the understandability and usefulness of the statistical section information by addressing the comparability issues that have developed by adding information from the new financial reporting model required by GASB Statement No. 34. Accordingly, the statistical section has been revised to conform to the provisions of GASB Statement No. 44.

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.

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

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

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 four percent 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 8.106 mills and the total assessed value on which the 2005-06 levy was based was \$130,262,743,363. Gross taxes levied were \$1,055,909,798. Total revenue, net of discounts, was \$1,018,634,725. 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 2006, the maintenance transfer amounted to \$43,704,811.

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 percent to 125 percent 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 resulting from insolvency are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessment against other qualified public depositories of the same type as the depository in default. All bank balances of the District are fully insured or collateralized. At June 30, 2006, the carrying amount of the District's cash deposits was \$4,253,981 and the bank balance was \$23,075,374. The carrying amount of the Agency Fund - School Internal Funds cash deposits was \$13,674,711.

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 the SBA Local Government Surplus Funds Trust Fund. This investment pool operates as a Securities and Exchange Commission Rule 2a7-like external investment pool under investment guidelines established by Section 215.47, Florida Statutes. The District's direct investment in the pool of \$832,362,506 is reported at fair value. As of June 30, 2006, the Local Government Investment Pool was not rated by a nationally recognized statistical rating agency.

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Investments

The District's investment policy permits investments in the SBA Local Government Surplus Funds Trust Fund, 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, 2006, the District had the following unrestricted cash and investments and maturities:

PORTFOLIO / INVESTMENTS	CARRYING VALUE	EFFECTIVE DURATION
Cash Deposits	\$ 4,253,981	N/A
Money Market Funds	20,823,348	N/A
Florida State Board of Administration	832,362,506	N/A
Commercial Paper	36,348,988	0.093
Core Fund Investments		
US Treasury - Notes	30,372,525	1.666
Federal Agency - Bond/Notes	41,192,245	1.514
Federal Agency - Mortgage Pass-Throughs	7,505,433	1.027
Corporate Notes	5,423,413	1.795
Debt Service - Escrow		
Certificates of Participation 2002E		
State and Local Government Series (SLGS)	20,563,500	N/A
Debt Proceeds - Invested in Securities		
Certificates of Participation 2004A		
Federal Agency - Bond/Notes	<u>1,196,250</u>	0.122
TOTAL	<u>\$ 1,000,042,189</u>	

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

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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 investments in the Federal Home Loan Bank mature between June 2007 and December 2008. The District's investments in the Federal Home Loan Mortgage Corporation mature between August 2007 and November 2008. The District's investments in the Federal National Mortgage Association mature between December 2006 and January 2009. As of June 30, 2006, the District held approximately \$16 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. A decrease in interest rate levels could trigger calls on these securities, forcing the District to reinvest the proceeds in lower-yielding securities.

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, 2006, the District held \$5.4 million of corporate notes with S&P ratings of AA-. All investments in the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association were rated AAA by S&P. All other rated investments were rated AAA by S&P. As of June 30, 2006, the SBA Local Government Investment Pool was not rated by a nationally recognized statistical rating agency.

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 the SBA Local Government Surplus Funds Trust Fund or securities of the United States Government. Investments in Federal Instrumentalities may be no greater than 80% of the portfolio with a maximum of 50% invested with any single issuer. Corporate notes are limited to 15% of the portfolio and no greater than 5% may be in a single issuer.

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PORTFOLIO / INVESTMENTS	CARRYING VALUE	%
Cash Deposits	\$ 4,253,981	0.43%
Money Market Funds		
Federated Government Money Market Fund	12,600,101	1.26%
Hamilton Money Market Fund	4,785,901	0.48%
Fidelity Money Market Fund	3,437,346	0.34%
Florida State Board of Administration (SBA)	832,362,506	83.23%
Commercial Paper		
Citigroup Funding Inc. Commercial Paper	12,020,217	1.20%
General Electric Capital Corporation Commercial P:	12,313,301	1.23%
Toyota Motor Credit Commercial Paper	12,015,470	1.20%
Investments in Securities		
US Treasury - Notes	30,372,525	3.04%
Wells Fargo Bank	3,952,603	0.40%
Bank of America	1,470,810	0.15%
Federal Farm Credit Bank	1,980,972	0.20%
Federal Home Loan Bank	10,214,210	1.02%
Federal Home Loan Mortgage Corp	22,246,203	2.22%
Federal National Mortgage Association	15,452,543	1.55%
Debt Service - Escrow		
Certificates of Participation 2002E		
State and Local Government Series(SLGS) securities	20,563,500	2.06%
	<u>\$ 1,000,042,189</u>	<u>100.00%</u>

As of June 30, 2006, all District investments were in compliance with the District's Investment Policy and did not exceed portfolio allocation or issuer maximums.

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
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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, 2006, the District's investment portfolio was held with a third-party custodian.

4. DUE FROM OTHER AGENCIES

At June 30, 2006, the District had a total of \$75,292,000 in "Due from other agencies". Approximately \$21 million is due from federal, State and local governments for various grant programs. Approximately \$7.3 million and \$2 million is due from the State for the Class Size Reduction Program and Public Education Capital Outlay, respectively. Approximately \$4.3 million and \$18 million is due from the Federal Emergency Management Agency (FEMA) and from the State, respectively for damages sustained by recent hurricanes. Approximately \$20 million is due from the State for sales taxes. Another \$2.7 million is due from other state and local agencies for miscellaneous items. At June 30, 2006, the District does not expect to collect \$3,281,911 within one year.

5. INTERFUND ACTIVITIES

Due to/from other funds consisted of the following balances at June 30, 2006:

	Interfund Receivables	Interfund Payables
General Fund	\$ 17,000,000	\$ -
Other Governmental Funds	-	17,000,000
Total Interfund	\$ 17,000,000	\$ 17,000,000

The amount payable by the other governmental funds to the general fund is to cover temporary cash shortages.

A summary of interfund transfers as of June 30, 2006 is as follows:

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Transfer from:	Transfer to:		
	General Fund	COPS Debt Service Fund	Total
Capital Improvement Fund	\$ 43,704,811	\$ 96,312,726	\$ 140,017,537
PECO Fund		1,000,000	1,000,000
COPS Fund		1,103,500	1,103,500
Other Capital Projects Fund		3,303,624	3,303,624
Total	\$ 43,704,811	\$ 101,719,850	\$ 145,424,661

The majority of interfund transfers were for recurring annual operating and debt service expenditures.

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6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2006 is as follows (in thousands):

Primary Government

	Balance July 1, 2005	Additions	Retirements and Transfers	Balance June 30, 2006
<u>Non-Depreciable Assets:</u>				
Land	\$ 237,376	\$ 39,173	\$ (24)	\$ 276,525
Construction in Progress	376,846	336,131	(269,516)	443,461
Total Non-Depreciable Assets	<u>614,222</u>	<u>375,304</u>	<u>(269,540)</u>	<u>719,986</u>
<u>Depreciable Assets:</u>				
Improvements Other Than Buildings	8,724	-	3,198	11,922
Buildings and Improvements	2,283,376	26,218	237,568	2,547,162
Furniture, Fixtures & Equipment	185,957	20,334	(35,062)	171,229
Motor Vehicles	74,482	9,325	(2,680)	81,127
Furniture, Fixtures & Equipment Under Capital Leases	2,879	-	(2,879)	-
Audio/Video Materials & Software	43,423	14,069	(16,232)	41,260
Total Depreciable Assets	<u>2,598,841</u>	<u>69,946</u>	<u>183,913</u>	<u>2,852,700</u>
<u>Less Depreciation For:</u>				
Improvements Other Than Buildings	(1,373)	(794)	-	(2,167)
Buildings and Improvements	(504,970)	(51,973)	15,508	(541,435)
Furniture, Fixtures & Equipment	(127,600)	(17,949)	31,760	(113,789)
Motor Vehicles	(40,238)	(6,881)	2,394	(44,725)
Furniture, Fixtures & Equipment Under Capital Leases	(857)	(411)	1,268	-
Audio/Video Materials & Software	(27,744)	(3,458)	15,941	(15,261)
Total Accumulated Depreciation	<u>(702,782)</u>	<u>(81,466)</u>	<u>66,871</u>	<u>(717,377)</u>
Capital Assets, Net	<u>\$ 2,510,281</u>	<u>\$ 363,784</u>	<u>\$ (18,756)</u>	<u>\$ 2,855,309</u>

Depreciation expense for the year ended June 30, 2006 of approximately \$81,466,000 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.

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Discretely presented component units

	Balance July 1, 2005	Change in Reporting Entity	Balance July 1, 2005, Adjusted	Additions	Retirements and Transfers	Balance June 30, 2006
<u>Non-Depreciable Assets:</u>						
Construction in Progress	\$ 122	\$ -	\$ 122	\$ -	\$ (122)	\$ -
Total Non-Depreciable Assets	122	-	122	-	(122)	-
<u>Depreciable Assets:</u>						
Improvements Other Than Buildings	175	-	175	1,277	(158)	1,294
Buildings and Improvements	5,163	(2,873)	2,290	3,017	(205)	5,102
Furniture, Fixtures & Equipment	3,103	(761)	2,342	1,054	(219)	3,177
Motor Vehicles	140	(34)	106	-	-	106
Audio/Video Materials & Software	224	(91)	133	241	-	374
Total Depreciable Assets	8,805	(3,759)	5,046	5,589	(582)	10,053
<u>Less: Accumulated Depreciation</u>	(1,579)	519	(1,060)	(748)	275	(1,533)
<u>Capital Assets, Net</u>	\$ 7,348	\$ (3,240)	\$ 4,108	\$ 4,841	\$ (429)	\$ 8,520

The balances of capital assets of the discretely presented component units as of July 1, 2005 has been adjusted by \$3,240,000 due to a change in reporting entity related to various charter schools. (See Note 1).

7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; administrative errors and omissions; injuries to employees, students and guests; as well as natural disasters. The District is self-insured for errors and omissions as well as workers' compensation losses. 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 certain risks in excess of coverage and certain other risks of loss.

The claims liability is based on an actuarial evaluation performed by an independent actuary as of June 30, 2006 using a discounted rate factor of 5.0%. The liability consists of claims reported and payable, as well as an estimate for claims incurred but not reported. At June 30, 2006, the liability for insurance claims consisted of \$7,305,000 for auto and general liability and \$36,050,000 for workers' compensation.

A summary of changes in the estimated liability for self-insured risks is as follows:

	Fiscal Year Ended June 30, 2006	Fiscal Year Ended June 30, 2005
Beginning Balance	\$ 40,403,000	\$ 37,296,000
Additions:		
Current year claims and changes in estimates	20,374,006	21,486,289
Reductions:		
Claim payments	(17,422,006)	(18,379,289)
Ending Balance	\$ 43,355,000	\$ 40,403,000

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The District maintains insurance coverage for other areas of risk. There have been no other significant reductions in insurance coverage. There have been no settlements that exceeded the District's coverage for fiscal years ended June 30, 2004, 2005 and 2006.

8. TAX ANTICIPATION NOTES PAYABLE

Tax Anticipation Notes

On October 20, 2005 the District issued Tax Anticipation Notes ("TANS"), Series 2005. This \$55,000,000 issue was sold at a coupon interest rate of 4.00 percent with an effective yield of 2.902 percent. Interest costs incurred on this issue for the year ended June 30, 2006, were \$1,125,447 net of a premium of \$402,330. Note proceeds were used to pay fiscal year 2006 District operating expenditures prior to the receipt of ad valorem taxes. TANS are subject to arbitrage rebate. There was no arbitrage rebate due on the TANS, Series 2005. The notes are due September 28, 2006.

Short-term debt activity for the year ended June 30, 2006 was as follows:

	Beginning Balance <u>June 30, 2005</u>	<u>Issued</u>	<u>Redeemed</u>	Ending Balance <u>June 30, 2006</u>
Tax anticipation notes	<u>\$55,000,000</u>	<u>\$55,000,000</u>	<u>\$(55,000,000)</u>	<u>\$55,000,000</u>

Sales Tax Revenue Commercial Paper Notes

The District has established a commercial paper debt program whereby Sales Tax Revenue Commercial Paper Notes issued are payable from and secured by a pledge of the proceeds received by the District from the levy and collection of a one-half cent discretionary sales surtax pursuant to Section 212.055(6), Florida Statutes. On November 2, 2004, the voters of Palm Beach County approved the levy of a one-half cent sales surtax for the construction and modernization of public schools. Collection of the tax began on January 1, 2005 and the collection of the tax will cease on December 31, 2010.

The School Board has authorized the issuance of commercial paper notes in an aggregate amount not to exceed \$300,000,000. As of June 30, 2006, a total of \$250,000,000 had been issued.

January 12, 2005	School Board Authorized	\$300,000,000
January 21, 2005	Offering Statement	\$275,540,000
June 30, 2006	Outstanding Notes	\$250,000,000

The purpose of the notes is to finance, together with other available funds of the District, the cost of acquisition, construction and installation of, and renovation to, certain capital improvements and educational facilities within the District and to pay costs associated with the issuance of the notes.

The District's commercial paper debt program is administered as follows: The notes mature within 270 days of issuance, with interest payable at maturity based on market rates not to exceed 12%. The notes are not subject to redemption prior to maturity. As each group of notes comes due, new notes are issued to refinance the principal amount, and current revenues of the District are used to pay the interest amount due. In addition, through January 31, 2008, the District will maintain an irrevocable, direct-pay letter of credit with a bank to facilitate the refinance of outstanding notes. The District's intent is to continue to refinance maturing notes until such time as the notes are retired through the use of future years' revenues or through issuance of long-term debt. Outstanding obligations under this program are reported as short-term liabilities in the government-wide statement of net assets.

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9. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2006, is as follows (in thousands):

	Beginning Balance 6-30-05	Additions	Reductions	Ending Balance 6-30-06	Amounts Due Within One Year
Governmental Activities:					
Bonds and Leases Payable:					
Capital Outlay Bond Issue	\$ 47,320	\$ 2,675	\$ (7,615)	42,380	\$ 3,800
General Obligation Bonds	79,555	-	(25,280)	54,275	26,510
Capital Lease	901	-	(901)	-	-
Certificates of Participation	1,446,708	224,165	(105,500)	1,565,373	37,605
	<u>1,574,484</u>	<u>226,840</u>	<u>(139,296)</u>	<u>1,662,028</u>	<u>67,915</u>
Plus (Less) Issuance Premium (Discount)	36,162	18,400	(3,708)	50,854	
Less Deferred Amount on Refundings	(23,094)	(2,060)	2,085	(23,069)	
Total Bonds and Leases Payable	<u>1,587,552</u>	<u>243,180</u>	<u>(140,919)</u>	<u>1,689,813</u>	<u>67,915</u>
Other Liabilities:					
Compensated Absences	146,805	20,714	(14,431)	153,088	12,368
Claims and Judgments	40,403	20,374	(17,422)	43,355	10,570
Post Retirement Benefits	3,503	-	(2,193)	1,310	322
Total Other Liabilities	<u>190,711</u>	<u>41,088</u>	<u>(34,046)</u>	<u>197,753</u>	<u>23,260</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 1,778,263</u>	<u>\$ 284,268</u>	<u>\$ (174,965)</u>	<u>\$ 1,887,566</u>	<u>\$ 91,175</u>

The compensated absences, claims and judgments and postretirement benefits are generally liquidated by the general fund.

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 percent to 6.00 percent. Interest is payable semiannually on January 1 and July 1. The bonds are redeemable at par.

General Obligation Bond Issues

General Obligation Bonds constitute general obligations of the District and are payable from ad valorem taxes levied on all taxable property within the District without limitation as to rate or amount. These bonds carry interest rates ranging from 3.50% - 5.00%. Interest is payable semiannually on February 1 and August 1. All bonds issued are subject to arbitrage rebate, however, at June 30, 2006, the arbitrage was zero.

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Defeased Debt

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, 2006, the total amount of defeased debt outstanding but removed from the District's financial statements amounted to \$397,015,000.

In a prior year, the District advance refunded certain certificates of participation, part of which met the requirements of an in-substance debt defeasance on August 1, 2005. At that time, the District made a principal reduction payment of \$76,440,000 and a call premium payment of \$764,400, both which are recorded in the fund level financial statements as a payment to escrow agent. As a result of the advanced refunding, the District will reduce its total debt service requirement by \$5,114,684, which will result in an economic gain (the difference between the present value of the debt service payments on the old and new debt) of \$3,753,554. The remaining amount of refunded debt will meet the requirements of an in-substance debt defeasance on August 1, 2006. At that time, the liability for the refunded certificates will be removed from the District's financial statements. At June 30, 2006 the amount of refunded debt to be defeased but still remaining on the District's financial statements amounts to \$20,115,000.

Annual Debt Service Requirements

Annual requirements to amortize all bond issues outstanding as of June 30, 2006 are as follows (in thousands):

Year Ended June 30	Principal Capital Outlay Bonds	Principal General Obligation Bonds	Total Interest	Total Principal and Interest
2007	\$ 3,800	\$ 26,510	\$ 3,432	\$ 33,742
2008	2,775	27,765	1,949	32,489
2009	2,970	-	1,173	4,143
2010	3,175	-	1,087	4,262
2011	3,405	-	981	4,386
2012-2016	19,480	-	3,140	22,620
2017-2021	5,330	-	887	6,217
2022-2025	1,445	-	89	1,534
Total	\$ 42,380	\$ 54,275	\$ 12,738	\$ 109,393

The District is subject to State laws that limit the amount of debt outstanding to 10% of the non-exempt assessed valuation. At June 30, 2006, the statutory limit for the District was approximately \$13.0 billion, providing additional debt capacity of approximately \$12.9 billion.

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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. On November 1, 1994, June 1, 1995, May 1, 1996, February 1, 2000, April 1, 2001, February 1, 2002, March 21, 2002, May 15, 2002, December 10, 2002, June 10, 2003, June 24, 2003, April 8, 2004, May 26, 2005 and May 25, 2006 the Corporation issued Certificates of Participation ("Certificates") Series 1994A, Series 1995A, Series 1996A, Series 2000A, Series 2001A, Series 2002A, Series 2002B, Series 2002C, Series 2002D, Series 2003A, Series 2003B, Series 2004A, Series 2005A, Series 2005B and Series 2006A in the amounts of \$62,095,000, \$133,600,000, \$32,155,000, \$155,000,000, \$135,500,000, \$115,250,000, \$115,350,000, \$161,090,000, \$191,215,000, \$60,865,000, \$124,295,000, \$103,575,000, \$38,505,000 and \$222,015,000 respectively, 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 as lessor entered into Ground Leases with the Corporation for the Series 1994A, Series 1995A, Series 1996A, Series 2000A, Series 2001A, Series 2002A, Series 2002B, Series 2002C, Series 2002D, Series 2003A, Series 2003B, Series 2004A, Series 2005B and Series 2006A Facilities sites. On September 1, 1997 the District issued \$47,145,000 of Certificates of Participation Series 1997A to advance refund and defease a portion of the Series 1994A Certificates of Participation which mature on or after August 1, 2005. On July 24, 2001 the District issued \$169,445,000 of Certificates of Participation Series 2001B to advance refund and defease the Series 2000A Certificates of Participation. In addition, on September 5, 2002 the District issued \$93,350,000 of Certificates of Participation Series 2002E to advance refund and defease a portion of the Series 1995A and Series 1996A Certificates of Participation which mature on or after August 1, 2007. On February 25, 2005 the District issued \$124,630,000 of Certificates of Participation Series 2005A to advance refund and defease a portion of the Series 2001A, Series 2002A, Series 2002C and Series 2002D Certificates of Participation. These refunding issues were done in order to achieve debt service savings. (See Defeased Debt.)

On June 11, 2002, April 30, 2004 and December 15, 2005 the District sold Certificates of Participation, Series 2002, Series 2004 and Series 2005 Qualified Zone Academy Bonds ("QZAB") in an aggregate principal amount of \$950,000, \$2,923,326 and \$2,150,308 respectively. The QZAB program is a new financial instrument that provides a different form of subsidy from traditional tax-exempt bonds. Interest on QZAB's 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 percent 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 percent of the gross proceeds of the QZAB.

The principal of the Series 2002, Series 2004 and Series 2005 QZAB certificates are payable on July 16, 2016, April 30, 2020 and December 15, 2020 respectively. The District deposits funds annually in an escrow, which when coupled with interest earnings will be sufficient to pay off the principal at maturity.

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
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The Corporation leases facilities and equipment to the District under the Master Lease. The Master Lease is automatically renewable annually unless terminated, in accordance with the provisions of the Master Lease, as a result of default or the failure of the Board to appropriate funds to make lease payments in its final official budget. Failure to appropriate funds to pay lease payments under any lease will, and an event of default under any lease may, result in the termination of all leases. The remedies on default or upon an event of non-appropriation include the surrender of the Series 1994A, Series 1995A, Series 1996A, Series 2001A, Series 2002A, Series 2002B, Series 2002C, Series 2002D, Series 2003A, Series 2003B, Series 2004A, Series 2005B and Series 2006A Facilities by the District and the Trustee's re-letting for the remaining Ground Lease term, or the voluntary sale of the Series 1994A, Series 1995A, Series 1996A, Series 2001A, Series 2002A, Series 2002B, Series 2002C, Series 2002D, Series 2003A, Series 2003B, Series 2004A, Series 2005B and Series 2006A Facilities by the School Board. In either case, the proceeds will be applied against the School Board's obligations under the Master Lease. A summary of lease terms are presented as follows:

<u>Certificates</u>	<u>Ground Lease Term</u>
Series 1994A	June 30, 2020
Series 1995A	June 30, 2020
Series 1996A	August 1, 2021
Series 2001A	August 1, 2031
Series 2002A	August 1, 2023
Series 2002B	August 1, 2032
Series 2002C	August 1, 2032
Series 2002D	August 1, 2033
Series 2003A	August 1, 2026
Series 2003B	August 1, 2034
Series 2004A	August 1, 2034
Series 2005B	August 1, 2015
Series 2006A	August 1, 2036

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

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

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, 2006, approximately \$108,702,000 was expended for capital outlay in the Certificates of Participation Capital Projects Funds.

Floating-to-Fixed Cancelable Interest Rate Swap: In connection with the issuance on March 21, 2002 of the \$115,350,000 variable-rate Certificates of Participation Series 2002B, the District entered into a floating-to-fixed cancelable interest rate swap, effective through August 1, 2027, to hedge against future increases in interest rates. The swap will effectively convert the Certificates into 25 year synthetic fixed rate debt obligations with a coupon of 4.22%. In exchange for an upfront premium payment of \$6,142,000 received by the District, the swap counterparty has the right to cancel the swap on any date on or after February 1, 2007. In the event the swap is terminated, the District will be exposed to potentially higher interest rate payments on the Certificates. In exchange for an additional reduction in the fixed rate paid by the District on the swap, the counterparty has the right to pay a lower Alternate Floating Rate equal to 67% of 1 month London Interbank Offering Rate ("LIBOR"). The counterparty can pay this lower Alternate Rate if the 180-day average of the Bond Market Association ("BMA")/LIBOR ratio exceeds 67%. The most likely cause of an increase in the tax-exempt/taxable yield relationship would be legislation reducing the tax advantage of municipal debt, i.e. a tax cut. The Certificates and swap together create low cost, long-term synthetic fixed-rate debt for the District. At June 30, 2006, the swap had a negative fair value of \$9,139,277 based on mid-market values as of the close of business.

\$100 Million Fixed Margin Basis: On June 10, 2003, the District entered into a 25.5 year floating-to-floating interest rate swap in connection with the issuance of \$191.215 million of fixed-rate Certificates of Participation, Series 2002D. The swap notional principal amortizes to match the final \$100 million of maturing principal of the underlying Certificates. The swap creates economics similar to a 67% of LIBOR synthetic fixed-rate financing, i.e. variable-rate bonds plus floating-to-fixed rate swap, without the District having to actually issue the underlying variable-rate bonds. Under the basis swap, in exchange for receiving a below-market percentage of LIBOR, the District pays a variable rate equal to the BMA index less a fixed margin of 66.5 basis points. Since the District both receives and pays a variable rate under the basis swap, the transaction is interest rate neutral, all else equal. However, the District does bear risk of a future reduction or elimination in the benefit of the tax exemption for municipal debt. For example, a tax cut would likely increase the variable rate paid by the District under the swap and reduce or eliminate (in a worst case scenario) the swap's expected positive cashflow and present value savings. However, the risk of radical tax reform that would severely reduce or eliminate the swap's savings is deemed to be relatively low. At June 30, 2006, the swap had a negative fair value of \$1,295,806 based on mid-market values as of the close of business.

Floating-to-Fixed Knockout Interest Rate Swap: In connection with the issuance on June 24, 2003 of \$124,295,000 of variable rate Certificates of Participation Series 2003B, the District entered into a floating-to-fixed knockout interest rate swap, effective through August 1, 2029, to hedge against future increases in interest rates. The swap will effectively convert the Certificates into a synthetic fixed rate debt obligation with a coupon of 3.91%. In exchange for an upfront premium payment of \$3,010,000 received by the District, the swap counterparty has the right to terminate "knockout" the swap if the 180 day average of the BMA index exceeds 7.0% in the future. In the event the swap is terminated, the District will be exposed to higher interest rate payments on the Certificates. The knockout feature is exercisable anytime until August 1, 2018. Once the knockout option expires the District will be left with a fixed-payer swap that matures on August 1, 2029. The Certificates and knockout swap together create low cost, long-term synthetic fixed-rate debt for the District. At June 30, 2006, the swap had a negative fair value of \$1,345,521 based on mid-market values as of the close of business.

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Floating-to-Fixed Interest Rate Swap: In connection with the anticipated future issuance of \$116,550,000 of variable-rate bonds to refund outstanding Certificates of Participation, Series 2002D and \$162,980,000 of variable-rate bonds to refund outstanding Certificates of Participation, Series 2001B, on August 10 and August 16, 2005 respectively, the District sold two options (the "Swaptions") on floating-to-fixed BMA interest rate swaps to Citibank, NA. The upfront gross premium amounts for the sale of the 2002D and 2001B swaptions were \$4,240,000 and \$6,250,000 respectively. The Swaption sales allowed the District to achieve a *synthetic forward refunding* of the Bonds to lock in savings based on current market conditions. Under U.S. tax law, the 2002D and 2001B Bonds were not eligible for a traditional current refunding until May 1, 2012 and May 1, 2011, respectively. The terms of the Swaptions were structured to mirror the terms on the optional redemption features on the 2002D and 2001B Bonds. On the fund level financial statements, the premium received is recorded as other financing sources. On the government-wide financial statements, the premium is being amortized as income over the life of the agreement. At June 30, 2006, the swap had a negative fair value of \$8,275,362 based on mid-market values as of the close of business.

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

The debt service requirements through maturity to the holders of the Certificates of Participation, which will be serviced by the annual lease payments, is as follows (in thousands):

Year ended June 30	Series 1995-A	Series 1996-A	Series 1997-A	Series 2001-A	Series 2001-B	Series 2002-A	Series 2002-B
2007	\$ 6,480	\$ 1,500	\$ 3,320	\$ 1,400	\$ 580	\$ 6,015	\$ -
2008	-	1,575	3,475	710	605	6,200	-
2009	-	1,655	3,635	1,070	625	6,320	-
2010	-	1,740	3,805	450	650	6,620	-
2011	-	1,835	3,990	725	675	6,870	-
2012-2016	-	10,785	23,145	2,680	3,850	30,640	-
2017-2021	-	2,525	-	11,435	68,990	6,405	24,275
2022-2026	-	-	-	31,225	91,475	-	62,135
2027-2031	-	-	-	31,050	-	-	28,940
2032-2037	-	-	-	-	-	-	-
Total	<u>\$ 6,480</u>	<u>\$ 21,615</u>	<u>\$ 41,370</u>	<u>\$ 80,745</u>	<u>\$ 167,450</u>	<u>\$ 69,070</u>	<u>\$ 115,350</u>

Year ended June 30	Series 2002-C	Series 2002-D	Series 2002-E	Series 2003-A	Series 2003-B	Series 2004-A	Series 2005-A
2007	\$ 2,220	\$ 3,235	\$ -	\$ 2,945	\$ -	\$ 2,625	\$ 175
2008	3,015	3,645	8,200	3,005	-	2,680	180
2009	2,870	3,660	8,610	3,065	-	2,730	185
2010	3,555	3,850	9,045	3,130	-	2,795	190
2011	3,435	3,980	9,495	3,195	-	2,870	195
2012-2016	16,480	17,595	55,535	17,360	-	16,020	18,825
2017-2021	6,970	10,335	2,465	21,330	-	20,130	85,420
2022-2026	39,200	32,730	-	1,790	24,945	25,640	19,460
2027-2031	55,690	85,190	-	-	99,350	25,510	-
2032-2037	-	-	-	-	-	-	-
Total	<u>\$ 133,435</u>	<u>\$ 164,220</u>	<u>\$ 93,350</u>	<u>\$ 55,820</u>	<u>\$ 124,295</u>	<u>\$ 101,000</u>	<u>\$ 124,630</u>

Year ended June 30	Series 2005-B	Series 2006-A	Series 2002- QZAB	Series 2004- QZAB	Series 2005- QZAB	Total Lease Payment	Total Interest	Total Lease Payment & Interest
2007	\$ 7,110	\$ -	\$ -	\$ -	\$ -	\$ 37,605	\$ 68,815	\$ 106,420
2008	7,395	5,135	-	-	-	45,820	70,582	116,402
2009	7,660	5,545	-	-	-	47,630	68,781	116,411
2010	8,020	5,765	-	-	-	49,615	66,856	116,471
2011	8,320	5,975	-	-	-	51,560	64,837	116,397
2012-2016	-	32,005	950	-	-	245,870	291,675	537,545
2017-2021	-	39,345	-	2,923	2,150	304,698	224,665	529,363
2022-2026	-	49,895	-	-	-	378,495	142,477	520,972
2027-2031	-	63,650	-	-	-	389,380	41,852	431,232
2032-2037	-	14,700	-	-	-	14,700	367	15,067
Total	<u>\$ 38,505</u>	<u>\$ 222,015</u>	<u>\$ 950</u>	<u>\$ 2,923</u>	<u>\$ 2,150</u>	<u>\$ 1,565,373</u>	<u>\$ 1,040,907</u>	<u>\$ 2,606,280</u>

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

10. RETIREMENT PLANS

Plan Description: The District contributes to the Florida Retirement System (the “System”), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida Division of Retirement. The System 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 the System. Employees hired prior to 1970 and not electing to enroll in the Florida Retirement System may be covered by various contributory plans, principally the Teacher’s Retirement System Plan E. The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Florida Legislature established the System under Chapter 121, Florida Statutes, and has sole authority to amend benefit provisions. Each year the System 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.

Funding Policy: The System is non-contributory for employees and the District is required to contribute an actuarially determined rate. During the fiscal year the rates ranged from 7.83% to 18.53% of annual covered payroll. The Teachers Retirement System is contributory and the rates for those employees still participating in this program is 11.35% and 6.25% for the employer and the employee, respectively. The contributions of the District are established and may be amended by the State Legislature. The District’s contributions for both plans to the System are equal to the required contributions for each year as follows:

	June 30, 2004	June 30, 2005	June 30, 2006
Florida Retirement System	\$ 57,415,837	\$ 61,354,189	\$ 69,712,034
Teachers' Retirement System Plan E: Employer	101,044	85,762	81,883

11. POST RETIREMENT BENEFITS

In addition to the retirement benefits described in Note 10, the District has authorized various early retirement incentives to provide financial assistance for the purchase of health and life insurance to our retirees. In all cases, employees who retire from the District may purchase health and life insurance through the District. The newly retired employee must send a payment each month to cover the cost of the insurance premiums.

For those eligible employees who qualify for one of the Retirement Incentive Programs (“RIP”), listed below are brief descriptions and eligibility criteria of the various Plans:

RIP 1996 – Eligibility criteria included being an administrator of any age with at least 25 years of service with the District. The District pays an annual insurance subsidy for up to ten years. The subsidy amount depends on the age of the retiree. For instance, the retiree receives an annual amount of \$2,300 until the fiscal year following the retiree’s 65th birthday, wherein the annual amount changes to \$1,500. The retiree may purchase insurance through the District or another vendor if they choose. In addition, the eligible retiree receives a life insurance benefit of \$50,000 for up to ten years or the age of 70, which ever comes first.

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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RIP 1999 – Eligibility criteria include the following:

- 30 years of service with the Palm Beach County School District or
- Age 62 or higher (60 or higher if in the Teachers Retirement System) with at least 10 years of service with the Palm Beach County School District or
- Employees whose age plus years of service equal or exceed 80 and
- Employees must retire between April 21, 1999 and June 30, 2000.

The District pays an annual insurance subsidy for up to ten years beginning at \$2,400 and increasing 3% each year thereafter. Payments for this subsidy began August 1999 and are paid each August thereafter.

The government-wide financial statements recognize a liability for these post-retirement benefits. Consistent with GAAP guidelines, in the Governmental Funds statements no expenditure or liability is recognized until the benefits are due. A summary of the total liability and related expenditure as recorded in the Governmental Funds statements for the fiscal year ended June 30, 2006 is as follows:

	Number of Participants	Balance @ 6-30-05	Total Paid FY 2006	Balance @ 6-30-06
RIP 96	26	\$ 48,500	\$ 48,500	\$ -
RIP 99	112	3,454,379	2,144,413	1,309,966
Total	138	\$ 3,502,879	\$ 2,192,913	\$ 1,309,966

* Net of Florida Retirement System subsidy if applicable

12. 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 the amount of revenue which may be remitted back to the State due to errors in the FTE count or the amount of grant expenditures which may be disallowed by granting agencies, 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 is 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, the final settlements of these matters will not result in a material adverse effect on the financial position of the District.

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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As part of its capital outlay program, the District has entered into various construction contracts. At June 30, 2006, the District had construction commitments of approximately \$190 million.

The District has entered into a voice system purchase agreement that expires in 2008. The agreement requires that the District purchase \$6,474,602 of equipment. As of June 30, 2006 the District has a remaining commitment \$5,389,034 under the terms of this agreement.

13. SUBSEQUENT EVENTS

On August 1, 2006, certain certificates of participation met the requirements of an in-substance debt defeasance. The liability for the refunded certificates in the amount of \$20,115,000 has been removed from the District's financial statements. (See Note 9)

On September 13, 2006, in connection with the District's outstanding Certificates of Participation, Series 2002D, the District executed a forward-starting floating-to-floating or basis swap with UBS AG. PFM Asset Management LLC negotiated the structure, terms and pricing of the Basis Swap directly with UBS. The transaction consisted of a \$100 million constant maturity swap effective June 30, 2007 whereby the Board pays UBS 67% of 1-month LIBOR in exchange for receiving 59.93% of the 10-year Constant Maturity Swap ("CMS") rate.

On September 28, 2006, \$55,000,000 of Tax Anticipation Notes Series 2005 were paid. (See Note 8).

On October 4, 2006, the District issued Tax Anticipation Notes ("TANS") Series 2005. This \$85,000,000 issue was sold at a coupon rate of 4.00% with an effective yield of 3.510%. The notes are dated October 4, 2006, and are due September 25, 2007.

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APPENDIX C

FORMS OF CERTAIN LEGAL DOCUMENTS

The Master Lease
Amended and Restated Schedule 2001A-1
Amended and Restated Schedule 2001A-2
Amended and Restated Schedule 2002C
The Series 2001A Ground Lease
The Series 2002C Ground Lease
The Master Trust Agreement
The Series 2007C Supplemental Trust Agreement
The Series 2001A Assignment
The Series 2002C Assignment

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MASTER LEASE PURCHASE AGREEMENT

PALM BEACH SCHOOL BOARD LEASING CORP.
as Lessor

AND

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA
acting as the governing body of
the School District of Palm Beach County, Florida

Dated as of November 1, 1994

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MASTER LEASE PURCHASE AGREEMENT

THIS MASTER LEASE PURCHASE AGREEMENT dated as of November 1, 1994 (this "Master Lease"), between the School Board of Palm Beach County, Florida, acting as the governing body of the School District of Palm Beach County, Florida (the "District"), a body corporate pursuant to Article IX, Section 4(a) of the Florida Constitution (1968) and Chapter 230, Florida Statutes, as amended, as lessee (the "School Board"), and Palm Beach School Board Leasing Corp., a not-for-profit corporation organized and existing under and pursuant to Chapter 617 and Section 237.40, Florida Statutes, as amended, as lessor (the "Corporation").

WITNESSETH

EXHIBIT A - FORM OF SCHEDULE
EXHIBIT B - FORM OF SCHOOL BOARD'S CERTIFICATE

WHEREAS, the School Board has the power, under Section 230.23(2) Florida Statutes, to receive, purchase, acquire, lease sell, hold, transmit and convey title to real and personal property for educational purposes, and under Section 230.23(9) Florida Statutes, to enter into leases or lease-purchase agreements of grounds and educational facilities, or of educational facilities, including equipment built, installed or established therein or attached thereto for school purposes in accordance with the provisions of Chapter 235, Florida Statutes (collectively, the "Act"); and

WHEREAS, the Corporation is a "private corporation" within the meaning of Section 230.23(9)(b)5, Florida Statutes, as amended, and is a "direct support organization" within the meaning of Section 237.40, Florida Statutes, as amended; and

WHEREAS, the School Board is or shall be the owner of certain real property located in Palm Beach County (which, together with all buildings, structures and improvements now or hereafter erected or situated thereon, any easements or other rights or privileges in adjoining property inuring to the fee simple owner of such land by reason of ownership of such land, and all fixtures, additions, alterations or replacements thereto, now or hereafter located in, on or used in connection with or attached or made to such land, to the extent title thereto may vest in the School Board, is hereinafter referred to as a "Facility Site"); and

WHEREAS, pursuant to a resolution duly adopted by the School Board on October 19, 1994 the School Board has determined that it is in the best interest of the District for the School Board to enter into and execute this Master Lease and certain related documents thereto for the purpose of lease purchasing certain real property, buildings and improvements, and the equipment, fixtures and furnishings to be built, installed or established therein for educational purposes ("Facilities") from the Corporation from time

to time, which Facilities must, to the extent required by Florida law, be listed on the Educational Plant Survey for Palm Beach County Schools conducted from time to time by the State Department of Education; and

WHEREAS, Facilities approved by the State Department of Education may be lease-purchased from time to time pursuant to Schedules substantially in the form of Exhibit A hereto (individually, a "Schedule"), each such Schedule upon execution and delivery by the School Board and the Corporation together with the provisions of the Master Lease to constitute a separate lease agreement (a "Lease"); and

WHEREAS, the School Board as lessor and the Corporation as lessee may enter into one or more ground leases from time to time with respect to one or more Facility Sites (individually, a "Ground Lease"); and

WHEREAS, the ground leasing of a Facility Site, the subleasing of a Facility Site back to the School Board and the lease-purchase financing or refinancing of the Facilities set forth on a particular Schedule, are herein collectively referred to as a "Project"; and

WHEREAS, at the direction of the School Board, the Corporation will provide for the payment of the cost of acquiring, constructing and installing Facilities from time to time by entering into a Master Trust Agreement dated as of November 1, 1994 (as the same may be amended or supplemented from time to time, the "Trust Agreement") with NationsBank of Florida, N.A., Fort Lauderdale, Florida, as Trustee (the "Trustee") pursuant to which the Corporation shall (a) establish a trust and assign to the Trustee all of said Corporation's right, title and interest in and to this Master Lease and all Schedules hereto, (b) direct the Trustee to execute and deliver to the public from time to time, Series of Certificates of Participation representing undivided proportionate interests in the right to receive the Basic Lease Payments to be made by the School Board pursuant to each Lease relating thereto and (c) deposit the proceeds of each Series of Certificates with the Trustee and direct the Trustee to hold the proceeds of the sale of such Certificates in trust subject to application only to pay the costs of acquisition, construction and installation of the Facilities to be financed under the Lease relating thereto and identified on a Schedule and related costs including, without limitation, capitalized interest, accrued interest and costs of issuance and to make lease payments; and

WHEREAS, each Certificate of a Series shall represent an undivided proportionate interest in the principal portion of the Basic Lease Payments due and payable under one or more particular Leases relating to such Series on the maturity date or earlier prepayment date of such Certificate and in the interest portion of

such Basic Lease Payments due and payable semiannually, to and including such maturity date or earlier prepayment date; and

WHEREAS, the relationship between the Corporation and the School Board under this Master Lease shall be a continuing one and Facilities may, from time to time, be added to or deleted from this Master Lease in accordance with the terms hereof and of the Schedule describing such Facilities; and

WHEREAS, the School Board intends for this Master Lease to remain in full force and effect until the last Lease Payment Date for any Project, unless sooner terminated in accordance with the terms provided herein; and

WHEREAS, Section 236.23(9), Florida Statutes, as amended, provides that the provisions of this Master Lease shall be subject to approval by the Florida Department of Education, which approval has been received; and

WHEREAS, Section 235.056(3)(c)3, Florida Statutes, as amended, provides that no lease purchase agreement entered into pursuant thereto shall constitute a debt, liability or obligation of the State of Florida or the School Board or shall be a pledge of the faith and credit of the State or the School Board, all as further provided in Section 3.1 hereof;

NOW, THEREFORE, in consideration of the mutual agreements and covenants herein contained and for other valuable consideration, the parties hereto mutually agree as follows:

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ARTICLE I.

DEFINITIONS AND EXHIBITS

SECTION 1.1. Definitions. The terms set forth in this Section shall have the meanings ascribed to them for all purposes of this Master Lease unless the context clearly indicates some other meaning, or unless otherwise provided in a particular Schedule. Terms used herein and not otherwise defined shall have the meaning given to them in the Trust Agreement.

"Acquisition Account" shall mean any Acquisition Account established pursuant to Section 401 of the Trust Agreement and in any Supplemental Trust Agreement.

"Additional Lease Payment" shall mean any amounts payable by the School Board under the terms of this Master Lease other than a Basic Lease Payment or a Supplemental Payment, as set forth in a Schedule to this Master Lease and so designated.

"Assignment Agreement" shall mean any assignment agreement pursuant to which the Corporation shall have assigned to the Trustee all of its right, title and interest in and to a Ground Lease and the Lease or Leases created by one or more particular Schedules, including its right to receive Lease Payments under such Lease or Leases.

"Authorized Corporation Representative" shall mean the President of the Corporation and any person or persons designated by the Corporation and authorized to act on behalf of the Corporation by a written certificate delivered to the Trustee signed on behalf of the Corporation by the Chairperson of the Board of Directors containing the specimen signature of each such person.

"Authorized School Board Representative" shall mean the Chairperson and any person or persons designated by the Chairperson and authorized to act on behalf of the School Board by a written certificate delivered to the Trustee signed on behalf of the School Board by the Chairperson containing the specimen signature of each such person.

"Basic Lease Payment" shall mean, with respect to each Lease, or each Facility financed under such Lease, as of each Lease Payment Date, the amount set forth in a Schedule to this Master Lease corresponding to such Lease Payment Date and designated as a Basic Lease Payment in such Schedule.

"Business Day" shall mean a day other than Saturday, Sunday or day on which banks in the State of New York or State of Florida are authorized or required to be closed, or a day on which the New York Stock Exchange is closed.

"Certificate" or "Certificates" shall mean the Certificates of Participation executed and delivered from time to time by the Trustee pursuant to the Trust Agreement and any Supplemental Trust Agreement. Each Series of Certificates issued under the Trust Agreement and any Supplemental Trust Agreement shall bear a Series designation to identify such Series of Certificates to a particular Schedule to this Master Lease.

"Certificate holder" or "Holder of Certificates" shall mean the registered owner of any Certificate or Certificates.

"Certificate of Acceptance" shall mean the certificate of the School Board substantially in the form of Exhibit B to this Master Lease to be delivered pursuant to the provisions of Section 2.3 hereof.

"Chairperson" shall mean the Chairperson of the School Board and any person or persons designated by the School Board and authorized to act on behalf of the Chairperson.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder and under the Internal Revenue Code of 1954.

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

"Completion Date" shall mean, with respect to the Facilities described in a particular Schedule, the date specified by the School Board in a Certificate of Acceptance as the date of completion of acquisition, construction and installation of such Facilities.

"Contractor" shall mean the person, firm, corporation or joint venture authorized to do business in Florida with whom a contract has been made directly with the School Board for the performance of the work with respect to any Facilities described by the Instructions to Bidders and General Conditions.

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

"Cost" shall mean costs and expenses related to the acquisition, construction and installation of any Facilities including, but not limited to (i) costs and expenses of the acquisition of the title to or other interest in real property, including leasehold interests, easements, rights-of-way and licenses, including, without limitation, lease payments to be made by the Corporation under the terms of a Ground Lease until the expected acceptance of the Facilities related thereto as described herein, (ii) costs and expenses incurred for labor and materials and payments to contrac-

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tors, builders, materialmen and vendors, for the acquisition, construction and installation of the Facilities, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may be advisable or necessary prior to completion of any of the Facilities which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction and installation of Facilities, (v) costs and expenses required for the acquisition and installation of equipment or machinery that comprise part of the Facilities, (vi) all costs which the School Board shall be required to pay for or in connection with additions to, and expansions of Facilities, (vii) all costs which the School Board shall be required to pay to provide improvements, including offsite improvements, necessary for the use and occupancy of Facilities, including roads, walkways, water, sewer, electric, fire alarms and other utilities, (viii) any sums required to reimburse the School Board for advances made by it for any of the above items or for other costs incurred and for work done by it in connection with Facilities, (ix) deposits into any Reserve Account established pursuant to Section 401 of the Trust Agreement and any Supplemental Trust Agreement and any recurring amounts payable to a provider of a Reserve Account Letter of Credit/Insurance Policy, (x) fees, expenses and liabilities of the School Board, if any, incurred in connection with the acquisition, construction and installation of Facilities, (xi) Costs of Issuance, and (xii) interest during construction and for a reasonable period of time up to six (6) months thereafter.

"Costs of Issuance" shall mean the items of expense incurred in connection with the authorization, sale and delivery of each Series of Certificates, which items of expense shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee, any Credit Facility Issuer and any provider of a Reserve Account Letter of Credit/Insurance Policy, legal fees and charges, professional consultants' fees, fees and charges for execution, delivery, transportation and safekeeping of Certificates, premiums, costs and expenses of refunding Certificates and other costs, charges and fees, including those of the Corporation, in connection with the foregoing.

"Costs of Issuance Subaccount" shall mean a Costs of Issuance Subaccount within an Acquisition Account established pursuant to Section 401 of the Trust Agreement and in any Supplemental Trust Agreement in connection with the issuance of a Series of Certificates.

"Credit Facility" shall mean, with respect to a Series of Certificates, the letter of credit, insurance policy, guaranty, surety bond or other irrevocable security device, if any, sup-

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unconditionally guaranteed by, the full faith and credit of the United States of America, including bonds or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America to the extent unconditionally guaranteed by the full faith and credit of the United States of America.

"Gross Proceeds" shall mean, with respect to each Series of Certificates, unless inconsistent with the provisions of the Code, in which case as provided in the Code, (i) amounts received by or on behalf of the Corporation from the sale of such Certificates; (ii) amounts received as a result of investments of amounts described in (i); (iii) amounts treated as transferred proceeds of such Certificates in accordance with the Code; (iv) amounts treated as proceeds under the provisions of the Code relating to invested sinking funds; (v) securities or obligations pledged, if any, as security for payment of Basic Lease Payments under the Master Lease (which amounts are limited in accordance with Sections 235.056(3) and 236.25(2)(e), Florida Statutes, as amended); (vi) amounts received with respect to obligations acquired with Gross Proceeds; (vii) amounts used to pay the principal and interest portions of Basic Lease Payments represented by such Certificates; (viii) amounts in any Reserve Account established pursuant to the Trust Agreement and a Supplemental Trust Agreement; and (ix) amounts received as a result of the investment of Gross Proceeds not described in (i) above.

"Ground Lease" shall mean one or more ground leases, between the School Board and the Corporation, as amended and supplemented from time to time, pursuant to which the School Board shall ground lease one or more Facility Sites to the Corporation.

"Instructions to Bidders and the General Conditions" shall mean the Instructions to Bidders and the General Conditions of the School Board as in effect from time to time.

"Insurance Consultant" shall mean a nationally recognized independent insurance company or broker, selected by the School Board, that has actuarial personnel experienced in the area of insurance for which the School Board is to be self-insured.

"Lease" shall mean each separate Schedule to this Master Lease executed and delivered by the School Board and the Corporation, together with the terms and provisions of this Master Lease.

"Lease Payment Account" shall mean any Lease Payment Account established pursuant to Section 401 of the Trust Agreement and in any Supplemental Trust Agreement.

porting the obligations of the School Board to make Basic Lease Payments relating to such Series of Certificates.

"Credit Facility Issuer" shall mean, with respect to a Series of Certificates, the issuer of the Credit Facility, if any, for such Series of Certificates.

"District" shall mean the School District of Palm Beach County, Florida.

"Event of Extraordinary Prepayment" shall mean one or more of the events so designated in Section 7.2 hereof.

"Excess Earnings" shall mean, with respect to each Series of Certificates, the amount by which the earnings on the Gross Proceeds of such Certificates exceeds the amount which would have been earned thereon if such Gross Proceeds were invested at a yield equal to the yield on the interest portion of the Basic Lease Payments represented by such Certificates, as such yield is determined in accordance with the Code and amounts earned on the investment of earnings on the Gross Proceeds of such Certificates.

"Facility" or "Facilities" shall mean "educational facilities" as defined in Section 235.011(5), Florida Statutes, as amended, to be acquired from the proceeds of a Series of Certificates, consisting of real property, if any, buildings and improvements, and the equipment, fixtures and furnishings which are to be built, installed or established on such buildings or improvements, and all appurtenances thereto and interests therein, all as set forth on a Schedule or Schedules from time to time.

"Facility Site" shall mean the real property (together with all buildings, structures and improvements erected or situated thereon, any easements or other rights or privileges in adjoining property inuring to the fee simple owner of such land by reason of ownership of such land, and all fixtures, additions, alterations or replacements located on, or used in connection with, or attached or made to, such land) either (i) owned by the School Board at the time of the issuance of a Series of Certificates to finance Facilities relating thereto or (ii) to be acquired by the School Board subsequent thereto but not paid for out of the proceeds of such Series of Certificates, upon which a Facility is to be located within the District and more particularly described in a Ground Lease.

"Fiscal Year" shall mean the twelve month fiscal period of the School Board which under current law commences on July 1 in every year and ends on June 30 of the succeeding year.

"Government Obligations" shall mean any obligations which as to both principal and interest constitute non-callable direct obligations of, or non-callable obligations fully and

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"Lease Payment Date" shall mean, with respect to a Lease, each date set forth on the corresponding Schedule designated as a Lease Payment Date for such Lease.

"Lease Payments" shall mean, with respect to each Lease, all amounts payable by the School Board pursuant to the terms of a Lease, including Basic Lease Payments, Additional Lease Payments and Supplemental Payments.

"Lease Term" shall mean, with respect to each Lease, the period from the date of the Lease through the end of the then current Fiscal Year plus each annual or lesser renewal period thereafter during which such Lease is maintained in effect in accordance therewith, with the maximum number of renewals being specified in the Schedule corresponding to such Lease.

"Master Lease" shall mean this Master Lease Purchase Agreement dated as of November 1, 1994, between the Corporation and the School Board and any and all modifications, alterations, amendments and supplements hereto.

"Net Proceeds" shall mean, with respect to one or more Facilities financed under a Lease, proceeds from any insurance, condemnation, performance bond, Federal or State flood disaster assistance, or any other financial guaranty (other than a Credit Facility Issuer) paid with respect to such Facilities remaining after payment therefrom of all expenses, including attorneys' fees, incurred in the collection thereof; and, with respect to insurance, to the extent that the School Board elects to self-insure under Section 5.3 hereof, any moneys payable from any appropriation made by the School Board in connection with such self-insurance.

"Opinion of Counsel" shall mean an opinion signed by an attorney or firm of attorneys of recognized standing and who are qualified to pass on the legality of the particular matter (who may be counsel to the School Board or Special Tax Counsel) selected by the School Board.

"Outstanding" when used with reference to the Certificates, shall mean, as of any date, Certificates theretofore or thereupon being authenticated and delivered under the Trust Agreement except:

(i) Certificates canceled by, or duly surrendered for cancellation to, the Trustee at or prior to such date;

(ii) Certificates (or portions of Certificates) for the payment or prepayment of which moneys, equal to the principal portion or Prepayment Price thereof, as the case may be, with interest to the date of maturity or Prepayment Date, shall be held in trust under the Trust Agreement and set aside for such payment or prepayment, (whether at or prior to the maturity or Prepayment Date), provided that if such Certificates (or portions of

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Certificates) are to be prepaid, notice of such prepayment shall have been given as provided in Article III of the Trust Agreement;

(iii) Certificates in lieu of or in substitution for which other Certificates shall have been executed and delivered pursuant to Article III of the Trust Agreement; and

(iv) Certificates deemed to have been paid as provided in subsection (b) of Section 801 of the Trust Agreement.

"Payment Date" shall mean a date on which the principal portion or the interest portion of Basic Lease Payments is payable to Certificate holders pursuant to the terms of such Certificates.

"Permitted Encumbrances" shall mean in regard to a Facility Site:

(i) the Lease relating thereto and any liens and encumbrances created or permitted thereby;

(ii) the Assignment Agreement relating thereto and any liens and encumbrances created or permitted thereby;

(iii) the Trust Agreement and liens and encumbrances created or permitted thereby;

(iv) any Ground Lease applicable thereto and any liens and encumbrances created or permitted thereby;

(v) subject to the provisions of Section 6.2 of the Master Lease, any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right in respect thereof if payment is not yet due under the contract in question or if such lien is being contested in accordance with the provisions of the Master Lease.

(vi) (a) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law; (b) any liens for taxes, assessments, levies, fees, water and sewer rents or charges and other government and similar charges, which are not due and payable or which are not delinquent or the amount or validity of which are being contested and execution thereon is stayed; (c) easements, rights-of-way, servitudes, restrictions, oil, gas or other mineral reservations and other minor defects, encumbrances and irregularities in the title to any property which, in the opinion of the School Board, do not materially impair the use of such property or materially and adversely affect the value thereof; and (d) rights reserved to or vested in any municipality or public authority to control or regulate any property or to use such property in any manner that do not in the Opinion of Counsel, materially affect the use of the Facility Site for educational purposes or the benefits enjoyed by any Permitted Transferee in the

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Payment Date, plus an amount equal to a pro rata portion of any Additional Lease Payments and Supplemental Payments then due and owing under the Lease relating to such Facility, including any prepayment premiums payable on the Certificates prepaid.

"Qualified Financial Institution" shall mean a bank, trust company, national banking association or a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or the Federal National Mortgage Association or any insurance company or other corporation (i) whose unsecured obligations or uncollateralized long term debt obligations have been assigned a rating by a Rating Agency which is not lower than AA/Aa, or which has issued a letter of credit, contract, agreement or surety bond in support of debt obligations which have been so rated; or (ii) which collateralizes its obligations at all times at levels in compliance with the requirements of the Rating Agencies for ratings not lower than AA/Aa.

"Rating Agency" shall mean each of Standard & Poor's Ratings Group, Moody's Investors Service and any other nationally recognized rating service which shall have provided a rating on any Outstanding Certificates.

"Reimbursement Agreement" shall mean, with respect to each Lease, any reimbursement agreement among the Corporation, the School Board and any Credit Facility Issuer.

"Reserve Account" shall mean any Reserve Account established pursuant to Section 405 of the Trust Agreement and in any Supplemental Trust Agreement.

"Reserve Account Letter of Credit/Insurance Policy" shall mean the irrevocable letter or line of credit, insurance policy, surety bond or guarantee agreement issued by a Qualified Financial Institution in favor of the Trustee which is to be deposited into a Reserve Account in order to fulfill the Reserve Account Requirement relating thereto.

"Reserve Account Requirement" shall mean, in regard to a Reserve Account to secure a Series of Certificates, such amounts, if any, as shall be provided in the Supplemental Trust Agreement authorizing the issuance of such Series and in the Schedule relating thereto, provided such Reserve Account Requirement shall not exceed the least of (i) the maximum annual amount of Basic Lease Payments represented by Certificates of the Series secured by such Reserve Account in the current or any subsequent Fiscal Year, (ii) 125% of the average annual amount of Basic Lease Payments represented by Certificates of the Series secured by such Reserve Account in the current or any subsequent Fiscal Years, and (iii) 10% of the stated principal amount (or issue price net of accrued

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Facility Site under the Ground Lease, the Assignment Agreement and the Trust Agreement; and

(vii) any other liens or encumbrances permitted by the Schedule relating to such Facility Site, provided such lien or encumbrance shall not, as expressed in an Opinion of Counsel, materially adversely affect the intended use of such Facility Site by the School Board for educational purposes or the benefits enjoyed by any Permitted Transferee in the Facility Site under the Ground Lease, the Assignment Agreement and the Trust Agreement, and such liens and encumbrances are approved by the Credit Facility Issuer for the Series of Certificates relating to such Facility Site.

"Prepayment Account" shall mean any Prepayment Account established pursuant to Section 401 of the Trust Agreement and in any Supplemental Trust Agreement.

"Prepayment Date" shall mean the date on which optional prepayment, extraordinary prepayment or mandatory sinking fund prepayment of Basic Lease Payments represented by a Series of Certificates Outstanding shall be made pursuant to the Trust Agreement and any Supplemental Trust Agreement.

"Prepayment Price" shall mean, with respect to any Certificate, the principal amount thereof together with the premium, if any, applicable upon an optional prepayment, payable upon prepayment thereof pursuant to such Certificate and the Trust Agreement or any Supplemental Trust Agreement, together with accrued interest represented by such Certificate to the Prepayment Date.

"Project" shall mean the lease-purchase financing and construction or refinancing of the Facilities set forth on a particular Schedule and, if all or a portion of such Facilities shall be comprised of real property, the ground leasing of the related Facility Site by the School Board to the Corporation and the subleasing of such Facility Site back to the School Board.

"Project Fund" shall mean the trust fund designated as the "Project Fund" created and established in Section 401 of the Trust Agreement.

"Purchase Option Price" shall mean, with respect to any Facility financed under a Lease, as of each Lease Payment Date, the Basic Lease Payment then due plus the amount so designated and set forth on the Schedule for such Facility as the remaining principal portion of the Purchase Option Price, minus any credits pursuant to the provisions of Section 3.2 hereof, plus, an amount equal to the interest to accrue with respect to the Certificates to be prepaid as a result of the release of such Facility from the Lease, from such Lease Payment Date to the next available date for prepaying such Certificates, unless such prepayment shall occur on such Lease

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interest if the issue has more than a de minimis part of original issue discount or premium) of such Series of Certificates.

"Schedule" shall mean a schedule, as amended and supplemented from time to time, to this Master Lease to be executed and delivered by the School Board and the Corporation for each Project, substantially in the form of Exhibit A hereto.

"School Board" shall mean the School Board of Palm Beach County, Florida, a body corporate and the governing body of the District.

"Series" or "Series of Certificates" shall mean the aggregate amount of each series of Certificates evidencing an undivided proportionate interest of the owners thereof in a particular Lease and the Basic Lease Payments thereunder, issued pursuant to the Trust Agreement or a Supplemental Trust Agreement.

"Special Tax Counsel" shall mean Greenberg, Traurig, Hoffman, Lipoff, Rosen & Quentel, P.A., Miami, Florida, Cunningham & Self, West Palm Beach, Florida and Michael B. Brown, P.A., West Palm Beach, Florida or any other attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of the interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"State" shall mean the State of Florida.

"Superintendent" shall mean the Superintendent of Schools of the District.

"Supplemental Payments" shall mean all amounts due under a Lease other than Basic Lease Payments and Additional Lease Payments.

"Supplemental Trust Agreement" shall mean any agreement supplemental or amendatory of the Trust Agreement.

"Trust Agreement" shall mean the Master Trust Agreement dated as of November 1, 1994 entered into by and between the Corporation and the Trustee, and any Supplemental Trust Agreement.

"Trustee" shall mean NationsBank of Florida, N.A., Fort Lauderdale, Florida and its successors or assigns which may at any time be substituted in its place pursuant to the provisions of the Trust Agreement.

SECTION 1.2. Rules of Construction. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing

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persons shall include firms, associations and corporations, including public bodies as well as natural persons.

The terms "hereby", "hereof", "hereto", "herein", "hereunder", and any similar terms, as used in this Master Lease, refer to this Master Lease.

ARTICLE II.

LEASE AND SUBLEASE OF FACILITIES AND FACILITY SITES

SECTION 2.1. Lease and Sublease of Facilities and Facility Sites. The Corporation hereby agrees to demise, lease and sublease to the School Board, and the School Board hereby agrees to hire, take, lease and sublease from the Corporation, the right, title and interest of the Corporation in and to the Facilities and Facility Sites, listed on each Schedule hereto, on the terms and conditions set forth in this Master Lease. For purposes of each Lease, all materials and services in respect of which amounts are paid by the Trustee for the acquisition, construction and installation of a Facility (including monies disbursed for Costs of Issuance) shall be deemed accepted by the School Board hereunder upon execution of a requisition by the School Board directing payment therefor under Section 402 of the Trust Agreement. The School Board hereby agrees that it has received valuable consideration for the portion of Basic Lease Payments representing Costs of Issuance and will pay the Lease Payments in respect of same, subject to the provisions hereof.

SECTION 2.2. Lease Term. This Master Lease shall be for an original Term commencing on the date hereof through and including June 30, 1995, and automatically renewable annually thereafter through the last date set forth on any Schedule hereto unless sooner terminated in accordance with the provisions hereof, including in particular Sections 3.5 and 4.1 hereof. Upon expiration or termination of the Lease Term, other than pursuant to Section 4.1(b) or (c) hereof, the Trustee, the School Board and the Corporation, at the expense of the School Board, shall execute and deliver such documents, if any, as shall be necessary to evidence such termination. The useful life of the Facilities shall extend beyond the last date set forth on the particular Schedule relating to such Facilities.

SECTION 2.3. Acquisition of Facilities. The School Board shall be responsible for acquisition, construction and installation of the Facilities, as agent for the Corporation, pursuant to the specifications of the School Board, including the letting of all contracts for the acquisition, construction and installation of the Facilities and for supervising the acquisition, construction and installation of the Facilities.

Contracts in connection with the acquisition, construction and installation of the Facilities shall be let in accordance with the competitive bidding policies of the School Board and laws applicable to school boards, including where applicable the requirements of Sections 235.056(3) and 235.26, Florida Statutes, as amended, Chapters 234 and 237, Florida Statutes, as amended, and regulations promulgated by the State Department of Education thereunder, including Rule 6A-2 FAC, and § 6A - 1.013 FAC regarding pool

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purchases, and in accordance with the Instructions to Bidders and General Conditions. All rules and regulations of the State Department of Education applicable to acquisition and construction of educational facilities by the School Board shall apply to the same extent to the acquisition and construction of the Facilities by the School Board acting in its capacity as agent for the Corporation.

Moneys deposited in the Acquisition Account established with respect to particular Facilities shall be disbursed from time to time to pay the Costs of such Facilities, all as provided in Section 402 of the Trust Agreement and the applicable provisions of a Supplemental Trust Agreement. The School Board agrees that it will deliver to the Trustee completed requisitions in the form attached to the Trust Agreement as Exhibit B, and upon completion of acquisition, construction and installation of the Facilities, the School Board will deliver a Certificate of Acceptance in the form attached hereto as Exhibit B in order for the Trustee to make the final advances therefor in accordance with the provisions of the Trust Agreement. The School Board further agrees to deliver the items described in Section 402 of the Trust Agreement with respect to the acquisition of each portion of a Facility constituting land or an interest therein, to be financed hereunder.

The School Board shall be responsible for, and shall use its best efforts to effect the completion of acquisition, construction and installation of the Facilities, whether or not amounts in the Acquisition Account relating to such Facilities are sufficient to pay the Costs thereof. If moneys are improperly drawn from the Acquisition Account, the School Board upon proper notification thereof shall deposit an amount sufficient to restore the balance therein with the Trustee, no later than thirty (30) days following receipt of such notification.

Upon determination by the School Board prior to delivery of a Certificate of Acceptance that amounts on deposit in the Acquisition Account for particular Facilities will exceed the actual costs of such Facilities, the School Board may amend the related Lease and Ground Lease for the purpose of financing additional Facilities or portions of Facilities from such funds on deposit in such Acquisition Account.

The School Board may determine not to acquire, construct or install one or more of the Facilities relating to a particular Lease, or may determine to substitute one or more of the Facilities relating to a particular Lease for other approved Facilities. Upon determination by the School Board not to acquire, construct or install one or more of the Facilities relating to a particular Lease, or to substitute one or more of the Facilities relating to a particular Lease, the School Board may amend the related Lease and Ground Lease for the purpose of deleting or substituting such Facilities.

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SECTION 2.4. School Board's Liability. As between the Corporation and the School Board, the School Board assumes liability for all risks of loss with respect to the Facilities. The School Board shall maintain in force during the entire acquisition, construction and installation period of any Facilities, property damage insurance as required by Section 5.3 hereof and (for the benefit of Certificate holders), as assignee of the Corporation, the Trustee shall be named as an additional insured and loss payee thereon. In the event the School Board or Corporation receives any damages or other moneys from any contractor, manufacturer or supplier of any portion of the Facilities or its surety pursuant to this Section 2.4 or Section 5.3, such moneys shall be paid to the Trustee for disposition in accordance with Section 5.4 hereof.

SECTION 2.5. Possession and Enjoyment. From and after the acceptance by the School Board of any Facilities in accordance with the terms of this Master Lease, the Corporation agrees that it will not interfere with the quiet use and enjoyment of the Facilities by the School Board during the Lease Term relating to such Facilities and that the School Board shall during such Lease Term peacefully and quietly have and hold and enjoy such Facilities, without hindrance or molestation from the Corporation, except as expressly set forth herein. At the request of the School Board and at the School Board's cost, the Corporation shall join in any legal action in which the School Board asserts its right to such possession and enjoyment to the extent the Corporation lawfully may do so. Upon expiration or termination of the Lease Term other than as a result of nonappropriation or default, the School Board shall enjoy full right, title and interest in and to the Facilities, unless the Facilities are otherwise disposed of in accordance with the terms of this Master Lease.

SECTION 2.6. Trustee Access to Facilities. During the Lease Term of each Lease the School Board agrees that the Trustee, as assignee of the Corporation or its agents, shall have the right during the School Board's normal working hours on the School Board's normal working days to examine and inspect the Facilities for the purpose of assuring that the Facilities are being properly maintained, preserved, and kept in good repair and condition.

SECTION 2.7. Disclaimer of Warranties. The School Board acknowledges that each of the Corporation, the Trustee, the Certificate holders and any Credit Facility Issuer or issuer of a Reserve Account Letter of Credit/Insurance Policy MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE TITLE TO, VALUE, DESIGN, CONDITION, HABITABILITY, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF ANY FACILITIES OR ANY PORTION THEREOF, OR AS TO THE QUALITY OR CAPACITY OF THE MATERIAL OR WORKMANSHIP IN SUCH FACILITIES OR ANY WARRANTY THAT SUCH FACILITIES WILL SATISFY THE REQUIREMENTS OF ANY LAW, RULE, SPECIFICATIONS OR CONTRACT WHICH PROVIDES FOR SPECIFIC MACHINERY, OPERATORS

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OR SPECIAL METHODS OR ANY OTHER WARRANTY OF ANY KIND WHATSOEVER. In no event shall the Corporation, the Trustee, the Certificate holders or any Credit Facility issuer or issuer of a Reserve Account Letter of Credit/Insurance Policy be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Master Lease or the existence, furnishing, functioning or School Board's use of the Facilities, or any item, product or service provided for in this Master Lease.

SECTION 2.8. Warranties of the Facilities. The Corporation hereby appoints the School Board its agent and attorney-in-fact during the Lease Term to assert from time to time whatever claims and rights, including warranties of the Facilities, which the Corporation or the School Board may have against the contractor, manufacturer or supplier of any Facilities or portion thereof.

SECTION 2.9. Compliance with Law. The School Board and the Corporation each represents, warrants and covenants that it has complied and will comply throughout the Lease Term of each Lease with the requirements of Sections 235.056(3) and 286.011, as well as Chapter 119, Florida Statutes relating to public access to its records and the openness of its meetings to the public.

SECTION 2.10. Representations, Covenants and Warranties of the School Board. The School Board represents, covenants and warrants as follows:

(a) The School Board is the governing body of the District, a body corporate pursuant to Article IX, Section 4(a) of the Florida Constitution (1968) and Chapter 230, Florida Statutes, has power to enter into this Master Lease and each Schedule hereto and has duly authorized and taken the necessary acts required prior to (including all required approvals) the execution and delivery of this Master Lease. The School Board warrants that this Master Lease, upon the execution and delivery hereof, is a valid, legal and binding limited obligation of the School Board, payable from current or other funds authorized by law and appropriated for such purpose as provided in Section 3.1 hereof.

(b) Neither the execution and delivery of this Master Lease nor of any Schedule nor the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the terms and conditions hereof and thereof conflicts with or results in a breach of the terms, conditions, or provisions of any restriction or any agreement or instrument to which the School Board is now a party or by which the School Board is bound or constitutes a default under any of the foregoing, nor conflicts with or results in a violation of any provision of law governing the School Board and no representation, covenant and warranty

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(j) Each of the Facilities set forth on a Schedule will be listed on the Educational Plant Survey for Palm Beach County Schools (or a spot survey) conducted from time to time by the State of Florida Department of Education and will have been approved for lease purchase by said Department.

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

SECTION 2.11. Representations, Covenants and Warranties of Corporation. The Corporation represents, covenants and warrants as follows:

(a) The Corporation is a Florida not-for-profit corporation duly created, existing and in good standing under the laws of the State, is duly qualified to do business in the State, has all necessary power to enter into this Master Lease and each Schedule hereto, is possessed of full power to own, lease and hold real and personal property and to lease and sell the same as lessor, and has duly authorized the execution and delivery of this Master Lease and this Master Lease, upon execution and delivery hereof, is a valid, legal and binding non-recourse obligation of the Corporation.

(b) Neither the execution and delivery hereof nor of any Schedule hereto, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Corporation is now a party or by which the Corporation is bound, or constitutes a default under any of the foregoing.

(c) To the knowledge of the Corporation, there is no litigation or proceeding pending or threatened against the Corporation or any other person affecting the right of the Corporation to execute or deliver this Master Lease or to comply with its obligations under this Master Lease. Neither the execution and delivery of this Master Lease by the Corporation, nor compliance by the Corporation with its obligations under this Master Lease, require the approval of any regulatory body, any parent company, or any other entity, which approval has not been obtained.

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herein is false, misleading or erroneous in any material respect.

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, known to be pending or threatened against or affecting the School Board nor to the best of the knowledge of the School Board is there any basis therefor, wherein an unfavorable decision, ruling, or finding would materially and adversely affect the transactions contemplated by the School Board or which would adversely affect, in any way, the validity or enforceability of this Master Lease or any material agreement or instrument to which the School Board is a party, used or contemplated for use in the consummation of the transactions contemplated hereby.

(d) The estimated Cost of the Facilities shall not be less than the amount set forth on each Schedule relating to such Facilities (as such Schedule may be amended prior to the delivery by the School Board of a Certificate of Acceptance). The Facilities will be designed and constructed so as to comply with all applicable building and zoning ordinances and regulations, if any, and any and all applicable judicial and state standards and requirements relating to the Facilities and Facility Sites.

(e) The moneys in each Acquisition Account and any investment earnings thereon will be used only for payment of Cost of the Facilities, including payment of Basic Lease Payments.

(f) The School Board shall have fee simple title to all Facility Sites, subject only to Permitted Encumbrances, prior to entering into any Ground Lease with respect to such Facility Sites or amending any Ground Lease to add Facility Sites.

(g) In its use of the Facilities, the School Board shall comply with all applicable Federal, State and local governmental laws, regulations, ordinances, rules, orders, standards and codes and with all hazard insurance underwriters' standards applicable to the Facilities.

(h) Adequate water, sanitary sewer and storm sewer utilities, electric power, telephone and other utilities are available to the Facilities.

(i) The School Board intends, and will intend upon execution and delivery of each Schedule that this Master Lease shall remain in full force and effect until the last Lease Payment Date for any Facility hereunder.

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ARTICLE III.

LEASE PAYMENTS

SECTION 3.1. Payment of Lease Payments. Subject to the conditions stated herein, the School Board agrees to pay the Basic Lease Payments stated on each particular Schedule hereto and agrees to pay and discharge Additional Lease Payments, including all other amounts, liabilities and obligations which the School Board assumes or agrees to pay to the Corporation or to others as provided herein and on each Schedule hereto, together with interest on any overdue amount, PROVIDED HOWEVER, THAT NEITHER THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION THEREOF, SHALL BE OBLIGATED TO PAY, EXCEPT FROM SCHOOL BOARD APPROPRIATED FUNDS, ANY SUMS DUE HEREUNDER FROM ANY SOURCE OF TAXATION AND THE FULL FAITH AND CREDIT OF THE SCHOOL BOARD AND THE DISTRICT IS NOT PLEDGED FOR PAYMENT OF SUCH SUMS DUE HEREUNDER AND SUCH SUMS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE SCHOOL BOARD OR THE DISTRICT WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. NEITHER THE CORPORATION, THE TRUSTEE, NOR ANY CERTIFICATE HOLDER MAY COMPEL THE LEVY OF ANY AD VALOREM TAXES BY THE SCHOOL BOARD TO PAY THE LEASE PAYMENTS HEREUNDER. All Basic Lease Payments, Additional Lease Payments and all Supplemental Payments shall be made from current or other funds authorized by law and appropriated for such purpose by the School Board.

On each Lease Payment Date, the School Board shall pay to the Trustee, in lawful money of the United States of America, the Basic Lease Payments for such Lease Payment Date, less any credits as contemplated by Section 3.2 hereof, and less any reductions as contemplated by Section 4.2 hereof. The School Board agrees to deposit such amounts with the Trustee on each Lease Payment Date in order to assure that sufficient moneys will be available to the Trustee to make timely distribution thereof to the Certificate holders, or to reimburse any Credit Facility Issuer as provided in the following paragraph, all in accordance with the Trust Agreement. In the event that the Trustee has not received such Basic Lease Payments on such Lease Payment Date, the Trustee shall notify the School Board on the Business Day following the day payment was due that such Basic Lease Payments have not been received; provided, however, that such notice is for the purpose of convenience only and the School Board's obligation to make such payments shall in no way be conditioned by the giving or receipt of such notice. Once established under the initial Schedule, Lease Payment Dates shall be the same under all future Lease Schedules.

THE SCHOOL BOARD MAY NOT BUDGET AND APPROPRIATE FUNDS TO MAKE LEASE PAYMENTS SELECTIVELY ON A LEASE BY LEASE BASIS, BUT MUST APPROPRIATE FUNDS FOR ALL LEASES OR NONE OF THEM.

The School Board shall also pay, when due, directly to the party entitled thereto, Additional Lease Payments and Supplemental

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Payments in accordance with the terms of this Master Lease and each Schedule hereto and the Trust Agreement. Additional Lease Payments for each separate Lease entered into under this Master Lease include, without limitation, optional prepayment premiums, Trustee fees and expenses, Corporation expenses, Credit Facility Issuer fees and expenses, if any, and all other amounts due the Trustee under the Trust Agreement or this Master Lease and a Credit Facility Issuer under any Reimbursement Agreement, all as set forth on a particular Schedule hereto. Supplemental Payments for each separate Lease hereunder include, without limitation, amounts required to be paid under Sections 5.1, 5.2, 5.6, 5.10 and 6.2 hereof, and amounts necessary to restore the balance in the Reserve Account for a particular Series of Certificates to the Reserve Account Requirement for such Series as provided in Section 405(b) of the Trust Agreement, or recurring amounts payable to a provider of a Reserve Account Letter of Credit/Insurance Policy.

The School Board hereby authorizes the Trustee, as assignee of the Corporation, (i) to create a Reserve Account to be held by the Trustee under the Trust Agreement for each Series of Certificates unless otherwise provided by the Schedule relating thereto, (ii) to deposit in each Reserve Account a portion of the proceeds from the sale of the Series of Certificates relating thereto, or in lieu thereof, or in substitution for the full amounts then on deposit therein or in an amount equal to the difference between the amount required to be deposited and the sum, if any, on deposit in a Reserve Account, to provide a Reserve Account Letter of Credit/Insurance Policy equal to the Reserve Account Requirement relating to such Series, or combination of a portion of the proceeds from the sale of a Series of Certificates and a Reserve Account Letter of Credit/Insurance Policy, and (iii) to use such amounts or amounts drawn on the Reserve Account Letter of Credit/Insurance Policy deposited in each sub-account of the Reserve Account as set forth in Section 405 of the Trust Agreement. In the event the aggregate amount of any cash, the value of any Investment Securities and the stated amount of any Reserve Account Letter of Credit/Insurance Policy in a Reserve Account shall be less than the Reserve Account Requirement provided therefor, the School Board shall pay to the Trustee from moneys budgeted and appropriated as Basic Lease Payments during the current Fiscal Year as Supplemental Payments an amount equal to such deficiency within thirty (30) days of receipt of notice of the deficiency from the Trustee. In the event the Trustee makes a draw on a Reserve Account Letter of Credit/Insurance Policy to pay amounts equal to Basic Lease Payments represented by a Series of Certificates, the School Board shall cause the amount which the Trustee can draw upon such Reserve Account Letter of Credit/Insurance Policy (or its original stated amount, if the School Board shall have deposited into the related Reserve Account a Letter of Credit/Insurance Policy pursuant to this Section) to be reinstated. In the event a Reserve Account Letter of Credit/Insurance Policy on deposit in a Reserve Account expires or is terminated, the School Board shall, simultaneously

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Facility or Facilities financed hereunder. The interest portion of each Basic Lease Payment shall be calculated on the basis of a 360 day year consisting of twelve 30 day months.

SECTION 3.4. Lease Payments to be Unconditional. Subject to Sections 3.1 and 3.5 hereof the obligations of the School Board to make Lease Payments and to pay all other amounts provided for herein and in each Schedule and to perform its obligations under this Master Lease and each Schedule, shall be absolute and unconditional, and such Lease Payments and other amounts shall be payable without abatement or any rights of set-off, recoupment or counterclaim the School Board might have against any supplier, contractor, the Corporation, the Trustee or any other person and whether or not the Facilities are accepted for use or used by the School Board or available for use by the School Board, whether as a result of damage, destruction, condemnation, defect in title or failure of consideration or otherwise. This Master Lease shall be deemed and construed to be a "net lease".

SECTION 3.5. Non-Appropriation. Notwithstanding anything in this Master Lease to the contrary, the cost and expense of the performance by the School Board of its obligations under this Master Lease and each Schedule hereto and the incurrance of any liabilities of the School Board hereunder and under each Schedule hereto including, without limitation, the payment of all Lease Payments and all other amounts required to be paid by the School Board under this Master Lease and each Schedule hereto, shall be subject to and dependent upon appropriations being duly made from time to time by the School Board for such purposes. Under no circumstances shall the failure of the School Board to appropriate sufficient funds constitute a default or require payment of a penalty, or in any way limit the right of the School Board to purchase or utilize educational facilities similar in function to those leased hereunder.

Unless the School Board, at a public meeting held prior to the end of the then current Fiscal Year, shall give notice of its intent not to appropriate the funds necessary to make all Lease Payments coming due in the following Fiscal Year under this Master Lease and each Schedule hereto, the Superintendent shall include in the Superintendent's tentative budget proposal the funds necessary to make such Lease Payments, and the Lease Term of all Leases shall be automatically renewed on June 30 of the current Fiscal Year, for the following Fiscal Year, subject to appropriation being made by the School Board in the final official budget. If Lease Payments are due hereunder during the period prior to the adoption of the School Board's final official budget for an ensuing Fiscal Year, the Lease Term of all Leases shall be deemed extended only if the tentative budget or extension of the prior budget (whether by Board action or operation of law) makes available to the School Board monies which may be legally used to make the Lease Payments due hereunder during such period. If no such appropriation is made in

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with such expiration or termination, either replace such Letter of Credit/Insurance Policy with a subsequent Reserve Account Letter of Credit/Insurance Policy with a stated amount equal to the Reserve Account Requirement or transfer to the Trustee, for deposit in such Reserve Account in which such Policy had been deposited, an amount of cash equal to the Reserve Account Requirement.

SECTION 3.2. Credits to Lease Payments. The Lease Payments due hereunder shall be reduced when applicable by the amounts credited as follows:

(a) The Trustee shall deposit into the Lease Payment Account established with respect to each Lease, interest income in accordance with the Trust Agreement, amounts in excess of the Reserve Account Requirement transferred to the Lease Payment Account pursuant to Section 405(d) of the Trust Agreement and amounts transferred from the Capitalized Interest Account to the Lease Payment Account pursuant to Section 403 of the Trust Agreement, and apply such amounts as provided therein.

(b) Unless otherwise provided in the Schedule related thereto, upon the completion of acquisition and construction of the Facilities financed under a particular Lease and payment of all Costs of such Facilities or upon the termination of the Lease Term of a particular Lease pursuant to Section 4.1 hereof, the amounts, if any, on deposit in the Acquisition Account for the related Series of Certificates shall be transferred to the Lease Payment Account for such Series, to be applied to Basic Lease Payments next coming due under the Lease; provided, however, that if, upon delivery by the School Board of a Certificate of Acceptance indicating completion of the acquisition, construction, installation and payment of all costs of the Facilities financed under a particular Lease (including the failure of the School Board to acquire any component of such Facilities), there shall remain in the related Acquisition Account an amount greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year under such Lease, the entire remaining amount shall be transferred to the related Prepayment Account in accordance with Section 7.2(b) hereof.

(c) There shall be deposited in the Lease Payment Account or the Prepayment Account for a Series of Certificates, as the case may be, Net Proceeds realized in the event of damage, destruction or condemnation to be applied to Basic Lease Payments under the related Lease, or to the Prepayment Price of such Series of Certificates, all as provided for in Section 5.4(b) hereof.

SECTION 3.3. Basic Lease Payment Components. A portion of each Basic Lease Payment is paid as and represents the payment of interest and the balance of each Basic Lease Payment is paid as and represents the payment of principal. Each Schedule hereto shall set forth such components of each Basic Lease Payment for each

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the final official budget, or if no official budget is adopted as of the last day upon which a final budget is required to have been adopted under Chapter 237, Florida Statutes and applicable regulations thereunder, the Lease Term of all Leases shall terminate as of the date of adoption of the final official budget, or such last day, whichever is earlier.

If the School Board declares its intent at such public meeting prior to the end of the then current Fiscal Year not to appropriate the funds, the Lease Term of all Leases shall not be automatically renewed for the following Fiscal Year, but shall terminate on June 30th of the current Fiscal Year. The final Lease Term may be for a period which is less than a full Fiscal Year.

The School Board shall provide written notice of any non-appropriation of funds described herein to the Trustee, any Credit Facility Issuer and any issuer of a Reserve Account Letter of Credit/Insurance Policy within three (3) Business Days thereafter.

THE SCHOOL BOARD MAY NOT BUDGET AND APPROPRIATE FUNDS TO MAKE LEASE PAYMENTS SELECTIVELY ON A LEASE BY LEASE BASIS, BUT MUST APPROPRIATE FUNDS FOR ALL LEASES OR NONE OF THEM.

SECTION 3.6. Surrender of Facilities. (A) Upon the termination of the Lease Term of all Leases prior to the payment of all Lease Payments scheduled therefor or without the payment of the then applicable Purchase Option Price of the Facilities financed under such Lease, or (B) as provided in Section 6.2 hereof upon the occurrence of an event of default, the School Board shall immediately surrender and deliver possession of all the Facilities financed under this Master Lease and all Schedules hereto to the Trustee as assignee of the Corporation or any person designated by it, in the condition, state of repair and appearance required under this Master Lease, in accordance with the instructions of the Corporation. Upon such surrender, the transferee shall sell or lease the Facilities if then practicable in such manner and to such person or persons for any lawful purpose or purposes, as it shall, in its sole discretion, determine to be appropriate. The proceeds derived by such transferee from any such sale or lease of Facilities shall be applied first to the payment in full of the Series of Certificates relating to such Facilities (including all amounts owing under the applicable Lease) and then to the payment of any accrued but unpaid obligations of the Corporation under Section 3 of the Ground Lease relating to such Facilities. Any excess after all such payments shall be paid to the School Board.

If the School Board shall refuse or fail to voluntarily deliver possession of the Facilities to the Corporation or its assignee as above provided, the Corporation or its assignee may enter into and upon the Facilities, or any part thereof, and repossess the same and thereby restore the Corporation or its assignee to its former possessory estate as lessee under the

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related Ground Lease and lessor hereunder and expel the School Board and remove its effects forcefully, if necessary, without being taken or deemed to be guilty in any manner of trespass in order that the Corporation or its assignee may sell or re-let the leasehold interest in the Facilities, subject to Permitted Encumbrances, for any lawful purpose or purposes, for the remainder of the term of the related Ground Lease, if applicable, and the School Board shall have no further possessory right whatsoever in the Facilities, for the remainder of the term of the respective Ground Lease; the Corporation or its assignee may exercise all available remedies at law or in equity to evict the School Board and to enjoy its possessory rights to all Facility Sites under one or more Ground Leases; and the School Board shall be responsible for the payment of damages in an amount equal to the Lease Payments which would have accrued hereunder, calculated on a daily basis, for any period during which the School Board fails to surrender the Facilities or for any other loss suffered by the Corporation or its assignee as a result of the School Board's failure to surrender the Facilities, all without prejudice to any remedy which might otherwise be available to the Corporation or its assignee for arrears of Lease Payments or for any breach of the School Board's covenants herein contained.

Upon the termination of the Lease Term of all Leases as a result of a default by the School Board, the Corporation or its assignee shall have, in addition to the rights and remedies described above, the right to sue for compensatory damages, including upon failure of the School Board to surrender possession of the Facilities to the Corporation or its assignee, damages for any loss suffered by the Corporation or its assignee as a result of the School Board's failure to take such actions as required, including reasonable legal fees.

The School Board, as owner of the Facility Sites, may voluntarily and in cooperation with the Corporation or its assignee as owner of the Facilities, sell the Facility Sites and the Facilities, the proceeds of such sale to be applied by the Trustee in the manner described above in this section. The sale of any particular Facility Site and Facility thereon shall require the consent of the Credit Facility Issuer, if any, insuring the Series of Certificates relating to such Facility Site and Facility thereon. If applicable, such sale shall be conducted in accordance with the requirements of Section 235.04(1), Florida Statutes and the rules of the State Department of Education promulgated thereunder.

ARTICLE IV.

TERMINATION

SECTION 4.1. Termination of Lease Term. The Lease Term will terminate upon the earliest of any of the following events:

(a) with respect to all Leases, on the latest Lease Payment Date set forth in any Schedule attached to this Master Lease;

(b) with respect to all Leases, in the event of nonappropriation of funds for payment of Lease Payments as provided in Sections 3.1, 3.4 and 3.5 of this Master Lease;

(c) with respect to all Leases, upon a default by the School Board with respect to any Lease and the termination of the Lease Term of all Leases by the Trustee pursuant to Section 8.2(1) of this Master Lease;

(d) with respect to a particular Lease, upon payment by the School Board of the Purchase Option Price of the particular Facilities leased under such Lease, or upon provision for such payment pursuant to Section 7.3 hereof, provided, however, that upon such provision for payment the obligation to make Lease Payments under such Lease shall continue to be payable solely from such provision for payment.

SECTION 4.2. Effect of Termination.

(a) Upon the termination of the Lease Term for the reason referred to in Section 4.1(b) or (c) hereof, the provisions of Section 3.6 shall be applicable. Upon such termination for the reason referred to in Section 4.1(c) hereof, the provisions of Sections 8.2 and 8.3 shall also be applicable.

(b) In the event of termination of the Lease Term for the reason referred to in Section 4.1(d) hereof, there shall be applied solely from the amounts deposited pursuant to Section 7.3 hereof as a reduction against such Basic Lease Payments to become due after such termination an amount equal to the Basic Lease Payments applicable to the Facilities.

(c) Notwithstanding the termination of the Lease Term pursuant to Section 4.1 hereof, the representations of the School Board set forth in Section 2.10 hereof and the provisions of Sections 5.7 and 5.10 hereof shall survive such termination.

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ARTICLE V.

COVENANTS OF SCHOOL BOARD

SECTION 5.1. Maintenance of the Facilities by the School Board. The School Board agrees that at all times during each Lease Term, the School Board will, at the School Board's own cost and expense, maintain, preserve and keep the Facilities in good repair and condition, and that the School Board will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals, interior and exterior, thereto. The Corporation shall have no obligation in any of these matters, or for the making of repairs, improvements or additions to the Facilities. If the School Board fails to perform such obligations the Trustee may perform the School Board's obligations or perform work resulting from the School Board's actions or omissions and the cost thereof (together with interest until reimbursed) shall be immediately due and payable as Supplemental Payments.

SECTION 5.2. Taxes, Other Governmental Charges and Utility Charges. In the event that the ownership, leasing, use, possession or acquisition of the Facilities or Facility Sites are found to be subject to taxation in any form, the School Board will pay during each Lease Term, as the same come due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Facilities or Facility Sites and any facilities or other property acquired by the School Board as permitted under this Master Lease in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Facilities or Facility Sites, as well as all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Facilities and Facility Sites; provided that, with respect to any governmental charges that may lawfully be paid in installments over a period of years, the School Board shall be obligated to pay only such installments as have accrued during the time the Lease Term is in effect. If the School Board fails to perform such obligations the Trustee may perform the School Board's obligations and the cost thereof (together with interest until reimbursed) shall be immediately due and payable as Supplemental Payments.

SECTION 5.3. Provisions Regarding Insurance. During acquisition, construction and installation of the Facilities the School Board shall require any contractor to provide Workers' Compensation, Comprehensive General Liability Insurance, Property Insurance, Property coverage for contractor's equipment, Professional Liability Insurance, Builders Risk Insurance, Automobile Liability Insurance, and other insurance pursuant to the terms of the Instructions to Bidders and the General Conditions of the School Board. Contractors shall be required to provide builders' all risk property damage insurance in an amount not less than the full value of all work in place and materials and equipment provided or

delivered by each supplier. The Trustee and the Corporation shall be named as additional insureds and loss payees wherever the School Board is to be so named, and shall be entitled to written notice of cancellation to the same extent as the School Board.

The School Board shall, during the Lease Term, purchase and maintain property insurance coverage in an amount not less than \$85,000,000 per occurrence, to the extent such insurance is available at commercially reasonable costs, covering the replacement cost of its property including the Facilities insuring against the perils of FIRE, LIGHTNING, WINDSTORM, HAIL, HURRICANE, WINDBLOWN RAIN, DAMAGE FROM WATER, EXPLOSION, AIRCRAFT, VEHICLES, SMOKE, VANDALISM AND MALICIOUS MISCHIEF, TRANSFORMATION HAZARDS, THEFT AND BURGLARY. The School Board shall maintain a self-insurance program for its combined general and automobile liability insurance coverage in an amount not less than \$200,000 per occurrence pursuant to the provisions contained within Florida Statute 768.28. The School Board shall also purchase and maintain, or cause to be purchased and maintained, boiler & machinery insurance coverage (including air conditioning equipment) in an amount not less than \$20,000,000 per accident.

The adequacy of the School Board's property insurance coverage shall be reviewed annually by the Insurance Consultant, and the School Board shall follow the recommendations of the Insurance Consultant so long as the recommended insurance is available at commercially reasonable costs and otherwise satisfies the criteria set forth herein. The School Board shall maintain eligibility for assistance by the Federal Emergency Management Agency.

The School Board may elect to self-insure for any such damage or liability, as provided above, upon the following terms and conditions:

(a) the self-insurance program shall be approved by the Insurance Consultant;

(b) The self-insurance program shall include a sound claims reserve fund out of which each self-insured claim shall be paid; the adequacy of such fund shall be evaluated at least annually by the Insurance Consultant; and any deficiencies in the fund shall be remedied in accordance with the recommendations of the Insurance Consultant;

(c) The self-insurance claims reserve fund shall be held in a bank account created for the purpose of maintaining such self-insurance funds, which bank account may be under the control of the School Board and may not be commingled with other School Board moneys; and

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(d) In the event the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund shall be maintained.

The School Board may also self-insure for the amount of the deductible portion of the above described insurance coverage. The School Board's present maximum self-insured limits are \$100,000 per occurrence for property coverage not including wind, and a maximum of \$10,000,000 and a minimum of \$10,000,000 per occurrence resulting from wind damage; \$200,000/\$200,000,000 per occurrence for combined general and automobile liability coverage; \$10,000 per accident for boiler & machinery (including air conditioning equipment). If the School Board revises such limits such that its self-insured retention exceeds 10% of the amount of property insurance recommended by the Insurance Consultant, the School Board will cause the adequacy of its self-insurance reserve fund to be reviewed by the Insurance Consultant on an annual basis.

Flood insurance shall be separately maintained for its property, including any of the Facilities, located in a federally designated flood plain, in such amounts per occurrence recommended by the Insurance Consultant as being available at commercially reasonable costs and in minimum amounts necessary to qualify for the Federal disaster relief programs. If such minimum amounts are not available at commercially reasonable costs in the opinion of the Insurance Consultant, the School Board shall self-insure for such amounts as will qualify for the Federal disaster relief program.

The sufficiency of the School Board's flood insurance coverage shall be reviewed at least annually by the Insurance Consultant, and the School Board shall follow the recommendations of the Insurance Consultant so long as the recommended insurance meets the criteria set forth in the preceding paragraph.

Any insurance policy issued pursuant to this Section 5.3 shall provide that the Corporation and the Trustee shall be notified of any proposed cancellation of such policy thirty (30) days prior to the date set for cancellation. Any policy of all risk property insurance must be obtained from a commercial insurance company or companies rated A by A.M. Best Company or in one of the two highest rating categories of Moody's and S&P, or otherwise approved by the Credit Facility Issuer. The School Board and the Trustee shall be named as insureds and loss payees.

If required by Florida law, the School Board shall carry or cause to be carried worker's compensation insurance covering all employees on, in, near or about the Facilities, and upon request, shall furnish or cause to be furnished to the Corporation and the Trustee certificates evidencing such coverage.

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Board shall not be required to comply with the provisions of subparagraph (a) set forth above. If the Net Proceeds are equal to less than ten percent (10%) of the Remaining Principal Portion of the Basic Lease Payments relating to such Facilities, such Net Proceeds shall be deposited in the Lease Payment Account for the Series of Certificates relating to such Facilities to be credited against Basic Lease Payments next coming due in accordance with Section 3.2 (C) hereof. If the Net Proceeds are equal or greater than ten percent (10%) of the Remaining Principal Portion of the Basic Lease Payments relating to such Facilities, such Net Proceeds shall be deposited in the Prepayment Account for the Series of Certificates relating to such Facilities to be applied to the prepayment in part of the principal portion and accrued interest portion of Basic Lease Payments relating to such Facilities represented by the Certificates in accordance with Section 7.2 hereof.

SECTION 5.5. Insufficiency of Net Proceeds. If the School Board elects to repair, restore or replace the Facilities under the terms of Section 5.4(a) hereof and the Net Proceeds therefor are insufficient to pay in full the Cost of such repair, restoration or replacement, the School Board shall complete the work and pay any Cost in excess of the amount of the Net Proceeds, and the School Board agrees that, if by reason of any such insufficiency of the Net Proceeds the School Board shall make any payments pursuant to the provisions of this Section, the School Board shall not be entitled to any reimbursement therefor from the Corporation or the Trustee nor shall the School Board be entitled to any diminution of the amounts payable under the related lease.

SECTION 5.6. Advances. In the event the School Board shall not elect to self-insure any risk that would otherwise require the maintenance of insurance coverage hereunder, and shall fail to maintain the full insurance coverage required hereunder, the Corporation may, but shall be under no obligation to, purchase the required policies of insurance and pay the premiums on the same, or if the School Board shall fail to keep the Facilities in good repair and operating condition, the Corporation may, but shall be under no obligation to, make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced herefor by the Corporation shall become immediately due and payable as a Supplemental Payment under the Lease relating to such Facilities which amounts, together with interest thereon (at an annual interest rate equal to the interest portion of the Basic Lease Payments, expressed as an annual interest rate) until paid, the School Board agrees to pay.

SECTION 5.7. Release and Indemnification. To the extent permitted by Florida law, including the provisions of Section 768.28 Florida Statutes, the School Board shall indemnify and save the Corporation and the Trustee harmless from and against any and all

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In the event of any loss, damage, injury, accident, theft or condemnation involving the Facilities, the School Board shall promptly provide or cause to be provided to the Corporation and the Trustee written notice thereof, and make available or cause to be made available to the Corporation and the Trustee all information and documentation relating thereto.

Any insurance policy maintained pursuant to this Section 5.3 shall be so written or endorsed to provide that the Trustee (on behalf of the Certificate holders), and the Corporation are named as additional insureds, and the Trustee, the Corporation and the School Board are named as loss payees as their interests may appear and the Net Proceeds of any appropriation made in connection with a self-insurance election shall be payable to the School Board, the Corporation and the Trustee (on behalf of the Certificate holders) as their respective interests may appear. The Net Proceeds of the insurance required in this Section 5.3 or the Net Proceeds of any appropriation in connection with a self-insurance election shall be applied as provided in Section 5.4(a) and Section 5.4(b) hereof.

SECTION 5.4. Damage, Destruction or Condemnation. If prior to the termination of the Lease Term under a particular Lease, the Facilities financed under such Lease or any portion thereof are destroyed or are damaged by fire or other casualty, or title to, or the temporary use of such Facilities or any portion thereof shall be taken under the exercise of the power of eminent domain, the School Board shall, within sixty (60) days after such damage, destruction or condemnation elect one of the following two options by written notice from an Authorized School Board Representative of such election to the Corporation and the Trustee:

(a) Option A - Repair, Restoration or Replacement. Except as provided below, the School Board will cause the Net Proceeds of any insurance or the Net Proceeds of any appropriation made in connection with a self-insurance election, or the Net Proceeds of any claim or condemnation award to be applied to the prompt repair, restoration, or replacement (in which case such replacement shall become subject to the provisions of the related Lease as fully as if it were the originally leased Facilities) of such Facilities. Any such Net Proceeds received by the Trustee shall be deposited in the related Acquisition Account and be applied by the Trustee toward the payment of the Cost of such repair, restoration or replacement, utilizing the same requisition process set forth in the Trust Agreement for the payment of the Cost of the Facilities from such Acquisition Account.

(b) Option B - Partial Prepayment. If the School Board has determined that its operations have not been materially affected and that it is not in the best interest of the School Board to repair, restore or replace that portion of the Facilities so damaged, destroyed or condemned, then the School

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liability, obligations, claims and damages, including consequential damages and reasonable legal fees and expenses, arising out of, or in connection with, the transactions contemplated by this Master Lease, all Schedules hereto, any Ground Lease, any Assignment Agreement and the Trust Agreement including, without limitation, the issuance of Certificates, except in the case of liability, obligations, claims and damages arising out of their own negligence or willful misconduct.

SECTION 5.8. Payment and Performance Bonds and other Guaranty. The School Board agrees to cause any contractor to provide performance, payment and guarantee and any additional bonds or surety bonds, if and when required pursuant to the Instructions to Bidders and the General Conditions and the provisions of Section 255.05, Florida Statutes, and other applicable provisions of Florida Law. Such bonds or other surety shall be in dual obligee form, naming the School Board and the Trustee as dual obligees.

SECTION 5.9. Essential Governmental Functions. The School Board represents and warrants that the services to be provided by or from the Facilities are essential to the delivery of the School Board's essential governmental services, and covenants that during the Lease Term it will use the Facilities to perform essential governmental functions relating to its statutory responsibility of providing for public education throughout the District. The School Board represents and covenants that it has an immediate need for the Facilities, that it does not expect such need to diminish during the Lease Term and that it intends to use the Facilities for public school educational purposes throughout each Lease Term.

SECTION 5.10. Tax Exemption; Rebates. In order to maintain the exclusion from gross income for federal income tax purposes of the interest portion of the Basic Lease Payments paid to the Certificate holders, the School Board shall comply with the provisions of the Code applicable to this Master Lease and each Schedule thereto and each Series of Certificates issued under the Trust Agreement, including without limitation the provisions of the Code relating to the computation of the yield on investments of the Gross Proceeds of each Series of Certificates, reporting of earnings on the Gross Proceeds of each Series of Certificates, and rebating Excess Earnings to the Department of the Treasury of the United States of America. In furtherance of the foregoing, the School Board shall comply with the letter of instructions as to compliance with the Code with respect to each Lease and each Series of Certificates, to be delivered by Special Tax Counsel at the time each Series of Certificates is issued, as such letter may be amended from time to time, as a source of guidance for achieving compliance with the Code.

The School Board shall not take any action or fail to take any action which would cause a Lease and the Series of Certificates relating thereto to be "arbitrage bonds" within the meaning of

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Section 148(a) of the Code or which would otherwise cause the portion of Basic Lease Payments under such Lease representing the payment of interest as set forth in Section 3.3 hereof to be includable in the gross income of the Certificate holders.

In the event that the School Board shall fail to rebate such Excess Earnings when due, the Corporation or its assignee may, but shall be under no obligation to, pay amounts due to the Treasury; and all amounts so advanced by the Corporation or its assignee shall become immediately due and payable as a Supplemental Payment under the Lease relating to such Series of Certificates which amounts, together with interest thereon (at an annual interest rate equal to the interest portion of the Basic Lease Payments relating thereto expressed as an annual interest rate) until paid, the School Board agrees to pay.

SECTION 5.11. Budget and Tax Levy. The School Board covenants that it shall cause the Superintendent to prepare and submit the budget recommendation in accordance with Section 3.5 hereof including provision for discretionary capital outlay millage under Section 236.25, Florida Statutes, as amended, and that the School Board will act on such recommendation, will hold public hearings, will adopt tentative and final official budgets, and will submit such budgets to the Department of Education for approval, all pursuant to the requirements of the laws of Florida and the regulations of the Department of Education as in effect from time to time.

Subject to the right of non-appropriation set forth in Sections 3.1 and 3.5 hereof the School Board expects that its legally available revenues will be sufficient to meet its Lease Payment obligations under the Master Lease in each Fiscal Year.

SECTION 5.12. Compliance with Law, Regulations, Etc.

(a) The School Board has, after due inquiry, no knowledge and has not given or received any written notice indicating that its Facilities and Facility Sites or the past or present use thereof or any practice, procedure or policy employed by it in the conduct of its business materially violates any applicable law, regulation, code, order, rule, judgment or consent agreement, including, without limitation, those relating to zoning, building, use and occupancy, fire safety, health, sanitation, air pollution, ecological matters, environmental protection hazardous or toxic materials, substances or wastes, conservation, parking, architectural barriers to the handicapped, or restrictive covenants or other agreements affecting title to the Facilities (collectively, "Laws and Regulations"). Without limiting the generality of the foregoing, neither the School Board nor to the best of its knowledge, after due inquiry, any prior or present owner, tenant or subtenant of any of the Facilities and Facility Sites has, other than as set forth in subsections (a) and (b) of this Section or as

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cities of (a) chrysotile (serpentine); (b) crocidolite (riebeckite); (c) amosite (cumingtonite-grunerite); (d) anthophyllite; (e) tremolite; and (f) actinolite.

"Environmental Regulations" shall mean all Laws and Regulations, now or hereafter in effect, with respect to Hazardous Materials, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. Section 9601, et seq.) (together with the regulations promulgated thereunder, "CERCLA"), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, et seq.) (together with the regulations promulgated thereunder, "RCRA"), the Emergency Planning and Community Right-to-Know Act, as amended (42 U.S.C. Section 11001, et seq.) (together with the regulations promulgated thereunder, "Title III"), the Clean Water Act, as amended (33 U.S.C. Section 1321, et seq.) (together with the regulations promulgated thereunder, "CWA"), the Clean Air Act, as amended (42 U.S.C. Section 7401, et seq.) (together with the regulations promulgated thereunder, "CAA"), the Florida Radiation Protection Act, as amended (Fla. Stat. Chapter 404) (together with all regulations promulgated thereunder, "FRPA") and the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601 et seq.) (together with the regulations promulgated thereunder, "TSCA"), and any state or local similar laws and regulations and any so-called local, state or federal "superfund" or "superlien" law.

SECTION 5.13. Environmental Compliance.

(a) The School Board shall not use or permit the Facilities or Facility Sites or any part thereof to be used to generate, manufacture, refine, treat, store, handle, transport or dispose of, transfer, produce or process Hazardous Materials, except, and only to the extent, if necessary to maintain the improvements on the Facilities or Facility Sites and then, only in compliance with all Environmental Regulations, and any state equivalent laws and regulations, nor shall it permit, as a result of any intentional or unintentional act or omission on its part or by any tenant, subtenant, licensee, guest, invitee, contractor, employee and agent, the storage, transportation, disposal or use of Hazardous Materials or the Release or Threat of Release of Hazardous Materials on, from or beneath the Facilities or Facility Sites or onto any other property excluding, however, those Hazardous Materials in those amounts ordinarily found in the inventory of or used in the maintenance of public schools and related facilities, the use, storage, treatment, transportation and disposal of which shall be in compliance with all Environmental Regulations. Upon the occurrence of any Release or threat of Release of Hazardous Materials, the School Board shall promptly commence and perform, or cause to be commenced and performed promptly, without cost to the Corporation, all investigations, studies, sampling and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials, so released, on, from or beneath the

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may have been remediated in accordance with Laws and Regulations, (i) used, treated, stored, transported or disposed of any material amount of flammable explosives, polychlorinated biphenyl compounds, heavy metals, chlorinated solvents, cyanide, radon, petroleum products, asbestos or any Asbestos Containing Materials, methane, radioactive materials, pollutants, hazardous substances or related wastes, hazardous, toxic, or regulated substances or related materials, as defined in CERCLA, RCRA, CWA, TSCA, FRPA and Title III (as such terms is defined in subsection (e)), and the regulations promulgated pursuant thereto, and in all other Environmental Regulations applicable to the School Board, any of the Facilities or Facility Sites or the business operations conducted by the School Board thereon (collectively, "Hazardous Materials") on, from or beneath its Facilities or Facility Sites, (ii) pumped, spilled, leaked, disposed of, emptied, discharged or released (hereinafter collectively referred to as "Release") any material amount of Hazardous Materials on, from or beneath its Facilities or Facility Sites, or (iii) stored any material amount of petroleum products at its Facility Sites in underground storage tanks.

(b) Excluded from the representations and warranties in subsection (a) hereof with respect to Hazardous Materials are those amounts ordinarily found in the inventory of or used in the maintenance of public schools and related facilities, the use, treatment, storage, transportation and disposal of which has been and shall be in compliance with all Laws and Regulations.

(c) No Facilities or Facility Sites located in an area of high potential incidence of radon has an unventilated basement or subsurface portion which is occupied or used for any purpose other than the corporation or support of the improvements to the Facilities.

(d) The School Board has not received any notice from any insurance company which has issued a policy with respect to the Facilities or Facility Sites or from the applicable state or local government agency responsible for insurance standards (or any other body exercising similar functions) requiring the performance of any repairs, alterations or other work, which repairs, alterations or other work have not been completed at the Facilities or Facility Sites. The School Board has not received any notice of default or breach which has not been cured under any covenant, condition, restriction, right-of-way, reciprocal easement agreement or other easement affecting its Facilities or Facility Sites which is to be performed or complied with by it.

(e) For purposes of this Section and Section 5.13 hereafter, the following terms shall have the following meanings:

"Asbestos Containing Materials" shall mean material in friable form containing more than one percent (1%) of the asbestiform vari-

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Facilities or other property, in compliance with all Environmental Regulations. Notwithstanding anything to the contrary contained herein, underground storage tanks shall only be permitted subject to compliance with subsection (d) of this Section and only to the extent necessary to maintain the improvements on the Facilities or Facility Sites.

(b) The School Board shall comply with, and shall cause its tenants, subtenants, licensees, guests, invitees, contractors, employees and agents to comply with, all Environmental Regulations, and shall keep the Facility Sites free and clear of any liens imposed pursuant thereto (provided, however, that any such liens, if not discharged, may be bonded). The School Board shall cause each tenant under any lease, and use its best efforts to cause all of such tenant's subtenants, agents, licensees, employees, contractors, guests and invitees and the guests and invitees of all of the foregoing to comply with all Environmental Regulations with respect to the Facilities and Facility Sites; provided, however, that notwithstanding that a portion of this covenant is limited to the School Board's use of its best efforts, the School Board shall remain solely responsible for ensuring such compliance and such limitation shall not diminish or affect in any way the School Board's obligations contained in subsection (c) hereof as provided in subsection (c) hereof. Upon receipt of any notice from any Person with regard to the Release of Hazardous Materials on, from or beneath the Facilities and Facility Sites, the School Board shall give prompt written notice thereof to the Trustee, the Corporation and the Credit Facility Issuer (and, in any event, prior to the expiration of any period in which to respond to such notice under any Environmental Regulations).

(c) Irrespective of whether any representation or warranty contained in Section 5.12 is not true or correct, the School Board shall defend, indemnify and hold harmless the Corporation, the Trustee and the Credit Facility Issuer, its partners, depositors and each of its and their employees, agents, officers, directors, trustees, successors and assigns, from and against any claims, demands, penalties, fines, attorneys' fees (including, without limitation, attorneys' fees incurred to enforce the indemnification contained in this Section 5.13), consultants' fees, investigation and laboratory fees, liabilities, settlements (five (5) Business Days' prior notice of which the Corporation, the Trustee or the Credit Facility Issuer, as appropriate, shall have delivered to the School Board), court costs, damages, losses, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, occurring in whole or in part, arising out of, or in any way related to, (i) the presence, disposal, Release, threat of Release, removal, discharge, storage or transportation of any Hazardous Materials on, from or beneath the Facilities or Facility Sites, (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, (iii) any lawsuit brought or threatened,

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settlement reached (five (5) Business Days' prior notice of which the Corporation, the Trustee or the Credit Facility Issuer, as appropriate, shall have delivered to the School Board) or governmental order relating to Hazardous Materials on, from or beneath any of the Facilities or Facility Sites, (iv) any violation of Environmental Regulations or subsection (a) or (b) hereof by it or any of its agents, tenants, employees, contractors, licensees, guests, subtenants or invitees, and (v) the imposition of any governmental lien for the recovery of environmental cleanup or removal costs. To the extent that the School Board is strictly liable under any Environmental Regulation, its obligation to the Corporation, the Trustee and the Credit Facility Issuer and the other indemnitees under the foregoing indemnification shall likewise be without regard to fault on its part with respect to the violation of any Environmental Regulation which results in liability to any indemnitee. The School Board's obligations and liabilities under this Section 5.13(c) shall survive the termination of this Master Lease.

(d) The School Board shall conform to and carry out a reasonable program of maintenance and inspection of all underground storage tanks, and shall maintain, repair, and replace such tanks only in accordance with Laws and Regulations, including but not limited to Environmental Regulations.

SECTION 5.14. Prosecution and Defense of Suits.

(a) The School Board shall promptly from time to time take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to any Facility Site or Facilities comprising a Project, or any portion thereof, and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall, to the extent permitted and limited by applicable law and only from moneys legally available for such purpose, indemnify or cause to be indemnified the Corporation for all loss, cost, damage and expense, which the Corporation may incur by reason of any such defect, cloud, suit, action or proceedings.

(b) The School Board shall defend, or cause to be defended against every suit, action or proceeding at any time brought against the Corporation, or its directors, officers and employees upon any claim arising out of the receipt, application or disbursement of any moneys held by the Trustee or arising out of the construction of Facilities comprising any Project and involving the rights of the Corporation, or its directors, officers and employees under this Master Lease or any act or omission of the directors, officers and employees done or omitted to be done within the scope of their respective office or employment, other than an act or omission which is the result of misconduct or negligence by such parties; provided, that the Corporation, at its election, may appear in and defend any such suit, action or proceeding. To the

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extent permitted and limited by applicable law and only from moneys legally available for such purpose, the School Board shall indemnify or cause to be indemnified the Corporation, against any and all claims, demands, costs or liability claimed or asserted by any person, arising out of such receipt, application or disbursement.

SECTION 5.15. Waiver of Laws. The School Board shall not at any time insist upon or plead in any manner whatsoever, or claim or suffer or take the benefit or advantage of any stay or extension law now or at any time hereafter in force which may adversely affect the covenants and agreements contained in this Master Lease and the benefit and advantage of any such law or laws is hereby expressly waived by the School Board to the extent that the School Board may legally make such waiver.

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ARTICLE VI.

TITLE

SECTION 6.1. Title to Facility Sites and Facilities. Throughout the term of each Ground Lease, fee title to the Facility Sites described therein shall be in the name of the School Board, subject to Permitted Encumbrances. Until the earlier of the date on which payment in full, or provision for payment of all Lease Payments under a particular Lease or payment of the then applicable Purchase Option Price of one or more Facilities financed under such Lease, as provided in Sections 7.2 or 7.3 hereof, has been made, or until substitution of comparable Facilities for Facilities financed under a Lease as provided in Section 6.4 hereof, title to such Facilities shall remain vested in the Corporation (except as otherwise provided in the related Schedule), subject to Permitted Encumbrances. At such time as payment, or provision for payment as provided in Section 7.2 or 7.3 hereof, of all Lease Payments or the then applicable Purchase Option Price of one or more Facilities has been made in full, the School Board shall be deemed to have exercised an option to purchase such Facilities and fee simple title to such Facilities free and clear of all encumbrances, except Permitted Encumbrances, shall vest in the School Board. Upon substitution of other Facilities for Facilities financed under a Lease as herein provided, fee simple title to the Facilities for which substitution has been made, shall vest in the School Board free and clear of all encumbrances except Permitted Encumbrances. The Corporation hereby appoints the School Board as its agent to prepare and file or cause to be filed in appropriate offices such documents as may be necessary to cause record title to such Facilities to vest in the School Board. The Corporation agrees to immediately execute a warranty deed for the Facilities and a written surrender and release and an assignment without recourse or warranty of all its right, title, and interest under the related Lease and Ground Lease to the School Board, or shall execute amendments to the Lease Schedule, if appropriate in the case of the purchase of portions of the Facilities financed under a Lease, as well as all other instruments necessary to vest good and marketable fee simple title to the Facilities in the School Board and relinquish the Corporation's interest therein, subject only to Permitted Encumbrances. The related Ground Lease shall then be terminated, or modified, as provided therein. The Corporation shall request the execution of such instruments by the Trustee as necessary to effect the conveyances described herein.

There shall be no merger of a Lease or of the leasehold estate thereby created in any Facilities or Facility Sites with the fee estate in such Facilities or Facility Sites by reason of the fact that the same person may acquire or hold, directly or indirectly, a Lease or leasehold estate therein created or any interest therein, and the fee estate in the Facilities or Facility Sites relating to such Lease or any interest in such fee estate.

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If required by a Credit Facility Issuer the School Board shall provide one or more policies of title insurance naming the School Board, the Corporation and the Trustee as insureds, as their interests may appear, in amounts as required by such Credit Facility Issuer. Proceeds of any payment under a title insurance policy shall be paid to the Trustee and held for application (at the direction of the School Board prior to the occurrence of an Event of Default or a nonappropriation hereunder) first, to cure any defect in title, and second, in accordance with the priorities set forth in Section 504(a) of the Trust Agreement. The execution of each Ground Lease and each amendment thereto adding or modifying a Facility Site shall be subject to the approval of the related Credit Facility Issuer (no approval shall be required to add a legal description and/or the permitted encumbrances for a Facility Site which has already been designated in such Ground Lease), if any, and at the time of such execution there shall be delivered by the School Board to the Trustee an Opinion of Counsel with respect to each Facility Site to the effect that there are no liens or encumbrances thereon that are not Permitted Encumbrances under the Master Lease, and that there shall be no merger of the fee estate of the School Board in the Facility Sites with the leasehold estates created therein by a Ground Lease or this Master Lease, notwithstanding the fact that the same person may hold one or more leasehold estates and such fee estate.

SECTION 6.2. Liens. Except as permitted under this Master Lease, during the Lease Term each of the Corporation and the School Board shall not, directly or indirectly, create, incur, assume or suffer to exist any security interest, pledge, lien, charge, encumbrance or claim on any of the Facilities or Facility Sites or leasehold interests therein, other than the respective rights of the Trustee, the Corporation and the School Board as herein provided. If such security interest, pledge, lien, charge, encumbrance or claim on any of the Facilities or Facility Sites or leasehold interests therein shall exist, it shall be the duty of the School Board, within ninety (90) days after the School Board shall have been given written notice of such security interest, pledge, lien, charge, encumbrance, or claim being filed, to cause the Facilities or Facility Sites to be released from such security interest, pledge, lien, charge, encumbrance, or claim either by payment or by posting of a bond or by the payment into a court of competent jurisdiction of the amount necessary to relieve and release the Facilities or Facility Sites from such security interest, pledge, lien, charge, encumbrance, or claim or in any other manner which, as a matter of law, will result within such period of ninety (90) days in releasing the Corporation and the title of the Corporation from such security interest, pledge, lien, charge, encumbrance or claim; provided, however, that if such security interest, pledge, lien, charge, encumbrance or claim cannot, with due diligence, be discharged or removed within such ninety (90) day period and the School Board has diligently commenced to discharge or remove such security interest, pledge,

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lien, charge, encumbrance or claim within such period; the School Board shall have a reasonable period of time to discharge or remove such security interest, pledge, lien, charge, encumbrance or claim. The School Board shall reimburse the Corporation or the Trustee for any expense incurred by the Corporation or the Trustee in order to discharge or remove any such security interest, pledge, lien, charge, encumbrance or claim, provided, however, that neither the Corporation nor the Trustee is under any obligation to incur such expense without having been provided, in advance, with any amounts needed to pay such expense.

SECTION 6.3. Use of the Facilities and Facility Sites. The School Board will not use, or maintain the Facilities or Facility Sites improperly, carelessly, in violation of any applicable law or in a manner contrary to their use as educational facilities as contemplated by this Master Lease. The School Board shall provide all permits and licenses, if any, necessary for the acquisition, construction and installation of the Facilities and Facility Sites. In addition, the School Board agrees to comply in all respects (including, without limitation, with respect to the use and maintenance of the Facilities and Facility Sites) with all applicable laws of the jurisdictions in which the Facilities and Facility Sites are located and with all applicable regulations, orders and decrees of any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Facilities and Facility Sites; provided, however, that the School Board may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not adversely affect the interest or rights of the Corporation or the Trustee under this Master Lease.

SECTION 6.4. Substitution of Facilities. To the extent permitted by law, the School Board may substitute for any Facilities other facilities owned by the School Board, provided such substituted facilities (a) have the same or a greater remaining useful life, (b) have a fair market value equal to or greater than the Facilities for which they are substituted, (c) are of substantially equal utility as the Facilities to be replaced and meet the requirement of Section 5.9 hereof, (d) are free and clear of all liens and encumbrances, except Permitted Encumbrances and (e) are approved for substitution by the State Department of Education. To the extent that the facilities to be substituted serve a different educational function from the Facilities for which they are to be substituted, such substitution must also be approved by the Credit Facility Issuer, if any, for the Series of Certificates from which the Facilities to be replaced were originally financed. In order to effect such substitution, the Facilities to be replaced shall be released from the encumbrance of the related Lease and Ground Lease by appropriate instrument executed by the School Board and the Corporation (or Trustee as assignee of the Corporation) in form sufficient to leave good and marketable fee simple title to such Facilities in the School Board subject only to Permitted

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ARTICLE VII.

ASSIGNMENT, OPTION TO PURCHASE, AND PREPAYMENT

SECTION 7.1. Assignments; Subleasing.

(A) It is understood that substantially all right, title and interest of the Corporation in and to each Lease including the right to receive Basic Lease Payments thereunder, is to be assigned by the Corporation to the Trustee for the benefit of the holders of the Series of Certificates relating thereto, pursuant to the Assignment Agreement relating to such Lease. The School Board consents to such assignment and agrees that upon such assignment the Trustee shall have all of the rights of the Corporation thereunder, and shall be deemed to be the Corporation for all purposes of such Lease and the School Board agrees to pay to the Trustee at its principal corporate trust office all payments payable by the School Board to the Corporation pursuant to such Lease, notwithstanding any claim, defense, setoff or counterclaim whatsoever (whether arising from a breach of the Lease or otherwise) that the School Board may from time to time have against the Corporation or any person or entity associated or affiliated therewith.

(B) This Master Lease and each Schedule hereto may not be assigned by the School Board for any reason. However, Facilities may be subleased, as a whole or in part, by the School Board, without the necessity of obtaining the consent of the Corporation or its assignee, subject, however, to each of the following conditions:

(i) Such Facilities may be subleased for educational or other purposes, in whole or in part, subject to the rules and regulations of the State Department of Education, only to an agency or department or political subdivision of the State, or to another entity or entities if, in the opinion of Special Tax Counsel, such sublease will not impair the exclusion from federal income tax of the designated interest component of Basic Lease Payments payable by the School Board under the Lease relating to such Facilities;

(ii) This Master Lease, and the obligations of the School Board hereunder and under each Schedule hereto, shall, at all times during each Lease Term, remain obligations of the School Board, and the School Board shall maintain its direct relationships with the Corporation and its assignee, notwithstanding any sublease;

(iii) The School Board shall furnish or cause to be furnished to the Corporation and its assignee a copy of any sublease agreement;

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Encumbrances, and the Facilities to be substituted shall likewise be incorporated in the appropriate Lease and Ground Lease modifications. The related Schedule shall be appropriately amended, and the related Ground Lease shall be amended or canceled and replaced, to reflect such substitution.

There shall also be delivered at the time of substitution an Opinion of Counsel addressed to the School Board, the Corporation, the Trustee and any Credit Facility Issuer as to the legality and validity of such substitution under the laws of the State and that such substitution will not adversely affect the exclusion from gross income for federal income tax purposes of the interest portion of the Basic Lease Payments paid to the related Certificate holders, a policy of title insurance (if required by the applicable Credit Facility Issuer) and an opinion of Counsel as described in Section 6.1 hereof with respect to the substitute Facility Site.

For purposes hereof, "fair market value" shall be determined on the basis of an MAI appraisal performed by an appraiser jointly selected by the School Board and the Trustee.

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(iv) No sublease by the School Board shall cause the Facilities to be used for any purpose which would adversely affect the exclusion from federal income taxation of the designated interest component of the Basic Lease Payments payable by the School Board under the Lease relating to such Facilities, or which would violate the Constitution, statutes or laws of the State, or the rules and regulations of the State Department of Education; and

(v) The term of any sublease cannot extend beyond the end of the then current Lease Term, and shall be subject to immediate cancellation upon the occurrence of a nonappropriation or event of default hereunder.

SECTION 7.2. Prepayment.

(A) **Optional.** The principal portion of the Basic Lease Payments due under a particular Lease represented by a Series of Certificates shall be subject to prepayment at the option of the School Board, in the manner and at the times set forth in the Schedule to this Master Lease relating to such Series.

(B) **Extraordinary.** In the event that:

(a) there shall remain in the Acquisition Account relating to a particular Series of Certificates upon delivery by the School Board of a Certificate of Acceptance indicating completion of the acquisition, construction, installation and payment of all costs of the Facilities financed under a Lease relating to such Series of Certificates (including the failure of the School Board to acquire any component of such Facilities) an amount greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year under such Lease, or

(b) there are Net Proceeds equal to or greater than ten percent (10%) of the remaining principal portion of the Basic Lease Payments relating to Facilities financed under a particular Lease, as a result of damage to or destruction or condemnation of any portion of such Facilities, and an election is made by the School Board in accordance with Section 5.4(b) hereof to apply the amount to the prepayment in part of the principal portions of Basic Lease Payments relating to such Facilities, or

(c) the Lease Term is terminated for the reasons referred to in Sections 4.1(b) or 4.1(c) hereof;

then, in each case, same shall constitute an "Event of Extraordinary Prepayment".

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Each Event of Extraordinary Prepayment shall result in the following action, respectively:

(i) With respect to (a) and (b) above, the Corporation and the School Board shall pay such remaining Acquisition Account monies and Net Proceeds to the Trustee, and the Trustee shall deposit such funds in the respective Prepayment Accounts applicable to each Series of Certificates relating to such Leases to be used to prepay such Series of Certificates in the manner provided in the Trust Agreement; and

(ii) With respect to (c) above, at the election of a Credit Facility Issuer the Purchase Option Price of all Facilities shall become immediately due and payable, and the Trustee shall credit the balance remaining in all Funds and Accounts for each Series of Certificates to the Prepayment Account for such Series, and upon receipt of the Purchase Option Price of all Facilities, shall deposit such moneys to the credit of the related Prepayment Account for the Series relating to each such Facilities, to be used to prepay such Series of Certificates in the manner provided in the Trust Agreement.

In the event of prepayment in part under a particular Lease, the School Board will provide the Trustee a revised Schedule of Lease Payments reflecting said partial prepayment.

In the event of a payment in full of the Purchase Option Price of all Facilities financed hereunder, all covenants, agreements and other obligations of the School Board under this Master Lease shall cease, terminate and become void and be discharged and satisfied except as otherwise provided in Section 4.1(d) hereof. In such event the Trustee and the Corporation shall execute and deliver to the School Board all such instruments in recordable form at the School Board's expense as may be desirable to evidence such discharge and satisfaction.

SECTION 7.3. Prepayment Deposit. Notwithstanding any other provision of this Master Lease, the School Board may on any date secure the payment of all or a portion of the Purchase Option Price of all Facilities under a particular Schedule hereto and the related Series of Certificates, or with the prior consent of the Credit Facility Issuer, if any, for the Series of Certificates from which the Facilities in question were originally financed, the Purchase Option Price under a Schedule relating to all or a portion of one or more particular Facilities set forth on such Schedule and a corresponding amount of Certificates of the Series relating thereto, by a deposit with the Trustee as escrow holder under an escrow deposit agreement of amounts as set forth in Section 801 of the Trust Agreement.

In such event all covenants, agreements and other obligations of the School Board under the related Lease, or with respect to a

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ARTICLE VIII.

EVENTS OF DEFAULT AND REMEDIES

SECTION 8.1. Events of Default Defined. The following shall be "events of default" under this Master Lease and the terms "event of default" and "default" shall mean, whenever they are used in this Master Lease, any one or more of the following events:

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

(b) Failure by the School Board to pay in full any Additional Lease Payment or Supplemental Payment with respect to any Lease at the time and in the manner specified herein, and such failure shall continue for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to the School Board by the Corporation, the Trustee or the related Credit Facility Issuer, if any, provided, however, that if the Authorized School Board Representative certifies to the Corporation, the Trustee or the related Credit Facility Issuer, if any, in writing that such default cannot with due diligence be cured within such thirty (30) day period and that the School Board has diligently commenced to cure such default within such period, the School Board shall have a reasonable period not exceeding sixty (60) days after written notice (unless further extended by the Credit Facility Issuer, or if there be none, the Trustee) to cure such default;

(c) Failure by the School Board to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in Section 8.1(a) or (b) for a period of sixty (60) days after written notice specifying such failure, and requesting that it be remedied is given to the School Board by the Corporation, the Trustee or the related Credit Facility Issuer, or any representation of the School Board in this Lease Purchase Agreement shall have been untrue when made; provided, however, that if the Authorized School Board Representative certifies to the Corporation, the Trustee or the related Credit Facility Issuer, in writing that such default cannot with due diligence be cured within such sixty (60) day period and that the School Board has diligently commenced to cure such default within such period, the School Board shall have a reasonable period to cure such default; or

(d) the filing of a petition in bankruptcy (or any other commencement of a bankruptcy or similar proceeding by or against the School Board under any applicable bankruptcy, insolvency, reorganization or similar law, now or hereafter in

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portion of the Purchase Option Price of all Facilities under such Lease, or with respect to one or more particular Facilities financed under such Lease, shall cease, terminate and become void and be discharged and satisfied in accordance with the provisions of Section 4.1(d) hereof (or, in the case of a deposit for a portion of a Facility, modified accordingly), except the obligation of the School Board to make or cause to be made, Basic Lease Payments and any Additional Lease Payments under such Lease from the deposit made by the School Board pursuant to this Section, and except as provided in Section 4.2(c) hereof. In such event, the Trustee shall provide statements for such period or periods as shall be requested by the School Board to be prepared and filed with the School Board and, upon the request of the School Board, the Corporation or the Trustee, as appropriate, shall execute and deliver to the School Board all such instruments in recordable form at the School Board's expense as may be desirable to evidence such discharge and satisfaction.

SECTION 7.4. Refunding Certificates. The Corporation shall direct the Trustee, when directed to do so by the School Board, to issue one or more Series of refunding Certificates under a Supplemental Trust Agreement for the purpose of providing for the payment of all or a portion of Outstanding Series of Certificates, the funding of a Reserve Account, if any, and the payment of the costs of issuance in connection with such Series of refunding Certificates. Simultaneously with the issuance and delivery of such Series of refunding Certificates the applicable proceeds thereof shall be deposited with the Trustee as escrow holder under an escrow deposit agreement in such amount as set forth in Section 801 of the Trust Agreement. Upon the deposit as aforesaid, the Trustee and the School Board shall enter into an amendment to the related Lease Schedule at the School Board's expense, in order to adjust the Lease Payments to be made under such Lease to an amount sufficient to pay, as and when the same mature and become due, the principal and interest portions of the Basic Lease Payments represented by the Series of refunding Certificates and by the original Series of Certificates to the extent that such Series has not been refunded (except to such extent as the same may be payable out of moneys or Government Obligations deposited pursuant to Section 7.3 hereof).

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effect, and, in the case of involuntary proceedings, the failure of the same to be dismissed within one hundred eighty (180) days of the filing thereof.

If by reason of force majeure the School Board is unable in whole or in part to carry out the agreements on its part herein contained, other than the obligations on the part of the School Board contained in Article III hereof, the School Board shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God, strikes, lockouts or other industrial disturbances; acts of public enemies, orders or restraints of any kind of the government of the United States of America or any of its departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; hurricanes; fires; storms; droughts; floods; or explosions.

Notwithstanding anything contained in this Section 8.1 to the contrary, a failure by the School Board to pay when due any payment required to be made under this Master Lease and any Schedule hereto or a failure by the School Board to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Master Lease, resulting from a failure by the School Board to appropriate moneys as contemplated by Sections 3.5 and 5.11 hereof, shall not constitute an event of default under this Section 8.1.

SECTION 8.2. Remedies on Default. Whenever any event of default referred to in Section 8.1 shall have happened and be continuing, the Corporation shall have the right, without any further demand or notice except as hereinafter provided, to take one or any combination of the following remedial steps:

(1) Upon written notice to the School Board, terminate the Lease Term of all Leases and, whether or not the Lease Term is terminated, exercise all available remedies at law or in equity as described in Section 3.6 hereof; or

(2) take whatever action at law or in equity as may appear necessary or desirable to collect all Lease Payments or other payments then due and thereafter to become due for the remainder of the then current Lease Term, or the Purchase Option Price then due, or to enforce performance and observance of any obligation, agreement or covenant of the School Board under this Master Lease.

SECTION 8.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Master Lease or now or hereafter existing at law or in equity, subject to any limitations set forth in Section 3.6 hereof.

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ARTICLE IX.

MISCELLANEOUS

SECTION 9.1. Notices. All notices, certificates, requests or other communications (other than payments by the School Board) hereunder shall be in writing and shall be sufficiently given and shall be deemed given when delivered or three (3) Business Days after being mailed by first class mail, postage prepaid, to the parties at their respective places of business as follows (or to such other address as shall be designated by any party in writing to all other parties):

- Corporation: 3340 Forest Hill Boulevard West Palm Beach, Florida 33406 Attention: President
School Board: 3340 Forest Hill Boulevard West Palm Beach, Florida 33406 Attention: Superintendent of Schools
Trustee: One Financial Plaza, 13th Floor Fort Lauderdale, Florida 33394 Attention: Corporate Trust Department

Copies of any notices shall be provided to all Credit Facility Issuers at the addresses provided in one or more Schedules.

Notice shall also be given by the School Board to the Rating Agencies of the occurrence of any one or more of the following: (i) the appointment of a Successor Trustee, (ii) the expiration or termination of a Credit Facility, (iii) the prepayment or defeasance of any of the Outstanding Certificates in accordance with Section 801 or 802 of the Trust Agreement or (iv) a material modification of or amendment to the Trust Agreement, this Master Lease, any Ground Lease, any Assignment Agreement, any Lease Schedule or any Credit Facility.

SECTION 9.2. Binding Effect. This Master Lease shall inure to the benefit of and shall be binding upon the Corporation and the School Board and their respective successors and assigns, including without limitation the Trustee pursuant to the Assignment Agreement.

SECTION 9.3. Severability. In the event any provision of this Master Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 9.4. Amendments. The terms of this Master Lease and any Lease Schedule shall not be waived, altered, modified, supple-

SECTION 9.11. Waiver of Choice of Remedies. The School Board hereby waives any right it may have to cause the Corporation to choose any remedy and pursue such remedy to fruition, and agrees and consents that the Corporation may simultaneously and contemporaneously pursue two or more of the several remedies available to the Corporation, all of which are agreed to be concurrent and not alternative in any way, to the end that the Corporation may exercise any self help remedy under this Master Lease as to any Lease and may file and pursue to final judgment and final collection, actions (i) to eject the School Board and reclaim possession of any and all of the Projects, and (ii) against the School Board for money damages and (iii) against the School Board for performance of any covenants, all at the same time, in any combination, in one action and in several actions, and any of them, all at the Corporation's sole discretion, provided only that the Corporation may not ultimately recover more than the total amount provided herein plus such expenses and reimbursements as provided herein for preserving, maintaining and realizing on this Master Lease and the Leases.

mented or amended in any manner whatsoever except by written instrument signed by the Corporation and the School Board and, if required under the terms of the Trust Agreement, by the Trustee, and consented to by each Credit Facility Issuer. Copies of amendments shall be provided to the Rating Agencies. Notwithstanding the foregoing, a Lease Schedule may be amended without obtaining the consent of the Credit Facility Issuer for the purpose of adding a legal description and/or the permitted encumbrances for a Facility Site which has already been designated in such Lease Schedule.

SECTION 9.5. Execution in Counterparts. This Master Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 9.6. Captions. The captions or headings in this Master Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Master Lease.

SECTION 9.7. Interest. All interest calculations hereunder shall be made on the basis of a 360-day year consisting of twelve 30-day months (unless otherwise provided with respect to Additional Lease Payments on a Schedule hereto).

SECTION 9.8. Compliance with Trust Agreement. The School Board hereby approves and agrees to the provisions of the Trust Agreement. The Corporation hereby agrees not to amend or modify the Trust Agreement in any way without the written consent of the School Board so long as this Master Lease shall be in effect. The School Board agrees to do all things within its power in order to enable the Corporation to comply with all requirements and to fulfill all covenants of the Trust Agreement which require the Corporation to comply with requests or obligations so that the Corporation will not be in default in the performance of any covenant, condition, agreement or provision of the Trust Agreement, and the School Board further agrees to comply with and perform any obligations to be complied with or performed by the School Board pursuant to the Trust Agreement.

SECTION 9.9. Memorandum of Lease. Simultaneously with the execution of this Master Lease and each Schedule hereto, and thereafter simultaneously with the execution of any Schedule, the School Board and the Corporation shall each execute, acknowledge and deliver a Memorandum of Lease with respect to the Master Lease and such Schedule. Said Memorandum of Lease shall not in any circumstances be deemed to change or otherwise to affect any of the obligations or provisions of such instrument.

SECTION 9.10. Applicable Law. This Master Lease shall be governed by and construed in accordance with the laws of the State of Florida.

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

[SEAL]

By: C. Monica Uhlhorn C. Monica Uhlhorn Secretary

Date: November 16, 1994

PALM BEACH SCHOOL BOARD LEASING CORP.

By: Jody Gleason Jody Gleason Vice President

Date: November 16, 1994

[SEAL]

By: C. Monica Uhlhorn C. Monica Uhlhorn Secretary

Date: November 16, 1994

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

By: Jody Gleason Jody Gleason Vice Chairman

Date: November 16, 1994

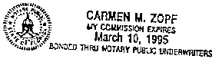
STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

I, Carmen M. Zopf, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Jody Gleason and C. Monica Uhlhorn, personally known to me to be the same persons whose names are, respectively, as Vice President and Secretary of PALM BEACH SCHOOL BOARD LEASING CORP., a Florida not-for-profit corporation, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said corporation, and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 16th day of November, 1994.

Carmen M. Zopf
NOTARY PUBLIC, STATE OF FLORIDA

NOTARY PUBLIC
SEAL OF OFFICE:



(Name of Notary Public, Print, Stamp or Type as Commissioned.)
 Personally known to me, or
 Produced identification: Id. License
(Type of Identification Produced)
 DID take an oath, or DID NOT take an oath.

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EXHIBIT A

FORM OF SCHEDULE TO MASTER LEASE
PURCHASE AGREEMENT

SCHEDULE NO. _____
dated _____

to
Master Lease Purchase Agreement dated as of
November 1, 1994 between
Palm Beach School Board Leasing Corp.,
as Lessor (the "Corporation").

and

The School Board of Palm Beach County, Florida
as Lessee (the "School Board")

THIS SCHEDULE NO. (the "Schedule") is hereby entered into under and pursuant to that certain Master Lease Purchase Agreement dated as of November 1, 1994 (the "Master Lease"), pursuant to which the Corporation has agreed to lease-purchase unto the School Board and the School Board has agreed to lease-purchase from the Corporation, subject to the terms and conditions of the Master Lease incorporated herein, the Series _____ Facilities herein described (the "Series _____ Facilities"). The Master Lease with respect to this Schedule and as amended, modified and supplemented hereby, is referred to herein as the "Series _____ Lease". All terms not otherwise defined herein shall have the respective meanings set forth in the Master Lease, or in the Trust Agreement, including the Series _____ Supplemental Trust Agreement. All terms and conditions contained in the Master Lease, unless otherwise amended or superseded hereby are incorporated herein by reference.

SECTION 1. Definitions. For purposes of the Series _____ Lease the following terms have the meaning set forth below.

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

"Certificates" or Series of Certificates" shall mean the \$ _____ Certificates of Participation, Series _____ dated as of _____, issued under the Trust Agreement and evidencing undivided proportionate interests of the owners thereof in Basic Lease Payments to be made by the School Board pursuant to the Master Lease.

"Commencement Date" for the Series _____ Lease is _____.

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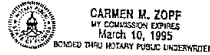
STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

I, Carmen M. Zopf, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Jody Gleason and C. Monica Uhlhorn, personally known to me to be the same persons whose names are, respectively, as Vice Chairman and Secretary, respectively of THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said School Board, and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 16th day of November, 1994.

Carmen M. Zopf
NOTARY PUBLIC, STATE OF FLORIDA

NOTARY PUBLIC
SEAL OF OFFICE:



(Name of Notary Public, Print, Stamp or Type as Commissioned.)
 Personally known to me, or
 Produced identification: Id. License
(Type of Identification Produced)
 DID take an oath, or DID NOT take an oath.

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"Series _____ Credit Facility" shall mean _____

"Series _____ Credit Facility Issuer" shall mean _____

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

"Series _____ Facility Sites" shall mean the Facility Sites described in this Schedule No. _____, to be ground leased by the School Board to the Corporation, as the same may be amended or supplemented from time to time.

"Series _____ Ground Lease" shall mean the Series _____ Ground Lease dated as of _____, between the School Board as Lessor and the Corporation as Lessee, as amended or supplemented from time to time.

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

SECTION 2. Lease Term. The total of all Lease Terms of the Lease are expected to be approximately _____ years consisting of an "Original Term" of approximately _____ months from _____, through and including June 30, _____ and _____ () Renewal Terms of twelve (12) months, each from July 1 through and including June 30 of the next succeeding calendar year, commencing July 1, _____, and ending on June 30, _____. Each Lease Term shall be subject to annual renewal pursuant to the provisions of Article III of the Master Lease.

SECTION 3. Series _____ Facilities to be Lease Purchased. The Series _____ Facilities to be leased purchased under the Series _____ Lease are described as follows:

A. General Description of the Series _____ Facilities to be Lease Purchased:

B. Estimated Costs of the Series _____ Facilities:

Facility	Facility Site	Planning	Construction	Project Cost
----------	---------------	----------	--------------	--------------

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SECTION 4. Series _____ Facility Site(s) to be Ground Leased to the Corporation and Permitted Encumbrances. The legal description of the Series _____ Facility Site(s) to be Ground Leased to the Corporation and Permitted Encumbrances in addition to those specified in the Master Lease is (are) as follows:

SECTION 5. Application of Certain Proceeds of Series _____ Certificates. The Trustee shall deposit the following sums in the following accounts from the proceeds of the Series _____ Certificates:

Amount	Account
\$ _____	Series _____ Acquisition Account
\$ _____	Series _____ Cost of Issuance Subaccount
\$ _____	Series _____ Reserve Account
\$ _____*	Series _____ Lease Payment Account

*Represents accrued interest.

SECTION 6. Basic Lease Payments. The principal portion and the interest portion of the Basic Lease Payments, the Payment Dates and the Remaining Principal Portion with respect to the Series _____ Facilities to be lease purchased and the Series _____ Certificates attributable to such Facilities are set forth below. If, upon delivery of the Certificate of Acceptance indicating completion of the acquisition, construction, installation and payment of all costs of the Series _____ Facilities, or if the School Board determines not to acquire one or more components of the Series _____ Facilities, it is determined that the cost of, and consequently the actual amount of Basic Lease Payments for a Series _____ Facility is different from the amount set forth herein at closing, this Section shall be revised as necessary to reflect the adjusted Schedule of Basic Lease Payments for all Series _____ Facilities to be lease purchased, and for each individual Series _____ Facility or group of Series _____ Facilities to be lease purchased.

The interest portion of the Basic Lease Payments represented by the Series _____ Certificates, expressed as an annual interest rate, is exempt from the limitations on interest rates set forth in Section 215.84, Florida Statutes, since the Series _____ Certificates are rated within the three highest rating categories by a nationally recognized rating service.

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D. Notices. Copies of all matters required to be given to a Credit Facility Issuer pursuant to the Master Lease shall be given to the Series _____ Credit Facility Issuer at the following address:

IN WITNESS WHEREOF, the Corporation has caused this Schedule No. _____ to be executed in its corporate name by its duly authorized officers, and the School Board has caused this Schedule No. _____ to be executed in its name by its duly authorized members or officers on the date set forth below their respective signatures and all of the day and year first written above.

[SEAL] PALM BEACH SCHOOL BOARD LEASING CORP.
 Attest:
 By: _____ By: _____
 [SEAL] THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA
 Attest:
 By: _____ By: _____

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SERIES _____ FACILITIES (COMPOSITE)

PAYMENT DATE	BASIC LEASE PAYMENT	PRINCIPAL PORTION	INTEREST PORTION	REMAINING PRINCIPAL PORTION
-----------------	---------------------------	----------------------	---------------------	-----------------------------------

Provide Basic Lease Payment Schedule for each Facility or group of Facilities financed hereunder:

SECTION 7. Additional Lease Payments. Additional Lease Payments with respect to the Series _____ Certificates consist of the following:

1. Trustee Fees:
2. Trustee Expenses:

SECTION 8. Prepayment Provisions. In addition to [or in lieu of] the prepayment provisions of Section 7.2 of the Master Lease, the principal portion of the Basic Lease Payments due as provided in Section 6 of this Schedule are subject to the following prepayment provisions:

- A. Optional Prepayment
- B. Extraordinary Prepayment

SECTION 9. Other Special Provisions.

A. The School Board hereby confirms its representations, covenants and warranties set forth in Section 2.10 of the Master Lease, except that all references therein to the Master Lease shall be deemed to refer to the Master Lease as supplemented by this Schedule No. _____, and except as otherwise provided below. The Corporation hereby confirms its representations, covenants and warranties set forth in Section 2.11 of the Master Lease, except that all references therein to the Master Lease shall be deemed to refer to the Master Lease as supplemented by this Schedule No. _____, and except as otherwise provided below.

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EXHIBIT B

SCHOOL BOARD'S CERTIFICATE

I, the undersigned Chairperson of the School Board of Palm Beach County, Florida (the "School Board"), do hereby certify pursuant to the terms of the Master Lease Purchase Agreement between the School Board and Palm Beach School Board Leasing Corp. (the "Corporation") dated as of November 1, 1994 and Schedule No. _____ thereto dated _____ (collectively, the "Lease"), as follows:

1. The School Board has, as agent for the Corporation, acquired the Series _____ Facilities described in Schedule No. _____.
2. Such Series _____ Facilities meet the School Board's specifications therefor, and have been acquired to the School Board's satisfaction. This certificate constitutes the acceptance certificate for such Series _____ Facilities required by Section 2.3 of the Master Lease and Section 402 of the Master Trust Agreement dated as of November 1, 1994 between the Corporation and _____ Florida, as Trustee.
3. The actual cost of such Series _____ Facilities is as follows:
4. The Completion Date for such Series _____ Facilities is:
5. Terms defined in the Master Lease and Schedule No. _____ thereto and used in this certificate have the same meanings in this certificate as are ascribed to such terms in the Master Lease and Schedule No. _____ thereto.

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

By: _____
 Name:
 Title: Chairperson

Date: _____

PALM BEACH SCHOOL BOARD LEASING CORP.

By: _____
 Name:
 Title: President

Date: _____

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SCHEDULE 2001A-1
dated as of April 1, 2001
as Amended and Restated as of December 1, 2001
as further Amended and Restated as of June 1, 2003
as further Amended and Restated as of June 1, 2004
as further Amended and Restated as of March 1, 2005
as further Amended and Restated as of March 1, 2007
to the
Master Lease Purchase Agreement dated as of
November 1, 1994

among

The Bank of New York 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 SCHEDULE 2001A-1 is hereby entered into as of April 1, 2001, as amended and restated as of December 1, 2001, as further amended and restated as of June 1, 2003, as further amended and restated as of June 1, 2004, as further amended and restated as of March 1, 2005 and as further amended and restated as of March 1, 2007 (the “Schedule” or “Schedule 2001A-1”), 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 2001A-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 2001A-1 Facilities and the Series 2001A-1 Facility Sites described herein, together with the rights described in clauses (i), (ii) and (iii) of Section 1 in the Series 2001A-1 Ground Lease (hereinafter defined). The Master Lease with respect to this Schedule and as modified and supplemented hereby, is referred to herein as the “Series 2001A-1 Lease”. All terms and conditions contained in the Master Lease, unless otherwise amended or superseded hereby are incorporated herein by reference.

1. Definitions. For purposes of the Series 2001A-1 Lease the following terms have the meanings set forth below. All terms not otherwise defined herein shall have the respective meanings set forth in the Master Lease, or in the Trust Agreement, including the Series 2001A Supplemental Trust Agreement, the Series 2005A Supplemental Trust Agreement and the Series 2007C Supplemental Trust Agreement.

“**Assignment Agreement**” shall mean the Series 2001A Assignment Agreement dated as of April 1, 2001, between the Corporation and the Trustee.

“Certificates” or “Series of Certificates” shall mean, collectively, the Series 2001A Certificates, the Series 2005A Certificates and the Series 2007C Certificates.

“Commencement Date” for the Series 2001A-1 Lease is April 1, 2001.

“Continuing Disclosure Certificate” shall mean, collectively, (i) that certain Continuing Disclosure Certificate, dated April 24, 2001, executed and delivered by the School Board in connection with the issuance of the Series 2001A Certificates, (ii) that certain Continuing Disclosure Certificate, March 22, 2005, executed and delivered by the School Board in connection with the issuance of the Series 2005A Certificates and (iii) that certain Continuing Disclosure Certificate, dated March 22, 2007, executed and delivered by the School Board in connection with the issuance of the Series 2007C Certificates.

“Participating Underwriter” shall mean, collectively, (i) any of the original underwriters of the Series 2001A Certificates required to comply with the Rule in connection with the offering of the Series 2001A Certificates, (ii) any of the original underwriters of the Series 2005A Certificates required to comply with the Rule in connection with the offering of the Series 2005A Certificates and (iii) any of the original underwriters of the Series 2007C Certificates required to comply with the Rule in connection with the offering of the Series 2007C Certificates.

“Rating Agency” shall mean each of Moody’s Investors Service, Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. and Fitch Ratings and any other nationally recognized rating service not unacceptable to the Series 2001A Credit Facility Issuer, the Series 2005A Credit Facility Issuer and the Series 2007C Credit Facility Issuer which shall have provided a rating on any Outstanding Certificates.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Series 2001A Certificates” shall mean the \$135,500,000 Certificates of Participation, Series 2001A dated as of April 1, 2001, issued under the Trust Agreement and evidencing undivided proportionate interests of the owners thereof in Basic Lease Payments to be made by the School Board pursuant to the Master Lease.

“Series 2001A Credit Facility” shall mean the municipal bond insurance policy issued by the Series 2001A Credit Facility Issuer on April 24, 2001, insuring the payment when due of the principal portions and interest portions of Basic Lease Payments represented by the Series 2001A Certificates.

“Series 2001A Credit Facility Issuer” shall mean Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company, its successors and assigns.

“Series 2001A-1 Facilities” shall mean the Facilities described in this Schedule 2001A-1, as this Schedule 2001A-1 may be further amended or supplemented from time to time.

“Series 2001A-1 Facility Sites” shall mean the Facility Sites described in this Schedule 2001A-1 to be ground leased by the School Board to the Corporation, as the same may be further amended or supplemented from time to time.

“Series 2001A-1 Ground Lease” shall mean the Series 2001A-1 Ground Lease dated as of April 1, 2001 between the School Board as Lessor and the Corporation as Lessee, as amended as of December

4. **Series 2001A-1 Facility Sites to be Ground Leased to the Corporation and Permitted Encumbrances.** The legal descriptions of the Series 2001A-1 Facility Sites to be ground leased to the Corporation and Permitted Encumbrances (in addition to those specified in the Master Lease) are as set forth in Exhibit B hereto. Substitutions may be made in accordance with the requirements of the Master Lease and the Series 2001A-1 Ground Lease.

5. **Application of Certain Proceeds of Certificates.** Pursuant to the provisions of Section 302 of the Series 2001A Supplemental Trust Agreement the Trustee deposited the following sums attributable to the Series 2001A-1 Facilities to be lease purchased hereunder in the following accounts from the proceeds of the Series 2001A Certificates:

Amount	Account
\$127,146,388.00	Series 2001A Acquisition Account
206,861.07	Series 2001A Cost of Issuance Subaccount
423,186.41*	Series 2001A Lease Payment Account

* Represents accrued interest.

Pursuant to the provisions of Section 302 of the Series 2005A Supplemental Trust Agreement the Trustee will deposit the following sums attributable to the Series 2001A-1 Facilities to be lease purchased hereunder in the following accounts from the proceeds of the Series 2005A Certificates:

Amount	Account
\$52,053,940.43	Escrow Deposit Fund
90,876.55	Series 2005A Cost of Issuance Subaccount
115,455.37*	Series 2005A Lease Payment Account

* Represents additional proceeds to be used to pay Basic Lease Payments represented by the Series 2005A Certificates.

Pursuant to the provisions of Section 402 of the Series 2007C Supplemental Trust Agreement the Trustee will deposit the following sums attributable to the Series 2001A-1 Facilities to be lease purchased hereunder in the following accounts from the proceeds of the Series 2007C Certificates:

Amount	Account
\$75,330,121.67	Escrow Deposit Trust Fund
90,420.60	Series 2007C Cost of Issuance Subaccount

6. **Basic Lease Payments.** The principal portion and the interest portion of the Basic Lease Payments, the Lease Payment Dates (December 30 and June 30) and the remaining principal portion with respect to the Series 2001A-1 Facilities to be lease purchased, which amounts are represented by the Series 2001A Certificates, the Series 2005A Certificates and the Series 2007C Certificates attributable to such Facilities, are set forth in Exhibit C hereto. The Composite Schedule of Basic Lease Payments set forth in Exhibit C hereto shall be no less than the principal and interest payments with respect to the portion of the Certificates relating to the Series 2001A-1 Facilities and shall only be amended in the event of a prepayment or a prepayment deposit of the principal portion of Basic Lease Payments represented by such portion of the Certificates pursuant to Section 7.2 or 7.3 of the Master Lease, and prepayment or defeasance of Series 2001A Certificates pursuant to Section 201 of the Series 2001A Supplemental Trust Agreement or Section 801 of the Master Trust Agreement, prepayment or defeasance of Series 2005A Certificates pursuant to Section 201 of the Series 2005A Supplemental Trust Agreement or Section 801 of the Master Trust Agreement and prepayment or defeasance of Series 2007C Certificates pursuant to

1, 2001, as further amended as of June 1, 2003, and as further amended as of June 1, 2004, as the same may be further amended or supplemented from time to time.

“Series 2001A Supplemental Trust Agreement” shall mean the Series 2001A Supplemental Trust Agreement dated as of April 1, 2001 between the Corporation and the Trustee.

“Series 2005A Certificates” shall mean the \$124,630,000 Certificates of Participation, Series 2005A dated March 22, 2005, issued under the Trust Agreement and evidencing undivided proportionate interests of the owners thereof in Basic Lease Payments to be made by the School Board pursuant to the Master Lease.

“Series 2005A Credit Facility” shall mean the municipal bond insurance policy issued by the Series 2005A Credit Facility Issuer on March 22, 2005, insuring the payment when due of the principal portions and interest portions of Basic Lease Payments represented by the Series 2005A Certificates.

“Series 2005A Credit Facility Issuer” shall mean Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof.

“Series 2005A Supplemental Trust Agreement” shall mean the Series 2005A Supplemental Trust Agreement dated as of March 1, 2005 between the Corporation and the Trustee.

“Series 2007C Certificates” shall mean the \$186,400,000 Certificates of Participation, Series 2007C dated as of March 1, 2007, issued under the Trust Agreement and evidencing undivided proportionate interests of the owners thereof in Basic Lease Payments to be made by the School Board pursuant to the Master Lease.

“Series 2007C Credit Facility” shall mean the municipal bond insurance policy issued by the Series 2007C Credit Facility Issuer on March 22, 2007, insuring the payment when due of the principal portions and interest portions of Basic Lease Payments represented by the Series 2007C Certificates.

“Series 2007C Credit Facility Issuer” shall mean Ambac Assurance Corporation, or any successor thereto or assignee thereof.

“Series 2007C Supplemental Trust Agreement” shall mean the Series 2007C Supplemental Trust Agreement dated as of March 1, 2007 between the Corporation and the Trustee.

2. **Lease Term.** The total of all Lease Terms of the Series 2001A-1 Lease are expected to be approximately twenty five (25) years and two (2) months consisting of an “Original Term” of approximately sixty (60) days from April 1, 2001, through and including June 30, 2001, and twenty five (25) Renewal Terms of twelve (12) months, each from July 1 through and including June 30 of the next succeeding calendar year, commencing July 1, 2001, and ending June 30, 2026. Each Lease Term shall be subject to annual renewal pursuant to the provisions of Article III of the Master Lease.

3. **Series 2001A-1 Facilities to be Lease Purchased.** A general description of the Series 2001A-1 Facilities and the estimated costs of the Series 2001A-1 Facilities to be lease-purchased under the Series 2001A-1 Lease are as set forth in Exhibit A 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.

Article III of the Series 2007C Supplemental Trust Agreement or Section 801 of the Master Trust Agreement.

The interest portion of the Basic Lease Payments represented by the Series 2001A Certificates, the Series 2005A Certificates and the Series 2007C Certificates, expressed as an annual interest rate, is exempt from the limitations on interest rates set forth in Section 215.84, Florida Statutes, since the Certificates are rated within the three highest rating categories by a nationally recognized rating service.

7. **Additional Lease Payments.** Additional Lease Payments with respect to the Series 2001A Certificates consist of a pro rata portion of the following amounts to be paid with respect to both the Series 2001A-1 Lease and the Series 2001A-2 Lease:

1. Trustee Fees: Acceptance Fee of \$1,500.00. Annual fee \$4,500 during construction and \$3,500 thereafter, payable annually in advance. An additional \$1,000 will be included in the Trustee Fees in the event that a guaranteed investment contract is executed plus all associated costs thereof.
 2. Trustee Expenses: Expenses to be billed at cost. Legal fee for Trustee counsel at closing of \$3,500. An additional \$500 will be included in legal fees in the event that a guaranteed investment contract is executed plus all associated costs thereof.
- The fees set forth above for Trustee services include services under Schedules 2001A-1 and 2001A-2.
3. Credit Facility Issuer Payment: \$473,046.88, to be paid to the Series 2001A Credit Facility Issuer upon issuance of the Series 2001A Certificates with respect to the Series 2001A Credit Facility.

Additional Lease Payments with respect to the Series 2005A Certificates consist of a pro rata portion of the following amounts to be paid with respect to both the Series 2001A-1 Lease and the Series 2001A-2 Lease:

1. Trustee Fees: Acceptance Fee of \$1,500. Annual fee \$3,500, payable annually in advance.
 2. Trustee Expenses: Expenses to be billed at cost. Legal fee for Trustee counsel at closing of \$3,500.00. Thereafter, reasonable costs and expenses pursuant to the Master Lease or Trust Agreement.
- The fees set forth above for Trustee services include services under Schedules 2001A-1 and 2001A-2.
3. Credit Facility Issuer Payment: \$473,859.73 to be paid to the Series 2005A Credit Facility Issuer upon issuance of the Series 2005A Certificates.

Additional Lease Payments with respect to the Series 2007C Certificates consist of a pro rata portion of the following amounts to be paid with respect to both the Series 2001A-1 Lease and the Series 2001A-2 Lease:

1. Trustee Fees: Annual fee \$1,000, payable annually in advance.
2. Trustee Expenses: Expenses at closing to be billed at cost. Thereafter, reasonable costs and expenses pursuant to the Master Lease or Trust Agreement.
3. Escrow Agent Fees: Annual fee \$750, payable annually in advance.

The fees set forth above for Trustee and Escrow Agent services include services under Schedules 2001A-1 and 2001A-2.

4. Credit Facility Issuer Payment: \$232,113.92 to be paid to the Series 2007C Credit Facility Issuer upon issuance of the Series 2007C Certificates.

8. Prepayment Provisions. In addition to or in lieu of the prepayment provisions of Section 7.2 of the Master Lease, the principal portion of the Basic Lease Payments due as provided in Section 6 of Schedule 2001A-1 are subject to the following prepayment provisions:

A. Optional Prepayment

Series 2001A Certificates

(i) The principal portion of Basic Lease Payments due on or before June 30, 2011 (to be paid to Certificate holders on or before August 1, 2011), 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, 2012 (to be paid to Certificate holders on or after August 1, 2012), shall be subject to prepayment on or after June 30, 2011, by the School Board, in whole or in part, at any time, and if in part, in such order of due dates of the principal portion of the Basic Lease Payments as shall be designated by the School Board to be prepaid, at the Prepayment Price expressed as a percentage of the principal portion of Basic Lease Payments to be prepaid as set forth opposite such period in the following table, plus the interest portion of the Basic Lease Payments accrued to the Prepayment Date:

Prepayment Period (Both Dates Inclusive)	Prepayment Price
June 30, 2011 through June 29, 2012	101%
June 30, 2012 and thereafter	100

Series 2005A Certificates

(i) The principal portion of Basic Lease Payments due on or before June 30, 2015 (to be paid to Certificateholders on or before August 1, 2015), 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, 2016 (to be paid to Certificateholders on or after August 1, 2016), shall be subject to prepayment on or after June 30, 2015, by the School Board, in whole at any time, or in part on the first day of any calendar month, and if in part, in such order of due dates of the principal portion of the Basic Lease Payments as shall be

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9. Other Special Provisions.

A. Representations. (1) The School Board hereby represents, covenants and warrants that adequate water, sanitary sewer and storm sewer utilities, electric power, telephone and other utilities are available to the Series 2001A-1 Facility Sites, or the cost of making them available is included in the School Board's acquisition and construction budget for the Series 2001A-1 Facility Sites.

(2) The School Board hereby confirms its representations, covenants and warranties set forth in Section 2.10 of the Master Lease, except that all references therein to the Master Lease shall be deemed to refer to the Master Lease as supplemented by this Schedule 2001A-1, and except as otherwise provided below. The Corporation hereby confirms its representations, covenants and warranties set forth in Section 2.11 of the Master Lease, except that all references therein to the Master Lease shall be deemed to refer to the Master Lease as supplemented by this Schedule 2001A-1, and except as otherwise provided below.

(3) The Corporation hereby represents that the Master Lease is in effect and that to its knowledge there are no defaults on the date of execution of this Schedule 2001A-1 under any Lease, Ground Lease or the Trust Agreement.

B. 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 2001A Credit Facility Issuer, the Series 2005A Credit Facility Issuer and the Series 2007C Credit Facility Issuer at the following addresses:

Series 2001A Credit Facility Issuer and Series 2007C Credit Facility Issuer
Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004
Attention: Surveillance Department

Series 2005A Credit Facility Issuer
Financial Security Assurance Inc.
350 Park Avenue
New York, New York 10022-6022
Attention: Surveillance Department
Policy No.: 204299-N

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designated by the School Board to be prepaid, at a Prepayment Price equal to 100% of the principal portion of Basic Lease Payments being prepaid, plus the interest portion of the Basic Lease Payments accrued to the Prepayment Date.

Series 2007C Certificates

(i) With respect to the Series 2007C Certificates relating to this Schedule, the principal portion of Basic Lease Payments due on or before June 30, 2017 shall not be subject to prepayment at the option of the School Board.

(ii) With respect to the Series 2007C Certificates relating to this Schedule, the principal portion of Basic Lease Payments due on or after June 30, 2018 shall be subject to prepayment on or after June 30, 2017 by the School Board in whole or in part on any Business Day at the option of the School Board, and if in part, in such order of due dates of the principal portion of the Basic Lease Payments as shall be designated by the School Board to be prepaid, at the Prepayment Price equal to 100% of the principal portion of Basic Lease Payments to be prepaid plus the interest portion of the Basic Lease Payments with respect to such prepaid principal portion accrued to the Prepayment Date.

B. Extraordinary Prepayment.

In lieu of the extraordinary prepayment provisions of Section 7.2(B) of the Master Lease, the principal portion of the Basic Lease Payments due as provided in Section 6 of Schedule 2001A-1 are subject to the following extraordinary prepayment provisions:

(i) The principal portions of Basic Lease Payments due under the Series 2001A-1 Lease shall be subject to prepayment in whole or in part at any time and if in part, in inverse order of the due dates or on a proportional basis, as shall be designated by the School Board, at a Prepayment Price of par plus the interest accrued to the Prepayment Date, if there are Net Proceeds equal to or greater than ten percent (10%) of the remaining principal portion of the Basic Lease Payments relating to the Series 2001A-1 Facilities and an election is made by the School Board under Section 5.4(b) of the Master Lease with the consent of the Series 2001A Credit Facility Issuer, the Series 2005A Credit Facility Issuer and the Series 2007C Credit Facility Issuer to apply the amount to the prepayment in part of the principal portions of Basic Lease Payments relating to the Series 2001A-1 Facilities and represented by the Outstanding Series 2001A Certificates, Series 2005A Certificates or the Series 2007C Certificates, which shall be applied pro rata between the three Series of Certificates.

(ii) The principal portion of Basic Lease Payments due under the Series 2001A-1 Lease shall be subject to prepayment in whole on any date at the option of (a) the Series 2001A Credit Facility Issuer with respect to the principal portion of Basic Lease Payments represented by the Series 2001A Certificates, (b) the Series 2005A Credit Facility Issuer with respect to the principal portion of Basic Lease Payments represented by the Series 2005A Certificates and (c) at the option of the Series 2007C Credit Facility Issuer with respect to the principal portion of Basic Lease Payments represented by the Series 2007C Certificates, from funds provided by the Series 2001A Credit Facility Issuer, Series 2005A Credit Facility Issuer or Series 2007C Credit Facility Issuer, as the case may be, if the Lease Term is terminated for the reasons set forth in Sections 4.1(b) or 4.1(c) of the Master Lease.

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C. Supplemental Provisions Required by Series 2001A Credit Facility Issuer and the Series 2005A Credit Facility Issuer.

For the purpose of the Series 2001A-1 Lease as long as the Series 2005A Credit Facility or the Series 2001A Credit Facility is in full force and effect, unless otherwise waived in writing by the Series 2005A Credit Facility Issuer and the Series 2001A Credit Facility Issuer, the following provisions shall apply; provided that compliance with paragraphs (7), (8), and (9) below shall not be required so long as the amount generated by 80% of the Issuer's legally available capital outlay millage at 95% collections based on the most current, certified taxable assessed valuation plus 80% of the amount derived from legally available sales tax moneys shall produce an amount sufficient to cover maximum annual debt service on the School Board's lease and other obligations payable from such legally available capital outlay millage and/or legally available sales tax monies. For the purposes of the above test, maximum annual debt service shall be calculated at the same rates as in the budgeting requirements of paragraph (5) below and (unhedged) fixed rate debt shall be calculated at the actual rate. The amount of legally available capital outlay millage shall be the millage that the School Board may levy and use to make Basic Lease Payments. Legally available sales tax moneys shall include voter approved sales tax levies that are legally available to make Basic Lease Payments (a) as specifically authorized in the referendum approving such sales tax and otherwise authorized by law, including any necessary resolutions of the School Board or (b) to the extent the Series 2005A Credit Facility Issuer and the Series 2001A Credit Facility Issuer receive an opinion to such effect (such opinion to be in form and substance satisfactory, and from counsel acceptable to, the Series 2005A Credit Facility Issuer and the Series 2001A Credit Facility Issuer). The amount of legally available sales tax moneys shall be based on a reasonable estimate of such taxes derived from historical collections of such tax or from collections of an existing sales tax. If any portion of the legally available capital outlay millage or legally available sales tax moneys shall have a stated expiration date, then the revenues calculated above must be adjusted for such expiring taxes and 80% of the remaining tax revenues may not be less than the maximum annual debt service coming due after such tax expiration. The above test shall be performed annually upon preparation of the following year's budget.

The provisions of paragraph (8) below shall apply only to swap agreements entered into after the first date of noncompliance with the above coverage requirement. The provisions of paragraph (9) shall apply only to swap agreements entered into after the first date of noncompliance with the above coverage requirement unless such noncompliance was caused by the incurrence of additional debt by or on behalf of the School Board.

(1) The School Board may not substitute for any Series 2001A-1 Facilities other facilities owned by the School Board pursuant to Section 6.4 of the Master Lease without the consent of the Series 2005A Credit Facility Issuer and the Series 2001A Credit Facility Issuer.

(2) The School Board may not release a Series 2001A-1 Facility or a Series 2001A-1 Facility Site without the prior written consent of the Series 2005A Credit Facility Issuer and the Series 2001A Credit Facility Issuer.

(3) The Series 2005A Credit Facility Issuer and the Series 2001A Credit Facility Issuer shall be provided with the following information:

(a) Annual audited financial statements within 180 days after the end of the School Board's fiscal year (together with a certification of the School Board that it is not aware of any default or Event of Default under the Trust Agreement) and the School Board's annual budget within 30 days after the approval thereof;

(b) Notice of any default known to the Trustee or the School Board within five Business Days after knowledge thereof;

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(c) Prior notice of the advance refunding or prepayment of any of the Series 2005A Certificates, including the principal portion, maturities and CUSIP numbers thereof;

(d) Notice of the resignation or removal of the Trustee, Paying Agent and Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(e) Notice of the commencement of any proceeding by the School Board under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(f) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of the principal or interest portion of the Basic Lease Payments represented by the Series 2005A Certificates;

(g) A full original transcript of all proceedings, relating to the execution of any amendment or supplement to the Financing Documents; and

(h) All reports, notices and correspondences to be delivered under the terms of the Trust Agreement or the Series 2001A-1 Lease.

(4) There shall be no grace period for failure to pay in full any Additional Lease Payment or Supplemental Payment under Section 8.1(b) and the cure period for a covenant default pursuant to Section 8.1(c) of the Master Lease shall be thirty (30) days instead of sixty (60) days.

(5) The School Board agrees to include within its annual budget the actual amount of Lease Payments to the extent that the actual amounts required for such Lease Payments are known to the School Board at the time of preparation of its budget, or if actual amounts cannot be determined at the time of preparation of the budget, the estimated amounts of such payments. In order to make such estimates, the School Board agrees that it will utilize the following estimates and methodologies:

(a) while the interest portion of Basic Lease Payments pursuant to any Lease is calculated at a variable rate (i.e. the corresponding Certificates are variable rate) and a Qualified Swap Agreement is in effect, it will include in its budget in respect thereof an amount at least equal to the fixed rate payment payable by the School Board under such Qualified Swap Agreement; provided, however, that in the event the payment by the provider of the Qualified Swap Agreement is not computed at the actual interest rate payable with respect to the related Certificates, the School Board will also include in its budget in respect thereof an additional (i) .25% of the principal portion of Basic Lease Payments represented by the related Certificates if the payment by the swap provider is calculated based upon a tax-exempt index (the "Tax-Exempt Margin") or (ii) .75% of the principal portion of Basic Lease Payments represented by the related Certificates if the payment by the swap provider is calculated based upon a taxable index (the "Taxable Margin");

(b) while the interest portion of Basic Lease Payments for any Lease is calculated at a variable rate (i.e. the corresponding Certificates are variable rate) and a Qualified Swap Agreement is not in effect, the School Board shall budget in respect thereof the greater of (i) the amount of the swap payment to be made by the School Board (or if the swap payment is a floating amount, such amount shall be computed based upon the rate of calculation used in computing the most recent payment to the swap provider), if any, plus (x) the Tax-Exempt Margin if such swap payment is based on a tax-exempt index or (y) the Taxable Margin if such swap payment is based upon a taxable index, (ii) the average rate at which the interest portion of

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(11) Any termination payments to be made by the School Board to a swap provider in connection with any Series of Certificates may only be Additional Lease Payments (i.e. they shall not be considered Basic Lease Payments).

(12) There shall be added to Section 5.3 of the Master Lease the following:

The insurance required by this Section 5.3 shall be provided by carriers rated at least "A" by Standard & Poor's Ratings Services (a "Qualified Insurer") unless each Credit Facility Issuer shall approve an insurer with a lower rating. If an insurer's rating falls below "A" (or, with respect to an insurer approved by each Credit Facility Issuer with a rating lower than "A," falls below the rating such insurer had when approved by each Credit Facility Issuer), such insurer shall be replaced with a Qualified Insurer unless each Credit Facility Issuer shall approve an insurer with a lower rating.

D. Supplemental Provisions Required by Series 2007C Credit Facility Issuer. For purposes of the Series 2001A-1 Lease, the following provisions shall apply:

(1) To the extent the School Board elects to self-insure for any damage or liability as provided in Section 5.3 of the Master Lease, such self-insurance moneys may not be commingled with any other School Board moneys, and any self-insurance program pursuant to the provisions of Section 5.3 of the Master Lease shall be approved by the Series 2007C Credit Facility Issuer;

(2) The School Board may not substitute for any Series 2001A-1 Facilities other facilities owned by the School Board pursuant to Section 6.4 of the Master Lease without the consent of the Series 2007C Credit Facility Issuer;

(3) The School Board may not sublease, in whole or in part, a Series 2001A-1 Facility pursuant to Section 7.1 of the Master Lease without the prior written consent of the Series 2007C Credit Facility Issuer;

(4) The cure period for a covenant default pursuant to Section 8.1(c) of the Master Lease shall be thirty (30) days instead of sixty (60) days; and

(5) Subject to the rights of the Series 2001A Credit Facility Issuer and Series 2005A Credit Facility Issuer pursuant to Section 9.C, hereof and pursuant to Section 505 of the Master Trust Agreement, the Series 2007C Credit Facility Issuer shall direct and control all Remedies on Default pursuant to Section 8.2 of the Master Lease.

E. Continuing Disclosure. For purposes of the Series 2001A-1 Lease, the School Board hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Series 2001A-1 Lease, failure of the School Board to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee may (and, at the request of any participating underwriter or the Holders of at least 25% aggregate principal amount in Outstanding Series 2001A Certificates, Series 2005A Certificates or Series 2007C Certificates, shall) or any Holder of the Series 2001A Certificates, Series 2005A Certificates or Series 2007C Certificates or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the School Board to comply with its obligations under this Section 9.E. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2001A Certificates, Series 2005A Certificates or Series 2007C Certificates (including persons holding Series 2001A Certificates, Series 2005A Certificates or Series 2007C Certificates through nominees, depositories or other intermediaries), or (b) is treated as the

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Basic Lease Payments had been determined for the prior 12 months, plus 1.00% on the principal portion of Basic Lease Payments represented by the related Certificates if the interest portion of Basic Lease Payments represented by such Certificates is calculated at a variable rate, or (iii) the most recent actual rate at which the interest portion of Basic Lease Payments represented by such Certificates is calculated plus 1.00%;

(c) in the event the School Board is obligated to pay the variable rate payment under any swap agreement and a Qualified Swap Agreement is in effect, the School Board shall budget the interest portion of Basic Lease Payments in respect of the related Certificates in an amount equal to the average net interest cost on the related Certificates (i.e. actual interest expense after giving effect to net swap payments) over the preceding 12 month period plus (i) the Tax-Exempt Margin if such swap payment is based upon a tax-exempt index and (ii) the Taxable Margin if such swap payment is based upon a taxable index; and

(d) while the interest portion of Basic Lease Payments is calculated at a fixed rate (i.e. the corresponding Certificates are fixed rate) and the School Board is required to make a variable rate payment under a swap that is not a Qualified Swap Agreement, the School Board shall include in its budget an amount equal to the greater of (i) the amount specified in paragraph 5(c) hereof and (ii) the actual interest rate at which the interest portion on the corresponding Certificates is calculated.

(6) The School Board agrees to amend its budget, by emergency budget if necessary, subject to and in accordance with requirements of applicable law, if amounts due under the Master Lease Agreement in any Fiscal Year exceed the amount budgeted therefor.

(7) If the test set forth in the in the initial paragraph of this Section 9C is not satisfied, not more than 25% of the total principal amount of outstanding obligations of the School Board secured by capital leases shall be variable rate obligations. For purposes of this determination the following shall apply: (a) variable rate obligations hedged by a Qualified Swap Agreement shall not be included as variable rate obligations and (b) an early termination under a Qualified Swap Agreement or a failure of a swap agreement to remain a Qualified Swap Agreement shall not cause the principal amount of variable rate obligations to exceed 25% unless a substitute Qualified Swap Agreement has not been entered into within 60 days from the date of such early termination or failure to remain a Qualified Swap Agreement.

(8) If the test set forth in the initial paragraph of this Section 9C is not satisfied, any termination payment due under a swap agreement in connection with a Lease shall be insured by an insurance company rated "AAA" or "Aaa" by at least two major rating agencies.

(9) If the test set forth in the in the initial paragraph of this Section 9C is not satisfied, not more than the greater of (i) \$50,000,000 and (ii) 25% of the total principal amount of outstanding obligations of the School Board secured by capital leases shall be subject to swap agreements with any single counterparty (treating each entity that is separately capitalized and has a separate rating as a separate counterparty for such purpose).

(10) The right to exercise remedies under the Master Lease for an event of default or event of non-appropriation shall be limited to (i) a Credit Facility Issuer that insures or supports payment of the principal and interest portions of Basic Lease Payments represented by Certificates or (ii) the holders of Certificates (with the consent of the Credit Facility Issuer).

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owner of any Series 2001A Certificates, Series 2005A Certificates or Series 2007C Certificates for federal income tax purposes.

F. Notice of Amendments. The School Board shall provide written notice to each Rating Agency at least 15 days in advance of the execution of any amendments to the Series 2001A-1 Lease, the Trust Agreement, the Series 2001A Assignment Agreement, the Escrow Deposit Agreement or the Series 2001A-1 Ground Lease. A full transcript of all proceedings relating thereto shall be provided to the Series 2001A Credit Facility Issuer, the Series 2005A Credit Facility Issuer and the Series 2007C Credit Facility Issuer.

G. Notice of Completion. The School Board shall provide the Series 2001A Credit Facility Issuer, the Series 2005A Credit Facility Issuer and the Series 2007C Credit Facility Issuer a copy of the Certificate of Completion set forth in Exhibit B to the Master Lease at the same time it is filed with the Trustee.

H. Release of Lien. No release, substitution or sublease of any portion of the Series 2001A-1 Facilities or Facility Sites may be made without the prior written consent of the Series 2001A Credit Facility Issuer, the Series 2005A Credit Facility Issuer and the Series 2007C Credit Facility Issuer.

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IN WITNESS WHEREOF, the Trustee has caused this Schedule 2001A-1 to be executed in its corporate name by its duly authorized officer, and the Corporation has caused this Schedule 2001A-1 to be executed in its name by its duly authorized officers, and the School Board has caused this Schedule 2001A-1 to be executed in its name by its duly authorized members or officers on the date set forth below their respective signatures and all as of the day and year first written above.

EXHIBIT A TO SCHEDULE 2001A-1

DESCRIPTION OF 2001A-1 FACILITIES AND ESTIMATED COSTS

A. General Description of Series 2001A-1 Facilities

LAKE WORTH HIGH SCHOOL

This addition to this school, located in the eastern part of Palm Beach County in the City of Lake Worth, will have 30,226 gross square feet and a recommended student capacity of 540. The building will allow for the removal of portable classrooms currently at the school. The building will have 18 general classrooms and is scheduled to open in Fiscal Year 2003.

FOREST HILL ELEMENTARY SCHOOL MODERNIZATION/REPLACEMENT

This school, located in the central part of Palm Beach County in the Village of Wellington area, will have 114,000 gross square feet and a recommended student capacity of 970. The school will provide enrollment relief for adjacent elementary schools. The school will have 6 kindergarten classrooms, 18 primary classrooms, 10 intermediate classrooms, 7 ESE classrooms, ESE resource room, 2 supplementary instruction rooms, observation room, 2 time-out rooms, music, art, 2 skills labs, physical education storage, covered play area, 6 regular resource rooms, media, administration and guidance, food service, teacher dining, teacher planning, stage and support, multipurpose, textbook storage and equipment storage. This school is scheduled to open in Fiscal Year 2003.

BOCA RATON ELEMENTARY SCHOOL REPLACEMENT
And
PLEASANT CITY AREA ELEMENTARY SCHOOL

These schools, to be located in the southern and eastern part of Palm Beach County, respectively, in the City of West Palm Beach, will have 71,049 gross square feet and a recommended student capacity of 490. These schools will provide enrollment relief for adjacent elementary schools. These schools will have 4 kindergarten classrooms, 9 primary classrooms, 4 intermediate classrooms, 4 ESE classrooms, ESE resource room, 2 supplementary instruction rooms, observation room, music, art, 1 skills lab, physical education storage, covered play area, 3 regular resource rooms, media, administration and guidance, food service, teacher dining, teacher planning, stage and support, multipurpose, textbook storage and equipment storage. These schools are scheduled to open in Fiscal Year 2003.

ACREAGE AREA ELEMENTARY SCHOOL 96-B
BOYNTON/DELRAY AREA ELEMENTARY SCHOOL 97-M
BOYNTON/DELRAY AREA ELEMENTARY SCHOOL 98-I
OKEECHOBEE CORRIDOR ELEMENTARY SCHOOL
WELLINGTON AREA ELEMENTARY SCHOOL 96-L
WEST BOCA RATON ELEMENTARY SCHOOL 96-H
WESTERN COMMUNITIES ELEMENTARY SCHOOL

(SEAL) THE BANK OF NEW YORK TRUST COMPANY, N.A., as Trustee

By: _____
Barbara Buck
Vice President

(SEAL) PALM BEACH SCHOOL BOARD LEASING CORP.

Attest:

By: _____
Art Johnson
Secretary

By: _____
William Graham
President

(SEAL) THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

Attest:

By: _____
Art Johnson
Secretary

By: _____
William Graham
Chairman

Seven new elementary schools to be located in various areas throughout the District. Each of the schools will have 115,368 gross square feet and a recommended student capacity of 970. The schools will provide enrollment relief for adjacent elementary schools. Each of the schools will have 6 kindergarten classrooms, 18 primary classrooms, 10 intermediate classrooms, 7 ESE classrooms, ESE resource room, 2 supplementary instruction rooms, observation room, 2 time-out rooms, music, art, 2 skills labs, physical education storage, covered play area, 6 regular resource rooms, media, administration and guidance, food service, teacher dining, teacher planning, stage and support, multipurpose, textbook storage and equipment storage.

B. Estimated Costs of Series 2001A-1 Facilities

Facility	Acquisition	Planning	Construction	Total Project Cost
Lake Worth High School		\$220,500	\$4,303,500	\$4,524,000
Acreage Area Elementary School 96-B		24,000	12,272,160	12,296,160
Boca Raton Elementary School Replacement		628,395	8,951,014	9,579,409
Boynton/Delray Elementary School 97-M	524,000	24,000	11,256,410	11,804,410
Boynton/Delray Area Elementary School 98-I	3,310,000	750,000	11,343,960	15,403,960
Forest Hill Elementary School Modernization/Replacement		750,000	11,343,960	12,093,960
Okeechobee Corridor Elementary School	2,750,000	720,632	11,289,908	14,760,540
Pleasant City Area Elementary School	3,850,000	443,815	6,953,096	11,246,911
Wellington Area Elementary School 96-L		24,000	11,861,410	11,885,410
West Boca Raton Elementary School 96-H		24,000	11,382,160	11,406,160
Western Communities Elementary School 96-J		728,548	11,413,912	12,142,460
TOTAL	\$10,434,000	\$4,337,890	\$112,371,490	\$127,143,380

EXHIBIT B TO SCHEDULE 2001A-1

**LEGAL DESCRIPTIONS AND PERMITTED ENCUMBRANCES
OF SERIES 2001A-1 FACILITY SITES**

A. Legal Description of Real Estate

LAKE WORTH HIGH SCHOOL

A PARCEL OF LAND LOCATED IN SECTION 28, TOWNSHIP 44 SOUTH, RANGE 43 EAST, PALM BEACH COUNTY, FLORIDA BEING A PORTION OF TRACT 1, "SAWYER'S SUBDIVISION OF THE WEST 1/2 OF SECTION 28", DEED BOOK 137, PAGE 362, PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA; ALSO BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE POINT FORMED BY THE INTERSECTION OF THE WEST RIGHT-OF-WAY LINE OF SOUTH "A" STREET AND THE NORTH RIGHT-OF-WAY LINE OF 3RD AVENUE SOUTH; THENCE RUN NORTH 01° 23' 09" EAST, ALONG SAID WEST RIGHT-OF-WAY LINE OF SOUTH "A" STREET, A DISTANCE OF 937.40 FEET; THENCE, DEPARTING SAID WEST RIGHT-OF-WAY LINE, NORTH 88° 36' 51" WEST, A DISTANCE OF 121.92 FEET TO THE POINT OF BEGINNING; THENCE NORTH 89° 01' 49" WEST, A DISTANCE OF 300.08 FEET; THENCE NORTH 00° 58' 11" EAST, A DISTANCE OF 100.67 FEET; THENCE SOUTH 89° 01' 49" EAST, A DISTANCE OF 300.08 FEET; THENCE SOUTH 00° 58' 11" WEST, A DISTANCE OF 100.67 FEET TO THE POINT OF BEGINNING CONTAINING 30,209.054 SQUARE FEET (0.6935 ACRES) MORE OR LESS. BEARINGS HEREON ARE BASED ON THE WEST RIGHT-OF-WAY LINE OF SOUTH "A" STREET BEARING NORTH 01° 23' 09" EAST.

ACREAGE AREA ELEMENTARY SCHOOL 96-B

A parcel of land situate in the Northeast one-quarter (NE 1/4) of Section 34, Township 42 South, Range 40 East, Palm Beach County, Florida, being more particularly described as follows:
The East 978.88 feet of the South 1335.00 feet of the Northeast one-quarter (NE 1/4) of Section 34, Township 42 South, Range 40 East.

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PLEASANT CITY AREA ELEMENTARY SCHOOL 98-N

Being all of Lots 1 through 30, Block 4; All of the 15 foot wide platted alley in Block 4, less the east 12 feet thereof; all according to AMENDED PLAT OF SOUTH MANGONIA as recorded in Plat Book 6, Page 16, Public Records of Palm Beach County, Florida; LESS the east 12 feet of said Lots 1 and 30, Block 4, for road right-of-way purposes.

WELLINGTON AREA ELEMENTARY SCHOOL 96-L

Tract C, CYPRESS WOODS 1, according to the plat thereof, recorded in Plat Book 66, Page 127, Public Records of Palm Beach County, Florida

AND

Tracts 39 and 40, Block 24, PALM BEACH FARMS COMPANY PLAT NO. 3, according to the plat thereof, recorded in Plat Book 2, Page 45, Public Records of Palm Beach County, Florida. LESS the Westerly 35 feet of Tract 40 and LESS the Northerly 45 feet of said Tracts 39 and 40.

WEST BOCA RATON ELEMENTARY SCHOOL 96-H

Tract 9, together with the North one-half of the vacated 30 foot wide right of way adjoining the South line of Tract 9 and the North line of Tract 64, FLORIDA FRUITLANDS COMPANY'S SUBDIVISION NO. 2 of Section 11, Township 47 South, Range 41 East, according to the plat thereof, recorded in Plat Book 1, Page 102, Public Records of Palm Beach County, Florida.

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BOCA RATON ELEMENTARY SCHOOL REPLACEMENT

Lots 49 through 53, inclusive, Lots 71, 72 and 73 and Public School Lot, Amended Plat of J.E. Ingraham's Addition to Boca Ratone, according to the plat thereof, as recorded in Plat Book 8, Page 54, of the Public Records of Palm Beach County, Florida. (Said Public School Lot formerly being Lots 35 through 48, inclusive, Lots 64 through 70, inclusive and adjoining streets, J. E. Ingraham's Addition to Boca Ratone, per Plat Book 6, Page 22, of the Public Records of Palm Beach County, Florida.

BOYNTON/DELRAY AREA ELEMENTARY SCHOOL 97-M

The West half (W 1/2) of the East half (E 1/2) of the Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) and the East half (E 1/2) of the West half (W 1/2) of the Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of Section 7, Township 45 South, Range 43 East, together with the North half (N 1/2) of the West quarter (W 1/4) of the Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of Section 7, Township 45 South, Range 43 East, Palm Beach County, Florida, LESS the North 108 feet thereof.

BOYNTON/DELRAY AREA ELEMENTARY SCHOOL 98-I

The South One-Half of the Southeast One Quarter of the Southeast One Quarter of Section 31, Township 45 South, Range 43 East, Palm Beach County, Florida, less the South 40.92 feet for the L-28 Canal right-of-way and the East 60 feet for Congress Avenue.

FOREST HILL ELEMENTARY SCHOOL MODERNIZATION/REPLACEMENT

All Tract A, Tract B less the East 75 feet of the North 203 feet, the South 237 feet of the West 286 feet of Tract C, and all Tract D, PLAT NO. 2 OF FOREST HILL VILLAGE, according to the plat thereof, recorded in Plat Book 26, Page 140, Public Records of Palm Beach County, Florida.

OKEECHOBEE CORRIDOR ELEMENTARY SCHOOL 96-D

All of the Plat of Plat No. 3 of Lake Crystal according to the Plat recorded in Plat Book 78, Page 56 as recorded in the Public Records of Palm Beach County, Florida; said land situate, lying and being in PALM BEACH County, Florida.

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WESTERN COMMUNITIES ELEMENTARY SCHOOL 96-J

A portion of Parcel N, Madison Green-Plat No. 1, according to the plat thereof, recorded in Plat Book 88, Page 14, Public Records of Palm Beach County, Florida, being more particularly described as follows:

Point of Beginning being the Southwest corner of said Tract N, said point being at the Northeast intersection of Okeechobee Road on the South and Folsom Road on the West; thence North 2 degrees 16 minutes 14 seconds East along the East right-of-way line of said Folsom Road and the East boundary of the plat of Loxahatchee Groves, as recorded in Plat Book 12, Page 29, Public Records of Palm Beach County, Florida, a distance of 578.41 feet; then East through the lands of said Parcel N, a distance of 344.82 feet; thence South through the lands of said Parcel N, a distance of 166.21 feet; thence East through the lands of said Parcel N, a distance of 279.73 feet to the East boundary line of said Tract N; Thence South 00 degrees 17 minutes 50 seconds West along the East boundary line of said Tract N, a distance of 405.76 feet to the North right-of-way line of Okeechobee Road; thence South 89 degrees 22 minutes 46 seconds West along the North right-of-way line of said Okeechobee Road, a distance of 645.44 feet to the Point of Beginning.

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B. Permitted Encumbrances

LAKE WORTH HIGH SCHOOL

1. Streets and alley as shown on the Plat of Summit Park High School Subdivision recorded in Plat Book 11, Page 74, as affected by disclaimers recorded in Official Records Book 7288, Pages 1876 and 1878.
2. Reservations in favor of the Trustees of the Internal Improvement Fund of the State of Florida as reserved in deeds recorded in Deed Book 678, Page 490; Deed Book 826, Page 105; Deed Book 829, Page 136; Deed Book 964, Page 475. NOTE: Right to explore only with consent of surface owner.
3. Rights and easements in favor of the State of Florida Department of Transportation contained in deed recorded in Official Records Book 2218, Page 1232.
4. Easements in favor of the City of Lake Worth contained in instruments recorded in Official Records Book 2303, Page 1189; Official Records Book 2313, Page 622; Official Records Book 5755, Pages 783 and 785; Official Records Book 9168, Page 1798.
5. Easement in favor of Lake Worth Generation, LLC, contained in instrument recorded in Official Records Book 11780, Page 519.
6. Rights, if any, of the Lake Worth Utilities Authority under that certain deed recorded in Official Records Book 2042, Page 838.

ACREAGE AREA ELEMENTARY SCHOOL 96-B

1. Oil, gas and mineral reservations in favor of Southern States Land & Timber Corporation as reserved in deed recorded in Deed Book 941, Page 526, as modified in Official Records Book 312, Page 342.
2. Mutual Easement recorded in Official Records Book 1428, Page 581.
3. Notice of Establishment of the Cypress Grove Community Development District recorded in Official Records Book 11257, Page 1782.

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OKEECHOBEE CORRIDOR ELEMENTARY SCHOOL 96-D

1. Restrictions, reservations and easements as indicated on that certain Plat of Plat No. 3 of Lake Crystal recorded in Plat Book 78 at Page 56, as affected by that certain Resolution Vacating Easements recorded in Official Record Book 12520, page 390.
2. Restrictions, reservations and easements as indicated on that certain Plat of Replat of Plat No. 3 of Lake Crystal recorded in Plat Book 92 at Page 87.
3. Right of Way Easements in favor of Southern Bell Telephone and Telegraph Company as set forth in instrument recorded in Official Record Book 2119, Page 1611.
4. Easement in favor of Lake Worth Drainage District, a political subdivision of the State of Florida as set forth in instrument recorded in Official Record Book 5290, page 1295.
5. Terms, conditions and provisions of that certain Canal Maintenance Agreement recorded in Official Record Book 2312, Page 1181.
6. Terms, conditions and provisions of that certain Agreement recorded in Official Record Book 3559, Page 1277.
7. Terms, conditions and provisions of Standard Developers Agreement recorded in Official Record Book 5518, Page 58.
8. Easement Deed in favor of Lake Worth Drainage District, a Special Taxing District of the State of Florida recorded in Official Record Book 12599, Page 560.

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BOCA RATON ELEMENTARY SCHOOL REPLACEMENT

1. Streets shown on plat of J. E. Ingraham's Addition to Boca Ratone, recorded in Plat Book 6, Page 22.
2. Easement in favor of Florida Power and Light Company contained in instrument recorded in Official Records Book 575, Page 503.
3. Easement in favor of Florida Public Utilities Company contained in instrument recorded in Official Records Book 818, Page 729.

BOYNTON/DELRAY AREA ELEMENTARY SCHOOL 97-M

1. Easement(s) in favor of Florida Power & Light Company set forth in instrument(s) recorded in Official Records Book 632, Page 109, Official Records Book 645, Page 326, Official Records Book 667, Page 356, Official Records Book 12167, Page 1255, and Official Records Book 12167, and Official Records Book 12167, Page 1257.

BOYNTON/DELRAY AREA ELEMENTARY SCHOOL 98-I

1. Easement in favor of the City of Boynton Beach contained in instrument recorded in Official Records Book 2774, Page 897.
2. Easement in favor of Lake Worth Drainage District, a Special Taxing District of the State of Florida, recorded in Official Record Book 12936, page 1330.

FOREST HILL ELEMENTARY SCHOOL MODERNIZATION/REPLACEMENT

1. Restrictions and easements as shown on the Plat of Plat No. 2 of Forest Hill Village recorded in Plat Book 26, Page 140.
2. Restrictions, covenants and conditions as set forth in that instrument recorded in Official Records Book 1903, Page 748.
3. Reservations in favor of the Everglades Drainage District contained in deed recorded in Deed Book 774, Page 151, as partially released in Official Records Book 350, Page 85.
4. Easement in favor of Southern Bell Telephone and Telegraph Company recorded in Official Records Book 376, Page 606.
5. Easement in favor of the Village of Palm Springs, Florida, recorded in Official Records Book 7018, Page 1004.
6. Easement in favor of the Village of Palm Springs, Florida recorded in Official Records Book 7103, Page 982.
7. Easement in favor of the Village of Palm Springs Water Utilities, Palm Beach County, Florida recorded in Official Records Book 12976, Page 1827.

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PLEASANT CITY AREA ELEMENTARY SCHOOL 98-N

1. Matters shown on the Plat of South Mangonia recorded in Plat Book 1, Page 36 and the Amended Plat of South Mangonia recorded in Plat Book 6, Page 16.
2. Interlocal Agreement recorded in Official Record Book 12532, Page 1516 as amended by Amendment to Interlocal Agreement recorded in Official Record Book 15605, Page 1972.
3. Stipulated and Agreed Final Judgment as to Estate of Carrie Hargett recorded in Official Record Book 13130, Page 1699.
4. Terms and provisions contained in Declaration of Trusts recorded in Official Record Book 1056, Page 140, Official Record Book 6064, Page 1494, Official Record Book 6064, Page 1504 and Official Record Book 6239, Page 1364. (File documentation contains the approval of HUD for the sale of this property to the School Board.)
5. Easement in favor of Florida Power and Light Company recorded in Official Record Book 13507, Page 442.

WELLINGTON AREA ELEMENTARY SCHOOL 96-L

1. Restrictions, covenants, conditions and easements as set forth on that certain plat entitled Cypress Woods I recorded in Plat Book 66, Page 127.
2. Terms, covenants, conditions, easements, restrictions, reservations and other provisions, including provisions which provide for a private charge or assessment, according to that certain Declaration of Restrictions recorded in Official Records Book 6030, Page 765, and as amended in Official Records Book 6059, Page 775, Official Records Book 6191, Page 335, Official Records Book 6511, Page 490, and Official Records Book 9232, Page 1787.
3. Terms, covenants, conditions, easements, restrictions, reservations and other provisions, including provisions which provide for a private charge or assessments according to that certain Declaration of Restrictions recorded in Official Records Book 6520, Page 1515, and as amended in Official Records Book 7296, Page 1666, Official Records Book 9232, Page 1790, Official Records Book 9570, Page 1185, together with partial Assignment of Rights in Official Records Book 9351, Page 422.
4. Oil, gas and mineral reservations in favor of the Everglades Drainage District as reserved in deed recorded in Deed Book 919, Page 37, as modified by Non-use Commitment in Official Records Book 5997, Page 403.
5. Terms, conditions, and provisions of Cable Television Agreement recorded in Official Records Book 7845, Page 1320.
6. Terms, conditions, and provisions of Standard Potable Water and Wastewater Development Agreement recorded in Official Records Book 12099, Page 178.

WEST BOCA RATON ELEMENTARY SCHOOL 96-H

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1. Reciprocal Drainage Easement Agreement recorded in Official Records Book 8512, Page 200.
2. Easement in favor of Palm Beach County and Florida Power & Light Company recorded in Official Records Book 8512, Page 212.
3. Utility Easement in favor of Palm Beach County recorded in Official Records Book 10726, Page 1930.
4. Terms, conditions, and provisions of Standard Potable Water and Wastewater Development Agreement recorded in official Records Book 12099, Page 186.
5. Terms, conditions, and provisions of Memorandum of Amendment to Ground Lease recorded in Official Records Book 10479, Page 316.
6. Terms, conditions, and provisions of Memorandum of Lease recorded in Official Records Book 10479, Page 322.

WESTERN COMMUNITIES ELEMENTARY SCHOOL 96-J

1. Restrictions, covenants, conditions, and easements as set forth on that certain plat entitled Madison Green-Plat No. 1 recorded in Plat Book 88, Page 14.
2. Private rights and easements, if any, in favor of all owners within the plat of Madison Green-Plat No. 1.
3. Terms, conditions, and provisions of Developer Agreement recorded in Official Records Book 6096, Page 621.
4. Terms, conditions, and provisions of Deed of Conservation Easement recorded in Official Records Book 11400, Page 1587.

EXHIBIT C TO SCHEDULE 2001A-1

LEASE PAYMENT SCHEDULE

Series 2001A-1 Facilities (Composite)

Lease Payment Date	Basic Lease Payment	Principal Portion	Interest Portion	Remaining Principal
6/30/2007	\$1,202,235.21	\$360,000.00	\$1,562,235.21	\$74,190,000.00
12/30/2008	1,670,337.50		1,670,337.50	
6/30/2008	1,670,337.50	95,000.00	1,765,337.50	74,095,000.00
12/30/2009	1,668,437.50		1,668,437.50	
6/30/2009	1,668,437.50	100,000.00	1,768,437.50	73,995,000.00
12/30/2010	1,666,437.50		1,666,437.50	
6/30/2010	1,666,437.50	105,000.00	1,771,437.50	73,890,000.00
12/30/2011	1,664,337.50		1,664,337.50	
6/30/2011	1,664,337.50	110,000.00	1,774,337.50	73,780,000.00
12/30/2012	1,662,137.50		1,662,137.50	
6/30/2012	1,662,137.50	620,000.00	2,282,137.50	73,160,000.00
12/30/2013	1,649,737.50		1,649,737.50	
6/30/2013	1,649,737.50	640,000.00	2,289,737.50	72,520,000.00
12/30/2014	1,633,737.50		1,633,737.50	
6/30/2014	1,633,737.50	665,000.00	2,298,737.50	71,855,000.00
12/30/2015	1,617,112.50		1,617,112.50	
6/30/2015	1,617,112.50	685,000.00	2,302,112.50	71,170,000.00
12/30/2016	1,603,412.50		1,603,412.50	
6/30/2016	1,603,412.50	805,000.00	2,408,412.50	70,365,000.00
12/30/2017	1,587,312.50		1,587,312.50	
6/30/2017	1,587,312.50	140,000.00	1,727,312.50	70,225,000.00
12/30/2018	1,584,512.50		1,584,512.50	
6/30/2018	1,584,512.50	145,000.00	1,729,512.50	70,080,000.00
12/30/2019	1,581,612.50		1,581,612.50	
6/30/2019	1,581,612.50	1,610,000.00	3,191,612.50	68,470,000.00
12/30/2020	1,549,412.50		1,549,412.50	
6/30/2020	1,549,412.50	8,890,000.00	10,439,412.50	59,580,000.00
12/30/2021	1,327,162.50		1,327,162.50	
6/30/2021	1,327,162.50	130,000.00	1,457,162.50	59,450,000.00
12/30/2022	1,324,562.50		1,324,562.50	
6/30/2022	1,324,562.50	135,000.00	1,459,562.50	59,315,000.00
12/30/2023	1,321,525.00		1,321,525.00	
6/30/2023	1,321,525.00	10,375,000.00	11,696,525.00	48,940,000.00
12/30/2024	1,088,087.50		1,088,087.50	
6/30/2024	1,088,087.50	10,840,000.00	11,928,087.50	38,100,000.00
12/30/2025	844,187.50		844,187.50	
6/30/2025	844,187.50	8,675,000.00	9,519,187.50	29,425,000.00
12/30/2026	649,000.00		649,000.00	
6/30/2026	<u>649,000.00</u>	<u>29,425,000.00</u>	<u>30,074,000.00</u>	0.00
	\$56,588,360.21	\$74,550,000.00	\$131,138,360.21	

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MIA 179506413v5 3/7/2007

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SCHEDULE 2001A-2
dated as of April 1, 2001
as Amended and Restated as of March 1, 2005
as further Amended and Restated as of March 1, 2007
to the
Master Lease Purchase Agreement dated as of
November 1, 1996

Among

The Bank of New York 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 SCHEDULE 2001A-2 is hereby entered into as of April 1, 2001, as amended and restated as of March 1, 2005 and as further amended and restated as of March 1, 2007 (the “Schedule” or “Schedule 2001A-2”), 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 2001A-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 2001A-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 2001A-2 Lease”. All terms and conditions contained in the Master Lease, unless otherwise amended or superseded hereby are incorporated herein by reference.

1. Definitions. For purposes of the Series 2001A-2 Lease the following terms have the meaning set forth below. All terms not otherwise defined herein shall have the respective meanings set forth in the Master Lease, or in the Trust Agreement, including the Series 2001A Supplemental Trust Agreement, the Series 2005A Supplemental Trust Agreement and the Series 2007C Supplemental Trust Agreement.

“**Assignment Agreement**” shall mean the Series 2001A Assignment Agreement dated as of April 1, 2001, between the Corporation and the Trustee.

“**Certificates**” or “**Series of Certificates**” shall mean, collectively, the Series 2001A Certificates, the Series 2005 Certificates and the Series 2007C Certificates.

“**Commencement Date**” for the Series 2001A-2 Lease is April 1, 2001.

“Continuing Disclosure Certificate” shall mean, collectively, (i) that certain Continuing Disclosure Certificate, dated April 24, 2001, executed and delivered by the School Board in connection with the issuance of the Series 2001A Certificates, (ii) that certain Continuing Disclosure Certificate, March 22, 2005, executed and delivered by the School Board in connection with the issuance of the Series 2005A Certificates and (iii) that certain Continuing Disclosure Certificate, dated March 22, 2007, executed and delivered by the School Board in connection with the issuance of the Series 2007C Certificates.

“Participating Underwriter” shall mean, collectively, (i) any of the original underwriters of the Series 2001A Certificates required to comply with the Rule in connection with the offering of the Series 2001A Certificates, (ii) any of the original underwriters of the Series 2005A Certificates required to comply with the Rule in connection with the offering of the Series 2005A Certificates and (iii) any of the original underwriters of the Series 2007C Certificates required to comply with the Rule in connection with the offering of the Series 2007C Certificates.

“Rating Agency” shall mean each of Moody’s Investors Service, Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. and Fitch Ratings and any other nationally recognized rating service not unacceptable to the Series 2001A Credit Facility Issuer, the Series 2005A Credit Facility Issuer and the Series 2007C Credit Facility Issuer which shall have provided a rating on any Outstanding Certificates.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Series 2001A Certificates” shall mean the \$135,500,000 Certificates of Participation, Series 2001A dated as of April 1, 2001, issued under the Trust Agreement and evidencing undivided proportionate interests of the owners thereof in Basic Lease Payments to be made by the School Board pursuant to the Master Lease.

“Series 2001A Credit Facility” shall mean the municipal bond insurance policy issued by the Series 2001A Credit Facility Issuer on April 24, 2001, insuring the payment when due of the principal portions and interest portions of Basic Lease Payments represented by the Series 2001A Certificates.

“Series 2001A Credit Facility Issuer” shall mean Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company, its successors and assigns.

“Series 2001A-2 Facilities” shall mean the Facilities described in this Schedule 2001A-2, as this Schedule 2001A-2 may be further amended or supplemented from time to time.

“Series 2001A-1 Ground Lease” shall mean the Series 2001A-1 Ground Lease dated as of April 1, 2001 between the School Board as Lessor and the Corporation as Lessee, as amended as of December 1, 2001, as further amended as of June 1, 2003, and as further amended as of June 1, 2004, as the same may be further amended or supplemented from time to time.

“Series 2001A Supplemental Trust Agreement” shall mean the Series 2001A Supplemental Trust Agreement dated as of April 1, 2001 between the Corporation and the Trustee.

“Series 2005A Certificates” shall mean the \$124,630,000 Certificates of Participation, Series 2005A dated March 22, 2005, issued under the Trust Agreement and evidencing undivided proportionate interests of the owners thereof in Basic Lease Payments to be made by the School Board pursuant to the Master Lease.

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<u>Amount</u>	<u>Account</u>
\$2,747,377.11	Escrow Deposit Fund
\$4,796.41	Series 2001A Cost of Issuance Subaccount
\$115,455.37*	Series 2005A Lease Payment Account

*Represents additional proceeds to be used to pay Basic Lease Payments represented by the Series 2005A Certificates.

Pursuant to the provisions of Section 402 of the Series 2007C Supplemental Trust Agreement the Trustee will deposit the following sums attributable to the Series 2001A-2 Facilities to be lease purchased hereunder in the following accounts from the proceeds of the Series 2007C Certificates:

<u>Amount</u>	<u>Account</u>
\$4,025,971.36	Escrow Deposit Trust Fund
4,839.43	Series 2007C Cost of Issuance Subaccount

5. **Basic Lease Payments.** The principal portion and the interest portion of the Basic Lease Payments, the Lease Payment Dates (December 30 and June 30) and the remaining principal portion with respect to the Series 2001A-2 Facilities to be lease purchased and the Series 2001A Certificates and the Series 2005A Certificates attributable to such Facilities are set forth in **Exhibit B** hereto. The Composite Schedule of Basic Lease Payments set forth in Exhibit B hereto shall be no less than the principal and interest payments with respect to the portion of the Certificates relating to the Series 2001A-2 Facilities and shall only be amended in the event of a prepayment or a prepayment deposit of the principal portion of Basic Lease Payments represented by such portion of the Certificates pursuant to Section 7.2 or 7.3 of the Master Lease, and prepayment or defeasance of Series 2001A Certificates pursuant to Section 201 of the Series 2001A Supplemental Trust Agreement or Section 801 of the Master Trust Agreement and prepayment or defeasance of Series 2005A Certificates pursuant to Section 201 of the Series 2005A Supplemental Trust Agreement or Section 801 of the Master Trust Agreement and prepayment or defeasance of Series 2007C Certificates pursuant to Article III of the Series 2007C Supplemental Trust Agreement or Section 801 of the Master Trust Agreement.

The interest portion of the Basic Lease Payments represented by the Series 2001A Certificates, the Series 2005A Certificates and the Series 2007C Certificates, expressed as an annual interest rate, is exempt from the limitations on interest rates set forth in Section 215.84, Florida Statutes, since the Series 2001A Certificates, the Series 2005A Certificates and the Series 2007C Certificates are rated within the three highest rating categories by a nationally recognized rating service.

6. **Additional Lease Payments.** Additional Lease Payments with respect to the Series 2001A Certificates consist of a pro rata portion of the following amounts to be paid with respect to both the Series 2001A-1 Lease and the Series 2001A-2 Lease:

1. Trustee Fees: Acceptance Fee of \$1,500. Annual fee \$4,500 during construction and \$3,500 thereafter, payable annually in advance. An additional \$1,000 will be included in the Trustee Fees in the event that a guaranteed investment contract is executed plus all associated costs thereof.
2. Trustee Expenses: Expenses to be billed at cost. Legal fee for Trustee counsel at closing of \$3,500. An additional \$500 will be included in legal fees in the event that a guaranteed investment contract is executed plus all associated costs thereof.

The fees set forth above for Trustee services include services under Schedules 2001A-1 and 2001A-2.

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“Series 2005A Credit Facility” shall mean the municipal bond insurance policy issued by the Series 2005A Credit Facility Issuer on March 22, 2005, insuring the payment when due of the principal portions and interest portions of Basic Lease Payments represented by the Series 2005A Certificates.

“Series 2005A Credit Facility Issuer” shall mean Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof.

“Series 2005A Supplemental Trust Agreement” shall mean the Series 2005A Supplemental Trust Agreement dated as of March 1, 2005 between the Corporation and the Trustee.

“Series 2007C Certificates” shall mean the \$186,400,000 Certificates of Participation, Series 2007C dated as of March 1, 2007, issued under the Trust Agreement and evidencing undivided proportionate interests of the owners thereof in Basic Lease Payments to be made by the School Board pursuant to the Master Lease.

“Series 2007C Credit Facility” shall mean the municipal bond insurance policy issued by the Series 2007C Credit Facility Issuer on March 22, 2007, insuring the payment when due of the principal portions and interest portions of Basic Lease Payments represented by the Series 2007C Certificates.

“Series 2007C Credit Facility Issuer” shall mean Ambac Assurance Corporation, or any successor thereto or assignee thereof.

“Series 2007C Supplemental Trust Agreement” shall mean the Series 2007C Supplemental Trust Agreement dated as of March 1, 2007 between the Corporation and the Trustee.

2. **Lease Term.** The total of all Lease Terms of the Series 2001A-2 Lease are expected to be approximately twenty-five years (25) years consisting of an “Original Term” of approximately sixty days (60) days from April 1, 2001, through and including June 30, 2001, and twenty-five (25) Renewal Terms of twelve (12) months, each from July 1 through and including June 30 of the next succeeding calendar year, commencing July 1, 2001, and ending June 30, 2026. Each Lease Term shall be subject to annual renewal pursuant to the provisions of Article III of the Master Lease.

3. **Series 2001A-2 Facilities to be Lease Purchased.** The Series 2001A-2 Facilities to be lease purchased under the Series 2001A-2 Lease are described in **Exhibit A** hereto.

4. **Application of Certain Proceeds of Certificates.** Pursuant to the provisions of Section 302 of the Series 2001A Supplemental Trust Agreement the Trustee deposited the following sums attributable to the Series 2001A-2 Facilities to be lease purchased hereunder in the following accounts from the proceeds of the Series 2001A Certificates:

<u>Amount</u>	<u>Account</u>
\$7,000,176.62	Series 2001A Acquisition Account
\$11,388.93	Series 2001A Cost of Issuance Subaccount
\$23,298.93*	Series 2001A Lease Payment Account

* Represents accrued interest.

Pursuant to the provisions of Section 302 of the Series 2005A Supplemental Trust Agreement the Trustee will deposit the following sums attributable to the Series 2001A-2 Facilities to be lease purchased hereunder in the following accounts from the proceeds of the Series 2005A Certificates:

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3. Credit Facility Issuer Payment: \$474,046.88 to be paid to the Series 2001A Credit Facility Issuer upon issuance of the Series 2001A Certificates with respect to the Series 2001A Credit Facility.

Additional Lease Payments with respect to the Series 2005A Certificates consist of a pro rata portion of the following amounts to be paid with respect to both the Series 2001A-1 Lease and the Series 2001A-2 Lease:

1. Trustee Fees: Acceptance Fee of \$1,500. Annual fee \$3,500, payable annually in advance.
2. Trustee Expenses: Expenses to be billed at cost. Legal fee for Trustee counsel at closing of \$3,500.00. Thereafter, reasonable costs and expenses pursuant to the Master Lease or Trust Agreement.

The fees set forth above for Trustee services include services under Schedules 2001A-1 and 2001A-2.

3. Credit Facility Issuer Payment: \$473,859.73 to be paid to the Series 2005A Credit Facility Issuer upon issuance of the Series 2005A Certificates.

Additional Lease Payments with respect to the Series 2007C Certificates consist of a pro rata portion of the following amounts to be paid with respect to both the Series 2001A-2 Lease and the Series 2001A-1 Lease:

1. Trustee Fees: Annual fee \$1,000, payable annually in advance.
2. Trustee Expenses: Expenses at closing to be billed at cost. Thereafter, reasonable costs and expenses pursuant to the Master Lease or Trust Agreement.
3. Escrow Agent Fees: Annual fee \$750, payable annually in advance.

The fees set forth above for Trustee and Escrow Agent services include services under Schedules 2001A-1 and 2001A-2.

4. Credit Facility Issuer Payment: \$232,113.92 to be paid to the Series 2007C Credit Facility Issuer upon issuance of the Series 2007C Certificates.

7. **Prepayment Provisions.** In addition to or in lieu of the prepayment provisions of Section 7.2 of the Master Lease, the principal portion of the Basic Lease Payments due as provided in Section 5 of Schedule 2001A-2 are subject to the following prepayment provisions:

A. Optional Prepayment Series 2001A Certificates

(i) The principal portion of Basic Lease Payments due on or before June 30, 2011 (to be paid to Certificate holders on or before August 1, 2011), shall not be subject to prepayment at the option of the School Board.

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(ii) The principal portion of Basic Lease Payments due on or after June 30, 2012 (to be paid to Certificate holders on or after August 1, 2012), shall be subject to prepayment on or after June 30, 2011, by the School Board, in whole or in part, at any time, and if in part, in such order of due dates of the principal portion of the Basic Lease Payments as shall be designated by the School Board to be prepaid, at the Prepayment Price expressed as a percentage of the principal portion of Basic Lease Payments to be prepaid as set forth opposite such period in the following table, plus the interest portion of the Basic Lease Payments accrued to the Prepayment Date:

Prepayment Period (Both Dates Inclusive)	Prepayment Price
June 30, 2011 through June 29, 2012	101%
June 30, 2012 and thereafter	100

Series 2005A Certificates

(i) The principal portion of Basic Lease Payments due on or before June 30, 2015 (to be paid to Certificateholders on or before August 1, 2015), 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, 2016 (to be paid to Certificateholders on or after August 1, 2016), shall be subject to prepayment on or after June 30, 2015, by the School Board, in whole at any time, or in part on the first day of any calendar month, and if in part, in such order of due dates of the principal portion of the Basic Lease Payments as shall be designated by the School Board to be prepaid, at a Prepayment Price equal to 100% of the principal portion of Basic Lease Payments being prepaid, plus the interest portion of the Basic Lease Payments accrued to the Prepayment Date.

Series 2007C Certificates

(i) With respect to the Series 2007C Certificates relating to this Schedule, the principal portion of Basic Lease Payments due on or before June 30, 2017 shall not be subject to prepayment at the option of the School Board.

(ii) With respect to the Series 2007C Certificates relating to this Schedule, the principal portion of Basic Lease Payments due on or after June 30, 2018 shall be subject to prepayment on or after June 30, 2017 by the School Board in whole or in part on any Business Day at the option of the School Board, and if in part, in such order of due dates of the principal portion of the Basic Lease Payments as shall be designated by the School Board to be prepaid, at the Prepayment Price equal to 100% of the principal portion of Basic Lease Payments to be prepaid plus the interest portion of the Basic Lease Payments with respect to such prepaid principal portion accrued to the Prepayment Date.

B. Extraordinary Prepayment.

In lieu of the extraordinary prepayment provisions of Section 7.2(B) of the Master Lease, the principal portion of the Basic Lease Payments due as provided in Section 6 of Schedule 2001A-2 are subject to the following extraordinary prepayment provision:

(i) The principal portion of Basic Lease Payments due under the Series 2001A-2 Lease shall be subject to prepayment in whole on any date at the option of (a) the Series 2001A Credit Facility Issuer with respect to the principal portion of Basic Lease Payments represented by the Series 2001A Certificates, (b) the Series 2005A Credit Facility Issuer with respect to the principal portion of

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above test, maximum annual debt service shall be calculated at the same rates as in the budgeting requirements of paragraph (5) below and (unhedged) fixed rate debt shall be calculated at the actual rate. The amount of legally available capital outlay millage shall be the millage that the School Board may levy and use to make Basic Lease Payments. Legally available sales tax moneys shall include voter approved sales tax levies that are legally available to make Basic Lease Payments (a) as specifically authorized in the referendum approving such sales tax and otherwise authorized by law, including any necessary resolutions of the School Board or (b) to the extent the Series 2005A Credit Facility Issuer and the Series 2001A Credit Facility Issuer receive an opinion to such effect (such opinion to be in form and substance satisfactory, and from counsel acceptable to, the Series 2005A Credit Facility Issuer and the Series 2001A Credit Facility Issuer). The amount of legally available sales tax moneys shall be based on a reasonable estimate of such taxes derived from historical collections of such tax or from collections of an existing sales tax. If any portion of the legally available capital outlay millage or legally available sales tax moneys shall have a stated expiration date, then the revenues calculated above must be adjusted for such expiring taxes and 80% of the remaining tax revenues may not be less than the maximum annual debt service coming due after such tax expiration. The above test shall be performed annually upon preparation of the following year's budget.

The provisions of paragraph (8) below shall apply only to swap agreements entered into after the first date of noncompliance with the above coverage requirement. The provisions of paragraph (9) shall apply only to swap agreements entered into after the first date of noncompliance with the above coverage requirement unless such noncompliance was caused by the incurrence of additional debt by or on behalf of the School Board.

(1) The School Board may not substitute for any Series 2001A-2 Facilities other facilities owned by the School Board pursuant to Section 6.4 of the Master Lease without the consent of the Series 2005A Credit Facility Issuer and the Series 2001A Credit Facility Issuer.

(2) The School Board may not release a Series 2001A-2 Facility without the prior written consent of the Series 2005A Credit Facility Issuer and the Series 2001A Credit Facility Issuer.

(3) The Series 2005A Credit Facility Issuer and the Series 2001A Credit Facility Issuer shall be provided with the following information:

(a) Annual audited financial statements within 180 days after the end of the School Board's fiscal year (together with a certification of the School Board that it is not aware of any default or Event of Default under the Trust Agreement) and the School Board's annual budget within 30 days after the approval thereof;

(b) Notice of any default known to the Trustee or the School Board within five Business Days after knowledge thereof;

(c) Prior notice of the advance refunding or prepayment of any of the Series 2005A Certificates, including the principal portion, maturities and CUSIP numbers thereof;

(d) Notice of the resignation or removal of the Trustee, Paying Agent and Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(e) Notice of the commencement of any proceeding by the School Board under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

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Basic Lease Payments represented by the Series 2005A Certificates and (c) at the option of the Series 2007C Credit Facility Issuer with respect to the principal portion of Basic Lease Payments represented by the Series 2007C Certificates, from funds provided by the Series 2001A Credit Facility Issuer, Series 2005A Credit Facility Issuer or Series 2007C Credit Facility Issuer, as the case may be, if the Lease Term is terminated for the reasons set forth in Sections 4.1(b) or 4.1(c) of the Master Lease.

8. Other Special Provisions.

A. Representations. (1) The School Board hereby confirms its representations, covenants and warranties set forth in Section 2.10 of the Master Lease, except that all references therein to the Master Lease shall be deemed to refer to the Master Lease as supplemented by this Schedule 2001A-2, and all references therein to the Facilities shall include the Series 2001A-2 Facilities. The Corporation hereby confirms its representations, covenants and warranties set forth in Section 2.11 of the Master Lease, except that all references therein to the Master Lease shall be deemed to refer to the Master Lease as supplemented by this Schedule 2001A-2 and all references therein to the Facilities shall include the Series 2001A-2 Facilities.

(2) The Corporation hereby represents that the Master Lease is in effect and that to its knowledge there are no defaults on the date of execution of this Schedule 2001A-2 under any Lease, the Trust Agreement or the Series 2001A-2 Lease.

B. Title. Notwithstanding the provisions of Section 6.1 of the Master Lease, title to the Series 2001A-2 Facilities shall be vested 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 2001A Credit Facility Issuer and the Series 2005A Credit Facility Issuer at the following addresses:

Series 2001A Credit Facility Issuer and Series 2007C Credit Facility Issuer

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004
Attention: Surveillance Department

Series 2005A Credit Facility Issuer

Financial Security Assurance Inc.
350 Park Avenue
New York, New York 10022-6022
Attention: Surveillance Department
Policy No.: 204299-N

D. Supplemental Provisions Required by Series 2001A Credit Facility Issuer and the Series 2005A Credit Facility Issuer. For the purpose of the Series 2001A-2 Lease as long as the Series 2005A Credit Facility or the Series 2001A Credit Facility is in full force and effect, unless otherwise waived in writing by the Series 2005A Credit Facility Issuer and the Series 2001A Credit Facility Issuer, the following provisions shall apply; provided that compliance with paragraphs (7), (8), and (9) below shall not be required so long as the amount generated by 80% of the Issuer's legally available capital outlay millage at 95% collections based on the most current, certified taxable assessed valuation plus 80% of the amount derived from legally available sales tax moneys shall produce an amount sufficient to cover maximum annual debt service on the School Board's lease and other obligations payable from such legally available capital outlay millage and/or legally available sales tax monies. For the purposes of the

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(f) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of the principal or interest portion of the Basic Lease Payments represented by the Series 2005A Certificates;

(g) A full original transcript of all proceedings, relating to the execution of any amendment or supplement to the Financing Documents; and

(h) All reports, notices and correspondences to be delivered under the terms of the Trust Agreement or the Series 2001A-2 Lease.

(4) There shall be no grace period for failure to pay in full any Additional Lease Payment or Supplemental Payment under Section 8.1(b) and the cure period for a covenant default pursuant to Section 8.1(c) of the Master Lease shall be thirty (30) days instead of sixty (60) days.

(5) The School Board agrees to include within its annual budget the actual amount of Lease Payments to the extent that the actual amounts required for such Lease Payments are known to the School Board at the time of preparation of its budget, or if actual amounts cannot be determined at the time of preparation of the budget, the estimated amounts of such payments. In order to make such estimates, the School Board agrees that it will utilize the following estimates and methodologies:

(a) while the interest portion of Basic Lease Payments pursuant to any Lease is calculated at a variable rate (i.e. the corresponding Certificates are variable rate) and a Qualified Swap Agreement is in effect, it will include in its budget in respect thereof an amount at least equal to the fixed rate payment payable by the School Board under such Qualified Swap Agreement; provided, however, that in the event the payment by the provider of the Qualified Swap Agreement is not computed at the actual interest rate payable with respect to the related Certificates, the School Board will also include in its budget in respect thereof an additional (i) .25% of the principal portion of Basic Lease Payments represented by the related Certificates if the payment by the swap provider is calculated based upon a tax-exempt index (the "Tax-Exempt Margin") or (ii) .75% of the principal portion of Basic Lease Payments represented by the related Certificates if the payment by the swap provider is calculated based upon a taxable index (the "Taxable Margin");

(b) while the interest portion of Basic Lease Payments for any Lease is calculated at a variable rate (i.e. the corresponding Certificates are variable rate) and a Qualified Swap Agreement is not in effect, the School Board shall budget in respect thereof the greater of (i) the amount of the swap payment to be made by the School Board (or if the swap payment is a floating amount, such amount shall be computed based upon the rate of calculation used in computing the most recent payment to the swap provider), if any, plus (x) the Tax-Exempt Margin if such swap payment is based on a tax-exempt index or (y) the Taxable Margin if such swap payment is based upon a taxable index, (ii) the average rate at which the interest portion of Basic Lease Payments had been determined for the prior 12 months, plus 1.00% on the principal portion of Basic Lease Payments represented by the related Certificates if the interest portion of Basic Lease Payments represented by such Certificates is calculated at a variable rate, or (iii) the most recent actual rate at which the interest portion of Basic Lease Payments represented by such Certificates is calculated plus 1.00%;

(c) in the event the School Board is obligated to pay the variable rate payment under any swap agreement and a Qualified Swap Agreement is in effect, the School Board shall budget the interest portion of Basic Lease Payments in respect of the related Certificates in an amount equal to the average net interest cost on the related Certificates (i.e.

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actual interest expense after giving effect to net swap payments) over the preceding 12 month period plus (i) the Tax-Exempt Margin if such swap payment is based upon a tax-exempt index and (ii) the Taxable Margin if such swap payment is based upon a taxable index; and

(d) while the interest portion of Basic Lease Payments is calculated at a fixed rate (i.e. the corresponding Certificates are fixed rate) and the School Board is required to make a variable rate payment under a swap that is not a Qualified Swap Agreement, the School Board shall include in its budget an amount equal to the greater of (i) the amount specified in paragraph 5(c) hereof and (ii) the actual interest rate at which the interest portion on the corresponding Certificates is calculated.

(6) The School Board agrees to amend its budget, by emergency budget if necessary, subject to and in accordance with requirements of applicable law, if amounts due under the Master Lease Agreement in any Fiscal Year exceed the amount budgeted therefor.

(7) If the test set forth in the in the initial paragraph of this Section 9C is not satisfied, not more than 25% of the total principal amount of outstanding obligations of the School Board secured by capital leases shall be variable rate obligations. For purposes of this determination the following shall apply: (a) variable rate obligations hedged by a Qualified Swap Agreement shall not be included as variable rate obligations and (b) an early termination under a Qualified Swap Agreement or a failure of a swap agreement to remain a Qualified Swap Agreement shall not cause the principal amount of variable rate obligations to exceed 25% unless a substitute Qualified Swap Agreement has not been entered into within 60 days from the date of such early termination or failure to remain a Qualified Swap Agreement.

(8) If the test set forth in the initial paragraph of this Section 9C is not satisfied, any termination payment due under a swap agreement in connection with a Lease shall be insured by an insurance company rated "AAA" or "Aaa" by at least two major rating agencies.

(9) If the test set forth in the in the initial paragraph of this Section 9C is not satisfied, not more than the greater of (i) \$50,000,000 and (ii) 25% of the total principal amount of outstanding obligations of the School Board secured by capital leases shall be subject to swap agreements with any single counterparty (treating each entity that is separately capitalized and has a separate rating as a separate counterparty for such purpose).

(10) The right to exercise remedies under the Master Lease for an event of default or event of non-appropriation shall be limited to (i) a Credit Facility Issuer that insures or supports payment of the principal and interest portions of Basic Lease Payments represented by Certificates or (ii) the holders of Certificates (with the consent of the Credit Facility Issuer).

(11) Any termination payments to be made by the School Board to a swap provider in connection with any Series of Certificates may only be Additional Lease Payments (i.e they shall not be considered Basic Lease Payments).

(12) There shall be added to Section 5.3 of the Master Lease the following:

The insurance required by this Section 5.3 shall be provided by carriers rated at least "A" by Standard & Poor's Ratings Services (a "Qualified Insurer") unless each Credit Facility Issuer shall approve an insurer with a lower rating. If an insurer's rating falls below "A" (or, with respect to an insurer approved by each Credit Facility Issuer with a rating lower than "A," falls below the rating such insurer had when approved by each Credit Facility

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Section 3.6 No Surrender of Series 2001A-2 Facilities.

(A) Upon the termination of the Series 2001A-2 Lease Term prior to the payment of all Lease Payments scheduled therefor or without the payment of the then applicable Purchase Option Price of the Series 2001A-2 Facilities, or (B) as provided in Section 8.2 of the Master Lease upon the occurrence of an event of default, then the Purchase Option Price of the Series 2001A-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 (other than rights and remedies it may have at law against the School Board's legally available funds for compensatory damages as provided below upon the occurrence of an Event of Default under Section 8.1 of the Master Lease) shall be to seek a judgment against the School Board for the unpaid balance of 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 2001A-2 Facilities, the School Board shall be under no obligation to transfer possession of and/or title to the Series 2001A-2 Facilities, to the Corporation, and the Corporation shall have no right under the Series 2001A-2 Lease to involuntarily dispossess the School Board of the use and enjoyment of or title to any of the Series 2001A-2 Facilities, and 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 as a result of the School Board's failure to pay the unpaid balance of the Purchase Option Price when due.

H. Continuing Disclosure. For purposes of the Series 2001A-2 Lease, the School Board hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Series 2001A-2 Lease, failure of the School Board to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee may (and, at the request of any participating underwriter or the Holders of at least 25% aggregate principal amount in Outstanding Series 2001A Certificates, Series 2005A Certificates or Series 2007C Certificates, shall) or any Holder of the Series 2001A Certificates, Series 2005A Certificates or Series 2007C Certificates or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the School Board to comply with its obligations under this Section 9.E. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2001A Certificates, Series 2005A Certificates or Series 2007C Certificates (including persons holding Series 2001A Certificates, Series 2005A Certificates or Series 2007C Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2001A Certificates, Series 2005A Certificates or Series 2007C Certificates for federal income tax purposes.

I. Notice of Amendments. The School Board shall provide written notice to each Rating Agency at least 15 days in advance of the execution of any amendments to the Series 2001A-2 Lease, the Escrow Deposit Agreement, the Trust Agreement, the Assignment Agreement. A full transcript of all

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Issuer), such insurer shall be replaced with a Qualified Insurer unless each Credit Facility Issuer shall approve an insurer with a lower rating.

E. Supplemental Provisions Required by Series 2007C Credit Facility Issuer. For purposes of the Series 2001A-2 Lease, the following provisions shall apply:

(1) To the extent the School Board elects to self-insure for any damage or liability as provided in Section 5.3 of the Master Lease, such self-insurance moneys may not be commingled with any other School Board moneys, and any self-insurance program pursuant to the provisions of Section 5.3 of the Master Lease shall be approved by the Series 2007C Credit Facility Issuer;

(2) The School Board may not substitute for any Series 2001A-2 Facilities other facilities owned by the School Board pursuant to Section 6.4 of the Master Lease without the consent of the Series 2007C Credit Facility Issuer;

(3) The School Board may not sublease, in whole or in part, a Series 2001A-2 Facility pursuant to Section 7.1 of the Master Lease without the prior written consent of the Series 2007C Credit Facility Issuer;

(4) The cure period for a covenant default pursuant to Section 8.1(c) of the Master Lease shall be thirty (30) days instead of sixty (60) days; and

(5) Subject to the rights of the Series 2001A Credit Facility Issuer and Series 2005A Credit Facility Issuer pursuant to Section 8.C. hereof and pursuant to Section 505 of the Master Trust Agreement, the Series 2007C Credit Facility Issuer shall direct and control all Remedies on Default pursuant to Section 8.2 of the Master Lease.

F. Section 9.11 of the Master Lease. For purposes of the Series 2001A-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.

G. Remedies Upon Nonappropriation or Default. For purposes of the Series 2001A-2 Lease only, Section 3.6 of the Master Lease shall not apply and, in its place, the following shall govern:

proceedings relating thereto shall be provided to the Series 2001A Credit Facility Issuer, the Series 2005A Credit Facility Issuer and the Series 2007C Credit Facility Issuer.

J. Notice of Completion. The School Board shall provide the Series 2001A Credit Facility Issuer, the Series 2005A Credit Facility Issuer and the Series 2007C Credit Facility Issuer a copy of the Certificate of Completion set forth in Exhibit B to the Master Lease at the same time it is filed with the Trustee.

K. Release of Lien. No release, substitution or sublease of any portion of the Series 2001A-2 Facilities or Facility Sites may be made without the prior written consent of the Series 2001A Credit Facility Issuer, the Series 2005A Credit Facility Issuer and the Series 2007C Credit Facility Issuer.

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IN WITNESS WHEREOF, the Trustee has caused this Schedule 2001A-2 to be executed in its corporate name by its duly authorized officer, and the Corporation has caused this Schedule 2001A-2 to be executed in its name by its duly authorized officers, and the School Board has caused this Schedule 2001A-2 to be executed in its name by its duly authorized members or officers on the date set forth below their respective signatures and all as of the day and year first written above.

EXHIBIT A TO SCHEDULE 2001A-2

DESCRIPTION OF SERIES 2001A-2 FACILITIES

[SEAL] THE BANK OF NEW YORK TRUST COMPANY, N.A., as Trustee

By: _____
Barbara Buck
Vice President

[SEAL] PALM BEACH SCHOOL BOARD LEASING CORP.

Attest:

By: _____
Art Johnson
Secretary

By: _____
William Graham
President

[SEAL] THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

Attest:

By: _____
Art Johnson
Secretary

By: _____
William Graham
Chairman

A. General Description of the Series 2001A-2 Facilities to be Lease Purchased:

Permanent Component Construction Replacement Project

The Series 2001A-2 Facilities consist of the acquisition and construction of concrete modular buildings containing approximately 115,200 square feet with 100 classrooms, restrooms and common interior corridors that replace certain existing portable classrooms in the District, miscellaneous construction throughout the District to extend the useful lives of certain existing educational facilities, and the addition of new student stations.

B. Estimated Costs of the Series 2001A-2 Facilities to be Lease Purchased:

Expenditure for Permanent Component Construction Replacement Project \$7,000,000

EXHIBIT B TO SCHEDULE 2001A-2

LEASE PAYMENT SCHEDULE

Series 2001A-2 Facilities (Composite)

Lease Payment Date	Basic Lease Payment	Principal Portion	Interest Portion	Remaining Principal
6/30/2007	\$64,298.44	\$15,000.00	\$79,298.44	\$3,975,000.00
12/30/2007	89,418.75		89,418.75	
6/30/2008	89,418.75	10,000.00	99,418.75	3,965,000.00
12/30/2008	89,218.75		89,218.75	
6/30/2009	89,218.75	10,000.00	99,218.75	3,955,000.00
12/30/2009	89,018.75		89,018.75	
6/30/2010	89,018.75	10,000.00	99,018.75	3,945,000.00
12/30/2010	88,818.75		88,818.75	
6/30/2011	88,818.75	10,000.00	98,818.75	3,935,000.00
12/30/2011	88,618.75		88,618.75	
6/30/2012	88,618.75	15,000.00	103,618.75	3,920,000.00
12/30/2012	88,318.75		88,318.75	
6/30/2013	88,318.75	25,000.00	113,318.75	3,895,000.00
12/30/2013	87,693.75		87,693.75	
6/30/2014	87,693.75	35,000.00	122,693.75	3,860,000.00
12/30/2014	86,818.75		86,818.75	
6/30/2015	86,818.75	40,000.00	126,818.75	3,820,000.00
12/30/2015	86,018.75		86,018.75	
6/30/2016	86,018.75	45,000.00	131,018.75	3,775,000.00
12/30/2016	85,118.75		85,118.75	
6/30/2017	85,118.75	10,000.00	95,118.75	3,765,000.00
12/30/2017	84,918.75		84,918.75	
6/30/2018	84,918.75	10,000.00	94,918.75	3,755,000.00
12/30/2018	84,718.75		84,718.75	
6/30/2019	84,718.75	80,000.00	164,718.75	3,675,000.00
12/30/2019	83,118.75		83,118.75	
6/30/2020	83,118.75	465,000.00	548,118.75	3,210,000.00
12/30/2020	71,493.75		71,493.75	
6/30/2021	71,493.75	10,000.00	81,493.75	3,200,000.00
12/30/2021	71,293.75		71,293.75	
6/30/2022	71,293.75	10,000.00	81,293.75	3,190,000.00
12/30/2022	71,068.75		71,068.75	
6/30/2023	71,068.75	550,000.00	621,068.75	2,640,000.00
12/30/2023	58,693.75		58,693.75	
6/30/2024	58,693.75	575,000.00	633,693.75	2,065,000.00
12/30/2024	45,756.25		45,756.25	
6/30/2025	45,756.25	475,000.00	520,756.25	1,590,000.00
12/30/2025	35,068.75		35,068.75	
6/30/2026	35,068.75	1,590,000.00	1,625,068.75	0.00
	\$3,034,685.94	\$3,990,000.00	\$7,024,685.94	

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SCHEDULE 2002C
dated as of May 15, 2002
as Amended and Restated as of June 1, 2003
as further Amended and Restated as of June 1, 2004
as further Amended and Restated as of March 1, 2005
as further Amended and Restated as of March 1, 2007

to the
Master Lease Purchase Agreement dated as of
November 1, 1994

among

The Bank of New York 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 2002C is hereby entered into as of May 15, 2002, as amended and restated as of June 1, 2003, as further amended and restated as of June 1, 2004, as further amended and restated as of March 1, 2005 and as further amended and restated as of March 1, 2007 (the “Schedule” or “Schedule 2002C”) 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 2002C 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 2002C Facilities and the Series 2002C Facility Sites described herein, together with the rights described in clauses (i), (ii) and (iii) of Section 1 in the Series 2002C Ground Lease (hereinafter defined). The Master Lease with respect to this Schedule and as modified and supplemented hereby, is referred to herein as the “Series 2002C Lease”. All terms and conditions contained in the Master Lease, unless otherwise amended or superseded hereby are incorporated herein by reference.

1. Definitions. For purposes of the Series 2002C Lease the following terms have the meaning set forth below. All terms not otherwise defined herein shall have the respective meanings set forth in the Master Lease, or in the Trust Agreement, including the Series 2002C Supplemental Trust Agreement, the Series 2005A Supplemental Trust Agreement and the Series 2007C Supplemental Trust Agreement.

“**Assignment Agreement**” shall mean the Series 2002C Assignment Agreement dated as of May 15, 2002, between the Corporation and the Trustee.

“Certificates” or “Series of Certificates” shall mean, collectively, the Series 2002C Certificates, the Series 2005A Certificates and the Series 2007C Certificates.

“Commencement Date” for the Series 2002C Lease is May 15, 2002.

“Continuing Disclosure Certificate” shall mean, collectively, (i) that certain Continuing Disclosure Certificate, dated June 11, 2002, executed and delivered by the School Board in connection with the issuance of the Series 2002C Certificates, (ii) that certain Continuing Disclosure Certificate, dated March 22, 2005, executed and delivered by the School Board in connection with the issuance of the Series 2005A Certificates and (iii) that certain Continuing Disclosure Certificate, dated March 22, 2007, executed and delivered by the School Board in connection with the issuance of the Series 2007C Certificates.

“Participating Underwriter” shall mean, collectively, (i) any of the original underwriters of the Series 2002C Certificates required to comply with the Rule in connection with the offering of the Series 2002C Certificates, (ii) any of the original underwriters of the Series 2005A Certificates required to comply with the Rule in connection with the offering of the Series 2005A Certificates and (iii) any of the original underwriters of the Series 2007C Certificates required to comply with the Rule in connection with the offering of the Series 2007C Certificates.

“Rating Agency” shall mean each of Moody’s Investors Service, Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. and Fitch Ratings and any other nationally recognized rating service not unacceptable to the Series 2002C Credit Facility Issuer, the Series 2005A Credit Facility Issuer and the Series 2007C Credit Facility Issuer which shall have provided a rating on any Outstanding Certificates.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Series 2002C Certificates” shall mean the \$161,090,000 Certificates of Participation, Series 2002C dated as of May 15, 2002, of which a portion are being refunded and the \$124,630,000 Certificates of Participation, Series 2005A, dated as of March 22, 2005 (the “Series 2005A Certificates”) issued under the Trust Agreement and evidencing undivided proportionate interests of the owners thereof in Basic Lease Payments to be made by the School Board pursuant to the Master Lease.

“Series 2002C Credit Facility” shall mean the municipal bond insurance policy issued by the Series 2002C Credit Facility Issuer on June 11, 2002, insuring the payment when due of the principal portions and interest portions of Basic Lease Payments represented by the Series 2002C Certificates.

“Series 2002C Credit Facility Issuer” shall mean Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof.

“Series 2002C Facilities” shall mean the Facilities described in this Schedule 2002C, as this Schedule 2002C may be further amended or supplemented from time to time.

“Series 2002C Facility Sites” shall mean the Facility Sites described in this Schedule 2002C to be ground leased by the School Board to the Corporation, as the same may be further amended or supplemented from time to time.

4. **Series 2002C Facility Sites to be Ground Leased to the Corporation and Permitted Encumbrances.** The legal descriptions of the Series 2002C Facility Sites to be ground leased to the Corporation and Permitted Encumbrances (in addition to those specified in the Master Lease) are as set forth in Exhibit B hereto. Substitutions may be made in accordance with the requirements of the Master Lease and the Series 2002C Ground Lease.

5. **Application of Certain Proceeds of the Certificates.** Pursuant to the provisions of Section 302 of the Series 2002C Supplemental Trust Agreement the Trustee deposited the following sums attributable to the Series 2002C Facilities to be lease purchased hereunder in the following accounts from the proceeds of the Series 2002C Certificates:

Amount	Account
\$158,295,248.00	Series 2002C Acquisition Account
221,341.43	Series 2002C Cost of Issuance Subaccount
567,206.88*	Series 2002C Lease Payment Account

* Represents accrued interest.

Pursuant to the provisions of Section 3.02 of the Series 2005A Supplemental Trust Agreement the Trustee will deposit the following sums attributable to the Series 2002C Facilities to be lease purchased hereunder in the following accounts from the proceeds of the Series 2005A Certificates:

Amount	Account
\$27,333,335.28	Escrow Deposit Fund
47,718.95	Series 2005A Cost of Issuance Subaccount
115,455.37*	Series 2005A Lease Payment Account

* Represents additional proceeds to be used to pay Basic Lease Payments represented by the Series 2005A Certificates.

Pursuant to the provisions of Section 402 of the Series 2007C Supplemental Trust Agreement the Trustee will deposit the following sums attributable to the Series 2002C Facilities to be lease purchased hereunder in the following accounts from the proceeds of the Series 2007C Certificates:

Amount	Account
\$114,696,105.95	Escrow Deposit Trust Fund
233,250.00	Series 2007C Cost of Issuance Subaccount

6. **Basic Lease Payments.** The principal portion and the interest portion of the Basic Lease Payments, the Lease Payment Dates (December 30 and June 30) and the remaining principal portion with respect to the Series 2002C Facilities to be lease purchased, which amounts are represented by the Series 2002C Certificates, the Series 2005A Certificates and the Series 2007C Certificates attributable to such Facilities, are set forth in Exhibit C hereto. The Composite Schedule of Basic Lease Payments set forth in Exhibit C hereto shall be no less than the principal and interest payments with respect to the portion of the Certificates relating to the Series 2002C Facilities and shall only be amended in the event of a prepayment or a prepayment deposit of the principal portion of Basic Lease Payments represented by such portion of the Certificates pursuant to Section 7.2 or 7.3 of the Master Lease, and prepayment or defeasance of Series 2002C Certificates pursuant to Section 201 of the Series 2002C Supplemental Trust Agreement or Section 801 of the Master Trust Agreement, prepayment or defeasance of Series 2005A Certificates pursuant to Section 201 of the Series 2005A Supplemental Trust Agreement or Section 801 of the Master Trust Agreement and prepayment or defeasance of Series 2007C Certificates pursuant to

“Series 2002C Ground Lease” shall mean the Series 2002C Ground Lease dated as of May 15, 2002 between the School Board and the Corporation, as amended as of June 1, 2003, as further amended and restated as of June 1, 2004, as the same may be further amended or supplemented from time to time.

“Series 2002C Supplemental Trust Agreement” shall mean the Series 2002C Supplemental Trust Agreement dated as of May 15, 2002 between the Corporation and the Trustee.

“Series 2005A Certificates” shall mean the \$124,630,000 Certificates of Participation, Series 2005A dated March 22, 2005, issued under the Trust Agreement and evidencing undivided proportionate interests of the owners thereof in Basic Lease Payments to be made by the School Board pursuant to the Master Lease.

“Series 2005A Credit Facility” shall mean the municipal bond insurance policy issued by the Series 2005A Credit Facility Issuer on March 22, 2005, insuring the payment when due of the principal portions and interest portions of Basic Lease Payments represented by the Series 2005A Certificates.

“Series 2005A Credit Facility Issuer” shall mean Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof.

“Series 2005A Supplemental Trust Agreement” shall mean the Series 2005A Supplemental Trust Agreement dated as of March 1, 2005 between the Corporation and the Trustee.

“Series 2007C Certificates” shall mean the \$186,400,000 Certificates of Participation, Series 2007C dated as of March 1, 2007, issued under the Trust Agreement and evidencing undivided proportionate interests of the owners thereof in Basic Lease Payments to be made by the School Board pursuant to the Master Lease.

“Series 2007C Credit Facility” shall mean the municipal bond insurance policy issued by the Series 2007C Credit Facility Issuer on March 22, 2007, insuring the payment when due of the principal portions and interest portions of Basic Lease Payments represented by the Series 2007C Certificates.

“Series 2007C Credit Facility Issuer” shall mean Ambac Assurance Corporation, or any successor thereto or assignee thereof.

“Series 2007C Supplemental Trust Agreement” shall mean the Series 2007C Supplemental Trust Agreement dated as of March 1, 2007 between the Corporation and the Trustee.

2. **Lease Term.** The total of all Lease Terms of the Series 2002C Lease are expected to be approximately twenty five (25) years and seventy-seven (77) days consisting of an “Original Term” of approximately forty-six (46) days from May 15, 2002, through and including June 30, 2002, and twenty-five (25) Renewal Terms of twelve (12) months, each from July 1 through and including June 30 of the next succeeding calendar year, commencing July 1, 2002, and ending June 30, 2027, and the last Renewal Term of approximately thirty-one (31) days from July 1, 2027, through and including July 31, 2027. Each Lease Term shall be subject to annual renewal pursuant to the provisions of Article III of the Master Lease.

3. **Series 2002C Facilities to be Lease Purchased.** A general description of the Series 2002C Facilities and the estimated costs of the Series 2002C Facilities to be lease-purchased under the Series 2002C Lease are as set forth in Exhibit A 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.

Article III of the Series 2007C Supplemental Trust Agreement or Section 801 of the Master Trust Agreement.

The interest portion of the Basic Lease Payments represented by the Series 2002C Certificates, Series 2005A Certificates and Series 2007C Certificates, expressed as an annual interest rate, is exempt from the limitations on interest rates set forth in Section 215.84, Florida Statutes, since the Certificates are rated within the three highest rating categories by a nationally recognized rating service.

7. **Additional Lease Payments.** Additional Lease Payments with respect to the Series 2002C Lease consist of the following:

- Trustee Fees: Acceptance Fee of \$1,500. Annual fee \$3,500, payable annually in advance. An additional fee will be imposed in the event that a guaranteed investment contract is executed plus all associated costs thereof.
- Trustee Expenses: Expenses to be billed at cost. Legal fee for Trustee counsel at closing of \$3,500. An additional fee will be imposed in the event that a guaranteed investment contract is executed plus all associated costs thereof.
- Credit Facility Issuer Payment: \$624,434.29 to be paid to the Series 2002C Credit Facility Issuer upon issuance of the Series 2002C Certificates with respect to the Series 2002C Credit Facility.
- Counterparty Fee: Any fee due to a Counterparty, pursuant to a Hedge Agreement.

Additional Lease Payments with respect to the Series 2005A Certificates consist of the following amounts to be paid with respect to the Series 2002C Lease:

- Trustee Fees: Acceptance Fee of \$1,500. Annual fee \$3,500, payable annually in advance.
- Trustee Expenses: Expenses to be billed at cost. Legal fee for Trustee counsel at closing of \$3,500.00. Thereafter, reasonable costs and expenses pursuant to the Master Lease or Trust Agreement.
- Credit Facility Issuer Payment: \$473,859.73 to be paid to the Series 2005A Credit Facility Issuer upon issuance of the Series 2005A Certificates.

Additional Lease Payments with respect to the Series 2007C Certificates consist of the following amounts to be paid with respect to the Series 2002C Lease:

1. Trustee Fees: Annual fee \$1,000, payable annually in advance.
2. Trustee Expenses: Expenses at closing to be billed at cost. Thereafter, reasonable costs and expenses pursuant to the Master Lease or Trust Agreement.
3. Escrow Agent Fees: Annual fee \$750, payable annually in advance.
4. Credit Facility Issuer Payment: \$337,848.90 to be paid to the Series 2007C Credit Facility Issuer upon issuance of the Series 2007C Certificates.

8. Prepayment Provisions. In addition to or in lieu of the prepayment provisions of Section 7.2 of the Master Lease, the principal portion of the Basic Lease Payments due as provided in Section 6 of Schedule 2002C are subject to the following prepayment provisions:

A. Optional Prepayment

Series 2002C Certificates

(i) The principal portion of Basic Lease Payments due on or before June 30, 2012 (to be paid to Certificateholders on or before August 1, 2012), 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, 2013 (to be paid to Certificateholders on or after August 1, 2013), shall be subject to prepayment on or after June 30, 2012, by the School Board, in whole or in part, at any time, and if in part, in such order of due dates of the principal portion of the Basic Lease Payments as shall be designated by the School Board to be prepaid, at the Prepayment Price equal to 100% of the principal portion being prepaid, plus the interest portion of the Basic Lease Payments accrued to the Prepayment Date.

Series 2005A Certificates

(i) The principal portion of Basic Lease Payments due on or before June 30, 2015 (to be paid to Certificateholders on or before August 1, 2015), 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, 2016 (to be paid to Certificateholders on or after August 1, 2016), shall be subject to prepayment on or after June 30, 2015, by the School Board, in whole at any time, or in part on the first day of any calendar month, and if in part, in such order of due dates of the principal portion of the Basic Lease Payments as shall be designated by the School Board to be prepaid, at a Prepayment Price equal to 100% of the principal portion of Basic Lease Payments being prepaid, plus the interest portion of the Basic Lease Payments accrued to the Prepayment Date.

Series 2007C Certificates

(i) With respect to the Series 2007C Certificates relating to this Schedule, the principal portion of Basic Lease Payments due on or before June 30, 2017 shall not be subject to prepayment at the option of the School Board.

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(3) The Corporation hereby represents that the Master Lease is in effect and that to its knowledge there are no defaults on the date of execution of this Schedule 2002C under any Lease, Ground Lease or the Trust Agreement.

B. 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 2002C Credit Facility Issuer, the Series 2005A Credit Facility Issuer and the Series 2007C Credit Facility Issuer at the following addresses:

Series 2002C Credit Facility Issuer
Financial Security Assurance Inc.
350 Park Avenue
New York, NY 10022
Attention: Managing Director – Surveillance
Policy No.: 29058-N

Series 2005A Credit Facility Issuer
Financial Security Assurance Inc.
350 Park Avenue
New York, NY 10022
Attention: Managing Director – Surveillance
Policy No.: 204299-N

Series 2007C Credit Facility Issuer
Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004
Attention: Surveillance Department

C. Supplemental Provisions Required by Series 2002C Credit Facility Issuer and the Series 2005A Credit Facility Issuer. For the purpose of the Series 2002C Lease as long as the Series 2005A Credit Facility or the Series 2002C Credit Facility is in full force and effect, unless otherwise waived in writing by the Series 2005A Credit Facility Issuer and the Series 2002C Credit Facility Issuer, the following provisions shall apply; provided that compliance with paragraphs (7), (8), and (9) below shall not be required so long as the amount generated by 80% of the Issuer's legally available capital outlay millage at 95% collections based on the most current, certified taxable assessed valuation plus 80% of the amount derived from legally available sales tax moneys shall produce an amount sufficient to cover maximum annual debt service on the School Board's lease and other obligations payable from such legally available capital outlay millage and/or legally available sales tax moneys. For the purposes of the above test, maximum annual debt service shall be calculated at the same rates as in the budgeting requirements of paragraph (5) below and (unhedged) fixed rate debt shall be calculated at the actual rate. The amount of legally available capital outlay millage shall be the millage that the School Board may levy and use to make Basic Lease Payments. Legally available sales tax moneys shall include voter approved sales tax levies that are legally available to make Basic Lease Payments (a) as specifically authorized in the referendum approving such sales tax and otherwise authorized by law, including any necessary resolutions of the School Board or (b) to the extent the Series 2005A Credit Facility Issuer and the Series 2002C Credit Facility Issuer receive an opinion to such effect (such opinion to be in form and substance satisfactory, and from counsel acceptable to, the Series 2005A Credit Facility Issuer and the Series 2002C Credit Facility Issuer). The amount of legally available sales tax moneys shall be based on a reasonable estimate of such taxes derived from historical collections of such tax or from collections of an existing sales tax. If any portion of the legally available capital outlay millage or legally available sales tax moneys shall have a stated expiration date, then the revenues calculated above must be adjusted

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(ii) With respect to the Series 2007C Certificates relating to this Schedule, the principal portion of Basic Lease Payments due on or after June 30, 2018 shall be subject to prepayment on or after June 30, 2017 by the School Board in whole or in part on any Business Day at the option of the School Board, and if in part, in such order of due dates of the principal portion of the Basic Lease Payments as shall be designated by the School Board to be prepaid, at the Prepayment Price equal to 100% of the principal portion of Basic Lease Payments to be prepaid plus the interest portion of the Basic Lease Payments with respect to such prepaid principal portion accrued to the Prepayment Date.

B. Extraordinary Prepayment.

In lieu of the extraordinary prepayment provisions of Section 7.2(B) of the Master Lease, the principal portion of the Basic Lease Payments due as provided in Section 6 of Schedule 2002C are subject to the following extraordinary prepayment provisions:

(i) The principal portions of Basic Lease Payments due under the Series 2002C Lease shall be subject to prepayment in whole or in part at any time and if in part, in inverse order of the due dates or on a proportional basis, as shall be designated by the School Board, at a Prepayment Price of par plus the interest accrued to the Prepayment Date, if there are Net Proceeds equal to or greater than ten percent (10%) of the remaining principal portion of the Basic Lease Payments relating to the Series 2002C Facilities as a result of damage, destruction or condemnation of any portion of the Series 2002C Facilities and an election is made by the School Board under Section 5.4(b) of the Master Lease with the consent of the Series 2002C Credit Facility Issuer, the Series 2005A Credit Facility Issuer and the Series 2007C Credit Facility Issuer to apply the amount to the prepayment in part of the principal portions of Basic Lease Payments relating to the Series 2002C Facilities and represented by the Outstanding Series 2002C Certificates, Series 2005A Certificates or the Series 2007C Certificates, which shall be applied pro rata between the three Series of Certificates.

(ii) The principal portion of Basic Lease Payments due under the Series 2002C Lease shall be subject to prepayment in whole on any date at the option of (a) the Series 2002C Credit Facility Issuer with respect to the principal portion of Basic Lease Payments represented by the Series 2002C Certificates, (b) the Series 2005A Credit Facility Issuer with respect to the principal portion of Basic Lease Payments represented by the Series 2005A Certificates and (c) at the option of the Series 2007C Credit Facility Issuer with respect to the principal portion of Basic Lease Payments represented by the Series 2007C Certificates, from funds provided by the Series 2002C Credit Facility Issuer, Series 2005A Credit Facility Issuer or Series 2007C Credit Facility Issuer, as the case may be, if the Lease Term is terminated for the reasons set forth in Sections 4.1(b) or 4.1(c) of the Master Lease.

9. Other Special Provisions

A. Representations. (1) The School Board hereby represents, covenants and warrants that adequate water, sanitary sewer and storm sewer utilities, electric power, telephone and other utilities are available to the Series 2002C Facility Sites, or the cost of making them available is included in the School Board's acquisition and construction budget for the Series 2002C Facility Sites.

(2) The School Board hereby confirms its representations, covenants and warranties set forth in Section 2.10 of the Master Lease, except that all references therein to the Master Lease shall be deemed to refer to the Master Lease as supplemented by this Schedule 2002C, and except as otherwise provided below. The Corporation hereby confirms its representations, covenants and warranties set forth in Section 2.11 of the Master Lease, except that all references therein to the Master Lease shall be deemed to refer to the Master Lease as supplemented by this Schedule 2002C, and except as otherwise provided below.

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for such expiring taxes and 80% of the remaining tax revenues may not be less than the maximum annual debt service coming due after such tax expiration. The above test shall be performed annually upon preparation of the following year's budget.

The provisions of paragraph (8) below shall apply only to swap agreements entered into after the first date of noncompliance with the above coverage requirement. The provisions of paragraph (9) shall apply only to swap agreements entered into after the first date of noncompliance with the above coverage requirement unless such noncompliance was caused by the incurrence of additional debt by or on behalf of the School Board.

(1) The School Board may not substitute for any Series 2002C Facilities other facilities owned by the School Board pursuant to Section 6.4 of the Master Lease without the consent of the Series 2005A Credit Facility Issuer and the Series 2002C Credit Facility Issuer.

(2) The School Board may not release a Series 2002C Facility or a Series 2002C Facility Site without the prior written consent of the Series 2005A Credit Facility Issuer and the Series 2002C Credit Facility Issuer.

(3) The Series 2005A Credit Facility Issuer and the Series 2002C Credit Facility Issuer shall be provided with the following information:

(a) Annual audited financial statements within 180 days after the end of the School Board's fiscal year (together with a certification of the School Board that it is not aware of any default or Event of Default under the Trust Agreement) and the School Board's annual budget within 30 days after the approval thereof;

(b) Notice of any default known to the Trustee or the School Board within five Business Days after knowledge thereof;

(c) Prior notice of the advance refunding or prepayment of any of the Series 2005A Certificates, including the principal portion, maturities and CUSIP numbers thereof;

(d) Notice of the resignation or removal of the Trustee, Paying Agent and Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(e) Notice of the commencement of any proceeding by the School Board under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(f) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of the principal or interest portion of the Basic Lease Payments represented by the Series 2005A Certificates;

(g) A full original transcript of all proceedings, relating to the execution of any amendment or supplement to the Financing Documents; and

(h) All reports, notices and correspondences to be delivered under the terms of the Trust Agreement or the Series 2002C Lease.

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(4) There shall be no grace period for failure to pay in full any Additional Lease Payment or Supplemental Payment under Section 8.1(b) and the cure period for a covenant default pursuant to Section 8.1(c) of the Master Lease shall be thirty (30) days instead of sixty (60) days.

(5) The School Board agrees to include within its annual budget the actual amount of Lease Payments to the extent that the actual amounts required for such Lease Payments are known to the School Board at the time of preparation of its budget, or if actual amounts cannot be determined at the time of preparation of the budget, the estimated amounts of such payments. In order to make such estimates, the School Board agrees that it will utilize the following estimates and methodologies:

(a) while the interest portion of Basic Lease Payments pursuant to any Lease is calculated at a variable rate (i.e. the corresponding Certificates are variable rate) and a Qualified Swap Agreement is in effect, it will include in its budget in respect thereof an amount at least equal to the fixed rate payment payable by the School Board under such Qualified Swap Agreement; provided, however, that in the event the payment by the provider of the Qualified Swap Agreement is not computed at the actual interest rate payable with respect to the related Certificates, the School Board will also include in its budget in respect thereof an additional (i) .25% of the principal portion of Basic Lease Payments represented by the related Certificates if the payment by the swap provider is calculated based upon a tax-exempt index (the "Tax-Exempt Margin") or (ii) .75% of the principal portion of Basic Lease Payments represented by the related Certificates if the payment by the swap provider is calculated based upon a taxable index (the "Taxable Margin");

(b) while the interest portion of Basic Lease Payments for any Lease is calculated at a variable rate (i.e. the corresponding Certificates are variable rate) and a Qualified Swap Agreement is not in effect, the School Board shall budget in respect thereof the greater of (i) the amount of the swap payment to be made by the School Board (or if the swap payment is a floating amount, such amount shall be computed based upon the rate of calculation used in computing the most recent payment to the swap provider), if any, plus (x) the Tax-Exempt Margin if such swap payment is based on a tax-exempt index or (y) the Taxable Margin if such swap payment is based upon a taxable index, (ii) the average rate at which the interest portion of Basic Lease Payments had been determined for the prior 12 months, plus 1.00% on the principal portion of Basic Lease Payments represented by the related Certificates if the interest portion of Basic Lease Payments represented by such Certificates is calculated at a variable rate, or (iii) the most recent actual rate at which the interest portion of Basic Lease Payments represented by such Certificates is calculated plus 1.00%;

(c) in the event the School Board is obligated to pay the variable rate payment under any swap agreement and a Qualified Swap Agreement is in effect, the School Board shall budget the interest portion of Basic Lease Payments in respect of the related Certificates in an amount equal to the average net interest cost on the related Certificates (i.e. actual interest expense after giving effect to net swap payments) over the preceding 12 month period plus (i) the Tax-Exempt Margin if such swap payment is based upon a tax-exempt index and (ii) the Taxable Margin if such swap payment is based upon a taxable index; and

(d) while the interest portion of Basic Lease Payments is calculated at a fixed rate (i.e. the corresponding Certificates are fixed rate) and the School Board is required to make a variable rate payment under a swap that is not a Qualified Swap Agreement, the School Board shall include in its budget an amount equal to the greater of (i) the amount specified in paragraph 5(c) hereof and (ii) the actual interest rate at which the interest portion on the corresponding Certificates is calculated.

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(2) The School Board may not substitute for any Series 2002C Facilities other facilities owned by the School Board pursuant to Section 6.4 of the Master Lease without the consent of the Series 2007C Credit Facility Issuer;

(3) The School Board may not sublease, in whole or in part, a Series 2002C Facility pursuant to Section 7.1 of the Master Lease without the prior written consent of the Series 2007C Credit Facility Issuer;

(4) The cure period for a covenant default pursuant to Section 8.1(c) of the Master Lease shall be thirty (30) days instead of sixty (60) days; and

(5) Subject to the rights of the Series 2002C Credit Facility Issuer and Series 2005A Credit Facility Issuer pursuant to Section 9.C. hereof and pursuant to Section 505 of the Master Trust Agreement, the Series 2007C Credit Facility Issuer shall direct and control all Remedies on Default pursuant to Section 8.2 of the Master Lease.

E. Continuing Disclosure. For purposes of the Series 2002C Lease, the School Board hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Series 2002C Lease, failure of the School Board to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee may (and, at the request of any participating underwriter or the Holders of at least 25% aggregate principal amount in Outstanding Series 2002C Certificates, Series 2005A Certificates or Series 2007C Certificates, shall) or any Holder of the Series 2002C Certificates, Series 2005A Certificates or Series 2007C Certificates or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the School Board to comply with its obligations under this Section 9.E. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2002C Certificates, Series 2005A Certificates or Series 2007C Certificates (including persons holding Series 2002C Certificates, Series 2005A Certificates or Series 2007C Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2002C Certificates, Series 2005A Certificates or Series 2007C Certificates for federal income tax purposes.

F. Notice of Amendments. The School Board shall provide written notice to each Rating Agency at least 15 days in advance of the execution of any amendments to the Series 2002C Lease, the Trust Agreement, the Escrow Deposit Agreement, the Series 2002C Assignment Agreement or the Series 2002C Ground Lease. A full transcript of all proceedings relating thereto shall be provided to the Series 2002C Credit Facility Issuer, the Series 2005A Credit Facility Issuer and the Series 2007C Credit Facility Issuer.

G. Notice of Completion. The School Board shall provide the Series 2002C Credit Facility Issuer, the Series 2005A Credit Facility Issuer and the Series 2007C Credit Facility Issuer a copy of the Certificate of Completion set forth in Exhibit B to the Master Lease at the same time it is filed with the Trustee.

H. Release of Lien. No release, substitution or sublease of any portion of the Series 2002C Facilities or Facility Sites may be made without the prior written consent of the Series 2002C Credit Facility Issuer, the Series 2005A Credit Facility Issuer and the Series 2007C Credit Facility Issuer.

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(6) The School Board agrees to amend its budget, by emergency budget if necessary, subject to and in accordance with requirements of applicable law, if amounts due under the Master Lease Agreement in any Fiscal Year exceed the amount budgeted therefor.

(7) If the test set forth in the in the initial paragraph of this Section 9C is not satisfied, not more than 25% of the total principal amount of outstanding obligations of the School Board secured by capital leases shall be variable rate obligations. For purposes of this determination the following shall apply: (a) variable rate obligations hedged by a Qualified Swap Agreement shall not be included as variable rate obligations and (b) an early termination under a Qualified Swap Agreement or a failure of a swap agreement to remain a Qualified Swap Agreement shall not cause the principal amount of variable rate obligations to exceed 25% unless a substitute Qualified Swap Agreement has not been entered into within 60 days from the date of such early termination or failure to remain a Qualified Swap Agreement.

(8) If the test set forth in the initial paragraph of this Section 9C is not satisfied, any termination payment due under a swap agreement in connection with a Lease shall be insured by an insurance company rated "AAA" or "Aaa" by at least two major rating agencies.

(9) If the test set forth in the in the initial paragraph of this Section 9C is not satisfied, not more than the greater of (i) \$50,000,000 and (ii) 25% of the total principal amount of outstanding obligations of the School Board secured by capital leases shall be subject to swap agreements with any single counterparty (treating each entity that is separately capitalized and has a separate rating as a separate counterparty for such purpose).

(10) The right to exercise remedies under the Master Lease for an event of default or event of non-appropriation shall be limited to (i) a Credit Facility Issuer that insures or supports payment of the principal and interest portions of Basic Lease Payments represented by Certificates or (ii) the holders of Certificates (with the consent of the Credit Facility Issuer).

(11) Any termination payments to be made by the School Board to a swap provider in connection with any Series of Certificates may only be Additional Lease Payments (i.e. they shall not be considered Basic Lease Payments).

(12) There shall be added to Section 5.3 of the Master Lease the following:

The insurance required by this Section 5.3 shall be provided by carriers rated at least "A" by Standard & Poor's Ratings Services (a "Qualified Insurer") unless each Credit Facility Issuer shall approve an insurer with a lower rating. If an insurer's rating falls below "A" (or, with respect to an insurer approved by each Credit Facility Issuer with a rating lower than "A," falls below the rating such insurer had when approved by each Credit Facility Issuer), such insurer shall be replaced with a Qualified Insurer unless each Credit Facility Issuer shall approve an insurer with a lower rating.

D. Supplemental Provisions Required by Series 2007C Credit Facility Issuer. For purposes of the Series 2002C Lease, the following provisions shall apply:

(1) To the extent the School Board elects to self-insure for any damage or liability as provided in Section 5.3 of the Master Lease, such self-insurance moneys may not be commingled with any other School Board moneys, and any self-insurance program pursuant to the provisions of Section 5.3 of the Master Lease shall be approved by the Series 2007C Credit Facility Issuer;

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IN WITNESS WHEREOF, the Trustee has caused this Schedule 2002C to be executed in its corporate name by its duly authorized officer, and the Corporation has caused this Schedule 2002C to be executed in its corporate name by its duly authorized officers, and the School Board has caused this Schedule 2002C to be executed in its name by its duly authorized members or officers on the date set forth below their respective signatures and all as of the day and year first written above.

[SEAL] **THE BANK OF NEW YORK TRUST COMPANY, N.A., as Trustee**

By: _____
Barbara Buck
Vice President

[SEAL] **PALM BEACH SCHOOL BOARD LEASING CORP.**

Attest:

By: _____
Art Johnson
Secretary

By: _____
William Graham
President

[SEAL] **THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**

Attest:

By: _____
Art Johnson
Secretary

By: _____
William Graham
Chairman

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EXHIBIT A TO SCHEDULE 2002C

DESCRIPTION OF 2002C FACILITIES AND ESTIMATED COSTS

A. General Description of Series 2002C Facilities

SCHOOL DESCRIPTION	SCHEDULED OPENING
<p>Wellington Area Elementary School (02-S)</p> <p>This school, to be located in the western part of Palm Beach County, will have 122,000 gross square feet and a projected student capacity of 970. The school will provide enrollment relief for adjacent elementary schools. The school will have 6 kindergarten classrooms, 18 primary classrooms, 10 intermediate classrooms, 4 ESE classrooms, 2 ESE resource room, 2 supplementary instruction rooms, music, art, 3 skills labs, physical education storage, covered play area, 6 regular resource rooms, media, administration and guidance, food service, teacher dining, teacher planning, stage and support, multipurpose, textbook storage and equipment storage.</p>	August 2003
<p>West Lake Worth/Lantana Elementary School (01-R)</p> <p>This school, to be located in the western part of Palm Beach County, will have 22,000 gross square feet and a projected student capacity of 970. The school will provide enrollment relief for adjacent elementary schools. The school will have 6 kindergarten classrooms, 18 primary classrooms, 10 intermediate classrooms, 4 ESE classrooms, 2 ESE resource rooms, 2 supplementary instruction rooms, music, art, 3 skills labs, physical education storage, covered play area, 6 regular resource rooms, media, administration and guidance, food service, teacher dining, teacher planning, stage and support, multipurpose, textbook storage and equipment storage.</p>	August 2003
<p>West Boca/Delray Area High School (01-LLL)</p> <p>This school, to be located in the southern part of Palm Beach County, will have a projected student capacity of 1,821 with a core capacity of 2,516. This new school is expected initially to have 24 general classrooms, 11 science demonstration classrooms, drivers education, 4 skills labs, 9 regular resource rooms, 7 ESE classrooms, 3 ESE resource rooms, 3 supplementary instruction rooms, art, music, gymnasium, career education labs, media, administration and guidance, food service, teacher dining, teacher planning, stage and support, auditorium, textbook storage and equipment storage.</p>	August 2004
<p>Forest Hill High School Modernization</p> <p>This school, located in the central part of Palm Beach County in the City of West Palm Beach, will have a recommended student capacity of 1,814. The project will</p>	August 2004

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include approximately 238,000 of new construction and 31,000 square feet of remodeled space. The modernized school is expected to have 30 general classrooms, 7 science demonstration classrooms, drivers education, 5 skills labs, 7 regular resource rooms, 10 ESE classrooms, 4 ESE resource rooms, 4 supplementary instruction rooms, art, music, gymnasium, vocational labs, media, administration and guidance, food service, teacher dining, teacher planning, stage and support, auditorium, textbook storage and equipment storage.

U.B. Kinsey/Palmview Elementary School Modernization

This project encompasses the partial replacement and modernization of an elementary school, which is located in the central part of Palm Beach County in the City of West Palm Beach. The modernized school is expected to have 7 kindergarten classrooms, 10 primary classrooms, 7 intermediate classrooms, 5 ESE classrooms, 5 resource rooms, 2 supplementary instruction rooms, music, art, 2 skills labs, physical education storage, covered play area, media, administration and guidance, food service, teacher dining, teacher planning, stage and support, multipurpose, textbook storage and equipment storage. Remaining classrooms will be remodeled. FFE for this project is being financed by the Series 2002A Certificates of Participation. The modernized school will have a student capacity of 750.

August 2004

Village Academy Addition

This classroom addition will be constructed on the campus of the Village Academy in the City of Delray Beach. It will have a recommended student capacity of 330 and will increase the size of the facility by 26,040 square feet. The addition will add 10 general classrooms, 2 ESE classrooms, 2 skills labs, 4 resource rooms, teacher planning and administration.

July 2003

Panther Run Elementary School Addition and HVAC Replacement

This school, located in the western part of Palm Beach County, is proposed for an addition of approximately 45,339 gross square feet and 370 student stations for an overall total of 964 student stations. To address class size reduction and plan for special program needs, the addition will have 4 kindergarten classrooms, 8 primary classrooms, 6 intermediate classrooms, 2 skills development labs, 4 resource rooms, 3 ESE classrooms, administration, student services, food services, library media center, multipurpose, physical education, stage, and custodial space. This project also includes the complete replacement of the HVAC system, removal of existing individual room ventilators, repairs to wall and casework, new chillers, ductwork and controls. The acoustical ceilings will be replaced and new energy efficient lighting will be installed.

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B. Estimated Costs of Series 2002C Facilities

Facility	Furnishings, Fixtures & Equipment	Design	Construction	Total Project Cost
Wellington Area Elementary School (02-S)	\$1,000,000	\$600,000	\$12,106,487	\$13,706,487
West Lake Worth/Lantana Elementary School (01-R)	1,000,000	600,000	12,106,101	13,706,101
West Boca/Delray Area High School (01-LLL)	3,000,000	2,500,000	46,614,137	52,114,137
Forest Hill High School Modernization	2,500,000	1,028,000	47,148,112	50,676,112
U.B. Kinsey/Palmview Elementary School Modernization	700,000	625,000	11,777,337	13,102,337
Village Academy Addition	300,000	250,000	3,884,591	4,434,591
Panther Run Elementary School Addition/HVAC Replacement	370,000	300,000	9,885,484	10,555,484
TOTAL	\$8,870,000	\$5,903,000	\$143,522,248	\$158,295,248

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EXHIBIT B TO SCHEDULE 2002C

LEGAL DESCRIPTIONS AND PERMITTED ENCUMBRANCES OF SERIES 2002C FACILITY SITES

A. Legal Description of Real Estate

Description of Real Estate

WELLINGTON AREA ELEMENTARY SCHOOL (02-S)

A PORTION OF TRACT 51 BLOCK 19, PALM BEACH FARMS CO. PLAT No. 3, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 2, PAGES 45 THROUGH 54 INCLUSIVE, OF THE PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA, SAID PORTION BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHWEST CORNER OF TRACT 49, OF SAID BLOCK 19; THENCE ALONG THE SOUTH LINE OF SAID TRACTS 49 THROUGH 51, BLOCK 19 NORTH 89°23'00" EAST (BASIS OF BEARINGS) 1597.70 FEET; THENCE NORTH 00°37'00" WEST 50.13 FEET TO THE POINT OF BEGINNING; THENCE NORTH 42°27'40" WEST 80.00 FEET; THENCE NORTH 47°32'20" EAST 204.34 FEET; THENCE NORTH 02°32'20" EAST 8.00 FEET; THENCE NORTH 42°27'40" WEST 211.01 FEET; THENCE SOUTH 47°32'20" WEST 70.00 FEET; THENCE SOUTH 42°27'40" EAST 12.67 FEET; THENCE SOUTH 02°32'20" WEST 35.82 FEET; THENCE SOUTH 87°27'40" EAST 25.33 FEET; THENCE SOUTH 02°32'20" WEST 22.00 FEET; THENCE SOUTH 87°27'40" EAST 18.00 FEET; THENCE SOUTH 02°32'20" WEST 77.33 FEET; THENCE NORTH 87°27'12" WEST 18.00 FEET; THENCE SOUTH 02°32'20" WEST 22.00 FEET; THENCE NORTH 87°27'40" WEST 13.33 FEET; THENCE SOUTH 02°32'20" WEST 34.00 FEET; THENCE NORTH 87°27'40" WEST 102.00 FEET; THENCE NORTH 02°32'20" EAST 87.00 FEET; THENCE SOUTH 87°27'40" EAST 12.00 FEET; THENCE NORTH 02°32'20" EAST 12.66 FEET; THENCE SOUTH 87°27'40" EAST 36.05 FEET; THENCE NORTH 02°32'20" EAST 181.53 FEET; THENCE NORTH 47°32'20" EAST 21.33 FEET; THENCE NORTH 42°27'40" WEST 18.00 FEET; THENCE NORTH 47°32'20" EAST 116.67 FEET; THENCE SOUTH 42°27'40" EAST 98.67 FEET; THENCE SOUTH 47°32'20" WEST 32.67 FEET; THENCE SOUTH 42°27'40" EAST 255.33 FEET; THENCE NORTH 47°32'20" EAST 14.67 FEET; THENCE SOUTH 42°27'40" EAST 41.33 FEET; THENCE SOUTH 47°32'20" WEST 294.00 FEET TO THE POINT OF BEGINNING.

SAID LANDS SITUATE, LYING, AND BEING IN THE VILLAGE OF WELLINGTON, PALM BEACH COUNTY, FLORIDA AND CONTAINING 71797 SQUARE FEET (1.648 ACRES) MORE OR LESS., FLORIDA AND CONTAINING 71797 SQUARE FEET (1.648 ACRES) MORE OR LESS.

WEST BOCA/DELRAY AREA HIGH SCHOOL (01-LLL)

A parcel of land lying in Section 22, Township 47 South, Range 41 East, Palm Beach County, Florida, and being more particularly described as follows: COMMENCING at the northwest corner of said Section 22, thence S.01°16'28"E. along the west line of said section 406.79 feet; thence N.88°43'32"E., 680.28 feet to the POINT OF BEGINNING; thence N.65°59'37"E., 242.03 feet; thence N.00°16'03"W., 106.45 feet; thence N.89°43'57"E., 514.67 feet; thence S.00°16'03"E., 148.86 feet; thence

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N.89°43'57"E., 390.76 feet; thence S.24°00'23"E., 152.68 feet; thence S.65°59'37"W., 1053.78 feet; thence N.24°00'23"W., 556.00 feet to the POINT OF BEGINNING.

FOREST HILL HIGH SCHOOL MODERNIZATION

[See Separate Sheet]

WEST LAKE WORTH/LANTANA ELEMENTARY SCHOOL (01-R)

A parcel of land lying in tracts 14 and 15, Plat of the Northwest Quarter (NW1/4) of Section 36, Township 44 South, Range 42 East, Plat Book 3, Page 10, Public Records of Palm Beach County, Florida, being more particularly described as follows:

From the northwest corner of said section 36, run S02°08'51"W along the west line of said section 36 a distance of 1386.88 feet; thence S86°53'42"E along the north line of said tract 14 a distance of 44.79 feet to a point on the easterly right-of-way line of Haverhill Road, continue thence S86°53'42"E along said north line of distance of 172.36 feet; thence leaving said north line S02°41'57"W a distance of 183.35 feet to the point of beginning. Thence S02°08'52"W a distance of 552.42 feet; thence S87°51'08"E a distance of 385.66 feet; thence S02°08'52"W a distance of 31.39 feet; thence S87°51'08"E a distance of 28.00 feet; thence N02°08'52"E a distance of 88.00 feet; thence N87°51'08"W a distance of 141.16 feet; thence N02°08'52"E a distance of 498.81 feet; thence N87°51'08"W a distance of 272.50 feet to the point of beginning.

Said herein described parcel containing 3.68 acres more or less.

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U.B. KINSEY/PALMVIEW ELEMENTARY SCHOOL MODERNIZATION

All of Block 23; Lots 1 through 10 inclusive, the East 95 feet of Lots 11 and 12, Block 18; All of Block 19; the West 100 feet of Lots 13 through 15 inclusive, Lots 16 through 19 inclusive and the West 100 feet of Lots 19 through 24 inclusive, Block 20; Lots 5 and 6 inclusive, Block 13; Freshwater Addition, a subdivision according to the Plat thereof, recorded in Plat Book 6, Page 29, Public Records of Palm Beach County, Florida.

Together with those portions of abandoned Rights of Way as contained in instruments recorded in Official Record Book 5556, Page 1183 and Official Record Book 10342, Page 1946;

Together with all that portion of alley within Block 23; Together with that portion of Ninth Avenue (now known as 11th Street) lying easterly of the southerly extension of the west line of Block 23, and lying westerly of the southerly extension of the east line of Block 23, Amended Plat of Freshwater Addition to the Town of West Palm Beach, as recorded in Plat Book 6, Page 29, Public Records of Palm Beach County, Florida, as set forth in Official Record Book 15747, Page 106, Public Records of Palm Beach County, Florida.

Containing 7.497 acres, more or less.

VILLAGE ACADEMY ADDITION

A portion of the east one-half (E 1/2) of lot 17, Section 20, Township 46 South, Range 43 East, as recorded in Plat Book 1, Page 4 of the Public Records of Palm Beach County, Florida, being more particularly described as follows:

Commence at the southeast corner of Lot 17, Section 20, Township 46 South, Range 43 East, as recorded in Plat Book 1, Page 4 of the Public Records of Palm Beach County, Florida; thence N89°22'15"W along the south line of said Lot 17 for a distance of 25.00 feet to the point of beginning; thence continue N89°22'15"W along said south line for a distance of 629.43 feet; thence N00°41'56"E along a line parallel with and 30.00 feet east of as measured at right angles to the west line of the east one-half of said Lot 17 for a distance of 131.33 feet; thence S89°22'15"E for a distance of 483.40 feet; thence N05°19'43"E for a distance of 54.54 feet; thence N89°12'33"E for a distance of 17.22 feet; thence N05°47'17"E for a distance of 16.54 feet; thence S84°37'12"E for a distance of 124.18 feet; thence S00°56'23"W along a line parallel with and 25.00 feet west of as measured at right angles to the east line of said Lot 17 for a distance of 192.30 feet to the point of beginning.

Said lands situate within the city of Delray Beach, Palm Beach County, Florida.

Containing 2.11 acres more or less.

PANTHER RUN ELEMENTARY SCHOOL ADDITION/HVAC REPLACEMENT

Commence at the northeast corner of Tract "A" Elementary School "K", according to the Plat thereof as recorded in Plat Book 68, Pages 165 and 166 of the Public Records of Palm Beach County, Florida; Thence S00°52'23"W along the east line of Tract "A" of said Plat of Elementary School "K" for 145.61 feet; Thence departing from said east line N89°07'37"W for 103.68 feet; to the Point of Beginning; Thence S00°52'23"W for 114.72 feet; Thence N89°07'37"W for 63.99 feet; Thence S00°52'23"W for 22.51 feet; Thence N89°07'37"W for 214.49 feet; Thence N00°52'23"E for 97.33 feet; Thence S89°07'37"E for 122.89 feet; Thence N00°52'23"E for 39.90 feet; Thence S89°07'37"E for 155.58 feet to the Point of Beginning. Said lands situate within Palm Beach County, Florida.

Containing 0.73 acres, more or less.

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WEST LAKE WORTH/LANTANA ELEMENTARY SCHOOL

B. Permitted Encumbrances

Description of Real Estate

WELLINGTON AREA ELEMENTARY SCHOOL (02-S)

1. Matters shown on the Plat recorded in Plat Book 2, Page 45, as affected by Resolution recorded in Official Record Book 5704, Page 498 and Official Record Book 5775, Page 96.
2. Mineral reservations reserved by Farmers Production Credit Association of South Florida in deed recorded in Deed Book 1058, Page 131 and Official Record Book 288, Page 567.
3. Reservations in favor of the Lake Worth Drainage District recorded in Official Record Book 1994, Page 1615.
4. Settlement Agreement between Minto Communities, Inc., Drexel Investments, Inc. the City of Greenacres and the Village of Palm Springs, recorded in Official Record Book 11229, Page 794.
5. Ordinance No. 98-23, annexing subject property into the Village of Wellington recorded in Official Record Book 11283, Page 1282.
6. Potable Water and Wastewater Development Agreement recorded in Official Record Book 12288, Page 1973.

WEST BOCA/DELRAY AREA HIGH SCHOOL (01-LLL)

1. Plat of Boca Falls Civic Site recorded in Plat Book 72, Page 118.
2. Plat of Oriole Country recorded in Plat Book 32, Page 175.
3. Developer Agreement with South Palm Beach Utilities Corporation recorded in Official Record Book 3390, Page 1757.
4. Developer Agreement with Palm Beach County recorded in Official Record Book 5757, Page 757.
5. Resolution 93-3 by the Lake Worth Drainage District annexing lands into the boundaries of the Lake Worth Drainage District recorded in Official Record Book 7766, Page 1940.
6. Reservations contained in Deed from the Trustees of the Internal Improvement Trust Fund recorded in Deed Book 40, Page 42, and as partially released in Official Record Book 2751, Page 1673 and Official Record Book 3731, Page 22. The right of entry has been released pursuant to Chapter 86-205, Laws of Florida, which amended §270.11, Florida Statutes.
7. Canal and Road Reservations contained in Deed from the Everglades Drainage District recorded in Deed Book 693, Page 395.

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1. Reservations in favor of the Trustees of the Internal Improvement Trust Fund contained in Deed recorded in Deed Book 626, Page 156.
2. Reservations in favor of the Lake Worth Drainage District recorded in Deed Book 652, Page 396 and Deed Book 796, Page 429.

FOREST HILL HIGH MODERNIZATION

1. Easement granted to the City of West Palm Beach recorded in Official Record Book 2327, page 873.
2. Easement granted to Florida Power & Light Company recorded in Official Record Book 2273, page 513.
3. Easement granted to Florida Public Utilities Company recorded in Official Record Book 192, page 202.

U.B. KINSEY/PALMVIEW ELEMENTARY MODERNIZATION

1. Easements reserved and shown on the Plat of Freshwater Addition, recorded in Plat Book 6, Page 29.
2. Ordinance 2908-95 designating a Local Historic District recorded in Official Record Book 9229, Page 1071.
3. Ordinance 2909-95 designating a Local Historic District recorded in Official Record Book 9229, Page 1075 and amended in Official Record Book 9482, Page 1728.

VILLAGE ACADEMY ADDITION

1. Conditional abandonment of easement and right of way as provided by Resolution No. 1039 adopted by the City Commission of the City of Delray Beach, Florida, dated February 11, 1957.
2. Easement in favor of Florida Power & Light recorded in Official Record Book 253, Page 465 and corrected in Official Record Book 302, Page 328.
3. Easement in favor of the City of Delray Beach recorded in Official Record Book 1647, Page 1044.

PANTHER RUN ELEMENTARY SCHOOL ADDITION/HVAC REPLACEMENT

1. Easements and other matters as shown in Plat Book 68, Pages 165 and 166.

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2. Reservations contained in Deed Book 1045, Page 561, as modified in Official Record Book 1731, Page 1294, in Official Record Book 2619, Page 1673, and as partially released in Official Record Book 5678, Page 611.
3. Utility easement contained in Official Record Book 6981, Page 496.

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EXHIBIT C TO SCHEDULE 2002C

LEASE PAYMENT SCHEDULE

Series 2002C Facilities (Composite)

Lease Payment Date	Basic Lease Payment	Principal Portion	Interest Portion	Remaining Balance
7/15/2007	\$1,834,612.92	\$625,000.00	\$2,459,612.92	\$113,145,000.00
1/15/2008	2,547,425.00		2,547,425.00	
7/15/2008	2,547,425.00	120,000.00	2,667,425.00	113,025,000.00
1/15/2009	2,545,025.00		2,545,025.00	
7/15/2009	2,545,025.00	125,000.00	2,670,025.00	112,900,000.00
1/15/2010	2,542,525.00		2,542,525.00	
7/15/2010	2,542,525.00	130,000.00	2,672,525.00	112,770,000.00
1/15/2011	2,539,925.00		2,539,925.00	
7/15/2011	2,539,925.00	135,000.00	2,674,925.00	112,635,000.00
1/15/2012	2,537,225.00		2,537,225.00	
7/15/2012	2,537,225.00	140,000.00	2,677,225.00	112,495,000.00
1/15/2013	2,534,425.00		2,534,425.00	
7/15/2013	2,534,425.00	4,325,000.00	6,859,425.00	108,170,000.00
1/15/2014	2,426,300.00		2,426,300.00	
7/15/2014	2,426,300.00	4,625,000.00	7,051,300.00	103,545,000.00
1/15/2015	2,310,675.00		2,310,675.00	
7/15/2015	2,310,675.00	195,000.00	2,505,675.00	103,350,000.00
1/15/2016	2,306,775.00		2,306,775.00	
7/15/2016	2,306,775.00	225,000.00	2,531,775.00	103,125,000.00
1/15/2017	2,302,275.00		2,302,275.00	
7/15/2017	2,302,275.00	455,000.00	2,757,275.00	102,670,000.00
1/15/2018	2,293,175.00		2,293,175.00	
7/15/2018	2,293,175.00	645,000.00	2,938,175.00	102,025,000.00
1/15/2019	2,280,275.00		2,280,275.00	
7/15/2019	2,280,275.00	215,000.00	2,495,275.00	101,810,000.00
1/15/2020	2,275,975.00		2,275,975.00	
7/15/2020	2,275,975.00	6,375,000.00	8,650,975.00	95,435,000.00
1/15/2021	2,116,600.00		2,116,600.00	
7/15/2021	2,116,600.00	6,670,000.00	8,786,600.00	88,765,000.00
1/15/2022	1,983,200.00		1,983,200.00	
7/15/2022	1,983,200.00	7,005,000.00	8,988,200.00	81,760,000.00
1/15/2023	1,825,587.50		1,825,587.50	
7/15/2023	1,825,587.50	7,375,000.00	9,200,587.50	74,385,000.00
1/15/2024	1,659,650.00		1,659,650.00	
7/15/2024	1,659,650.00	7,765,000.00	9,424,650.00	66,620,000.00
1/15/2025	1,484,937.50		1,484,937.50	
7/15/2025	1,484,937.50	11,015,000.00	12,499,937.50	55,605,000.00
1/15/2026	1,237,100.00		1,237,100.00	
7/15/2026	1,237,100.00	11,210,000.00	12,447,100.00	44,395,000.00
1/15/2027	998,887.50		998,887.50	
7/15/2027	998,887.50	44,395,000.00	45,393,887.50	0.00
	\$87,330,537.92	\$113,770,000.00	\$201,100,537.92	

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SERIES 2001A-1
GROUND LEASE

Dated as of April 1, 2001

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 2001A-1 Facility Sites)

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(Series 2001A Facility Sites)

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EXHIBIT A SERIES 2001A-1 FACILITY SITES	

THIS SERIES 2001A-1 GROUND LEASE dated as of April 1, 2001, between THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA, (the "School Board") acting as the governing body of the School District of Palm Beach County, Florida (the "District"), as Lessor and the PALM BEACH SCHOOL BOARD LEASING CORP. (the "Corporation"), a not-for-profit corporation organized and existing under and pursuant to Chapter 617 and Section 237.40, Florida Statutes, as Lessee.

W I T N E S S E T H:

WHEREAS, the School Board has the power, under Section 230.23(2) Florida Statutes, as amended, to receive, purchase, acquire, lease, sell, hold, transmit and convey title to real and personal property for educational purposes, and under Section 230.23(9) Florida Statutes, as amended, to enter into leases or lease-purchase agreements of grounds and educational facilities, or of educational facilities for school purposes; and

WHEREAS, the Corporation has the authority to acquire educational facilities by lease or deed for the benefit of the School Board; and

WHEREAS, the Corporation is a "private corporation" within the meaning of Section 230.23(9)(b)6, Florida Statutes, as amended, and is a "direct support organization" within the meaning of Section 237.40, Florida Statutes, as amended; and

WHEREAS, in order to carry out its powers and authority to acquire facilities and equipment, the School Board and the Corporation have entered into a Master Lease Purchase Agreement dated as of November 1, 1994 (as the same may be amended and supplemented from time to time, the "Master Lease"); and

WHEREAS, the School Board is the owner of certain real property located in Palm Beach County, Florida, and described in Exhibit A attached hereto (which real property, together with all buildings, structures and improvements now or hereafter erected or situated thereon, any easements or other rights or privileges in adjoining property inuring to the fee simple owner of such land by reason of ownership of such land, and all

fixtures, additions, alterations or replacements thereto, now or hereafter located in, on or used in connection with or attached or made to such land is hereinafter referred to as a "Series 2001A-1 Facility Site" or, in the case of separate parcels, such parcels are herein collectively referred to as the "Series 2001A-1 Facility Sites"); and

WHEREAS, the School Board desires to lease-purchase one or more particular educational facilities to be located on the Series 2001A-1 Facility Sites (individually and collectively, the "Series 2001A-1 Facilities"), pursuant to Schedule 2001A-1 to the Master Lease (which schedule, upon being executed and delivered by the School Board and the Corporation, together with the terms and provisions of the Master Lease, constitutes a separate lease, as the same may be amended or supplemented from time to time, the "Series 2001A-1 Lease"); and

WHEREAS, it is anticipated that a portion of the Series 2001A-1 Facilities may be attached to one or more existing structures of the School Board adjacent to the Series 2001A-1 Facility Sites; may be dependent upon adjacent property of the School Board for pedestrian and vehicular ingress, egress and access to and from and between the Series 2001A-1 Facility Sites and the public roads adjoining the adjacent property of the School Board ("Access"); and may further be dependent upon the School Board's adjacent property for utility and other services which would be necessary for the full use and enjoyment of the Series 2001A-1 Facility Sites including, but not limited to, drainage, sewer and water service, electric, telephone and gas service and parking of vehicles (collectively, "Services"); and

WHEREAS, the Corporation desires to acquire from the School Board, pursuant to this Series 2001A-1 Ground Lease, and the School Board is willing to grant to the Corporation, the right to utilize the adjacent property of the School Board to the extent reasonably necessary for Access and for the Services, and the Corporation and the School Board desire to provide for the structural attachment of certain of the Series 2001A-1 Facilities to the adjacent property of the School Board; and

WHEREAS, the ground leasing of the Series 2001A-1 Facility Sites, the sub-leasing of the Series 2001A-1 Facility Sites back to the School Board and the lease-purchase financing and construction of the Series 2001A-1 Facilities are herein collectively referred to as the "Series 2001A-1 Project"; and

WHEREAS, the School Board has on October 25, 2000, after due notice as required by law, held an open, public meeting on the proposal of entering into this Series 2001A-1 Ground Lease, at which meeting a copy of this Series 2001A-1 Ground Lease in final form was available for inspection and review by the public; and

WHEREAS, provisions for the payment of the cost of acquiring and constructing the Series 2001A-1 Facilities have been made by (a) establishing a trust pursuant to the Master Trust Agreement dated as of November 1, 1994, as supplemented by a Series 2001A Supplemental Trust Agreement dated as of April 1, 2001 (as the same may be further amended or supplemented from time to time, the "Trust Agreement"), between the Corporation and The Bank of New York Trust Company of Florida, N.A., as agent for The Bank of New York (successor by acquisition to NationsBank of Florida, N.A.), Jacksonville, Florida, as Trustee (the "Trustee"), and irrevocably assigning to the Trustee without recourse all of the Corporation's right, title and interest in and to this Series 2001A-1 Ground Lease and the Series 2001A-1 Lease and one other lease to be entered into contemporaneously herewith (the "Series 2001A-2 Lease", as defined in the Trust Agreement), except for certain rights to indemnification, to hold title to the Series 2001A-1 Facilities and to receive notices, (b) directing the Trustee for such trust to execute and deliver to the public certificates of participation (the "Series 2001A Certificates") evidencing undivided proportionate interests of the Owners thereof in the right to receive Basic Lease Payments to be made by the School Board, as lessee, pursuant to the Series 2001A-1 Lease and the Series 2001A-2 Lease (the Series 2001A-1 Lease and the Series 2001A-2 Lease being collectively referred to as the "Series 2001A Leases") and (c) directing the Trustee to hold the proceeds of sale of the Series 2001A Certificates in trust subject to application only to pay the costs of acquisition and construction of the Series 2001A-1 Facilities and the costs of the Series 2001A-2 Facilities (as defined in the Trust Agreement) (collectively, the "Series 2001A Facilities"); and

WHEREAS, each Series 2001A Certificate represents an undivided proportionate interest in the principal portion of the Basic Lease Payments set forth on Schedules 2001A-1 and 2001A-2 due and payable on the maturity date or earlier prepayment date of the Series 2001A Certificates and in the interest portion of the Basic Lease Payments set forth on Schedules 2001A-1 and

2001A-2 due and payable semiannually, to and including such maturity date or earlier prepayment date; and

WHEREAS, the Corporation will assign to the Trustee all of its right, title and interest in and to this Series 2001A-1 Ground Lease, the Series 2001A Leases and the Series 2001A-1 Lease Payments (except for certain indemnification rights and the right of the Corporation to hold title to the Series 2001A-1 Facilities and to receive notices), pursuant to the Series 2001A Assignment Agreement dated as of April 1, 2001 (as the same may be amended or supplemented from time to time, the "Series 2001A Assignment Agreement"); and

WHEREAS, the School Board intends for the Series 2001A Leases to remain in full force and effect until August 1, 2026, which is at least 31 days after the last Lease Payment Date for the Series 2001A Facilities, unless sooner terminated in accordance with the terms provided therein; and

WHEREAS, the School Board intends for this Series 2001A-1 Ground Lease to remain in full force and effect until the termination of the Lease Term, as provided below.

NOW, THEREFORE, the School Board and the Corporation accordingly hereby covenant and agree as follows:

Section 1. Lease of Series 2001A-1 Facility Sites.
Subject to Permitted Encumbrances (as described in Exhibit A attached hereto and made a part hereof), the School Board hereby demises and leases the Series 2001A-1 Facility Sites, more particularly described in Exhibit A, to the Corporation, and the Corporation hereby hires, takes and leases the Series 2001A-1 Facility Sites from the School Board, for the term, at the rental and on the conditions herein set forth. Such demising and leasing shall include the following rights:

(i) The right to utilize the adjacent property of the School Board for Access and for the Services reasonably necessary to the full use and enjoyment of the Series 2001A-1 Facility Sites; provided that the locations on the adjacent property of the School Board utilized for such purposes shall be reasonably agreed upon by the Corporation and the School Board; and provided, further, that the rights shall include, but not necessarily be limited to, the right to utilize for such purposes any portion of the adjacent property of the School Board (e.g., the rights

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Roofing of any Series 2001A-1 Facilities extend beyond the Lot Line, the right therefor is hereby granted and should the Roofing of the adjacent property of the School Board extend beyond the Lot Line onto the Series 2001A-1 Facility Sites, the right therefor is hereby reserved.

(D) The entire concrete floor slab or wood floor system if utilized in lieu thereof and all foundational and support structures and appurtenances thereto to the extent interrelated between the Series 2001A-1 Facilities and the adjacent property of the School Board (collectively referred to as "Flooring"). Should the Flooring of the Series 2001A-1 Facilities extend beyond the Lot Line, the right therefor is hereby granted and should the Flooring of the adjacent property of the School Board extend beyond the Lot Line onto the Series 2001A-1 Facility Sites, the right therefor is hereby reserved.

(iii) The Series 2001A-1 Facility Sites rights further include the right of the Series 2001A-1 Facilities to encroach upon the adjacent property of the School Board as a result of minor inaccuracies in survey, construction or reconstruction or due to settlement or movement. The encroaching Series 2001A-1 Facilities shall remain undisturbed for as long as same exist and, for so long as such encroachment exists, that portion of the adjacent property of the School Board on which same exists shall be deemed to be a part of the Series 2001A-1 Facility Sites. In addition, the Series 2001A-1 Facility Sites rights include the right to utilize that portion of the adjacent property of the School Board as may be reasonably necessary in order to maintain and repair the Series 2001A-1 Facilities. The Series 2001A-1 Facility Sites rights further include cross rights of support and use over, upon, across, under, through and into the common structural elements in favor of the Corporation (and like rights are hereby reserved unto the School Board) for the continued use, benefit and enjoyment and continued support, service, maintenance and repair of all such common structural elements.

The School Board, at its sole expense, shall bring or cause to be brought to the Series 2001A-1 Facility Sites adequate connections for water, electrical power, telephone, storm

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shall include, but not necessarily be limited to, the right to utilize for appropriate purposes, any drives, parking areas, drainage facilities or sewer, water, gas, electric or telephone lines from Line to Line located upon the adjacent property of the School Board, together with the right to "tie-in" or "connect" thereto). If the Lease Term of the Series 2001A Leases terminates prior to the termination of the term of this Series 2001A-1 Ground Lease, the School Board and the Corporation shall each have the right to install such meters or submeters as may be reasonably appropriate to the end that the Corporation is charged for consumption of such utilities on the Series 2001A-1 Facility Sites.

(ii) The adjacent property of the School Board and the Series 2001A-1 Facilities may contain certain elements, features or parts which are structural elements of both the adjacent property of the School Board and the Series 2001A-1 Facilities. Such Series 2001A-1 Facilities include, but are not necessarily limited to, the following:

(A) All utility lines, ducts, conduits, pipes and other utility fixtures and appurtenances which are located on or within either the Series 2001A-1 Facility Sites or Series 2001A-1 Facilities on the one hand or the adjacent property of the School Board on the other hand and which, directly or indirectly, in any way, service the other.

(B) All division walls (hereinafter referred to as "Party Walls") between the Series 2001A-1 Facilities and the adjacent property of the School Board upon the common line between the Series 2001A-1 Facility Sites and the adjacent property of the School Board (hereinafter referred to as the "Lot Line") provided that the mere fact that such a division wall is found not to be on the Lot Line shall not preclude that division wall from being a Party Wall.

(C) The roof and all roof support structures and any and all appurtenances to such roof and roof support structures including, without limitation, the roof covering, roof trim and roof drainage fixtures (collectively the "Roofing") to the extent interrelated between the Series 2001A-1 Facilities and the adjacent property of the School Board. Should the

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sewerage and sewerage, and shall arrange with the appropriate utility companies for furnishing such services and shall provide to the Series 2001A-1 Facility Sites water services and capacity sufficient for the contemplated operation of the Series 2001A-1 Facilities thereon, including, but not limited to, heating, ventilation and air conditioning equipment. Either the School Board or the Corporation shall have the right, at its own expenses, to request and receive telephone and communication services from the utility companies furnishing such services subject to the customary rules and regulations of said utility companies whether the companies deliver such services directly through their own conduits or pipes, or through conduits and pipes owned by the School Board. The School Board agrees to grant such utility companies rights of access over, under and across the remaining property of the School Board adjoining the Series 2001A-1 Facility Sites, if any, as shall be necessary and convenient for the efficient operation of the Series 2001A-1 Facility Sites, and which do not materially impair the present and future uses of such remaining property of the School Board, if any.

Section 2. Ground Lease Term; Option to Renew. The initial Ground Lease Term for the Series 2001A-1 Facility Sites shall commence on the date of the delivery of this Series 2001A-1 Ground Lease (the "Commencement Date") and shall end on August 1, 2031. If, upon the termination of the Lease Term as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the Corporation or the Trustee as the assignee of the Corporation excludes the School Board from possession of the Series 2001A-1 Facility Sites and Series 2001A-1 Facilities, the School Board grants to the Corporation the right and option to renew this Series 2001A-1 Ground Lease for an additional term not to exceed five (5) years, at a fair market rental to be determined, adjusted and paid in the manner set forth in Section 3 of this Series 2001A-1 Ground Lease.

Notwithstanding the foregoing, this Series 2001A-1 Ground Lease may be terminated by the School Board on any date prior to the end of the initial term or any renewal term hereof, which date is at least one (1) day after the date of termination of the Series 2001A-1 Lease, upon not less than ten (10) days prior written notice to the Corporation, (a) upon payment of the Purchase Option Price, pursuant to Section 7.2 of the Master Lease, with respect to the Series 2001A-1 Facilities, and full performance and satisfaction of the School Board's obligations

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under the Series 2001A-1 Lease, or (b) upon the provision for payment of all Lease Payments under the Series 2001A-1 Lease pursuant to Section 7.3 of the Master Lease, together in each case with payment of the sum of \$1.00. This Series 2001A-1 Ground Lease may likewise be modified at the request of the School Board at any time, upon similar notice and modification of the Series 2001A-1 Lease (a) to reflect the substitution of all or a portion of the Series 2001A-1 Facilities and Series 2001A-1 Facility Sites in accordance with Section 6.4 of the Master Lease, or (b) upon payment or provision for payment of the Purchase Option Price of all or a portion of one or more particular Series 2001A-1 Facilities pursuant to Section 7.3 of the Master Lease, to reflect the release of one or more portions of the Series 2001A-1 Facility Sites from this Series 2001A-1 Ground Lease.

Section 3. Rent. (a) So long as the Lease Term has not been terminated as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the Corporation shall pay to the School Board as and for rental for the Series 2001A-1 Facility Sites the sum of one dollar (\$1.00) per annum, which sum shall be due in advance on the Commencement Date (pro rated) and annually thereafter on the first day of each renewal Lease Term. At the option of the Corporation, the Corporation may prepay all or a portion of the Ground Rent payable hereunder for the entire initial lease term hereof from the proceeds of sale of the Certificates or otherwise.

(b) From and after the date on which the Lease Term shall have been terminated as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the Corporation shall pay as and for rental for the Series 2001A-1 Facility Sites an amount determined by an M.A.I. appraisal to be the fair market rental for the Series 2001A-1 Facility Sites (the "Appraisal"), which Appraisal shall be prepared by an appraiser selected by the Trustee as assignee of the Corporation (the cost of such Appraisal to be paid by the Trustee and reimbursed as provided in Article VI of the Trust Agreement); provided, however, that such fair market rental and the payment thereof shall be subject to the following adjustments and conditions:

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Section 4. Title to Series 2001A-1 Facility Sites; Possession. (a) Upon the Commencement Date and throughout the term of this Series 2001A-1 Ground Lease, fee title to the Series 2001A-1 Facility Sites shall be in the name of the School Board, subject to Permitted Encumbrances; title to the Series 2001A-1 Facilities constructed on the Series 2001A-1 Facility Sites shall be in the name of the Corporation and shall remain severed from title to the Series 2001A-1 Facility Sites until the earlier of (i) payment in full, or provision for payment, of all Lease Payments under the Series 2001A-1 Lease or payment of the then applicable Purchase Option Price of the Series 2001A-1 Facilities, in accordance with Sections 7.2 or 7.3 of the Master Lease and Section 2 hereof, or (ii) the end of the term of this Series 2001A-1 Ground Lease.

(b) The Corporation shall at all times during the term of this Series 2001A-1 Ground Lease have a leasehold estate in the Series 2001A-1 Facility Sites with full right to vest the use, enjoyment and possession of such leasehold estate therein in a Permitted Transferee (as defined herein).

(c) Possession and use of the Series 2001A-1 Facility Sites, together with all improvements thereon, shall, upon the last day of the term of this Series 2001A-1 Ground Lease or earlier termination of this Series 2001A-1 Ground Lease pursuant to Section 2 hereof, automatically revert to the School Board free and clear of liens and encumbrances other than Permitted Encumbrances without necessity of any act by the Corporation or any Permitted Transferee. Upon such termination of this Series 2001A-1 Ground Lease, the Corporation shall peacefully and quietly surrender to the School Board the Series 2001A-1 Facility Sites together with any improvements located in or upon the Series 2001A-1 Facility Sites. Upon such surrender of the Series 2001A-1 Facility Sites, the Corporation or any Permitted Transferee, at the reasonable request of the School Board, shall execute an instrument in recordable form evidencing such surrender and shall deliver to the School Board all books, records, construction plans, surveys, permits and other documents relating to, and necessary or convenient for, the operation of the Series 2001A-1 Facility Sites in the possession of the Corporation or any Permitted Transferee.

(d) Any personal property of the Corporation, any Permitted Transferee or any Person which shall remain on the Series 2001A-1 Facility Sites after expiration or earlier termination of the term of this Series 2001A-1 Ground Lease and

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(i) if the Lease Term shall have been terminated on a date other than June 30 of any year, the fair market rental determined pursuant to the Appraisal shall be pro rated for the number of days between the date of termination and the next succeeding July 1;

(ii) for each twelve month period beginning on the July 1 next succeeding the date on which such termination occurs and beginning on each succeeding July 1, the amount of the fair market rental determined by the Appraisal shall be adjusted by the percentage (positive or negative) which is equal to the Implicit Price Deflator of the Consumer Price Index published by the United States Department of Commerce for the region of the United States where Florida is located or for the United States as a whole if not so published for such region;

(iii) the fair market rental due in any year shall be paid in the current year only to the extent that the moneys received by the Trustee as assignee of the Corporation from the exercise of the remedies permitted under the Series 2001A-1 Lease during the preceding twelve months prior to such July 1 exceeded the principal and interest portion of Basic Lease Payments under the Series 2001A-1 Lease payable for such preceding twelve months and other amounts described in Section 604 of the Trust Agreement; provided, however, that any portion of such fair market rental not paid in any year due to the provisions of this clause (iii) shall remain due and payable and shall accumulate from year to year and shall be paid in any future year to the extent that moneys received in such year from the exercise of the remedies permitted by the Series 2001A-1 Lease exceed the principal and interest portion of Basic Lease Payments under the Series 2001A-1 Lease and other amounts described in Section 604 of the Trust Agreement and the fair market rental due in such years; and

(iv) the failure to pay any portion of the fair market rental in any year due to insufficiencies of moneys realized from the exercise of the remedies permitted under the Series 2001A-1 Lease (1) shall not give rise to any obligation to pay interest on such unpaid fair market rental and (2) shall not constitute a default under this Series 2001A-1 Ground Lease by the Corporation or the Trustee as the assignee of the Corporation.

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for thirty (30) days after request by the School Board for removal, shall, at the option of the School Board, be deemed to have been abandoned and may be retained by the School Board and the same may be disposed of, without accountability, in such manner as the School Board may see fit.

(e) If the Corporation or any Permitted Transferee holds over or refuses to surrender possession of the Series 2001A-1 Facility Sites after expiration or earlier termination of this Series 2001A-1 Ground Lease, the Corporation or any Permitted Transferee shall be a tenant at sufferance and shall pay rent equal to the fair market rental of the Series 2001A-1 Facility Sites determined in the manner provided in Section 3(b) hereof.

Section 5. Use of Series 2001A-1 Facility Sites; Assignments and Subleases. The Corporation may use the Series 2001A-1 Facility Sites for any lawful purpose; however, the parties agree that unless the Series 2001A-1 Lease shall have been terminated as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the Series 2001A-1 Facility Sites shall be used solely for educational purposes. Unless the Series 2001A-1 Lease shall have been so terminated, no assignment of this Series 2001A-1 Ground Lease or subletting of the Series 2001A-1 Facility Sites may be made except as provided in the Series 2001A-1 Assignment Agreement, the Series 2001A-1 Lease, the Trust Agreement and in any agreement with a Credit Facility Issuer (as defined in the Trust Agreement), if any, without the prior written consent of the School Board. In the event that the Series 2001A-1 Lease shall be terminated pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, then the Corporation's interest in this Series 2001A-1 Ground Lease may be assigned by the Trustee to any third party, including a Credit Facility Issuer (a "Permitted Transferee"), who may alter, modify, add to or delete from the Series 2001A-1 Facilities existing from time to time on the Series 2001A-1 Facility Sites.

The School Board represents and covenants that the Series 2001A-1 Facility Sites are presently zoned to allow government use, and that the School Board shall take no action with respect to zoning or other land use regulation applicable to the Series 2001A-1 Facility Sites except as directed by the Corporation. The School Board shall do everything in its power to assist the Corporation in obtaining such building permits, subdivision approvals, or zoning changes or variances as the Corporation may

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deem necessary or desirable or such other permits, licenses, approvals or other actions which the Corporation deems necessary or desirable in order to enable the Corporation to use the Series 2001A-1 Facility Sites for such purposes as the Corporation shall determine, provided, however, that neither the Corporation nor any Permitted Transferee shall use or permit the Series 2001A-1 Facility Sites to be used in violation of any valid present or future laws, ordinances, rules or regulations of any public or governmental authority at any time applicable thereto.

It is understood that all right, title and interest of the Corporation in and to this Series 2001A-1 Ground Lease is to be irrevocably assigned by the Corporation to the Trustee pursuant to the Series 2001A Assignment Agreement, except that the Corporation shall continue to hold title to the Series 2001A-1 Facilities as described in Section 4 hereof and in the Series 2001A-1 Lease. The School Board agrees that upon such assignment the Trustee shall have all of the rights of the Corporation hereunder assigned to the Trustee, notwithstanding any claim, defense, setoff or counterclaim whatsoever (whether arising from a breach of this Series 2001A-1 Ground Lease or otherwise) that the School Board may from time to time have against the Corporation or any person or entity associated or affiliated therewith. The School Board acknowledges that the Trustee is acting on behalf of the Series 2001A Certificate holders, and may, under certain circumstances assign this Series 2001A-1 Ground Lease to a Permitted Transferee.

Notwithstanding anything to the contrary herein or in any exhibit, instrument, document or paper relating to this Series 2001A-1 Ground Lease or any of the transactions contemplated hereby, the parties hereto acknowledge and agree that upon the assignment by the Corporation of its rights hereunder to the Trustee pursuant to the Series 2001A Assignment Agreement, the Corporation shall have no further obligation, liability or responsibility hereunder and no party hereto nor its successors or assigns shall look to the Corporation for any damages, expenses, fees, charges or claims with respect to the failure of any obligations hereunder to be performed.

Section 6. Right of Entry. Unless the Series 2001A-1 Lease shall have been terminated as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the School Board shall have the right for any of its duly authorized representatives to enter

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Section 10. Condemnation. In the event that any person, public or private, shall by virtue of eminent domain or condemnation proceedings, or by purchase in lieu thereof, at any time during the Ground Lease Term acquire title to the Series 2001A-1 Facility Sites:

(a) So long as the Series 2001A-1 Lease is in effect, the Net Proceeds resulting therefrom shall be applied pursuant to the Master Lease.

(b) After the end of the Lease Term of the Series 2001A-1 Lease, (i) if such person acquires title to such a substantial portion of the Series 2001A-1 Facility Sites that the Corporation determines that it cannot economically make use of the residue thereof for the lawful purposes intended or permitted by this Series 2001A-1 Ground Lease, such acquisition of title or payment of such claim shall terminate the Ground Lease Term, effective as of the date on which the condemning party takes possession thereof or on the date of payment of such claim, as applicable, and the Net Proceeds resulting therefrom shall be paid to the School Board and the Corporation, as their respective interests may appear; and (ii) if such person acquires title to a portion of the Series 2001A-1 Facility Sites such that the Corporation determines that it can economically make beneficial use of the residue thereof for the purposes intended by this Series 2001A-1 Ground Lease, then this Series 2001A-1 Ground Lease shall continue in full force and effect and the Net Proceeds resulting therefrom shall be paid to the School Board and the Corporation, as their respective interests appear.

(c) Any taking of any portion of the Series 2001A-1 Facilities shall be deemed substantial hereunder.

(d) It is understood that the foregoing provisions of this Section 10 shall not in any way restrict the right of the School Board or the Corporation to appeal the award made by any court or other public agency in any condemnation proceeding.

Section 11. Estoppel Certificates. The School Board, at any time and from time to time, upon not less than thirty (30) days prior written notice from the Corporation, will execute, acknowledge and deliver to the Corporation, or to whomsoever it may direct, a certificate of the School Board certifying that

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upon the Series 2001A-1 Facility Sites at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 7. Default. In the event the Corporation shall be in default in the performance of any obligation on its part to be performed under the terms of this Series 2001A-1 Ground Lease, which default continues for sixty (60) days following notice and demand for correction thereof to the Corporation, the School Board may exercise any and all remedies granted by law; provided, however, that so long as any Series 2001A Certificates are outstanding and except as provided in Section 2 herein, this Series 2001A-1 Ground Lease shall not be terminated. The School Board shall have recourse solely against the leasehold estate of the Corporation in the Series 2001A-1 Facility Sites, and any proceeds thereof, for the payment of any liabilities of the Corporation hereunder. The rights of the School Board under this Section 7 shall be subordinate in all respects to the rights of the holders of the Series 2001A Certificates.

Section 8. Quiet Enjoyment. The Corporation at all times during the term of this Series 2001A-1 Ground Lease shall peacefully and quietly have, hold and enjoy the Series 2001A-1 Facility Sites, without hindrance or molestation subject to the provisions hereof and of the Series 2001A-1 Lease, the Series 2001A Assignment Agreement and the Trust Agreement.

Section 9. Liens. Unless the Series 2001A-1 Lease shall have been terminated as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, neither the School Board nor the Corporation shall, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to such Series 2001A-1 Facility Sites, other than Permitted Encumbrances. The School Board shall reimburse the Trustee for any expense incurred by the Trustee in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim. Upon termination of the Series 2001A-1 Lease as provided above, the Corporation, the Trustee and any Permitted Transferee may enter into a mortgage or other encumbrance of its leasehold estate in the Series 2001A-1 Facility Sites, provided, however, that the School Board's title to the Series 2001A-1 Facility Sites shall not be subject to or encumbered by any such mortgage or other encumbrance, including without limitation any mechanic's or materialman's liens.

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this Series 2001A-1 Ground Lease is unmodified (or, if there have been any modifications, identifying the same), that this Series 2001A-1 Ground Lease is in full force and effect and that there is no default hereunder (or, if so, specifying the default). It is intended that any such certificate may be relied upon by any Person.

Section 12. Amendments. No amendment may be made to this Series 2001A-1 Ground Lease without the prior written consent of the Trustee and the Series 2001A Credit Facility Issuer. Notwithstanding the foregoing, this Series 2001A-1 Ground Lease may be amended without the prior written consent of the Trustee and the Series 2001A Credit Facility Issuer for the purpose of adding a legal description and/or the permitted encumbrances for any designated Series 2001A-1 Facility Site. Copies of all amendments hereto shall be provided to the Rating Agencies (as defined in the Trust Agreement), whether effected pursuant to Section 702 or Section 703 of the Trust Agreement.

Section 13. Binding Effect. This Series 2001A-1 Ground Lease shall inure to the benefit of and shall be binding upon the Corporation and the School Board and their respective successors and assigns, provided, however, that the Trustee is entitled to the benefits of the provisions hereof.

Section 14. No Merger of Leasehold Estate. There shall be no merger of this Series 2001A-1 Ground Lease or of the leasehold estate hereby created with the fee estate in the Series 2001A-1 Facility Sites by reason of the fact that, through the exercise of remedies hereunder or otherwise, the same person may acquire or hold, directly or indirectly, this Series 2001A-1 Ground Lease or leasehold estate hereby created or any interest herein or therein, and the fee estate in the Series 2001A-1 Facility Sites or any interest in such fee estate. There shall be no merger of this Series 2001A-1 Ground Lease with the Series 2001A-1 Lease by reason of the fact that the School Board is the owner of the fee title to the Series 2001A-1 Facility Sites and the leasehold estate in the Series 2001A-1 Facilities created under the Series 2001A-1 Lease or by reason of the fact that the Corporation is the owner of the leasehold estate in the Series 2001A-1 Facility Sites created hereby and is the owner of the fee title in the Series 2001A-1 Facilities as provided in the Series 2001A-1 Lease.

Section 15. Notices. All notices, certificates, requests or other communications hereunder shall be in writing

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and shall be sufficiently given and shall be deemed given when delivered or mailed by certified mail, postage prepaid to the following addresses, or to such other address or addresses as shall be designated by the parties in writing:

Corporation: 3340 Forest Hill Boulevard
West Palm Beach, Florida 33406
Attention: President

School Board: 3340 Forest Hill Boulevard
West Palm Beach, Florida 33406
Attention: Superintendent of Schools

With copies to

Trustee: The Bank of New York
c/o The Bank of New York Trust
Company of Florida, N.A.
10161 Centurion Parkway
Jacksonville, Florida 32256
Attention: Corporate Trust Department

Series 2001A
Credit Facility

Issuer: Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004
Attention: Surveillance Department

Section 16. Severability. In the event any provision of this Series 2001A-1 Ground Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 17. Applicable Law. This Series 2001A-1 Ground Lease shall be governed by and construed in accordance with the laws of the State of Florida.

Section 18. Execution in Counterparts. This Series 2001A-1 Ground Lease may be executed in several counterparts, each of which shall be an original and all of which constitute but one and the same instrument.

Section 19. Memorandum of Lease. Simultaneously with the execution of this Series 2001A-1 Ground Lease, the School

Board and the Corporation shall each execute, acknowledge and deliver a Memorandum of Lease with respect to this Series 2001A-1 Ground Lease. Said Memorandum of Lease shall not in any circumstances be deemed to change or otherwise to affect any of the obligations or provisions of this Series 2001A-1 Ground Lease. Upon the modification of this Series 2001A-1 Ground Lease as provided in Section 2 hereof, the Memorandum of Lease shall be appropriately amended.

Section 20. No Personal Liability. No covenant or agreement contained in this Series 2001A-1 Ground Lease shall be deemed to be the covenant or agreement of any member of the School Board or the Corporation or any officer, employee or agent of the School Board or the Corporation, or of any successor thereto, in an individual capacity, and neither the members of the School Board or the Corporation executing this Series 2001A-1 Ground Lease nor any officer, employee, agent of the School Board or the Corporation shall be personally liable or accountable by reason of the execution or delivery hereof.

Section 21. Third Party Beneficiary. The Series 2001A Credit Facility Issuer shall be deemed to be a third party beneficiary of this Series 2001A-1 Ground Lease.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Corporation has caused this Series 2001A-1 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 2001A-1 Ground Lease to be executed in its name and its seal to be hereunto affixed by its duly authorized officials, all as of the date first above written.

THE SCHOOL BOARD OF PALM BEACH
COUNTY, FLORIDA

By: [Signature]
Thomas E. Lynch
Chairman

[SEAL]

Attest:

By: [Signature]
Art Johnson, Secretary

PALM BEACH SCHOOL BOARD LEASING
CORP.

By: [Signature]
Thomas E. Lynch
President

[SEAL]

Attest:

By: [Signature]
Art Johnson, Secretary

STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

I, Cheri E. Young, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Thomas E. Lynch 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 severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said School Board, and delivered the said instrument as the free and voluntary act of said School Board and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 24th day of April, 2001.

NOTARY PUBLIC
SEAL OF OFFICE:

Cheri E. Young
NOTARY PUBLIC, STATE OF FLORIDA

Cheri E. Young

(Name of Notary Public, Print,
Stamp or Type as Commissioned)



- Personally known to me, or
- Produced identification:
- (Type of Identification Produced)
- DID take an oath, or DID NOT take an oath

STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

EXHIBIT A TO SERIES 2001A-1 GROUND LEASE
SERIES 2001A-1 FACILITY SITES

I, Cheri E. Young, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Thomas E. Lynch and Dr. Art Johnson, personally known to me to be the same persons whose names are, respectively, as President and Secretary, respectively of PALM BEACH SCHOOL BOARD LEASING CORP., a Florida not-for-profit corporation, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said corporation, and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 24th day of April, 2001.

NOTARY PUBLIC
SEAL OF OFFICE:

Cheri E. Young
NOTARY PUBLIC, STATE OF FLORIDA

Cheri E. Young
(Name of Notary Public, Print,
Stamp or Type as Commissioned)

- Personally known to me,
or
 Produced identification:
(Type of Identification Produced)
 DID take an oath,
or
 DID NOT take an oath



A. Legal Description of Real Estate

LAKE WORTH HIGH SCHOOL

[TO COME]

ACREAGE AREA ELEMENTARY SCHOOL 96-B

A parcel of land situate in the Northeast one-quarter (NE 1/4) of Section 34, Township 42 South, Range 40 East, Palm Beach County, Florida, being more particularly described as follows:

The East 978.88 feet of the South 1335.00 feet of the Northeast one-quarter (NE 1/4) of Section 34, Township 43 South, Range 40 East.

BOCA RATON ELEMENTARY SCHOOL REPLACEMENT

[TO COME]

BOYNTON/DELRAY AREA ELEMENTARY SCHOOL 97-M

The West half (W 1/2) of the East half (E 1/2) of the Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) and the East half (E 1/2) of the West half (W 1/2) of the Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of Section 7, Township 45 South, Range 43 East, together with the North half (N 1/2) of the West quarter (W 1/4) of the Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of Section 7, Township 45 South, Range 43 East, Palm Beach County, Florida, LESS the North 108 feet thereof.

BOYNTON/DELRAY AREA ELEMENTARY SCHOOL 98-I

[TO COME]

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FORREST HILL ELEMENTARY SCHOOL MODERNIZATION/REPLACEMENT

[TO COME]

OKEECHOBEE CORRIDOR ELEMENTARY SCHOOL 96-D

[TO COME]

PLEASANT CITY AREA ELEMENTARY SCHOOL 98-N

[TO COME]

WELLINGTON AREA ELEMENTARY SCHOOL 96-I.

Tract C, CYPRESS WOODS I, according to the plat thereof, recorded in Plat Book 66, Page 127, Public Records of Palm Beach County, Florida

AND

Tracts 39 and 40, Block 24, PALM BEACH FARMS COMPANY PLAT NO. 3, according to the plat thereof, recorded in Plat Book 2, Page 45, Public Records of Palm Beach County, Florida. LESS the Westerly 35 feet of Tract 40 and LESS the Northerly 45 feet of said Tracts 39 and 40.

WEST BOCA RATON ELEMENTARY SCHOOL 96-H

Tract 9, together with the North one-half of the vacated 30 foot wide right of way adjoining the South line of Tract 9 and the North line of Tract 64, FLORIDA FRUITLANDS COMPANY'S SUBDIVISION NO. 2 of Section 11, Township 47 South, Range 41 East, according to the plat thereof, recorded in Plat Book 1, Page 102, Public Records of Palm Beach County, Florida.

WESTERN COMMUNITIES ELEMENTARY SCHOOL 96-J

[TO COME]

B. Permitted Encumbrances

LAKE WORTH HIGH SCHOOL

[TO COME]

ACREAGE AREA ELEMENTARY SCHOOL 96-B

1. Oil, gas and mineral reservations in favor of Southern States Land & Timber Corporation as reserved in deed recorded in Deed Book 941, Page 526, as modified in Official Records Book 312, Page 342.
2. Mutual Easement recorded in Official Records Book 1428, Page 581.
3. Notice of Establishment of the Cypress Grove Community Development District recorded in Official Records Book 11257, Page 1782.

BOCA RATON ELEMENTARY SCHOOL REPLACEMENT

[TO COME]

BOYNTON/DELRAY AREA ELEMENTARY SCHOOL 97-M

1. Easement(s) in favor of Florida Power & Light Company set forth in instrument(s) recorded in Official Records Book 632, Page 109, Official Records Book 645, Page 326, Official Records Book 667, Page 356, Official Records Book 12167, Page 1255, and Official Records Book 12167, and Official Records Book 12167, Page 1257.

BOYNTON/DELRAY AREA ELEMENTARY SCHOOL 98-I

[TO COME]

FORREST HILL ELEMENTARY SCHOOL MODERNIZATION/REPLACEMENT

[TO COME]

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A-3

OKEECHOBEE CORRIDOR ELEMENTARY SCHOOL 96-D

[TO COME]

PLEASANT CITY AREA ELEMENTARY SCHOOL 98-N

[TO COME]

WELLINGTON AREA ELEMENTARY SCHOOL 96-L

1. Restrictions, covenants, conditions and easements as set forth on that certain plat entitled Cypress Woods I recorded in Plat Book 66, Page 127. (Parcel 6)
2. Terms, covenants, conditions, easements, restrictions, reservations and other provisions, including provisions which provide for a private charge or assessment, according to that certain Declaration of Restrictions recorded in Official Records Book 6030, Page 765, and as amended in Official Records Book 6059, Page 775, Official Records Book 6191, Page 335, Official Records Book 6511, Page 490, and Official Records Book 9232, Page 1787.
3. Terms, covenants, conditions, easements, restrictions, reservations and other provisions, including provisions which provide for a private charge or assessments according to that certain Declaration of Restrictions recorded in Official Records Book 6520, Page 1515, and as amended in Official Records Book 7296, Page 1666, Official Records Book 9232, Page 1790, Official Records Book 9570, Page 1185, together with partial Assignment of Rights in Official Records Book 9351, Page 422.
4. Oil, gas and mineral reservations in favor of the Everglades Drainage District as reserved in deed recorded in Deed Book 919, Page 37, as modified by Non-use Commitment in Official Records Book 5997, Page 403.
5. Terms, conditions, and provisions of Cable Television Agreement recorded in Official Records Book 7845, Page 1320.
6. Terms, conditions, and provisions of Standard Potable Water and Wastewater Development Agreement recorded in Official Records Book 12099, Page 178.

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WEST BOCA RATON ELEMENTARY SCHOOL 96-H

1. Reciprocal Drainage Easement Agreement recorded in Official Records Book 8512, Page 200.
2. Easement in favor of Palm Beach County and Florida Power & Light Company recorded in Official Records Book 8512, Page 212.
3. Utility Easement in favor of Palm Beach County recorded in Official Records Book 10726, Page 1930.
4. Terms, conditions, and provisions of Standard Potable Water and Wastewater Development Agreement recorded in official Records Book 12099, Page 186.
5. Terms, conditions, and provisions of Memorandum of Amendment to Ground Lease recorded in Official Records Book 10479, Page 316.
6. Terms, conditions, and provisions of Memorandum of Lease recorded in Official Records Book 10479, Page 322.

WESTERN COMMUNITIES ELEMENTARY SCHOOL 96-J

[TO COME]

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A-5

FIRST AMENDMENT

Dated as of December 1, 2001

TO

SERIES 2001A-1 Ground Lease

Dated as of April 1, 2001

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

THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A.
as agent for The Bank of New York
(successor by acquisition to NationsBank of Florida, N.A.)
as Trustee and Assignee of
PALM BEACH SCHOOL BOARD LEASING CORP.
As Lessee

(Series 2001A-1 Facility Sites)

THIS FIRST AMENDMENT, dated as of December 1, 2001 (the "First Amendment"), to the Series 2001A-1 Ground Lease dated as of April 1, 2001 (the "Series 2001A-1 Ground Lease"), between THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA (the "School Board") acting as the governing body of the School District of Palm Beach County, Florida (the "District") as Lessor and THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A. as agent for The Bank of New York (successor by acquisition to NationsBank of Florida, N.A.) (the "Trustee") as Trustee and Assignee pursuant to a Series 2001A Assignment Agreement dated as of April 1, 2001 (the "Series 2001A Assignment Agreement") of PALM BEACH SCHOOL BOARD LEASING CORP. (the "Corporation"), a not-for-profit corporation organized and existing under and pursuant to Chapter 617, Florida Statutes, as Lessee. All terms used herein and not otherwise defined shall have the meanings given to such terms in the Series 2001A-1 Ground Lease.

WITNESSETH:

WHEREAS, as of April 1, 2001, the School Board and the Corporation entered into the Series 2001A-1 Ground Lease; and

WHEREAS, the Corporation assigned all of its interest in the Series 2001A-1 Ground Lease to the Trustee pursuant to the Series 2001A Assignment Agreement; and

WHEREAS, the Series 2001A-1 Ground Lease contemplated that it would be amended for the purpose of adding or correcting a legal description and/or permitted encumbrances for any designated Series 2001A 1 Facility Site to be ground leased pursuant to the Series 2001A-1 Ground Lease; and

WHEREAS, the School Board wishes to amend the Series 2001A-1 Ground Lease in order to add legal descriptions and permitted encumbrances for the following designated Series 2001A-1 Facility Sites: Lake Worth High School Classroom Addition, Boca Raton Elementary School Replacement, Boynton/Delray Area Elementary School 98-I, Forest Hill Elementary School Modernization/Replacement, Okeechobee Corridor Elementary School 96-D and Western Communities Elementary School 96-J, in order to subject such sites to the lien of the Series 2001A-1 Ground Lease;

NOW, THEREFORE, the parties hereto mutually agree to the following amendments to the Series 2001A-1 Ground Lease:

I. Exhibit A-Part A. LEGAL DESCRIPTION OF REAL ESTATE is hereby amended by adding under the headings "Lake Worth High School," "Boca Raton Elementary School Replacement," "Boynton/Delray Area Elementary School 98-1," "Forest Hill Elementary School Modernization/Replacement," "Okeechobee Corridor Elementary School 96-D" and "Western Communities Elementary School 96-J," the real estate descriptions attached hereto as Exhibit A-Part A.

II. Exhibit A-Part B. PERMITTED ENCUMBRANCES is hereby amended by adding under the headings "Lake Worth High School," "Boca Raton Elementary School Replacement," "Boynton/Delray Area Elementary School 98-1," "Forest Hill Elementary School Modernization/Replacement," "Okeechobee Corridor Elementary School 96-D" and "Western Communities Elementary School 96 J," the permitted encumbrances attached hereto as Exhibit A-Part B.

Section 12 of the Series 2001A-1 Ground Lease provides that the prior written consent of the Series 2001A Credit Facility Issuer to the execution of this First Amendment is not required. The School Board covenants to provide copies of this First Amendment to the Series 2001A Credit Facility Issuer and each of the Rating Agencies.

This First Amendment may be executed in several counterparts, each of which shall be an original and all of which constitute but one and the same instrument.

Except as amended hereby the Series 2001A-1 Ground Lease as amended by this First Amendment, shall remain in full force and effect and the parties hereto, by their execution hereof hereby ratify and confirm the Series 2001A-1 Ground Lease.

IN WITNESS WHEREOF, the School Board has caused this First Amendment to Series 2001A-1 Ground Lease to be executed in its name and its seal to be hereunto affixed by its duly authorized officials and the Trustee has caused this First Amendment to Series 2001A-1 Ground Lease to be executed in its corporate name and its corporate seal to be hereunto affixed and attested by its duly authorized officers, all as of the date first above written.

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

By: [Signature]
Thomas E. Lynch
Chairman

[SEAL]

Attest: [Signature]
By: [Signature]
Art Johnson
Secretary

[SEAL]

THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A. as agent for The Bank of New York, as Trustee and Assignee of Palm Beach School Board Leasing Corp.

By: [Signature]
Sheryl Lear
Authorized Signatory

STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Thomas E. Lynch and Dr. Art Johnson, Chairman and Secretary, respectively, of THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA, well known to me, named in the foregoing instrument, and that they severally acknowledged executing the same freely and voluntarily under authority duly vested in them by said School Board and that the seal affixed thereto is the true corporate seal of said School Board.

WITNESS my hand and official seal in the County and State last aforesaid this 12th day of December, 2001.

[Signature]
NOTARY PUBLIC, STATE OF FLORIDA

NOTARY PUBLIC
SEAL OF OFFICE:

(Name of Notary Public, Print, Stamp or Type as Commissioned.)

Personally known to me, or
 Produced identification:

(Type of Identification Produced)

DID take an oath, or
 DID NOT take an oath.



STATE OF FLORIDA)
) SS:
COUNTY OF DUVAL)

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Sheryl Lear, Authorized Signatory of THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., as agent for The Bank of New York, a New York banking corporation, well known to me, named in the foregoing instrument, and that she acknowledged executing the same freely and voluntarily under authority duly vested in her by said association and that the seal affixed thereto is the true corporate seal of said corporation.

WITNESS my hand and official seal in the County and State last aforesaid this 3rd day of January, 2002.

[Signature]
NOTARY PUBLIC, STATE OF FLORIDA

NOTARY PUBLIC
SEAL OF OFFICE:



(Name of Notary Public, Print, Stamp or Type as Commissioned.)

Personally known to me, or
 Produced identification:

(Type of Identification Produced)

DID take an oath, or
 DID NOT take an oath.

EXHIBIT A

BOYNTON/DELRAY AREA ELEMENTARY SCHOOL 98-I

A. LEGAL DESCRIPTION OF REAL ESTATE

The South One-Half of the Southeast One Quarter of the Southeast One Quarter of Section 31, Township 45 South, Range 43 East, Palm Beach County, Florida, less the South 40.92 feet for the L-28 Canal right-of-way and the East 60 feet for Congress Avenue.

LAKE WORTH HIGH SCHOOL

FOREST HILL ELEMENTARY SCHOOL MODERNIZATION/REPLACEMENT

A PARCEL OF LAND LOCATED IN SECTION 28, TOWNSHIP 44 SOUTH, RANGE 43 EAST, PALM BEACH COUNTY, FLORIDA BEING A PORTION OF TRACT 1, "SAWYER'S SUBDIVISION OF THE WEST 1/2 OF SECTION 28", DEED BOOK 137, PAGE 362, PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA; ALSO BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

All Tract A, Tract B less the East 75 feet of the North 203 feet, the South 237 feet of the West 286 feet of Tract C, and all Tract D, PLAT NO. 2 OF FOREST HILL VILLAGE, according to the plat thereof, recorded in Plat Book 26, Page 140, Public Records of Palm Beach County, Florida.

COMMENCE AT THE POINT FORMED BY THE INTERSECTION OF THE WEST RIGHT-OF-WAY LINE OF SOUTH "A" STREET AND THE NORTH RIGHT-OF-WAY LINE OF 3RD AVENUE SOUTH; THENCE RUN NORTH 01 23'09" EAST, ALONG SAID WEST RIGHT-OF-WAY LINE OF SOUTH "A" STREET, A DISTANCE OF 937.40 FEET; THENCE, DEPARTING SAID WEST RIGHT-OF-WAY LINE, NORTH 88 36'51" WEST, A DISTANCE OF 121.92 FEET TO THE POINT OF BEGINNING; THENCE NORTH 89 01'49" WEST, A DISTANCE OF 300.08 FEET; THENCE NORTH 00 58'11" EAST, A DISTANCE OF 100.67 FEET; THENCE SOUTH 89 01'49" EAST, A DISTANCE OF 300.08 FEET; THENCE SOUTH 00 58'11" WEST, A DISTANCE OF 100.67 FEET TO THE POINT OF BEGINNING CONTAINING 30,209.054 SQUARE FEET (0.6935) ACRES) MORE OR LESS. BEARINGS HEREON ARE BASED ON THE WEST RIGHT-OF-WAY LINE OF SOUTH "A" STREET BEARING NORTH 01 23'09" EAST.

OKEECHOBEE CORRIDOR ELEMENTARY SCHOOL 96-D

All of the Plat of Plat No. 3 of Lake Crystal according to the Plat recorded in Plat Book 78, Page 56 as recorded in the Public Records of Palm Beach County, Florida; said land situate, lying and being in PALM BEACH County, Florida.

BOCA RATON ELEMENTARY SCHOOL REPLACEMENT

WESTERN COMMUNITIES ELEMENTARY SCHOOL 96-J

Lots 49 through 53, inclusive, Lots 71, 72 and 73 and Public School Lot, Amended Plat of J.E. Ingraham's Addition to Boca Ratone, according to the plat thereof, as recorded in Plat Book 8, Page 54, of the Public Records of Palm Beach County, Florida. (Said Public School Lot formerly being Lots 35 through 48, inclusive, Lots 64 through 70, inclusive and adjoining streets, J.E. Ingraham's Addition to Boca Ratone, per Plat Book 6, Page 22, of the Public Records of Palm Beach County, Florida.

A portion of Parcel N, Madison Green-Plat No. 1, according to the plat thereof, recorded in Plat Book 88, Page 14, Public Records of Palm Beach County, Florida, being more particularly described as follows:

A-1

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A-2

Point of Beginning being the Southwest corner of said Tract N, said point being at the Northeast intersection of Okeechobee Road on the South and Polson Road on the West; thence North 2 degrees 16 minutes 14 seconds East along the East right-of-way line of said Polson Road and the East boundary of the plat of Loxahatchee Groves, as recorded in Plat Book 12, Page 29, Public Records of Palm Beach County, Florida, a distance of 578.43 feet; then East through the lands of said Parcel N, a distance of 344.82 feet; thence South through the lands of said Parcel N, a distance of 166.21 feet; thence East through the lands of said Parcel N, a distance of 279.73 feet to the East boundary line of said Tract N; Thence South 00 degrees 17 minutes 50 seconds West along the East boundary line of said Tract N, a distance of 405.76 feet to the North right-of-way line of Okeechobee Road; thence South 89 degrees 22 minutes 46 seconds West along the North right-of-way line of said Okeechobee Road, a distance of 645.44 feet to the Point of Beginning.

B. PERMITTED ENCUMBRANCES

LAKE WORTH HIGH SCHOOL

1. Streets and alley as shown on the Plat of Summit Park High School Subdivision recorded in Plat Book 11, Page 74, as affected by disclaimers recorded in Official Records Book 7288, Pages 1876 and 1878.
2. Reservations in favor of the Trustees of the Internal Improvement Fund of the State of Florida as reserved in deeds recorded in Deed Book 678, Page 490; Deed Book 826, Page 105; Deed Book 829, Page 136; Deed Book 964, Page 475. NOTE: Right to explore only with consent of surface owner.
3. Rights and easements in favor of the State of Florida Department of Transportation contained in deed recorded in Official Records Book 2218, Page 1232.
4. Easements in favor of the City of Lake Worth contained in instruments recorded in Official Records Book 2303, Page 1189; Official Records Book 2313, Page 622; Official Records Book 5755, Pages 783 and 785; Official Records Book 9168, Page 1798.
5. Easement in favor of Lake Worth Generation, LLC, contained in instrument recorded in Official Records Book 11780, Page 519.
6. Rights, if any, of the Lake Worth Utilities Authority under that certain deed recorded in Official Records Book 2042, Page 838.

BOCA RATON ELEMENTARY SCHOOL REPLACEMENT

1. Streets shown on plat of J. E. Ingraham's Addition to Boca Ratone, recorded in Plat Book 6, Page 22.
2. Easement in favor of Florida Power and Light Company contained in instrument recorded in Official Records Book 575, Page 503.

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A-3

FILED/STROBACH/1160107_000021.DOC/1/31/02/12528_01290

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3. Easement in favor of Florida Public Utilities Company contained in instrument recorded in Official Records Book 818, Page 729.

BOYNTON/DELRAY AREA ELEMENTARY SCHOOL 98-I

1. Easement in favor of the City of Boynton Beach contained in instrument recorded in Official Records Book 2774, Page 897.
2. Easement in favor of Lake Worth Drainage District, a Special Taxing District of the State of Florida, recorded in Official Record Book 12936, page 1330.

FOREST HILL ELEMENTARY SCHOOL MODERNIZATION/REPLACEMENT

1. Restrictions and easements as shown on the Plat of Plat No. 2 of Forest Hill Village recorded in Plat Book 26, Page 140.
2. Restrictions, covenants and conditions as set forth in that instrument recorded in Official Records Book 1903, Page 748.
3. Reservations in favor of the Everglades Drainage District contained in deed recorded in Deed Book 774, Page 151, as partially released in Official Records Book 350, Page 85.
4. Easement in favor of Southern Bell Telephone and Telegraph Company recorded in Official Records Book 376, Page 506.
5. Easement in favor of the Village of Palm Springs, Florida, recorded in Official Records Book 7018, Page 1004.
6. Easement in favor of the Village of Palm Springs, Florida recorded in Official Records Book 7103, Page 982.
7. Easement in favor of the Village of Palm Springs Water Utilities, Palm Beach County, Florida recorded in Official Records Book 12976, Page 1827.

OKEECHOBEE CORRIDOR ELEMENTARY SCHOOL 96-D

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A-5

1. Restrictions, reservations and easements as indicated on that certain Plat of Plat No. 3 of Lake Crystal recorded in Plat Book 78 at Page 56, as affected by that certain Resolution Vacating Easements recorded in Official Record Book 12520, page 390.
2. Restrictions, reservations and easements as indicated on that certain Plat of Replat of Plat No. 3 of Lake Crystal recorded in Plat Book 92 at Page 87.
3. Right of Way Easements in favor of Southern Bell Telephone and Telegraph Company as set forth in instrument recorded in Official Record Book 2119, Page 1611.
4. Easement in favor of Lake Worth Drainage District, a political subdivision of the State of Florida as set forth in instrument recorded in Official Record Book 5290, page 1295.
5. Terms, conditions and provisions of that certain Canal Maintenance Agreement recorded in Official Record Book 2312, Page 1181.
6. Terms, conditions and provisions of that certain Agreement recorded in Official Record Book 3559, Page 1277.
7. Terms, conditions and provisions of Standard Developers Agreement recorded in Official Record Book 5518, Page 58.
8. Easement Deed in favor of Lake Worth Drainage District, a Special Taxing District of the State of Florida recorded in Official Record Book 12599, Page 560.

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WESTERN COMMUNITIES ELEMENTARY SCHOOL 96-J

1. Restrictions, covenants, conditions, and easements as set forth on that certain plat entitled Madison Green-Plat No. 1 recorded in Plat Book 80, Page 14.
2. Private rights and easements, if any, in favor of all owners within the plat of Madison Green-Plat No. 1.
3. Terms, conditions, and provisions of Developer Agreement recorded in Official Records Book 6096, Page 621.
4. Terms, conditions, and provisions of Deed of Conservation Easement recorded in Official Records Book 11400, Page 1587.

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SECOND AMENDMENT

Dated as of June 1, 2003

TO

SERIES 2001A-1 Ground Lease

Dated as of April 1, 2001
As Amended as of December 1, 2001

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

THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A.
as agent for The Bank of New York
(successor by acquisition to NationsBank of Florida, N.A.)
as Trustee and Assignee of
PALM BEACH SCHOOL BOARD LEASING CORP.
As Lessee

(Series 2001A-1 Facility Site)

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A-7

THIS SECOND AMENDMENT, dated as of June 1, 2003 (the "Second Amendment"), to the Series 2001A-1 Ground Lease dated as of April 1, 2001, as previously amended as of December 1, 2001 (the "Series 2001A-1 Ground Lease"), between THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA (the "School Board") acting as the governing body of the School District of Palm Beach County, Florida (the "District") as Lessor and THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A. as agent for The Bank of New York (successor by acquisition to NationsBank of Florida, N.A.) (the "Trustee") as Trustee and Assignee pursuant to a Series 2001A Assignment Agreement dated as of April 1, 2001 (the "Series 2001A Assignment Agreement") of PALM BEACH SCHOOL BOARD LEASING CORP. (the "Corporation"), a not-for-profit corporation organized and existing under and pursuant to Chapter 617, Florida Statutes, as Lessee. All terms used herein and not otherwise defined shall have the meanings given to such terms in the Series 2001A-1 Ground Lease.

WITNESSETH:

WHEREAS, as of April 1, 2001, the School Board and the Corporation entered into the Series 2001A-1 Ground Lease; and

WHEREAS, the Corporation assigned all of its interest in the Series 2001A-1 Ground Lease to the Trustee pursuant to the Series 2001A Assignment Agreement; and

WHEREAS, the Series 2001A-1 Ground Lease contemplated that it would be amended for the purpose of adding or correcting a legal description and/or permitted encumbrances for any designated Series 2001A-1 Facility Site to be ground leased pursuant to the Series 2001A-1 Ground Lease; and

WHEREAS, the Series 2001A-1 Ground Lease was amended as of December 1, 2001 for the purpose of adding the legal descriptions and permitted encumbrances for the following designated Series 2001A-1 Facility Sites: Lake Worth High School Classroom Addition, Boca Raton Elementary School Replacement, Boynton/Delray Area Elementary School 98-I, Forest Hill Elementary School Modernization/Replacement, Okeechobee Corridor Elementary School 96-D and Western Communities Elementary School 96-J, in order to subject such sites to the lien of the Series 2001A-1 Ground Lease;

IN WITNESS WHEREOF, the School Board has caused this Second Amendment to Series 2001A-1 Ground Lease to be executed in its name and its seal to be hereunto affixed by its duly authorized officials and the Trustee has caused this Second Amendment to Series 2001A-1 Ground Lease to be executed in its corporate name and its corporate seal to be hereunto affixed and attested by its duly authorized officers, all as of the date first above written.

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

[SEAL]

By: Thomas E. Lynch
Thomas E. Lynch
Chairman

Attest:

By: Art Johnson
Art Johnson
Secretary

[SEAL]

THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A. as agent for The Bank of New York, as Trustee and Assignee of Palm Beach School Board Leasing Corp.

By: Sheryl Lear
Sheryl Lear
Authorized Signatory

WHEREAS, the School Board wishes to amend the Series 2001A-1 Ground Lease in order to add the legal description and permitted encumbrances for the following designated Series 2001A-1 Facility Site: Pleasant City Area Elementary School 98-N, in order to subject such site to the lien of the Series 2001A-1 Ground Lease;

NOW, THEREFORE, the parties hereto mutually agree to the following amendments to the Series 2001A-1 Ground Lease:

I. Exhibit A-Part A. LEGAL DESCRIPTION OF REAL ESTATE is hereby amended by adding under the heading "Pleasant City Area Elementary School 98-N," the real estate description attached hereto as Exhibit A-Part A.

II. Exhibit A-Part B. PERMITTED ENCUMBRANCES is hereby amended by adding under the heading "Pleasant City Area Elementary School 98-N," the permitted encumbrances attached hereto as Exhibit A-Part B.

Section 12 of the Series 2001A-1 Ground Lease provides that the prior written consent of the Series 2001A Credit Facility Issuer to the execution of this First Amendment is not required. The School Board covenants to provide copies of this First Amendment to the Series 2001A Credit Facility Issuer and each of the Rating Agencies.

This Second Amendment may be executed in several counterparts, each of which shall be an original and all of which constitute but one and the same instrument.

Except as previously amended and as amended hereby, the Series 2001A-1 Ground Lease shall remain in full force and effect and the parties hereto, by their execution hereof hereby ratify and confirm the Series 2001A-1 Ground Lease.

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IN WITNESS WHEREOF, the School Board has caused this Second Amendment to Series 2001A-1 Ground Lease to be executed in its name and its seal to be hereunto affixed by its duly authorized officials and the Trustee has caused this Second Amendment to Series 2001A-1 Ground Lease to be executed in its corporate name and its corporate seal to be hereunto affixed and attested by its duly authorized officers, all as of the date first above written.

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

[SEAL]

By: Thomas E. Lynch
Thomas E. Lynch
Chairman

Attest:

By: Art Johnson
Art Johnson
Secretary

[SEAL]

THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A. as agent for The Bank of New York, as Trustee and Assignee of Palm Beach School Board Leasing Corp.

By: Sheryl Lear
Sheryl Lear
Authorized Signatory

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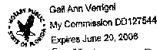
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STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Thomas B. Lynch and Dr. Art Johnson, Chairman and Secretary, respectively, of THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA, well known to me, named in the foregoing instrument, and that they severally acknowledged executing the same freely and voluntarily under authority duly vested in them by said School Board and that the seal affixed thereto is the true corporate seal of said School Board.

WITNESS my hand and official seal in the County and State last aforesaid this 26 day of June, 2003.

Gal Ann Venturi
NOTARY PUBLIC, STATE OF FLORIDA



(Name of Notary Public, Print, Stamp or Type as Commissioned.)

- Personally known to me, or
- Produced identification:

(Type of Identification Produced)

- DID take an oath, or
- DID NOT take an oath.

STATE OF FLORIDA)
) SS:
COUNTY OF DUVAL)

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Sheryl Lear, Authorized Signatory of THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., as agent for The Bank of New York, a New York banking corporation, well known to me, named in the foregoing instrument, and that she acknowledged executing the same freely and voluntarily under authority duly vested in her by said association and that the seal affixed thereto is the true corporate seal of said corporation.

WITNESS my hand and official seal in the County and State last aforesaid this 26 day of June, 2003.

Roxanne R. Shaw
NOTARY PUBLIC, STATE OF FLORIDA

NOTARY PUBLIC
SEAL OF OFFICE:



(Name of Notary Public, Print, Stamp or Type as Commissioned.)

- Personally known to me, or
- Produced identification:

(Type of Identification Produced)

- DID take an oath, or
- DID NOT take an oath.

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FILED/STEGENAC/1103012/_R0902-000/3/26/03/12030-01200

EXHIBIT A

A. LEGAL DESCRIPTION OF REAL ESTATE

PLEASANT CITY AREA ELEMENTARY SCHOOL 98-N

Being all of Lots 1 through 30, Block 4; All of the 15 foot wide platted alley in Block 4, less the east 12 feet thereof; all according to AMENDED PLAT OF SOUTH MANGONIA as recorded in Plat Book 6, Page 15, Public Records of Palm Beach County, Florida; LESS the east 12 feet of said Lots 1 and 30, Block 4, for road right-of-way purposes.

B. PERMITTED ENCUMBRANCES

PLEASANT CITY AREA ELEMENTARY SCHOOL 98-N

1. Matters shown on the Plat of South Mangonia recorded in Plat Book 1, Page 36 and the Amended Plat of South Mangonia recorded in Plat Book 6, Page 16.
2. Interlocal Agreement recorded in Official Record Book 12532, Page 1515 as amended by Amendment to Interlocal Agreement recorded in Official Record Book 15605, Page 1972.
3. Stipulated and Agreed Final Judgment as to Estate of Carrie Hargett recorded in Official Record Book 13130, Page 1699.
4. Terms and provisions contained in Declaration of Trusts recorded in Official Record Book 1056, Page 140, Official Record Book 6064, Page 1494, Official Record Book 6064, Page 1504 and Official Record Book 6239, Page 1364. (File documentation contains the approval of HUD for the sale of this property to the School Board.)
5. Easement in favor of Florida Power and Light Company recorded in Official Record Book 13507, Page 442.

THIRD AMENDMENT

Dated as of June 1, 2004

TO

SERIES 2001A-1 GROUND LEASE

Dated as of April 1, 2001

As amended as of December 1, 2001

As further amended as of June 1, 2003

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

THE BANK OF NEW YORK TRUST COMPANY, N.A.
(f/k/a The Bank of New York Trust Company of Florida, N.A.)
as agent for The Bank of New York
(successor by acquisition to NationsBank of Florida, N.A.)
as Trustee and Assignee of
PALM BEACH SCHOOL BOARD LEASING CORP.
As Lessee

(Series 2001A-1 Facility Site - Partial Release)

THIS THIRD AMENDMENT, dated as of April 1, 2004 (the "Third Amendment"), to the Series 2001A-1 Ground Lease dated as of April 1, 2001 (the "Series 2001A-1 Ground Lease"), as amended as of December 1, 2001, and as further amended as of June 1, 2003, between THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA (the "School Board") acting as the governing body of the School District of Palm Beach County, Florida (the "District") as Lessor and THE BANK OF NEW YORK TRUST COMPANY, N.A. as agent for The Bank of New York (successor by acquisition to NationsBank of Florida, N.A.) (the "Trustee") as Trustee and Assignee pursuant to a Series 2001A Assignment Agreement dated as of April 1, 2001 (the "Series 2001A Assignment Agreement") of Palm Beach School Board Leasing Corp. (the "Corporation"), a not-for-profit corporation organized and existing under and pursuant to Chapter 617, Florida Statutes, as Lessee. All terms used herein and not otherwise defined shall have the meanings given to such terms in the Series 2001A-1 Ground Lease. The Series 2001A-1 Ground Lease as amended is hereinafter referred to as the "Series 2001A-1 Ground Lease".

W I T N E S S E T H:

WHEREAS, as of April 1, 2001, the School Board and the Corporation entered into the Series 2001A-1 Ground Lease; and

WHEREAS, the Corporation assigned all of its interest in the Series 2001A-1 Ground Lease to the Trustee pursuant to the Series 2001A Assignment Agreement; and

WHEREAS, the Series 2001A-1 Ground Lease contemplated that it would be amended for the purpose of adding or correcting a legal description and/or permitted encumbrances for any designated Series 2001A-1 Facility Site to be ground leased pursuant to the Series 2001A-1 Ground Lease; and

WHEREAS, the Series 2001A-1 Ground Lease was initially amended as of December 1, 2001 for the purpose of adding the legal descriptions and permitted encumbrances for the following designated Series 2001A-1 Facility Sites: Lake Worth High School Classroom Addition, Boca Raton Elementary School Replacement, Boynton/Delray Area Elementary School 98-I, Forest Hill Elementary School Modernization/Replacement, Okeechobee Corridor Elementary School 96-D and Western Communities Elementary School 96-J, in order to subject such sites to the lien of the Series 2001A-1 Ground Lease;

Except as amended hereby the Series 2001A-1 Ground Lease as amended by the First, Second and Third Amendments thereto, shall remain in full force and effect and the parties hereto, by their execution hereof hereby ratify and confirm the Series 2001A-1 Ground Lease.

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WHEREAS, the Series 2001A-1 Ground Lease was again amended as of June 1, 2003 for the purpose of adding the legal description and permitted encumbrances for the following designated Series 2001A-1 Facility Site: Pleasant City Area Elementary School 98-N, in order to subject such site to the lien of the Series 2001A-1 Ground Lease;

WHEREAS, the School Board wishes to further amend the Series 2001A-1 Ground Lease in order to release a portion of the following designated Series 2001A Facility Site: ACREAGE AREA ELEMENTARY SCHOOL 96-B, consisting of approximately 10 acres, from the lien of the Series 2001A-1 Ground Lease by this Third Amendment thereto because such portion of land will be used for the construction of an additional project to be financed through the issuance of an additional series of certificates of participation;

NOW, THEREFORE, the parties hereto mutually agree to the following amendments to the Series 2001A-1 Ground Lease, as previously amended:

I. Exhibit A-Part A. DESCRIPTION OF REAL ESTATE is hereby amended by releasing the real estate described in Exhibit A hereto from the legal description currently set forth under the heading "ACREAGE AREA ELEMENTARY SCHOOL 96-B" in the Series 2001A-1 Ground Lease, a Memorandum of which is recorded in Official Records Book 12493, Pages 997, et seq of the Public Records of Palm Beach County, Florida.


Section 12 of the Series 2001A-1 Ground Lease provides that the prior written consent of the Series 2001A Credit Facility Issuer to the execution of this Third Amendment is required, and such consent has been obtained. The School Board covenants to provide copies of this Third Amendment to each of the Rating Agencies.

This Third Amendment may be executed in several counterparts, each of which shall be an original and all of which constitute but one and the same instrument.

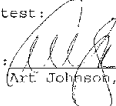
IN WITNESS WHEREOF, the School Board has caused this Third Amendment to Series 2001A-1 Ground Lease to be executed in its name and its seal to be hereunto affixed by its duly authorized officials and the Trustee has caused this Third Amendment to Series 2001A-1 Ground Lease to be executed in its corporate name and its corporate seal to be hereunto affixed and attested by its duly authorized officers, all as of the date first above written.

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

[SEAL]

By: 
Thomas E. Lynch
Chairman

Attest:

By: 
Art Johnson, Secretary

[SEAL]

THE BANK OF NEW YORK TRUST COMPANY, N.A. as agent for The Bank of New York, as Trustee and Assignee of Palm Beach School Board Leasing Corp.

By: _____
Sheryl Lear
Authorized Signatory

IN WITNESS WHEREOF, the School Board has caused this Third Amendment to Series 2001A-1 Ground Lease to be executed in its name and its seal to be hereunto affixed by its duly authorized officials and the Trustee has caused this Third Amendment to Series 2001A-1 Ground Lease to be executed in its corporate name and its corporate seal to be hereunto affixed and attested by its duly authorized officers, all as of the date first above written.

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

[SEAL]

By: Thomas E. Lynch
Chairman

Attest:

By: Art Johnson, Secretary

[SEAL]

THE BANK OF NEW YORK TRUST COMPANY, N.A. as agent for The Bank of New York, as Trustee and Assignee of Palm Beach School Board Leasing Corp.

By: Sheryl Lear
Authorized Signatory

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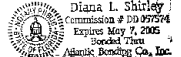
STATE OF FLORIDA)
) SS:
COUNTY OF DUVAL)

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Sheryl Lear, Authorized Signatory of THE BANK OF NEW YORK TRUST COMPANY, N.A., as agent for The Bank of New York, a New York banking corporation, well known to me, named in the foregoing instrument, and that she acknowledged executing the same freely and voluntarily under authority duly vested in her by said corporation and that the seal affixed thereto is the true corporate seal of said corporation.

WITNESS my hand and official seal in the County and State last aforesaid this 11th day of June, 2004.

NOTARY PUBLIC
SEAL OF OFFICE:

Diana L. Shibley
NOTARY PUBLIC, STATE OF FLORIDA



(Name of Notary Public, Print, Stamp or Type as Commissioned.)

Personally known to me, or
 Produced identification:

(Type of Identification Produced)

DID take an oath, or
 DID NOT take an oath.

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STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

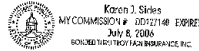
I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Thomas E. Lynch and Dr. Art Johnson, Chairman and Secretary, respectively, of THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA, well known to me, named in the foregoing instrument, and that they severally acknowledged executing the same freely and voluntarily under authority duly vested in them by said School Board and that the seal affixed thereto is the true corporate seal of said School Board.

WITNESS my hand and official seal in the County and State last aforesaid this 21 day of June, 2004.

Karen J. Sides
NOTARY PUBLIC, STATE OF FLORIDA

NOTARY PUBLIC
SEAL OF OFFICE:

(Name of Notary Public, Print, Stamp or Type as Commissioned.)



Personally known to me, or
 Produced identification:

(Type of Identification Produced)

DID take an oath, or
 DID NOT take an oath.

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EXHIBIT A

SERIES 2001A-1 FACILITY SITE

LEGAL DESCRIPTION

ACREAGE AREA ELEMENTARY SCHOOL 96-B

(Portion Released)

The East 978.88 feet of the North 446.79 feet of the South 1335.00 feet of the Northeast one quarter (NE ¼) of Section 34, Township 42 South, Range 40 East, Palm Beach County, Florida.

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**SERIES 2002C
GROUND LEASE**

Dated as of May 15, 2002

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 2002C Facility Sites)

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(Series 2002C Facility Sites)**

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EXHIBIT A SERIES 2002C FACILITY SITES

together with the terms and provisions of the Master Lease, constitutes a separate lease, as the same may be amended or supplemented from time to time, the "Series 2002C Lease"; and

WHEREAS, it is anticipated that a portion of the Series 2002C Facilities may be attached to one or more existing structures of the School Board adjacent to the Series 2002C Facility Sites; may be dependent upon adjacent property of the School Board for pedestrian and vehicular ingress, egress and access to and from and between the Series 2002C Facility Sites and the public roads adjoining the adjacent property of the School Board ("Access"); and may further be dependent upon the School Board's adjacent property for utility and other services which would be necessary for the full use and enjoyment of the Series 2002C Facility Sites including, but not limited to, drainage, sewer and water service, electric, telephone and gas service and parking of vehicles (collectively, "Services"); and

WHEREAS, the Corporation desires to acquire from the School Board, pursuant to this Series 2002C Ground Lease, and the School Board is willing to grant to the Corporation, the right to utilize the adjacent property of the School Board to the extent reasonably necessary for Access and for the Services, and the Corporation and the School Board desire to provide for the structural attachment of certain of the Series 2002C Facilities to the adjacent property of the School Board; and

WHEREAS, the ground leasing of the Series 2002C Facility Sites, the sub-leasing of the Series 2002C Facility Sites back to the School Board and the lease-purchase financing and construction of the Series 2002C Facilities are herein collectively referred to as the "Series 2002C Project"; and

WHEREAS, the School Board has on April 22, 2002, after due notice as required by law, held an open, public meeting on the proposal of entering into this Series 2002C Ground Lease, at which meeting a copy of this Series 2002C Ground Lease in final form was available for inspection and review by the public; and

WHEREAS, provisions for the payment of the cost of acquiring and constructing the Series 2002C Facilities have been made by (a) establishing a trust pursuant to the Master Trust Agreement dated as of November 1, 1994, as supplemented by a Series 2002C Supplemental Trust Agreement dated as of May 15, 2002 (as the same may be further amended or supplemented from time to time, the "Trust Agreement"), between the Corporation and The Bank of New York Trust Company of Florida, N.A., as agent for The Bank of New York (successor by acquisition to NationsBank of Florida, N.A.), Jacksonville, Florida, as Trustee (the "Trustee"), and irrevocably assigning to the Trustee without recourse all of the Corporation's right, title and interest in and to this Series 2002C Ground Lease and the Series 2002C Lease, except for certain rights to indemnification, to hold title to the Series 2002C Facilities and to receive notices, (b) directing the Trustee for such trust to execute and deliver to the public certificates of participation (the "Series 2002C Certificates") evidencing undivided proportionate interests of the Owners thereof in the right to receive Basic Lease Payments to be made by the School Board, as lessee, pursuant to the Series 2002C Lease and (c) directing the Trustee to hold the proceeds of sale of the Series 2002C Certificates in trust subject to application only to pay

THIS SERIES 2002C GROUND LEASE dated as of May 15, 2002, between THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA, (the "School Board") acting as the governing body of the School District of Palm Beach County, Florida (the "District"), as Lessor and the PALM BEACH SCHOOL BOARD LEASING CORP. (the "Corporation"), a not-for-profit corporation organized and existing under and pursuant to Chapter 617 and Section 237.40, Florida Statutes, as lessee.

WITNESSETH:

WHEREAS, the School Board has the power, under Section 230.23(2) Florida Statutes, as amended, to receive, purchase, acquire, lease, sell, hold, transmit and convey title to real and personal property for educational purposes, and under Section 230.23(9) Florida Statutes, as amended, to enter into leases or lease-purchase agreements of grounds and educational facilities, or of educational facilities for school purposes; and

WHEREAS, the Corporation has the authority to acquire educational facilities by lease or deed for the benefit of the School Board; and

WHEREAS, the Corporation is a "private corporation" within the meaning of Section 230.23(9)(b)6, Florida Statutes, as amended, and is a "direct support organization" within the meaning of Section 237.40, Florida Statutes, as amended; and

WHEREAS, in order to carry out its powers and authority to acquire facilities and equipment, the School Board and the Corporation have entered into a Master Lease Purchase Agreement dated as of November 1, 1994 (as the same may be amended and supplemented from time to time, the "Master Lease"); and

WHEREAS, the School Board is the owner of certain real property located in Palm Beach County, Florida, and described in Exhibit A attached hereto (which real property, together with all buildings, structures and improvements now or hereafter erected or situated thereon, any easements or other rights or privileges in adjoining property inuring to the fee simple owner of such land by reason of ownership of such land, and all fixtures, additions, alterations or replacements thereto, now or hereafter located in, on or used in connection with or attached or made to such land is hereinafter referred to as a "Series 2002C Facility Site" or, in the case of separate parcels, such parcels are herein collectively referred to as the "Series 2002C Facility Sites"); and

WHEREAS, the School Board desires to lease-purchase one or more particular educational facilities to be located on the Series 2002C Facility Sites (individually and collectively, the "Series 2002C Facilities"), pursuant to Schedule 2002C to the Master Lease (which schedule, upon being executed and delivered by the School Board and the Corporation,

the costs of acquisition and construction of the Series 2002C Facilities (as defined in the Trust Agreement) (the "Series 2002C Facilities"); and

WHEREAS, each Series 2002C Certificate represents an undivided proportionate interest in the principal portion of the Basic Lease Payments set forth on Schedule 2002C due and payable on the maturity date or earlier prepayment date of the Series 2002C Certificates and in the interest portion of the Basic Lease Payments set forth on Schedule 2002C due and payable semiannually, to and including such maturity date or earlier prepayment date; and

WHEREAS, the Corporation will assign to the Trustee all of its right, title and interest in and to this Series 2002C Ground Lease, the Series 2002C Lease and the Series 2002C Lease Payments (except for certain indemnification rights and the right of the Corporation to hold title to the Series 2002C Facilities and to receive notices), pursuant to the Series 2002C Assignment Agreement dated as of May 15, 2002 (as the same may be amended or supplemented from time to time, the "Series 2002C Assignment Agreement"); and

WHEREAS, the School Board intends for the Series 2002C Lease to remain in full force and effect until August 1, 2027, which is at least 31 days after the last Lease Payment Date for the Series 2002C Facilities, unless sooner terminated in accordance with the terms provided therein; and

WHEREAS, the School Board intends for this Series 2002C Ground Lease to remain in full force and effect until the termination of the Lease Term, as provided below.

NOW, THEREFORE, the School Board and the Corporation accordingly hereby covenant and agree as follows:

Section 1. Lease of Series 2002C Facility Sites. Subject to Permitted Encumbrances (as described in Exhibit A attached hereto and made a part hereof), the School Board hereby demises and leases the Series 2002C Facility Sites, more particularly described in Exhibit A, to the Corporation, and the Corporation hereby hires, takes and leases the Series 2002C Facility Sites from the School Board, for the term, at the rental and on the conditions herein set forth. Such demising and leasing shall include the following rights:

- (i) The right to utilize the adjacent property of the School Board for Access and for the Services reasonably necessary to the full use and enjoyment of the Series 2002C Facility Sites; provided that the locations on the adjacent property of the School Board utilized for such purposes shall be reasonably agreed upon by the Corporation and the School Board; and provided, further, that the rights shall include, but not necessarily be limited to, the right to utilize for such purposes any portion of the adjacent property of the School Board (e.g., the rights shall include, but not necessarily be limited to, the right to utilize for appropriate purposes, any drives, parking areas, drainage facilities or sewer, water, gas, electric or telephone lines from time to time located upon the adjacent property of the School Board, together with the right to "tie-in" or "connect" thereto). If the Lease Term of the Series 2002C Lease terminates prior to the termination of the term

of this Series 2002C Ground Lease, the School Board and the Corporation shall each have the right to install such meters or submeters as may be reasonably appropriate to the end that the Corporation is charged for consumption of such utilities on the Series 2002C Facility Sites.

(ii) The adjacent property of the School Board and the Series 2002C Facilities may contain certain elements, features or parts which are structural elements of both the adjacent property of the School Board and the Series 2002C Facilities. Such Series 2002C Facilities include, but are not necessarily limited to, the following:

(A) All utility lines, ducts, conduits, pipes and other utility fixtures and appurtenances which are located on or within either the Series 2002C Facility Sites or Series 2002C Facilities on the one hand or the adjacent property of the School Board on the other hand and which, directly or indirectly, in any way, service the other.

(B) All division walls (hereinafter referred to as "Party Walls") between the Series 2002C Facilities and the adjacent property of the School Board upon the common line between the Series 2002C Facility Sites and the adjacent property of the School Board (hereinafter referred to as the "Lot Line") provided that the mere fact that such a division wall is found not to be on the Lot Line should not preclude that division wall from being a Party Wall.

(C) The roof and all roof support structures and any and all appurtenances to such roof and roof support structures including, without limitation, the roof covering, roof trim and roof drainage fixtures (collectively the "Roofing") to the extent interrelated between the Series 2002C Facilities and the adjacent property of the School Board. Should the Roofing of any Series 2002C Facilities extend beyond the Lot Line, the right therefor is hereby granted and should the Roofing of the adjacent property of the School Board extend beyond the Lot Line onto the Series 2002C Facility Sites, the right therefor is hereby reserved.

(D) The entire concrete floor slab or wood floor system if utilized in lieu thereof and all foundational and support structures and appurtenances thereto to the extent interrelated between the Series 2002C Facilities and the adjacent property of the School Board (collectively referred to as "Flooring"). Should the Flooring of the Series 2002C Facilities extend beyond the Lot Line, the right therefor is hereby granted and should the Flooring of the adjacent property of the School Board extend beyond the Lot Line onto the Series 2002C Facility Sites, the right therefor is hereby reserved.

(iii) The Series 2002C Facility Sites rights further include the right of the Series 2002C Facilities to encroach upon the adjacent property of the School Board as a result of minor inaccuracies in survey, construction or reconstruction or due to settlement

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the Series 2002C Lease, or (b) upon the provision for payment of all Lease Payments under the Series 2002C Lease pursuant to Section 7.3 of the Master Lease, together in each case with payment of the sum of \$1.00. This Series 2002C Ground Lease may likewise be modified at the request of the School Board at any time, upon similar notice and modification of the Series 2002C Lease (a) to reflect the substitution of all or a portion of the Series 2002C Facilities and Series 2002C Facility Sites in accordance with Section 6.4 of the Master Lease, or (b) upon payment or provision for payment of the Purchase Option Price of all or a portion of one or more particular Series 2002C Facilities pursuant to Section 7.3 of the Master Lease, to reflect the release of one or more portions of the Series 2002C Facility Sites from this Series 2002C Ground Lease.

Section 3. Rent. (a) So long as the Lease Term has not been terminated as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the Corporation shall pay to the School Board as and for rental for the Series 2002C Facility Sites the sum of one dollar (\$1.00) per annum, which sum shall be due in advance on the Commencement Date (pro rated) and annually thereafter on the first day of each renewal Lease Term. At the option of the Corporation, the Corporation may prepay all or a portion of the Ground Rent payable hereunder for the entire initial lease term hereof from the proceeds of sale of the Certificates or otherwise.

(b) From and after the date on which the Lease Term shall have been terminated as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the Corporation shall pay as and for rental for the Series 2002C Facility Sites an amount determined by an M.A.I. appraisal to be the fair market rental for the Series 2002C Facility Sites (the "Appraisal"), which Appraisal shall be prepared by an appraiser selected by the Trustee as assignee of the Corporation (the cost of such Appraisal to be paid by the Trustee and reimbursed as provided in Article VI of the Trust Agreement); provided, however, that such fair market rental and the payment thereof shall be subject to the following adjustments and conditions:

(i) if the Lease Term shall have been terminated on a date other than June 30 of any year, the fair market rental determined pursuant to the Appraisal shall be pro rated for the number of days between the date of termination and the next succeeding July 1;

(ii) for each twelve month period beginning on the July 1 next succeeding the date on which such termination occurs and beginning on each succeeding July 1, the amount of the fair market rental determined by the Appraisal shall be adjusted by the percentage (positive or negative) which is equal to the Implicit Price Deflator of the Consumer Price Index published by the United States Department of Commerce for the region of the United States where Florida is located or for the United States as a whole if not so published for such region,

(iii) the fair market rental due in any year shall be paid in the current year only to the extent that the moneys received by the Trustee as assignee of the

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or movement. The encroaching Series 2002C Facilities shall remain undisturbed for as long as same exist and, for so long as such encroachment exists, that portion of the adjacent property of the School Board on which same exists shall be deemed to be a part of the Series 2002C Facility Sites. In addition, the Series 2002C Facility Sites rights include the right to utilize that portion of the adjacent property of the School Board as may be reasonably necessary in order to maintain and repair the Series 2002C Facilities. The Series 2002C Facility Sites rights further include cross rights of support and use over, upon, across, under, through and into the common structural elements in favor of the Corporation (and like rights are hereby reserved unto the School Board) for the continued use, benefit and enjoyment and continued support, service, maintenance and repair of all such common structural elements.

The School Board, at its sole expense, shall bring or cause to be brought to the Series 2002C Facility Sites adequate connections for water, electrical power, telephone, storm sewerage and sewerage, and shall arrange with the appropriate utility companies for furnishing such services and shall provide to the Series 2002C Facility Sites water services and capacity sufficient for the contemplated operation of the Series 2002C Facilities thereon; including, but not limited to, heating, ventilation and air conditioning equipment. Either the School Board or the Corporation shall have the right, at its own expenses, to request and receive telephone and communication services from the utility companies furnishing such services subject to the customary rules and regulations of said utility companies whether the companies deliver such services directly through their own conduits or pipes, or through conduits and pipes owned by the School Board. The School Board agrees to grant such utility companies rights of access over, under and across the remaining property of the School Board adjoining the Series 2002C Facility Sites, if any, as shall be necessary and convenient for the efficient operation of the Series 2002C Facility Sites, and which do not materially impair the present and future uses of such remaining property of the School Board, if any.

Section 2. Ground Lease Term; Option to Renew. The initial Ground Lease Term for the Series 2002C Facility Sites shall commence on the date of the delivery of this Series 2002C Ground Lease (the "Commencement Date") and shall end on August 1, 2032. If, upon the termination of the Lease Term as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the Corporation or the Trustee as the assignee of the Corporation excludes the School Board from possession of the Series 2002C Facility Sites and Series 2002C Facilities, the School Board grants to the Corporation the right and option to renew this Series 2002C Ground Lease for an additional term not to exceed five (5) years, at a fair market rental to be determined, adjusted and paid in the manner set forth in Section 3 of this Series 2002C Ground Lease.

Notwithstanding the foregoing, this Series 2002C Ground Lease may be terminated by the School Board on any date prior to the end of the initial term or any renewal term hereof, which date is at least one (1) day after the date of termination of the Series 2002C Lease, upon not less than ten (10) days prior written notice to the Corporation, (a) upon payment of the Purchase Option Price, pursuant to Section 7.2 of the Master Lease, with respect to the Series 2002C Facilities, and full performance and satisfaction of the School Board's obligations under

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the Corporation from the exercise of the remedies permitted under the Series 2002C Lease during the preceding twelve months prior to such July 1 exceeded the principal and interest portion of Basic Lease Payments under the Series 2002C Lease payable for such preceding twelve months and other amounts described in Section 504 of the Trust Agreement; provided, however, that any portion of such fair market rental not paid in any year due to the provisions of this clause (iii) shall remain due and payable and shall accumulate from year to year and shall be paid in any future year to the extent that moneys received in such year from the exercise of the remedies permitted by the Series 2002C Lease exceed the principal and interest portion of Basic Lease Payments under the Series 2002C Lease and other amounts described in Section 504 of the Trust Agreement and the fair market rental due in such years; and

(iv) the failure to pay any portion of the fair market rental in any year due to insufficiencies of moneys realized from the exercise of the remedies permitted under the Series 2002C Lease (1) shall not give rise to any obligation to pay interest on such unpaid fair market rental and (2) shall not constitute a default under this Series 2002C Ground Lease by the Corporation or the Trustee as the assignee of the Corporation.

Section 4. Title to Series 2002C Facility Sites; Possession. (a) Upon the Commencement Date and throughout the term of this Series 2002C Ground Lease, fee title to the Series 2002C Facility Sites shall be in the name of the School Board, subject to Permitted Encumbrances; title to the Series 2002C Facilities constructed on the Series 2002C Facility Sites shall be in the name of the Corporation and shall remain severed from title to the Series 2002C Facility Sites until the earlier of (i) payment in full, or provision for payment, of all Lease Payments under the Series 2002C Lease or payment of the then applicable Purchase Option Price of the Series 2002C Facilities, in accordance with Sections 7.2 or 7.3 of the Master Lease and Section 2 hereof, or (ii) the end of the term of this Series 2002C Ground Lease.

(b) The Corporation shall at all times during the term of this Series 2002C Ground Lease have a leasehold estate in the Series 2002C Facility Sites with full right to vest the use, enjoyment and possession of such leasehold estate therein in a Permitted Transferee (as defined herein).

(c) Possession and use of the Series 2002C Facility Sites, together with all improvements thereon, shall, upon the last day of the term of this Series 2002C Ground Lease or earlier termination of this Series 2002C Ground Lease pursuant to Section 2 hereof, automatically revert to the School Board free and clear of liens and encumbrances other than Permitted Encumbrances without necessity of any act by the Corporation or any Permitted Transferee. Upon such termination of this Series 2002C Ground Lease, the Corporation shall peacefully and quietly surrender to the School Board the Series 2002C Facility Sites together with any improvements located in or upon the Series 2002C Facility Sites. Upon such surrender of the Series 2002C Facility Sites, the Corporation or any Permitted Transferee, at the reasonable request of the School Board, shall execute an instrument in recordable form evidencing such surrender and shall deliver to the School Board all books, records, construction plans, surveys,

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permits and other documents relating to, and necessary or convenient for, the operation of the Series 2002C Facility Sites in the possession of the Corporation or any Permitted Transferee.

(d) Any personal property of the Corporation, any Permitted Transferee or any Person which shall remain on the Series 2002C Facility Sites after expiration or earlier termination of the term of this Series 2002C Ground Lease and for thirty (30) days after request by the School Board for removal, shall, at the option of the School Board, be deemed to have been abandoned and may be retained by the School Board and the same may be disposed of, without accountability, in such manner as the School Board may see fit.

(e) If the Corporation or any Permitted Transferee holds over or refuses to surrender possession of the Series 2002C Facility Sites after expiration or earlier termination of this Series 2002C Ground Lease, the Corporation or any Permitted Transferee shall be a tenant at sufferance and shall pay rent equal to the fair market rental of the Series 2002C Facility Sites determined in the manner provided in Section 3(b) hereof.

Section 5. Use of Series 2002C Facility Sites; Assignments and Subleases. The Corporation may use the Series 2002C Facility Sites for any lawful purpose; however, the parties agree that unless the Series 2002C Lease shall have been terminated as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the Series 2002C Facility Sites shall be used solely for educational purposes. Unless the Series 2002C Lease shall have been so terminated, no assignment of this Series 2002C Ground Lease or subletting of the Series 2002C Facility Sites may be made except as provided in the Series 2002C Assignment Agreement, the Series 2002C Lease, the Trust Agreement and in any agreement with a Credit Facility Issuer (as defined in the Trust Agreement), if any, without the prior written consent of the School Board. In the event that the Series 2002C Lease shall be terminated pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, then the Corporation's interest in this Series 2002C Ground Lease may be assigned by the Trustee to any third party, including a Credit Facility Issuer (a "Permitted Transferee"), who may alter, modify, add to or delete from the Series 2002C Facilities existing from time to time on the Series 2002C Facility Sites.

The School Board represents and covenants that the Series 2002C Facility Sites are presently zoned to allow government use, and that the School Board shall take no action with respect to zoning or other land use regulation applicable to the Series 2002C Facility Sites except as directed by the Corporation. The School Board shall do everything in its power to assist the Corporation in obtaining such building permits, subdivision approvals, or zoning changes or variances as the Corporation may deem necessary or desirable or such other permits, licenses, approvals or other actions which the Corporation deems necessary or desirable in order to enable the Corporation to use the Series 2002C Facility Sites for such purposes as the Corporation shall determine, provided, however, that neither the Corporation nor any Permitted Transferee shall use or permit the Series 2002C Facility Sites to be used in violation of any valid present or future laws, ordinances, rules or regulations of any public or governmental authority at any time applicable thereto.

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suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to such Series 2002C Facility Sites, other than Permitted Encumbrances. The School Board shall reimburse the Trustee for any expense incurred by the Trustee in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim. Upon termination of the Series 2002C Lease as provided above, the Corporation, the Trustee and any Permitted Transferee may enter into a mortgage or other encumbrance of its leasehold estate in the Series 2002C Facility Sites, provided, however, that the School Board's title to the Series 2002C Facility Sites shall not be subject to or encumbered by any such mortgage or other encumbrance, including without limitation any mechanic's or materialman's liens.

Section 10. Condemnation. In the event that any person, public or private, shall by virtue of eminent domain or condemnation proceedings, or by purchase in lieu thereof, at any time during the Ground Lease Term acquire title to the Series 2002C Facility Sites:

(a) So long as the Series 2002C Lease is in effect, the Net Proceeds resulting therefrom shall be applied pursuant to the Master Lease.

(b) After the end of the Lease Term of the Series 2002C Lease, (i) if such person acquires title to such a substantial portion of the Series 2002C Facility Sites that the Corporation determines that it cannot economically make use of the residue thereof for the lawful purposes intended or permitted by this Series 2002C Ground Lease, such acquisition of title or payment of such claim shall terminate the Ground Lease Term, effective as of the date on which the condemning party takes possession thereof or on the date of payment of such claim, as applicable, and the Net Proceeds resulting therefrom shall be paid to the School Board and the Corporation, as their respective interests may appear; and (ii) if such person acquires title to a portion of the Series 2002C Facility Sites such that the Corporation determines that it can economically make beneficial use of the residue thereof for the purposes intended by this Series 2002C Ground Lease, then this Series 2002C Ground Lease shall continue in full force and effect and the Net Proceeds resulting therefrom shall be paid to the School Board and the Corporation, as their respective interests appear.

(c) Any taking of any portion of the Series 2002C Facilities shall be deemed substantial hereunder.

(d) It is understood that the foregoing provisions of this Section 10 shall not in any way restrict the right of the School Board or the Corporation to appeal the award made by any court or other public agency in any condemnation proceeding.

Section 11. Estoppel Certificates. The School Board, at any time and from time to time, upon not less than thirty (30) days prior written notice from the Corporation, will execute, acknowledge and deliver to the Corporation, or to whomsoever it may direct, a certificate of the School Board certifying that this Series 2002C Ground Lease is unmodified (or, if there have been any modifications, identifying the same), that this Series 2002C Ground Lease is in full

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It is understood that all right, title and interest of the Corporation in and to this Series 2002C Ground Lease is to be irrevocably assigned by the Corporation to the Trustee pursuant to the Series 2002C Assignment Agreement, except that the Corporation shall continue to hold title to the Series 2002C Facilities as described in Section 4 hereof and in the Series 2002C Lease. The School Board agrees that upon such assignment the Trustee shall have all of the rights of the Corporation hereunder assigned to the Trustee, notwithstanding any claim, defense, setoff or counterclaim whatsoever (whether arising from a breach of this Series 2002C Ground Lease or otherwise) that the School Board may from time to time have against the Corporation or any person or entity associated or affiliated therewith. The School Board acknowledges that the Trustee is acting on behalf of the Series 2002C Certificate holders, and may, under certain circumstances assign this Series 2002C Ground Lease to a Permitted Transferee.

Notwithstanding anything to the contrary herein or in any exhibit, instrument, document or paper relating to this Series 2002C Ground Lease or any of the transactions contemplated hereby, the parties hereto acknowledge and agree that upon the assignment by the Corporation of its rights hereunder to the Trustee pursuant to the Series 2002C Assignment Agreement, the Corporation shall have no further obligation, liability or responsibility hereunder and no party hereto nor its successors or assigns shall look to the Corporation for any damages, expenses, fees, charges or claims with respect to the failure of any obligations hereunder to be performed.

Section 6. Right of Entry. Unless the Series 2002C Lease shall have been terminated as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the School Board shall have the right for any of its duly authorized representatives to enter upon the Series 2002C Facility Sites at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 7. Default. In the event the Corporation shall be in default in the performance of any obligation on its part to be performed under the terms of this Series 2002C Ground Lease, which default continues for sixty (60) days following notice and demand for correction thereof to the Corporation, the School Board may exercise any and all remedies granted by law; provided, however, that so long as any Series 2002C Certificates are outstanding and except as provided in Section 2 herein, this Series 2002C Ground Lease shall not be terminated. The School Board shall have recourse solely against the leasehold estate of the Corporation in the Series 2002C Facility Sites, and any proceeds thereof, for the payment of any liabilities of the Corporation hereunder. The rights of the School Board under this Section 7 shall be subordinate in all respects to the rights of the holders of the Series 2002C Certificates.

Section 8. Quiet Enjoyment. The Corporation at all times during the term of this Series 2002C Ground Lease shall peacefully and quietly have, hold and enjoy the Series 2002C Facility Sites, without hindrance or molestation subject to the provisions hereof and of the Series 2002C Lease, the Series 2002C Assignment Agreement and the Trust Agreement.

Section 9. Liens. Unless the Series 2002C Lease shall have been terminated as a result of non-appropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, neither the School Board nor the Corporation shall, directly or indirectly, create, incur, assume or

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force and effect and that there is no default hereunder (or, if so, specifying the default). It is intended that any such certificate may be relied upon by any Person.

Section 12. Amendments. No amendment may be made to this Series 2002C Ground Lease without the prior written consent of the Trustee and the Series 2002C Credit Facility Issuer. Notwithstanding the foregoing, this Series 2002C Ground Lease may be amended without the prior written consent of the Trustee and the Series 2002C Credit Facility Issuer for the purpose of adding or modifying a legal description and/or the permitted encumbrances for any designated Series 2002C Facility Site. Copies of all amendments hereto shall be provided to the Rating Agencies (as defined in the Trust Agreement), whether effected pursuant to Section 702 or Section 703 of the Trust Agreement.

Section 13. Binding Effect. This Series 2002C Ground Lease shall inure to the benefit of and shall be binding upon the Corporation and the School Board and their respective successors and assigns, provided, however, that the Trustee is entitled to the benefits of the provisions hereof.

Section 14. No Merger of Leasehold Estate. There shall be no merger of this Series 2002C Ground Lease or of the leasehold estate hereby created with the fee estate in the Series 2002C Facility Sites by reason of the fact that, through the exercise of remedies hereunder or otherwise, the same person may acquire or hold, directly or indirectly, this Series 2002C Ground Lease or leasehold estate hereby created or any interest herein or therein, and the fee estate in the Series 2002C Facility Sites or any interest in such fee estate. There shall be no merger of this Series 2002C Ground Lease with the Series 2002C Lease by reason of the fact that the School Board is the owner of the fee title to the Series 2002C Facility Sites and the leasehold estate in the Series 2002C Facilities created under the Series 2002C Lease or by reason of the fact that the Corporation is the owner of the leasehold estate in the Series 2002C Facility Sites created hereby and is the owner of the fee title in the Series 2002C Facilities as provided in the Series 2002C Lease.

Section 15. Notices. All notices, certificates, requests or other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when delivered or mailed by certified mail, postage prepaid to the following addresses, or to such other address or addresses as shall be designated by the parties in writing:

Corporation: 3340 Forest Hill Boulevard
West Palm Beach, Florida 33406
Attention: President

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School Board: 3340 Forest Hill Boulevard
West Palm Beach, Florida 33406
Attention: Superintendent of Schools

With copies to

Trustee: The Bank of New York
c/o The Bank of New York Trust
Company of Florida, N.A.
10161 Centurion Parkway
Jacksonville, Florida 32256
Attention: Corporate Trust Department

Series 2002C
Credit Facility
Issuer: Financial Security Assurance Inc.
350 Park Avenue
New York, New York, 10022
Attention: Communications Department

Section 16. Severability. In the event any provision of this Series 2002C Ground Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 17. Applicable Law. This Series 2002C Ground Lease shall be governed by and construed in accordance with the laws of the State of Florida.

Section 18. Execution in Counterparts. This Series 2002C Ground Lease may be executed in several counterparts, each of which shall be an original and all of which constitute but one and the same instrument.

Section 19. Memorandum of Lease. Simultaneously with the execution of this Series 2002C Ground Lease, the School Board and the Corporation shall each execute, acknowledge and deliver a Memorandum of Lease with respect to this Series 2002C Ground Lease. Said Memorandum of Lease shall not in any circumstances be deemed to change or otherwise to affect any of the obligations or provisions of this Series 2002C Ground Lease. Upon the modification of this Series 2002C Ground Lease as provided in Section 2 hereof, the Memorandum of Lease shall be appropriately amended.

Section 20. No Personal Liability. No covenant or agreement contained in this Series 2002C Ground Lease shall be deemed to be the covenant or agreement of any member of the School Board or the Corporation or any officer, employee or agent of the School Board or the Corporation, or of any successor thereto, in an individual capacity, and neither the members of the School Board or the Corporation executing this Series 2002C Ground Lease nor any officer,


employee, agent of the School Board or the Corporation shall be personally liable or accountable by reason of the execution or delivery hereof.

Section 21. Third Party Beneficiary. The Series 2002C Credit Facility Issuer shall be deemed to be a third party beneficiary of this Series 2002C Ground Lease.

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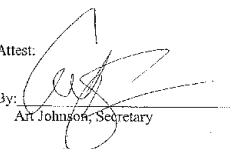
IN WITNESS WHEREOF, the Corporation has caused this Series 2002C Ground Lease to be executed in its corporate name and its corporate seal to be hereunto affixed and attested by its duly authorized officers and the School Board has caused this Series 2002C Ground Lease to be executed in its name and its seal to be hereunto affixed by its duly authorized officials, all as of the date first above written.

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA


By: 
Thomas E. Lynch
Chairman

[SEAL]

Attest:

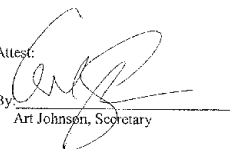
By: 
Art Johnson, Secretary

PALM BEACH SCHOOL BOARD LEASING CORP.

By: 
Thomas E. Lynch
President

[SEAL]

Attest:

By: 
Art Johnson, Secretary

STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

I, Cheri E. Young, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Thomas E. Lynch 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 severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said School Board, and delivered the said instrument as the free and voluntary act of said School Board and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 10th day of June, 2002.

NOTARY PUBLIC
SEAL OF OFFICE:



Cheri E. Young
NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print, Stamp or Type as Commissioned)

- Personally known to me, or
- Produced identification:

- (Type of Identification Produced)
- DID take an oath, or
- DID NOT take an oath

STATE OF FLORIDA)
)SS:
COUNTY OF PALM BEACH)

I, Cheri E. Young, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Thomas E. Lynch and Dr. Art Johnson, personally known to me to be the same persons whose names are, respectively, as President and Secretary, respectively of PALM BEACH SCHOOL BOARD LEASING CORP., a Florida not-for-profit corporation, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said corporation, and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 10th day of June, 2002.

Cheri E. Young
NOTARY PUBLIC, STATE OF FLORIDA

NOTARY PUBLIC
SEAL OF OFFICE:



(Name of Notary Public, Print, Stamp or Type as Commissioned)

- Personally known to me, or
 Produced identification:

- (Type of Identification Produced)
 DID take an oath,
or
 DID NOT take an oath

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EXHIBIT A TO SERIES 2002C GROUND LEASE
SERIES 2002C FACILITY SITES

A. Legal Description of Real Estate

WELLINGTON AREA ELEMENTARY SCHOOL (02-S)

[TO COME]

A-1

WEST BOCA/DELRAY AREA HIGH SCHOOL (01-LLL)

[TO COME]

WEST LAKE WORTH/LANTANA ELEMENTARY SCHOOL (01-R)

[TO COME]

A-2

A-3

FOREST HILL HIGH SCHOOL MODERNIZATION

U.B. KINSEY/PALMVIEW ELEMENTARY SCHOOL MODERNIZATION

[TO COME]

A tract of land in Government Lots 2 and 3, Section 9, Township 44 South, Range 43 East, West Palm Beach, Palm Beach County, Florida being more particularly described as follows: From the southeast corner of said Government Lot 2, run in a westerly direction and along the South line of said Government Lot 2, a distance of 40.86 feet for a point of beginning; thence in a northerly direction along a line parallel with and 40 feet West of the center line of Parker Avenue, a street within the City of West Palm Beach, Florida, as measured at right angles, a distance of 408.24 feet to the southeast corner of Lot 79, Plat No. 2 of Country Club Park, as recorded in Plat Book 23, Page 247, public records of Palm Beach County, Florida; thence in a westerly direction along the South line of said Plat No. 2 of Country Club Park, a distance of 899.94 feet to the southwest corner of Lot 67 of said Plat No. 2 of Country Club Park; thence northerly along the West line of said Lot 67 a distance of 100.16 feet to the northwest corner of said Lot 67; thence in a westerly direction along the southerly right-of-way line of Forest Hill Blvd. (Selby Road) according to the plat thereof recorded in County Road Plat Book 2, Pages 245-247 inclusive, 525.15 feet; thence continue along said southerly right-of-way line by a curve to the left, radius 1870.08 feet, arc 196.95 feet, chord southwesterly 196.87 feet to a point on the easterly right-of-way line of State Road No. 9 as shown on plat recorded in said County Road Plat Book 2, pages 245-247 inclusive; thence southeasterly along said eastern right-of-way line a distance of 795.40 feet; thence in an easterly direction along a line parallel with and 250 feet south of the south line of aforementioned Government Lot 2, Section 9, Township 44 South, Range 43 East, as measured at right angles, a distance of 482.20 feet; thence in a northerly direction making an angle of 90° with the aforescribed course 250 feet to a point on the South line of said Government Lot 2; thence in an easterly direction along said South line of Government Lot 2 a distance of 939.94 feet to the point of beginning.

Less and except that portion contained in Official Record Book 2226, Page 1667 for Right-of-Way purposes.

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A-5

VILLAGE ACADEMY ADDITION

[TO COME]

B. Permitted Encumbrances

WELLINGTON AREA ELEMENTARY SCHOOL (02-S)

[TO COME]

WEST BOCA/DELRAY AREA HIGH SCHOOL (01-LLL)

[TO COME]

WEST LAKE WORTH/LANTANA ELEMENTARY SCHOOL (01-R)

[TO COME]

FOREST HILL HIGH MODERNIZATION

1. Easement granted to the City of West Palm Beach recorded in Official Record Book 2327, page 873.
2. Easement granted to Florida Power & Light Company recorded in Official Record Book 2273, page 513.
3. Easement granted to Florida Public Utilities Company recorded in Official Record Book 192, page 202.

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A-7

[TO COME]

VILLAGE ACADEMY ADDITION

[TO COME]

FIRST AMENDMENT

Dated as of June 1, 2003

TO

SERIES 2002C GROUND LEASE

Dated as of May 15, 2002

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

THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A. as agent for The Bank of New York (successor by acquisition to NationsBank of Florida, N.A.) as Trustee and Assignee of PALM BEACH SCHOOL BOARD LEASING CORP. As Lessee

(Series 2002C Facility Sites)

WM1A-SRVYHDUTRAC11312880197160202518.01900

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THIS FIRST AMENDMENT, dated as of June 1, 2003 (the "First Amendment"), to the Series 2002C Ground Lease dated as of May 15, 2002 (the "Series 2002C Ground Lease"), between THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA (the "School Board") acting as the governing body of the School District of Palm Beach County, Florida (the "District") as Lessor and THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A. as agent for The Bank of New York (successor by acquisition to NationsBank of Florida, N.A.) (the "Trustee") as Trustee and Assignee pursuant to a Series 2002C Assignment Agreement dated as of May 15, 2002 (the "Series 2002C Assignment Agreement") of PALM BEACH SCHOOL BOARD LEASING CORP. (the "Corporation"), a not-for-profit corporation organized and existing under and pursuant to Chapter 617, Florida Statutes, as Lesscc. All terms used herein and not otherwise defined shall have the meanings given to such terms in the Series 2002C Ground Lease. The Series 2002C Ground Lease is hereinafter collectively referred to as the "Series 2002C Ground Lease".

WITNESSETH:

WHEREAS, as of May 15, 2002, the School Board and the Corporation entered into the Series 2002C Ground Lease; and

WHEREAS, the Corporation assigned all of its interest in the Series 2002C Ground Lease to the Trustee pursuant to the Series 2002C Assignment Agreement; and

WHEREAS, the Series 2002C Ground Lease contemplated that it would be amended for the purpose of adding or correcting a legal description and/or permitted encumbrances for any designated Series 2002C Facility Site to be ground leased pursuant to the Series 2002C Ground Lease; and

WHEREAS, the School Board wishes to amend the Series 2002C Ground Lease in order to add the legal descriptions and permitted encumbrances for the following designated Series 2002C Facility Sites: Wellington Area Elementary School (02-S), West Boca/Delray Area High School (01-LLL) and West Lake Worth/Lantana Elementary School (01-R) in order to subject such sites to the lien of the Series 2002C Ground Lease by this First Amendment thereto;

NOW, THEREFORE, the parties hereto mutually agree to the following amendments to the Series 2002C Ground Lease, as previously amended:

I. Exhibit A-Part A. DESCRIPTION OF REAL ESTATE is hereby amended by (i) adding under the headings "Wellington Area Elementary School (02-S)", "West Boca/Delray Area High School (01-LLL)" and "West Lake Worth/Lantana Elementary School (01-R)", the real estate descriptions attached hereto as Exhibit A-Part A.

II. Exhibit A-Part B. DESCRIPTION OF PERMITTED ENCUMBRANCES is hereby amended by adding under the headings "Wellington Area Elementary School (02-S)", "West Boca/Delray Area High School (01-LLL)" and "West Lake Worth/Lantana Elementary School (01-R)", the permitted encumbrances attached hereto as Exhibit A-Part B.

Section 12 of the Series 2002C Ground Lease provides that the prior written consent of the Series 2002C Credit Facility issuer to the execution of this First Amendment is not required. The School Board covenants to provide copies of this First Amendment to each of the Rating Agencies.

This First Amendment may be executed in several counterparts, each of which shall be an original and all of which constitute but one and the same instrument.

Except as amended hereby the Series 2002C Ground Lease as amended by the First Amendment, shall remain in full force and effect and the parties hereto, by their execution hereof hereby ratify and confirm the Series 2002C Ground Lease.

IN WITNESS WHEREOF, the School Board has caused this First Amendment to Series 2002C Ground Lease to be executed in its name and its seal to be hereunto affixed by its duly authorized officials and the Trustee has caused this First Amendment to Series 2002C Ground Lease to be executed in its corporate name and its corporate seal to be hereunto affixed and attested by its duly authorized officers, all as of the date first above written.

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

By: [Signature]
Thomas E. Lynch
Chairman

[SEAL]

Attest: [Signature]
By: [Signature]
Art Johnson, Secretary

THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A. as agent for The Bank of New York, as Trustee and Assignee of Palm Beach School Board Leasing Corp.

By: [Signature]
Sheryl Lear
Authorized Signatory

[SEAL]

STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Thomas E. Lynch and Dr. Art Johnson, Chairman and Superintendent and Secretary, respectively, of THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA, well known to me, named in the foregoing instrument, and that they severally acknowledged executing the same freely and voluntarily under authority duly vested in them by said School Board and that the seal affixed thereto in the true corporate seal of said School Board.

WITNESS my hand and official seal in the County and State last aforesaid this 25 day of June, 2003.

[Signature]
NOTARY PUBLIC, STATE OF FLORIDA
GAIL ANN VORP
My Commission DD127544
Expires June 20, 2006

NOTARY PUBLIC
SEAL OF OFFICE:

(Name of Notary Public, Print, Stamp or Type as Commissioned.)

Personally known to me, or
 Produced identification:

(Type of Identification Produced)

DID take an oath, or
 DID NOT take an oath.

STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Sheryl Lear, Authorized Signatory of THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., as agent for The Bank of New York, a New York banking corporation, well known to me, named in the foregoing instrument, and that she acknowledged executing the same freely and voluntarily under authority duly vested in her by said association and that the seal affixed thereto is the true corporate seal of said corporation.

WITNESS my hand and official seal in the County and State last aforesaid this 25 day of June, 2003.

[Signature]
NOTARY PUBLIC, STATE OF FLORIDA

NOTARY PUBLIC
SEAL OF OFFICE:

 Roxanne R. Shaw
Commission # DD 004305
Expires March 3, 2007
Resident Firm
Atlantic Banking Co., Inc.

(Name of Notary Public, Print, Stamp or Type as Commissioned.)

Personally known to me, or
 Produced identification:

(Type of Identification Produced)

DID take an oath, or
 DID NOT take an oath.

EXHIBIT A
SERIES 2002C FACILITY SITES

A. LEGAL DESCRIPTIONS

WELLINGTON AREA ELEMENTARY SCHOOL(02-S)

A PORTION OF TRACT 51 BLOCK 19, PALM BEACH FARMS CO. PLAT No. 3, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 2, PAGES 45 THROUGH 54 INCLUSIVE, OF THE PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA, SAID PORTION BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHWEST CORNER OF TRACT 49, OF SAID BLOCK 19; THENCE ALONG THE SOUTH LINE OF SAID TRACTS 49 THROUGH 51, BLOCK 19 NORTH 89°23'00" EAST (BASIS OF BEARINGS) 1597.70 FEET; THENCE NORTH 00°37'00" WEST 50.13 FEET TO THE POINT OF BEGINNING; THENCE NORTH 42°27'40" WEST 80.00 FEET; THENCE NORTH 47°32'20" EAST 204.34 FEET; THENCE NORTH 02°32'20" EAST 8.00 FEET; THENCE NORTH 42°27'40" WEST 211.01 FEET; THENCE SOUTH 47°32'20" WEST 70.00 FEET; THENCE SOUTH 42°27'40" EAST 12.67 FEET; THENCE SOUTH 02°32'20" WEST 35.82 FEET; THENCE SOUTH 87°27'40" EAST 25.33 FEET; THENCE SOUTH 02°32'20" WEST 22.00 FEET; THENCE SOUTH 87°27'40" EAST 18.00 FEET; THENCE SOUTH 02°32'20" WEST 77.33 FEET; THENCE NORTH 87°27'12" WEST 18.00 FEET; THENCE SOUTH 02°32'20" WEST 22.00 FEET; THENCE NORTH 87°27'40" WEST 13.33 FEET; THENCE SOUTH 02°32'20" WEST 34.00 FEET; THENCE NORTH 87°27'40" WEST 102.00 FEET; THENCE NORTH 02°32'20" EAST 87.00 FEET; THENCE SOUTH 87°27'40" EAST 12.00 FEET; THENCE NORTH 02°32'20" EAST 12.66 FEET; THENCE SOUTH 87°27'40" EAST 36.05 FEET; THENCE NORTH 02°32'20" EAST 181.53 FEET; THENCE NORTH 47°32'20" EAST 21.33 FEET; THENCE NORTH 42°27'40" WEST 18.00 FEET; THENCE NORTH 47°32'20" EAST 116.67 FEET; THENCE SOUTH 42°27'40" EAST 98.67 FEET; THENCE SOUTH 47°32'20" WEST 32.67 FEET; THENCE SOUTH 42°27'40" EAST 255.33 FEET; THENCE NORTH 47°32'20" EAST 14.67 FEET; THENCE SOUTH 42°27'40" EAST 41.33 FEET; THENCE SOUTH 47°32'20" WEST 294.00 FEET TO THE POINT OF BEGINNING.

SAID LANDS SITUATE, LYING, AND BEING IN THE VILLAGE OF WELLINGTON, PALM BEACH COUNTY, FLORIDA AND CONTAINING 71797 SQUARE FEET (1.648 ACRES) MORE OR LESS.

WEST BOCA/DELRAY AREA HIGH SCHOOL (01-LLL)

A parcel of land lying in Section 22, Township 17 South, Range 41 East, Palm Beach County, Florida, and being more particularly described as follows: COMMENCING at the northwest corner of said Section 22, thence S.01°16'28"E. along the west line of said section 406.79 feet; thence N.88°43'32"E., 680.28 feet to the POINT OF BEGINNING; thence N.65°59'37"E., 242.03 feet; thence N.00°16'03"W., 106.45 feet; thence N.89°43'57"E., 514.67 feet; thence S.00°16'03"E., 148.86 feet; thence N.89°43'57"E., 390.76 feet; thence S.24°00'23"E., 152.68 feet; thence S.65°59'37"W., 1053.78 feet; thence N.24°00'23"W., 556.00 feet to the POINT OF BEGINNING.

WEST LAKE WORTH/LANTANA ELEMENTARY SCHOOL (01-R)

A parcel of land lying in tracts 14 and 15, Plat of the Northwest Quarter (NW1/4) of Section 36, Township 44 South, Range 42 East, Plat Book 3, Page 10, Public Records of Palm Beach County, Florida, being more particularly described as follows:

From the northwest corner of said section 36, run S02°08'51"W along the west line of said section 36 a distance of 1386.88 feet; thence S86°53'42"E along the north line of said tract 14 a distance of 41.79 feet to a point on the easterly right-of-way line of Haverhill Road, continue thence S86°53'42"E along said north line of distance of 172.36 feet; thence leaving said north line S02°41'57"W a distance of 183.35 feet to the point of beginning. Thence S02°08'52"W a distance of 552.42 feet; thence S87°51'08"E a distance of 385.66 feet; thence S02°08'52"W a distance of 31.39 feet; thence S87°51'08"E a distance of 28.00 feet; thence N02°08'52"E a distance of 88.00 feet; thence N87°51'08"W a distance of 141.16 feet; thence N02°08'52"E a distance of 498.81 feet; thence N87°51'08"W a distance of 272.50 feet to the point of beginning.

Said herein described parcel containing 3.68 acres more or less.

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Drainage District recorded in Official Record Book 7766, Page 1940.

6. Reservations contained in Deed from the Trustees of the Internal Improvement Trust Fund recorded in Deed Book 40, Page 42, and as partially released in Official Record Book 2751, Page 1673 and Official Record Book 3731, Page 22. The right of entry has been released pursuant to Chapter 86-205, Laws of Florida, which amended §270.11, Florida Statutes.

7. Canal and Road Reservations contained in Deed from the Everglades Drainage District recorded in Deed Book 693, Page 395.

West Lake Worth/Lantana Elementary (01-R)

1. Reservations in favor of the Trustees of the Internal Improvement Trust Fund contained in Deed recorded in Deed Book 626, Page 156.

2. Reservations in favor of the Lake Worth Drainage District recorded in Deed Book 652, Page 396 and Deed Book 796, Page 429.

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B. PERMITTED ENCUMBRANCES

Wellington Area Elementary School (02-S)

1. Matters shown on the Plat recorded in Plat Book 2, Page 45, as affected by Resolution recorded in Official Record Book 5704, Page 498 and Official Record Book 5775, Page 96.

2. Mineral reservations reserved by Farmers Production Credit Association of South Florida in deed recorded in Deed Book 1058, Page 131 and Official Record Book 288, Page 567.

3. Reservations in favor of the Lake Worth Drainage District recorded in Official Record Book 1994, Page 1615.

4. Settlement Agreement between Minto Communities, Inc., Drexel Investments, Inc. the City of Greenacres and the Village of Palm Springs, recorded in Official Record Book 11229, Page 794.

5. Ordinance No. 98-23, annexing subject property into the Village of Wellington recorded in Official Record Book 11283, Page 1282.

6. Potable Water and Wastewater Development Agreement recorded in Official Record Book 12288, Page 1973.

West Boca/Delray Area High School (01-LLL)

1. Plat of Boca Falls Civic Site recorded in Plat Book 72, Page 118.

2. Plat of Oriole Country recorded in Plat Book 32, Page 175.

3. Developer Agreement with South Palm Beach Utilities Corporation recorded in Official Record Book 3390, Page 1757.

4. Developer Agreement with Palm Beach County recorded in Official Record Book 5757, Page 757.

5. Resolution 93-3 by the Lake Worth Drainage District annexing lands into the boundaries of the Lake Worth

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SECOND AMENDMENT

Dated as of June 1, 2004

TO

SERIES 2002C GROUND LEASE

Dated as of May 15, 2002

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

THE BANK OF NEW YORK TRUST COMPANY, N.A. (f/k/a The Bank of New York Trust Company of Florida, N.A.) as agent for The Bank of New York (successor by acquisition to NationsBank of Florida, N.A.) as Trustee and Assignee of PALM BEACH SCHOOL BOARD LEASING CORP. As Lessee

(Series 2002C Facility Sites)

THIS SECOND AMENDMENT, dated as of June 1, 2004 (the "Second Amendment"), to the Series 2002C Ground Lease dated as of May 15, 2002 (the "Series 2002C Ground Lease"), between THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA (the "School Board") acting as the governing body of the School District of Palm Beach County, Florida (the "District") as Lessor and THE BANK OF NEW YORK TRUST COMPANY, N.A. as agent for The Bank of New York (successor by acquisition to NationsBank of Florida, N.A.) (the "Trustee") as Trustee and Assignee pursuant to a Series 2002C Assignment Agreement dated as of May 15, 2002 (the "Series 2002C Assignment Agreement") of Palm Beach School Board Leasing Corp. (the "Corporation"), a not-for-profit corporation organized and existing under and pursuant to Chapter 617, Florida Statutes, as Lessee. All terms used herein and not otherwise defined shall have the meanings given to such terms in the Series 2002C Ground Lease. The Series 2002C Ground Lease is hereinafter collectively referred to as the "Series 2002C Ground Lease".

W I T N E S S E T H:

WHEREAS, as of May 15, 2002, the School Board and the Corporation entered into the Series 2002C Ground Lease; and

WHEREAS, the Corporation assigned all of its interest in the Series 2002C Ground Lease to the Trustee pursuant to the Series 2002C Assignment Agreement; and

WHEREAS, the Series 2002C Ground Lease contemplated that it would be amended for the purpose of adding or correcting a legal description and/or permitted encumbrances for any designated Series 2002C Facility Site to be ground leased pursuant to the Series 2002C Ground Lease; and

WHEREAS, as of June 1, 2003, the School Board amended the Series 2002C Ground Lease in order to add the legal descriptions and permitted encumbrances for the following designated Series 2002C Facility Sites: Wellington Area Elementary School (02-S), West Boca/Delray Area High School (01-LLL) and West Lake Worth/Lantana Elementary School (01-R) in order to subject such sites to the lien of the Series 2002C Ground Lease;

WHEREAS, the School Board wishes to further amend the Series 2002C Ground Lease in order to: (i) add the legal descriptions and permitted encumbrances for the following designated Series 2002C Facility Sites: Village Academy Addition

Board covenants to provide copies of this Second Amendment to each of the Rating Agencies.

This Second Amendment may be executed in several counterparts, each of which shall be an original and all of which constitute but one and the same instrument.

Except as amended hereby the Series 2002C Ground Lease as amended by the First and Second Amendments thereto, shall remain in full force and effect and the parties hereto, by their execution hereof hereby ratify and confirm the Series 2002C Ground Lease.

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and U.B. Kinsey/Palmview Elementary School Modernization, in order to subject such sites to the lien of the Series 2002C Ground Lease, and (ii) add Panther Run Elementary School Addition/HVAC Replacement to the Series 2002C Facility Sites and add the legal description and permitted encumbrances for such site in order to subject such site to the lien of the Series 2002C Ground Lease by this Second Amendment thereto

NOW, THEREFORE, the parties hereto mutually agree to the following amendments to the Series 2002C Ground Lease, as previously amended:

I. Exhibit A-Part A. DESCRIPTION OF REAL ESTATE is hereby amended by: (i) adding under the headings "Village Academy Addition" and "U.B. Kinsey/Palmview Elementary School Modernization" the real estate descriptions set forth under such headings in Exhibit A-Part A attached hereto; and (ii) inserting a new heading entitled "Panther Run Elementary School Addition/HVAC Replacement" and setting forth under such heading the real estate description set forth under such heading in Exhibit A-Part A attached hereto, in order to subject each such site to the lien of the Series 2002C Ground Lease.

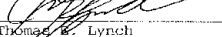
II. Exhibit A-Part B. DESCRIPTION OF PERMITTED ENCUMBRANCES is hereby amended by: (i) adding under the headings "Village Academy Addition" and "U.B. Kinsey/Palmview Elementary School Modernization", the permitted encumbrances under such headings set forth in Exhibit A-Part B attached hereto, and (ii) inserting a new heading entitled "Panther Run Elementary School Addition/HVAC Replacement" and setting forth under such heading the permitted encumbrances set forth under such heading in Exhibit A-Part B attached hereto.

Section 12 of the Series 2002C Ground Lease provides that the prior written consent of the Series 2002C Credit Facility Issuer to the execution of this Second Amendment is not required to insert the legal descriptions and permitted encumbrances for Village Academy Addition and U.B. Kinsey/Palmview Elementary School Modernization. Section 12 of the Series 2002C Ground Lease provides that the prior written consent of the Series 2002C Credit Facility Issuer to the execution of this Second Amendment is required to add Panther Run Elementary School Addition/HVAC Replacement to the lien of the Series 2002C Ground Lease, and such written consent has been obtained. The School


IN WITNESS WHEREOF, the School Board has caused this Second Amendment to Series 2002C Ground Lease to be executed in its name and its seal to be hereunto affixed by its duly authorized officials and the Trustee has caused this Second Amendment to Series 2002C Ground Lease to be executed in its corporate name and its corporate seal to be hereunto affixed and attested by its duly authorized officers, all as of the date first above written.

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

[SEAL]

By: 
Thomas W. Lynch
Chairman

Attest:

By: 
Art Johnson, Secretary

[SEAL]

THE BANK OF NEW YORK TRUST COMPANY, N.A. as agent for The Bank of New York, as Trustee and Assignee of Palm Beach School Board Leasing Corp.

By: _____
Sheryl Lear
Authorized Signatory

IN WITNESS WHEREOF, the School Board has caused this Second Amendment to Series 2002C Ground Lease to be executed in its name and its seal to be hereunto affixed by its duly authorized officials and the Trustee has caused this Second Amendment to Series 2002C Ground Lease to be executed in its corporate name and its corporate seal to be hereunto affixed and attested by its duly authorized officers, all as of the date first above written.

THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

[SEAL]

By: Thomas E. Lynch
Chairman

Attest:

By: Art Johnson, Secretary

[SEAL]

THE BANK OF NEW YORK TRUST COMPANY, N.A. as agent for The Bank of New York, as Trustee and Assignee of Palm Beach School Board Leasing Corp.

By: Sheryl Lear
Authorized Signatory

STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Thomas E. Lynch and Dr. Art Johnson, Chairman and Superintendent and Secretary, respectively, of THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA, well known to me, named in the foregoing instrument, and that they severally acknowledged executing the same freely and voluntarily under authority duly vested in them by said School Board and that the seal affixed thereto is the true corporate seal of said School Board.

WITNESS my hand and official seal in the County and State last aforesaid this 21 day of June, 2004.

Karen J. Sida
NOTARY PUBLIC, STATE OF FLORIDA

NOTARY PUBLIC
SEAL OF OFFICE:



(Name of Notary Public, Print, Stamp or Type as Commissioned.)

Personally known to me,
or
 Produced identification:

(Type of Identification Produced)

DID take an oath, or
 DID NOT take an oath.

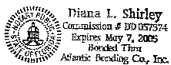
STATE OF FLORIDA)
) SS:
COUNTY OF DUVAL)

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Sheryl Lear, Authorized Signatory of THE BANK OF NEW YORK TRUST COMPANY, N.A., as agent for The Bank of New York, a New York banking corporation, well known to me, named in the foregoing instrument, and that she acknowledged executing the same freely and voluntarily under authority duly vested in her by said association and that the seal affixed thereto is the true corporate seal of said association.

WITNESS my hand and official seal in the County and State last aforesaid this 14th day of June, 2004.

Diana L. Shirley
NOTARY PUBLIC, STATE OF FLORIDA

NOTARY PUBLIC
SEAL OF OFFICE:



(Name of Notary Public, Print, Stamp or Type as Commissioned.)

Personally known to me,
or
 Produced identification:

(Type of Identification Produced)

DID take an oath, or
 DID NOT take an oath.

EXHIBIT A

SERIES 2002C FACILITY SITES

A. LEGAL DESCRIPTIONS

U.B. KINSEY/PALMVIEW ELEMENTARY SCHOOL MODERNIZATION

All of Block 23; Lots 1 through 10 inclusive, the East 95 feet of Lots 11 and 12, Block 18; All of Block 19; the West 100 feet of Lots 13 through 15 inclusive, Lots 16 through 19 inclusive and the West 100 feet of Lots 19 through 24 inclusive, Block 20; Lots 5 and 6 inclusive, Block 13; Freshwater Addition, a subdivision according to the Plat thereof, recorded in Plat Book 6, Page 29, Public Records of Palm Beach County, Florida.

Together with those portions of abandoned Rights of Way as contained in instruments recorded in Official Record Book 5556, Page 1183 and Official Record Book 10342, Page 1946;

Together with all that portion of alley within Block 23; Together with that portion of Ninth Avenue (now known as 11th Street) lying easterly of the southerly extension of the west line of Block 23, and lying westerly of the southerly extension of the east line of Block 23, Amended Plat of Freshwater Addition to the Town of West Palm Beach, as recorded in Plat Book 6, Page 29, Public Records of Palm Beach County, Florida, as set forth in Official Record Book 15747, Page 106, Public Records of Palm Beach County, Florida.

Containing 7.497 acres, more or less.

VILLAGE ACADEMY ADDITION

A portion of the east one-half (E 1/2) of lot 17, Section 20, Township 46 South, Range 43 East, as recorded in Plat Book 1, Page 4 of the Public Records of Palm Beach County, Florida, being more particularly described as follows:

Commence at the southeast corner of Lot 17, Section 20, Township 46 South, Range 43 East, as recorded in Plat Book 1, Page 4 of the Public Records of Palm Beach County, Florida; thence N89°22'15"W along the south line of said Lot 17 for a distance of 25.00 feet to the point of beginning; thence continue

N89°22'15"W along said south line for a distance of 629.43 feet; thence N00°41'56"E along a line parallel with and 30.00 feet east of as measured at right angles to the west line of the east one-half of said Lot 17 for a distance of 131.33 feet; thence S89°22'15"E for a distance of 483.40 feet; thence N05°19'43"E for a distance of 54.54 feet; thence N89°12'33"E for a distance of 17.22 feet; thence N05°47'17"E for a distance of 16.54 feet; thence S84°37'12"E for a distance of 124.18 feet; thence S00°56'23"W along a line parallel with and 25.00 feet west of as measured at right angles to the east line of said Lot 17 for a distance of 192.30 feet to the point of beginning.

Said lands situate within the city of Delray Beach, Palm Beach County, Florida.

Containing 2.11 acres more or less.

PANTHER RUN ELEMENTARY SCHOOL ADDITION/HVAC REPLACEMENT

Commence at the northeast corner of Tract "A" Elementary School "K", according to the Plat thereof as recorded in Plat Book 68, Pages 165 and 166 of the Public Records of Palm Beach County, Florida; thence S00°52'23"W along the east line of Tract "A" of said Plat of Elementary School "K" for 145.61 feet; thence departing from said east line N89°07'37"W for 103.68 feet; to the Point of Beginning; thence S00°52'23"W for 114.72 feet; thence N89°07'37"W for 63.99 feet; thence S00°52'23"W for 22.51 feet; thence N89°07'37"W for 214.49 feet; thence N00°52'23"E for 97.33 feet; thence S89°07'37"E for 122.89 feet; thence N00°52'23"E for 39.90 feet; thence S89°07'37"E for 155.58 feet to the Point of Beginning. Said lands situate within Palm Beach County, Florida.

Containing 0.73 acres, more or less.

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B. PERMITTED ENCUMBRANCES

U.B. KINSEY/PALMVIEW ELEMENTARY SCHOOL MODERNIZATION

1. Easements reserved and shown on the Plat of Freshwater Addition, recorded in Plat Book 6, Page 29.
2. Ordinance 2908-95 designating a Local Historic District recorded in Official Record Book 9229, Page 1071.
3. Ordinance 2909-95 designating a Local Historic District recorded in Official Record Book 9229, Page 1075 and amended in Official Record Book 9482, Page 1728.

VILLAGE ACADEMY ADDITION

1. Conditional abandonment of easement and right of way as provided by Resolution No. 1039 adopted by the City Commission of the City of Delray Beach, Florida, dated February 11, 1957.
2. Easement in favor of Florida Power & Light recorded in Official Record Book 253, Page 465 and corrected in Official Record Book 302, Page 328.
3. Easement in favor of the City of Delray Beach recorded in Official Record Book 1647, Page 1044.

PANTHER RUN ELEMENTARY SCHOOL ADDITION/HVAC REPLACEMENT

1. Easements and other matters as shown in Plat Book 68, Pages 165 and 166.
2. Reservations contained in Deed Book 1045, Page 561, as modified in Official Record Book 1731, Page 1294, in Official Record Book 2619, Page 1673, and as partially released in Official Record Book 5678, Page 611.
3. Utility easement contained in Official Record Book 6901, Page 496.

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MASTER TRUST AGREEMENT

by and between

PALM BEACH SCHOOL BOARD LEASING CORP.

and

NATIONSBANK OF FLORIDA, N.A.,
as Trustee

Dated as of November 1, 1994

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MASTER TRUST AGREEMENT

THIS MASTER TRUST AGREEMENT is dated as of November 1, 1994 (as the same may be amended or supplemented from time to time, this "Trust Agreement"), and is between NATIONSBANK OF FLORIDA, N.A., a national banking association with its designated corporate trust office in Fort Lauderdale, Florida (the "Trustee"), and PALM BEACH SCHOOL BOARD LEASING CORP., a not-for-profit corporation, duly organized and existing under the laws of the State of Florida, as lessor under the within mentioned Master Lease (the "Corporation");

WITNESSETH:

WHEREAS, the School Board of Palm Beach County, Florida (the "School Board") desires to lease-purchase certain real property, buildings and improvements and the equipment, fixtures and furnishings to be built, installed or established therein for educational purposes ("Facilities") by entering into a Master Lease Purchase Agreement dated as of November 1, 1994 (as the same may be amended or supplemented from time to time, the "Master Lease"), between the Corporation, as lessor, and the School Board, as lessee; and

WHEREAS, pursuant to Section 2.1 of the Master Lease, the School Board may from time to time, by execution of a Schedule to the Master Lease (each hereinafter referred to as a "Schedule"), direct the Corporation to acquire and lease-purchase to the School Board the Facilities described in such Schedule to the Master Lease; and

WHEREAS, Facilities may be added to the Master Lease by execution of Schedules thereto from time to time; and

WHEREAS, the Master Lease and the terms and conditions thereof with respect to the particular Facilities described on a Schedule are sometimes referred to herein as a "Lease" and the Schedule describing such Facilities is sometimes referred to as "Schedule No. ____" or "Schedule ____"; and

WHEREAS, certain of the Facilities will be located on certain real property located within the School District of Palm Beach County, Florida (the "District") (each such location, or all locations on a single Schedule, together with all buildings, structures and improvements erected or situated thereon, any easements or other rights or privileges in adjoining property inuring to the fee simple owner of such land by reason of ownership of such land, and all fixtures, additions, alterations or replacements thereto, on or used in connection with or attached or made to such land, a "Facility Site") to be leased by the School Board to the Corporation pursuant to a ground lease; and

WHEREAS, the relationship between the Corporation and School Board under the Master Lease is to be a continuing one and Facilities may be added to or deleted from the Master Lease from time

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

to time in accordance with the terms thereof and of the Schedule describing such Facilities; and

WHEREAS, pursuant to Section 7.1 of the Master Lease, the Corporation, with the consent of the School Board, has the right to assign all of its right, title and interest in and to a particular Lease (except for its right to indemnification under Section 5.7 of the Master Lease, its right to hold title to the Facilities under Section 6.1 of the Master Lease and its right to receive notices under the Master Lease) to the Trustee including the rights to receive Basic Lease Payments (as hereinafter defined) due under such Lease; and

WHEREAS, the Corporation has requested the Trustee to issue from time to time separate series of Certificates of Participation substantially in the form of Exhibit A hereto (the "Certificates") to third parties to whom such Certificates are sold and for whose benefit and for the benefit of any corresponding Credit Facility Issuer (as hereinafter defined) an Assignment Agreement will be executed and delivered to the Trustee, each such Certificate of a particular Series (as hereinafter defined) evidencing an undivided proportionate interest of the registered owner thereof to the Basic Lease Payments to be made under one or more Leases created by one or more particular Schedules and certain rights of the Corporation under such Lease or Leases; and

WHEREAS, upon receipt by the Trustee from the Corporation of the corresponding Assignment Agreement and satisfaction of the conditions set forth in Section 304 hereof, the Trustee shall issue a Series of Certificates that shall correspond to the Lease or Leases created by a particular Schedule or Schedules; and

WHEREAS, the Trustee has agreed to hold the proceeds corresponding to such Series of Certificates and to disburse such proceeds in accordance herewith and with the Master Lease, and to receive Basic Lease Payments due under the Lease or Leases created by a particular Schedule or Schedules and apply and disburse same in accordance herewith; and

WHEREAS, by this Trust Agreement, the Corporation agrees to direct the School Board to forward the Basic Lease Payments due under the Lease created by a particular Schedule to the Trustee from and after the execution of the corresponding Assignment Agreement by the Corporation;

NOW, THEREFORE, in consideration of the mutual agreements and covenants herein contained and for other valuable consideration, the parties hereto agree as follows:

"Board of Directors" shall mean the Board of Directors of the Corporation.

"Business Day" shall mean a day other than a Saturday, Sunday or day on which banks in the State of New York or the State of Florida are authorized or required to be closed, or a day on which the New York Stock Exchange is closed.

"Capitalized Interest Account" shall mean any Capitalized Interest Account established pursuant to Section 401 hereof and in any Supplemental Trust Agreement.

"Certificate or Certificates" shall mean the certificates of participation, executed and delivered from time to time by the Trustee pursuant to this Trust Agreement and any Supplemental Trust Agreement. Each Series of Certificates issued under this Trust Agreement and any Supplemental Trust Agreement shall bear a Series designation to identify such Series of Certificates to a particular Schedule to the Master Lease.

"Certificate holder" or "Holder of Certificates" shall mean the registered owner of any Certificate or Certificates.

"Certificate of Acceptance" shall mean the certificate of the School Board substantially in the form of Exhibit B to the Master Lease.

"Chairperson" shall mean the Chairperson of the School Board and any person or persons designated by the School Board and authorized to act on behalf of the Chairperson.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder and under the Internal Revenue Code of 1954.

"Contractor" shall mean the person, firm, corporation or joint venture authorized to do business in Florida with whom a contract has been made directly with the School Board for the performance of the work with respect to any Facilities described by the Instructions to Bidders and General Conditions.

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

"Cost" shall mean costs and expenses related to the acquisition, construction and installation of any Facilities including, but not limited to, (i) costs and expenses of the acquisition of the title to or other interest in real property, including leasehold interests, easements, rights-of-way and licenses, including, without limitation, lease payments to be made by the Corporation under the terms of a Ground Lease until the expected acceptance of the Facilities related thereto as described herein, (ii) cost and expenses incurred for labor and materials and payments to contrac-

101. **Definitions.** The terms set forth in this section shall have the meanings ascribed to them for all purposes of this Trust Agreement unless the context clearly indicates some other meaning, or unless otherwise provided in a Supplemental Trust Agreement. Terms used herein and not otherwise defined shall have the meaning given to them in the Master Lease.

"Acquisition Account" shall mean any Acquisition Account established pursuant to Section 401 hereof and in any Supplemental Trust Agreement.

"Additional Lease Payment" shall mean any amount payable by the School Board under the terms of the Master Lease, other than a Basic Lease Payment or a Supplemental Payment, as set forth in a Schedule to the Master Lease and so designated.

"Assignment Agreement" shall mean any assignment agreement pursuant to which the Corporation shall have assigned to the Trustee all of its right, title and interest in and to a Ground Lease and the Lease or Leases created by one or more particular Schedules, including its right to receive Lease Payments under such Lease or Leases.

"Authorized Corporation Representative" shall mean the President of the Corporation and any person or persons designated by the Corporation and authorized to act on behalf of Corporation by a written certificate delivered to the Trustee signed on behalf of the Corporation by the Chairperson of the Board of Directors containing the specimen signature of each such person.

"Authorized Newspaper" shall mean a newspaper containing financial matters, customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language, and of general circulation in the Borough of Manhattan, City and State of New York.

"Authorized School Board Representative" shall mean the Chairperson and any person or persons designated by the Chairperson and authorized to act on behalf of the School Board by a written certificate delivered to the Trustee signed on behalf of the School Board by the Chairperson containing the specimen signature of each such person.

"Basic Lease Payment" shall mean, with respect to each Lease or each Facility financed under such Lease, as of each Lease Payment Date, the amount set forth on the appropriate Schedule of the Master Lease corresponding to such Lease Payment Date and designated as a Basic Lease Payment in such Schedule.

tors, builders, materialmen and vendors for the acquisition, construction and installation of the Facilities, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may be advisable or necessary prior to completion of any of the Facilities, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction and installation of Facilities, (v) costs and expenses required for the acquisition and installation of equipment or machinery that comprise part of the Facilities, (vi) all costs which the School Board shall be required to pay for or in connection with additions to, and expansions of Facilities, (vii) all costs which the School Board shall be required to pay to provide improvements, including offsite improvements, necessary for the use and occupancy of Facilities, including road, walkways, water, sewer, electric, fire alarms and other utilities, (viii) any sums required to reimburse the School Board for advances made by it for any of the above items or for other costs incurred and for work done by it in connection with Facilities, (ix) deposits into any Reserve Account established pursuant to Section 401 of this Trust Agreement and in a Supplemental Trust Agreement and any recurring amounts payable to a provider of a Reserve Account Letter of Credit/Insurance Policy, (x) fees, expenses and liabilities of the School Board, if any, incurred in connection with the acquisition, construction and installation of Facilities (xi) Costs of Issuance and (xii) interest during construction and for a reasonable period of time up to six (6) months thereafter.

"Costs of Issuance" shall mean the items of expense incurred in connection with the authorization, sale and delivery of a Series of Certificates, which items of expense shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee and any Credit Facility Issuer or any provider of a Reserve Account Letter of Credit/Insurance Policy, legal fees and charges, professional consultants' fees, fees and charges for execution, delivery, transportation and safekeeping of Certificates, premiums, costs and expenses of refunding Certificates and other costs, charges and fees, including those of the Corporation, in connection with the foregoing.

"Costs of Issuance Subaccount" shall mean a Costs of Issuance Subaccount within an Acquisition Account established under Section 401 hereof and in any Supplemental Trust Agreement in connection with the issuance of a Series of Certificates.

"Credit Facility" shall mean, with respect to a Series of Certificates, the letter of credit, insurance policy, guaranty, surety bond or other irrevocable security device, if any, supporting the obligations of the School Board to make Basic Lease Payments relating to such Certificates.

"Credit Facility Issuer" shall mean, with respect to a Series of Certificates, the issuer of the Credit Facility, if any, for such Series of Certificates.

"Defeasance Securities", except as otherwise provided in a Supplemental Trust Agreement, shall mean cash or Government Obligations.

"District" shall mean the School District of Palm Beach County, Florida.

"Event of Extraordinary Prepayment" shall mean one or more of the events so designated in Section 7.2 of the Master Lease.

"Excess Earnings" shall mean, with respect to each Series of Certificates, the amount by which the earnings on the Gross Proceeds of such Certificates exceeds the amount which would have been earned thereon if such Gross Proceeds were invested at a yield equal to the yield on the interest portion of the Basic Lease Payments represented by such Certificates, as such yield is determined in accordance with the Code and amounts earned on the investment of earnings on the Gross Proceeds of such Certificates.

"Facility" or "Facilities" shall mean "educational facilities" as defined in Section 235.011(5), Florida Statutes, as amended, to be acquired from the proceeds of a Series of Certificates consisting of real property, if any, buildings and improvements, and the equipment, fixtures and furnishings which are to be built, installed or established on such buildings or improvements, and all appurtenances thereto and interests therein, all as set forth on a Schedule or Schedules from time to time.

"Facility Site" shall mean the real property (together with all buildings, structures and improvements erected or situated thereon, any easements or other rights or privileges in adjoining property inuring to the fee simple owner of such land by reason of ownership of such land, and all fixtures, additions, alterations or replacements located on, or used in connection with, or attached or made to such land) either (i) owned by the School Board at the time of the issuance of a Series of Certificates to finance Facilities relating thereto or (ii) to be acquired by the School Board subsequent thereto but not paid for out of the proceeds of such Series of Certificates, upon which a Facility is to be located within the District and more particularly described in a Ground Lease.

"Fiscal Year" shall mean the twelve month fiscal period of the School Board which under current law commences on July 1 in every year and ends on June 30 of the succeeding year.

"Government Obligations" shall mean any obligations which as to principal and interest, constitute non-callable direct obligations of, or non-callable obligations fully and unconditionally guaranteed by the full faith and credit of, the United States of

America, including bonds or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America, to the extent unconditionally guaranteed by the full faith and credit of the United States of America.

"Gross Proceeds" shall mean, with respect to each Series of Certificates, unless inconsistent with the provisions of the Code, in which case as provided in the Code, (i) amounts received by or on behalf of the Corporation from the sale of such Certificates; (ii) amounts received as a result of investments of amounts described in (i); (iii) amounts treated as transferred proceeds of such Certificates in accordance with the Code; (iv) amounts treated as proceeds under the provisions of the Code relating to invested sinking funds; (v) securities or obligations pledged, if any, as security for payment of Basic Lease Payments under the Master Lease (which amounts are limited in accordance with Sections 235.056(3) and 236.25(2)(e) Florida Statutes, as amended); (vi) amounts received with respect to obligations acquired with Gross Proceeds; (vii) amounts used to pay principal and interest portions of the Basic Lease Payments represented by such Certificates; (viii) amounts in any Reserve Account established pursuant to Section 401 of this Trust Agreement and in any Supplemental Trust Agreement; and (ix) amounts received as a result of the investment of Gross Proceeds not described in (i) above.

"Ground Lease" shall mean one or more ground leases between the School Board and the Corporation, as amended and supplemented from time to time, pursuant to which the School Board shall ground lease one or more Facility Sites to the Corporation.

"Instructions to Bidders and General Conditions" shall mean the Instructions to Bidders and General Conditions of the School Board as in effect from time to time.

"Investment Agreement" shall mean an agreement for the investment of moneys entered into by the Trustee with a Qualified Financial Institution whether such agreement is in the form of an interest-bearing time deposit, repurchase agreement or any similar arrangement and any note delivered by a Qualified Financial Institution pursuant to such agreement, which agreement shall have been approved by the Credit Facility Issuer insuring the Series of Certificates relating to the moneys invested.

"Investment Securities" except as otherwise provided in a Supplemental Trust Agreement, shall mean any of the following securities, if and to the extent the same are at the time legal under State law for investment of the School Board's funds:

(a) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (b) below).

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(b) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

(c) Obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:

- Export-Import Bank
- Farm Credit System Financial Assistance Corporation
- Farmers Home Administration
- General Services Administration
- U.S. Maritime Administration
- Small Business Administration
- Government National Mortgage Association (GNMA)
- U.S. Department of Housing & Urban Development (PHA's)
- Federal Housing Administration

(d) Senior debt obligations rated "AAA" by Standard & Poor's Ratings Group and "Aaa" by Moody's Investors Service issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, and other senior debt obligations of other government-sponsored agencies approved by the Credit Facility Issuer insuring the Series of Certificates relating to the moneys invested.

(e) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks (including the Trustee and any of its affiliates) which have a rating on their short-term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's Ratings Group and "P-1" by Moody's Investors Service and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank.)

(f) Commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by Standard & Poor's Ratings Group and "P-1" by Moody's Investors Service and which matures not more than 270 days after the date of purchase.

(g) Investments in a money market fund rated "AAAm" or "AAAM-G" or better by Standard & Poor's Ratings Group.

(h) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(1) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Standard & Poor's Ratings Group and Moody's Investors Service or any successors thereto; or

(2) (x) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (b) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date of dates pursuant to such irrevocable instructions, as appropriate, and (y) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate; Pre-refunded Municipal Obligations meeting the requirements of this subsection (2) hereof may not be used as Permitted Investments without prior written approval of Standard & Poor's Ratings Group.

(i) Investment Agreements approved in writing by the Credit Facility Issuer insuring the Series of Certificates relating to the moneys invested (supported by appropriate opinions of counsel) with notice to Standard & Poor's Ratings Group.

(j) Any other investment agreed to in writing by the Credit Facility Issuer insuring the Series of Certificates relating to the moneys invested with advance notice to Standard & Poor's Ratings Group.

"Lease" shall mean each separate Schedule to the Master Lease executed and delivered by the School Board and the Corporation, together with the terms and provisions of the Master Lease.

"Lease Payment Account" shall mean any Lease Payment Account established pursuant to Section 401 hereof and in any Supplemental Trust Agreement.

"Lease Payment Date" shall mean, with respect to a Lease, each date set forth on the corresponding Schedule designated as a Lease Payment Date for such Lease.

"Lease Payments" shall mean, with respect to each Lease, all amounts payable by the School Board pursuant to the terms of a Lease including Basic Lease Payments, Additional Lease Payments and Supplemental Payments.

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"Lease Term" shall mean, with respect to each Lease, the period from the date of a Lease through the end of the then current Fiscal Year plus each annual or lesser renewal period thereafter during which such Lease is maintained in effect in accordance therewith, with the maximum number of renewals being specified in the Schedule corresponding to such Lease.

"Master Lease" shall mean the Master Lease Purchase Agreement dated as of November 1, 1994, between the Corporation and the School Board and any and all modifications, alterations, amendments and supplements thereto.

"Net Proceeds" shall mean, with respect to one or more Facilities financed under a Lease, proceeds from any insurance, condemnation, performance bond, Federal or State flood disaster assistance or any other financial guaranty (other than a Credit Facility Issuer) paid with respect to such Facilities remaining after payment therefrom of all expenses, including attorneys' fees, incurred in the collection thereof; and, with respect to insurance, to the extent that the School Board elects to self-insure under Section 5.3 of the Master Lease, any moneys payable from any appropriation made by the School Board in connection with such self-insurance.

"Notice by Mail" shall mean a written notice meeting the requirements of this Trust Agreement mailed by first-class mail to the Certificate holders, at the addresses shown on the register maintained by the Trustee.

"Opinion of Counsel" shall mean an opinion signed by an attorney or firm of attorneys of recognized standing and who are qualified to pass on the legality of the particular matter (who may be counsel to the School Board or Special Tax Counsel) selected by the School Board.

"Outstanding" when used with reference to the Certificates, shall mean, as of any date, Certificates theretofore or thereupon being authenticated and delivered under this Trust Agreement except:

(i) Certificates cancelled by, or duly surrendered for cancellation to, the Trustee at or prior to such date;

(ii) Certificates (or portions of Certificates) for the payment or prepayment of which moneys, equal to the principal portion or Prepayment Price thereof, as the case may be, with interest to the date of maturity or Prepayment Date, shall be held in trust under this Trust Agreement and set aside for such payment or prepayment, (whether at or prior to the maturity or Prepayment Date), provided that if such Certificates (or portions of Certificates) are to be prepaid, notice of such prepayment shall have been given as provided in Article III of this Trust Agreement;

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"Qualified Financial Institution" shall mean a bank, trust company, national banking association or a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or the Federal National Mortgage Association or any insurance company or other corporation (i) whose unsecured obligations or uncollateralized long term debt obligations have been assigned a rating by a Rating Agency which is not lower than AA/Aa, or which has issued a letter of credit, contract, agreement or surety bond in support of debt obligations which have been so rated; or (ii) which collateralizes its obligations at all times at levels in compliance with the requirements of the Rating Agencies for ratings not lower than AA/Aa.

"Rating Agency" shall mean each of Standard & Poor's Ratings Group, Moody's Investors Service and any other nationally recognized rating service which shall have provided a rating on any Outstanding Certificates.

"Reimbursement Agreement" shall mean, with respect to each Lease, any reimbursement agreement among the Corporation, the School Board and any Credit Facility Issuer.

"Reserve Account" shall mean any Reserve Account established pursuant to Section 401 of the Trust Agreement and in any Supplemental Trust Agreement.

"Reserve Account Letter of Credit/Insurance Policy" shall mean the irrevocable letter or line of credit, insurance policy, surety bond or guarantee agreement issued by a Qualified Financial Institution in favor of the Trustee which is to be deposited into a Reserve Account in order to fulfill the Reserve Account Requirement relating thereto.

"Reserve Account Requirement" shall mean, in regard to a Reserve Account to secure a Series of Certificates, such amounts, if any, as shall be provided in the Supplemental Trust Agreement authorizing the issuance of such Series and in the Schedule relating thereto, provided such Reserve Account Requirement shall not exceed the least of (i) the maximum annual amount of Basic Lease Payments represented by Certificates of the Series secured by such Reserve Account in the current or any subsequent Fiscal Year, (ii) 125% of the average annual amount of Basic Lease Payments represented by Certificates of the Series secured by such Reserve Account in the current or any subsequent Fiscal Year, and (iii) 10% of the stated principal amount of such Series of Certificates.

"Schedule" shall mean a schedule to the Master Lease to be executed and delivered by the School Board and the Corporation for each Project, substantially in the form of Exhibit A to the Master Lease.

(iii) Certificates in lieu of or in substitution for which other Certificates shall have been executed and delivered pursuant to Article III hereof; and

(iv) Certificates deemed to have been paid as provided in subsection (b) of Section 801 hereof.

"Payment Date" shall mean a date on which the principal portion or the interest portion of Basic Lease Payments is scheduled to be paid to Certificate holders pursuant to the terms of such Certificates.

"Prepayment Account" shall mean any Prepayment Account established pursuant to Section 401 hereof and in any Supplemental Trust Agreement.

"Prepayment Date" shall mean the date on which optional prepayment or extraordinary prepayment or mandatory sinking fund payment of Basic Lease Payments represented by a Series of Certificates Outstanding shall be made pursuant to Section 312 hereof or pursuant to any Supplemental Trust Agreement.

"Prepayment Price" shall mean, with respect to any Certificate, the principal amount thereof (together with the premium, if any, applicable upon an optional prepayment) payable upon prepayment thereof pursuant to such Certificate and this Trust Agreement or any Supplemental Trust Agreement, together with accrued interest represented by such Certificate to the Prepayment Date.

"Project" shall mean the lease-purchase financing and construction or refinancing of the Facilities set forth on a particular Schedule and, if all or a portion of such Facilities shall be comprised of real property, the ground leasing of the related Facility Site by the School Board to the Corporation and the sub-leasing of such Facility Site back to the School Board.

"Project Fund" shall mean the trust fund designated as the "Project Fund" created and established in Section 401 hereof.

"Purchase Option Price" shall mean, with respect to any Facility financed under a Lease, as of each Lease Payment Date, the Basic Lease Payment then due plus the amount so designated and set forth on the Schedule for such Facility as the remaining principal portion of the Purchase Option Price minus any credits pursuant to the provisions of Section 3.2 of the Master Lease, plus, an amount equal to the interest to accrue with respect to the Certificates to be prepaid as a result of the release of such Facility from the Lease, from such Lease Payment Date to the next available date for prepaying such Certificates, unless such prepayment shall occur on such Lease Payment Date, plus an amount equal to a pro-rata portion of any Additional Lease Payments and Supplemental Payments then due and owing under the Lease relating to such Facility, including any prepayment premiums payable on the Certificates prepaid.

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"School Board" shall mean the School Board of Palm Beach County, Florida, a body corporate and the governing body of the District.

"Series" or "Series of Certificates" shall mean the aggregate amount of each series of Certificates evidencing an undivided proportionate interest of the owners thereof in a particular Lease and the Basic Lease Payments thereunder, issued pursuant to this Trust Agreement or a Supplemental Trust Agreement.

"Special Tax Counsel" shall mean Greenberg, Traurig, Hoffman, Lipoff, Rosen & Quentel, P.A., Miami, Florida, Cunningham & Self, West Palm Beach, Florida and Michael B. Brown, P.A., West Palm Beach, Florida, or any other attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of the interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"State" shall mean the State of Florida.

"Superintendent" shall mean the Superintendent of Schools of the District.

"Supplemental Payments" shall mean all amounts due under a Lease other than Basic Lease Payments and Additional Lease Payments.

"Supplemental Trust Agreement" shall mean any agreement supplemental or amendatory of this Trust Agreement.

"Trust Agreement" shall mean this Master Trust Agreement dated as of November 1, 1994, entered into by and between the Corporation and the Trustee, and any Supplemental Trust Agreement.

"Trust Estate" shall mean all estate, right, title and interest of the Trustee in and to (a) the Basic Lease Payments, the Master Lease, the Leases and each Assignment Agreement, and (b) (i) all amounts from time to time deposited in the funds and accounts created pursuant to this Trust Agreement and any Supplemental Trust Agreement in accordance with the provisions of the Master Lease, the Leases and this Trust Agreement, including investment earnings thereon; and (ii) any and all monies received by the Trustee pursuant to the provisions hereof and not required to be remitted to the School Board pursuant to the Master Lease or this Trust Agreement.

"Trustee" shall mean NationsBank of Florida, N.A., Fort Lauderdale, Florida, and its successors or assigns which may at any time be substituted in its place pursuant to the provisions hereof.

102. Rules of Construction. Unless the context shall otherwise indicate, words importing the singular number shall include

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the plural number and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies as well as natural persons.

The terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms, as used in this Trust Agreement, refer to this Trust Agreement.

103. Exhibits. The following Exhibits are attached hereto and by this reference made a part of this Trust Agreement:

- Exhibit A. FORM OF CERTIFICATE
- Exhibit B. FORM OF REQUISITION
- Exhibit C. FORM OF REQUISITION (COSTS OF ISSUANCE)

ARTICLE II
ASSIGNMENT; DECLARATION OF TRUST;
REPRESENTATIONS

201. Assignment Agreements. The Corporation shall assign and transfer to the Trustee its rights under each Ground Lease and each Lease pursuant to and to the extent described in the corresponding Assignment Agreement, and in consideration of such assignment and the execution of this Trust Agreement, the Trustee shall execute and deliver each Series of Certificates, evidencing an undivided proportionate interest of the Certificate holders in Basic Lease Payments under the corresponding Lease.

202. Declaration of Trust by Trustee. The Trustee hereby declares that it holds and will hold the Trust Estate conferred on it by the Corporation hereunder upon the trusts and apply the amounts as hereinafter set forth for the use and benefit of the Certificate holders, as more particularly set forth in Section 305 hereof.

203. Representations. In the Master Lease, the School Board has agreed to acquire, construct and install the Facilities as agent for the Corporation pursuant to specifications prepared by the School Board and that the School Board will be responsible for the letting of contracts for the acquisition, construction and installation of the Facilities and supervising the acquisition, construction and installation of the Facilities.

204. Description and Estimated Costs of the Facilities. The description of the Facilities to be acquired, constructed and installed and leased by the School Board from the Corporation pursuant to the Master Lease and each Schedule and the estimated Costs of such Facilities shall be set forth in the related Schedule to the Master Lease.

205. Conditions Precedent Satisfied. Each party hereto, represents with respect to itself that all acts, conditions and things required by law to exist, happen and be performed precedent to and in connection with the execution and delivery of this Trust Agreement have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto each represents as to itself that it is now duly empowered to execute and deliver this Trust Agreement.

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ARTICLE III
CERTIFICATES; TERMS AND PROVISIONS

301. Authorization of Certificates.

(a) The number of Series of Certificates which may be created under this Trust Agreement is not limited. The aggregate principal amount of Certificates of each Series which may be issued, authenticated and delivered under this Trust Agreement is not limited except as set forth in the Supplemental Trust Agreement creating such Series.

(b) The Certificates issuable under this Trust Agreement shall be issued in such Series as may from time to time be created in connection with one or more Leases. Each Series shall be designated "Certificates of Participation, Series Evidencing an Undivided Proportionate Interest of the Registered Owners thereof in Basic Lease Payments to be Made by the School Board of Palm Beach County, Florida, as Lessee, Pursuant to a Master Lease Purchase Agreement with Palm Beach School Board Leasing Corp., as Lessor". The Certificates may, if and when authorized by this Trust Agreement, be designated with such further appropriate particular designations added to or incorporated in such title for the Certificates of any particular Series as the Board may determine and as may be necessary to distinguish such Certificates from the Certificates of any other Series.

302. Execution and Delivery of Certificates. Each Series of Certificates shall be authorized by the Corporation at the request of the School Board and executed and delivered by the Trustee for the purpose of (a) financing the cost of acquisition, construction and equipping of any Facilities, (b) financing the cost of completing the acquisition, construction, installation and equipping of any Facilities, (c) financing the cost of increasing, improving, modifying, expanding or replacing any Facilities, (d) paying or providing for the payment of the principal portion and interest portion of the Basic Lease Payments with respect to, or the Purchase Option Price of, all or a portion of the Facilities financed from the proceeds of any Series of Certificates theretofore executed and delivered, (e) funding a Reserve Account in an amount equal to the Reserve Account Requirement applicable thereto, (f) capitalizing the interest portion of Basic Lease Payments during construction and (g) paying the Costs of Issuance applicable thereto.

Each Series of Certificates shall be substantially in the form set forth in Exhibit A hereto, with such appropriate variations, omissions and insertions as necessary to conform to the provisions of this Trust Agreement, including any use of a book-entry-only system as described in Section 317 hereof. All Certificates may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rule and regulations of any governmental authority or of any securities

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exchange on which the Certificates may be listed or any usage or requirement of law with respect thereto.

303. Terms of Series of Certificates. Certificates may be executed and delivered at any time and from time to time in one or more Series, upon such terms and conditions as may then be permitted by law and as shall be determined by the Corporation and provided in the respective Supplemental Trust Agreement under which such Series of Certificates are authorized. Certificates of any Series:

(a) shall be dated, shall represent interest at a rate not in excess of the maximum rate then permitted by applicable law (calculated on the basis of a 360 day year consisting of twelve 30 day months), and shall be payable and mature in such amounts and at such time or times, as may be provided in the Supplemental Trust Agreement creating such Series of Certificates;

(b) shall be payable, as to the principal portion, Prepayment Price, if any, and interest portion of such Series of Certificates, at such place or places in lawful money of the United States of America and may have such registration privileges and such exchange privileges as may be provided in the Supplemental Trust Agreement creating such Series of Certificates and allowable under then existing law;

(c) shall have such particular designations added to their title, and shall be in such form and denominations, as provided in the Supplemental Trust Agreement creating such Series of Certificates;

(d) shall be limited as to the maximum principal amount thereof which may be delivered by the Trustee or which may be at any time outstanding, as provided in the Supplemental Trust Agreement creating such Series of Certificates;

(e) may contain provisions for the prepayment thereof at such Prepayment Price or Prices, at such time or times, upon such notice, in such manner, and upon such other terms and conditions, not inconsistent with the provisions hereof and the terms of the Master Lease, as may be provided in the Supplemental Trust Agreement creating such Series of Certificates;

(f) may have provisions requiring mandatory payments for the purchase and sinking fund prepayment of such Series of Certificates, in such amounts, at such time or times, upon such notice, in such manner, and upon such other terms and conditions, not inconsistent with the provisions hereof and the terms of the Master Lease as shall be set forth in such Supplemental Trust Agreement;

(g) may contain such other provisions and such other special terms and conditions, not contrary to the provisions hereof, as may be provided in such Supplemental Trust Agreement;

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(h) shall be payable from and secured by the Trust Estate, but solely to the extent provided in and subject to the limitations of Section 305 hereof.

304. Conditions Precedent to Delivery of a Series of Certificates. The Trustee shall execute and deliver one or more Series of Certificates for the purposes set forth in Section 302 hereof to the purchaser or purchasers thereof as requested and authorized by the Corporation in accordance with the provisions of this Section 304.

Prior to the delivery by the Trustee of any Series of Certificates there shall have been received by the Trustee:

(a) A Supplemental Trust Agreement providing for the terms and conditions upon which they shall be executed and delivered by the Trustee;

(b) An executed counterpart of a corresponding Schedule to the Master Lease (or amended Schedule in the case of Certificates issued for the purposes as described in Section 302(b) and (d) above) effective on or before the date of execution and delivery of such Series of Certificates, providing for (i) Lease Payments payable under such Schedule at least equal to the principal portion of, Prepayment Price, if any, and interest portion represented by such Series of Certificates, and (ii) the disposition of the proceeds of the sale of such Series of Certificates, including the acquisition, construction, equipping or improvement of the Facilities to be financed from the proceeds of, such Series of Certificates or the payment or refunding of the Series of Certificates to be paid or refunded;

(c) An executed counterpart of an Assignment Agreement, effective on or before the date of execution and delivery of such Series of Certificates, assigning and transferring to the Trustee substantially all of the rights of the Corporation under the Lease relating to such Series of Certificates, except for the provisions with respect to release and indemnity of the Corporation and the right of the Corporation to hold title to various Facilities and to receive notices under the Master Lease;

(d) One or more opinions of Special Tax Counsel to the effect that (i) the Certificates evidence undivided proportionate interests of the owners thereof in Basic Lease Payments to be made by the School Board pursuant to the corresponding Lease and (ii) the interest portion of the Basic Lease Payments represented by the Series of Certificates being issued is excludable from gross income for federal income tax purposes, and, in the case of refunding Certificates, that the exclusion from gross income for federal income tax purposes of the interest portion of the Basic Lease Payments represented by the Certificates being refunded will not be adversely affected by the issuance of the refunding Certificates being issued;

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except that to the extent that Basic Lease Payments available for payment to all Certificate holders are less than all amounts owed with respect to all Series of Certificates on any Payment Date, such amounts available shall be applied on a pro-rata basis to Certificate holders of all Series in accordance with the ratio that the principal balance due on each Series of Certificates Outstanding on such Payment Date bears to the total principal balance due on all Certificates Outstanding under this Trust Agreement on such Payment Date.

(b) Except as otherwise expressly provided in the immediately preceding paragraph and elsewhere herein, all amounts payable by the Trustee with respect to a Series of Certificates or to any Credit Facility Issuer who shall have issued a Credit Facility, if any, securing such Series pursuant to this Trust Agreement shall be paid only from the portion of the Trust Estate derived from Basic Lease Payments made pursuant to the Schedule corresponding to such Series and only to the extent that the Trustee shall have actually received sufficient income or proceeds from such portion of the Trust Estate to make such payments. Each Certificate holder agrees, and each such Credit Facility Issuer, by its execution and delivery of the Credit Facility shall be deemed to have agreed, except as otherwise expressly provided herein, to look solely to the income of and the proceeds from such portion of the Trust Estate to the extent available for distribution to such holder and each such Credit Facility Issuer as herein provided and that the Trustee is not personally liable to any Certificate holder or any such Credit Facility Issuer for any amounts payable under this Trust Agreement except liability under this Trust Agreement as a result of negligence or willful misconduct by the Trustee.

(c) So long as the Master Lease or related Ground Leases shall be in effect, all amounts of Lease Payments, insurance proceeds, indemnity payments and other payments of any kind constituting a part of the Trust Estate payable under this Trust Agreement or the Lease corresponding to such Series to the Trustee shall be paid directly to the Trustee for distribution, in accordance with Articles III, V, VI and VII of this Trust Agreement, to or for the Certificate holders or the related Credit Facility Issuer, as the case may be.

306. Execution.

The Certificates shall be executed in the name of, and by, the Trustee, solely as trustee under the Trust Agreement and not in its individual capacity, by the manual signature of any authorized signatory of the Trustee.

307. Negotiability, Transfer and Registration.

(a) The Trustee shall maintain, at its designated corporate trust office, a register of the names and addresses of all Certificate holders as of any particular time, and the Trustee

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(e) A written order to the Trustee by an Authorized Corporation Representative to execute and deliver the Series of Certificates to the purchaser or purchasers therein identified upon payment to the Trustee of a specified sum;

(f) Certified copies of resolutions of the Corporation and the School Board authorizing the issuance of such Series of Certificates;

(g) Evidence of approval of the related Lease by the State Department of Education, or an opinion of Special Tax Counsel to the effect that such approval is not required;

(h) Such other documents and opinions as may be provided for in the Supplemental Trust Agreement referred to in subparagraph (a) hereof, including one or more Ground Leases (or amended Ground Leases in the case of Certificates issued for the purposes described in Section 302(b) above), or as may be required under Section 6.1 of the Master Lease;

(i) One or more Opinions of Counsel in form and substance satisfactory to each Credit Facility Issuer to the effect that the issuance of such Series of Certificates for the purposes set forth in Section 302 is authorized by law, and the execution and delivery thereof and of the other documents described in this Section have been duly authorized by the School Board and the Corporation, all conditions precedent to the delivery thereof have been fulfilled and to the further effect that the execution of the Supplemental Trust Agreement is authorized or permitted hereunder; and

(j) A certificate signed by an Authorized Corporation Representative to the effect that the Master Lease is in effect and to its knowledge there are no defaults at the time of issuance under any Lease, Ground Lease or this Trust Agreement.

The proceeds of such Series of Certificates shall be held and disbursed as provided in the Supplemental Trust Agreement providing for such Series of Certificates. The Trustee shall execute and deliver such Series of Certificates to the purchaser or purchasers thereof as directed and authorized in writing by an Authorized Corporation Representative.

305. Payments from Trust Estate Only; Distribution of Trust Estate.

(a) Unless otherwise set forth in a Supplemental Trust Agreement, each Certificate within a Series of Certificates executed and delivered pursuant to this Section shall rank par passu and be equally and ratably secured under this Trust Agreement with each other Certificate of such Series, but not with any Certificates of any other Series issued pursuant to this Trust Agreement and Outstanding, without preference, priority or distinction of any such Certificate over any other such Certificate,

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shall, upon request of the School Board, furnish such information to the School Board.

(b) Each Certificate shall be transferable only upon the register maintained by the Trustee, by the Certificate holder in person or by his/her attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Certificate holder or his/her attorney duly authorized in writing. Upon the registration of transfer of any such Certificate, the Trustee shall deliver in the name of the transferee a new Certificate or Certificates of the same series, aggregate principal amount and maturity as the surrendered Certificate.

(c) The person in whose name any Certificate shall be registered upon the books of the Trustee shall be treated as the absolute owner of such Certificate, whether such Certificate shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal portion or Prepayment Price, if applicable, and interest portion represented by such Certificate and for all other purposes, and all such payments so made to any such Certificate holder or upon his/her order shall be valid and effectual to satisfy and discharge the liability upon such Certificate to the extent of the sum or sums so paid, and the Trustee, the Corporation and the School Board shall not be affected by any notice to the contrary.

(d) Certificates, upon surrender thereof at the designated corporate trust office of the Trustee, together with an assignment duly executed by the Certificate holder or his attorney or legal representative in such form as shall be satisfactory to the Trustee, may, at the option of the Certificate holder thereof and upon payment by such Certificate holder of any charges which the Trustee may make as provided in Section 308 hereof, be exchanged for an equal aggregate principal amount of Certificates of the same maturity and series, of any denomination or denominations authorized by this Trust Agreement, representing interest at the same rate, and in the same form as the Certificates surrendered for exchange.

(e) Upon the occurrence and continuance of an Event of Default which requires a Credit Facility Issuer to make payments under a Credit Facility, the Credit Facility Issuer and its designated agent shall be provided with access to inspect and copy the register of the Series of Certificate holders insured by its Credit Facility.

308. Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Certificates or registering the transfer of Certificates is exercised, the Trustee shall execute and deliver Certificates in accordance with the provisions of this Trust Agreement. All Certificates surrendered in any such exchanges or registrations of transfer shall forthwith be cancelled by the Trustee. For every such exchange or registration

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of transfer of Certificates, whether temporary or definitive, the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or registration of transfer. The Trustee shall not be required (a) to register the transfer of or exchange Certificates for a period of fifteen (15) days preceding any Payment Date until such Payment Date, or for a period of fifteen (15) days preceding any selection of Certificates to be prepaid until after the mailing of any notice of prepayment; or (b) to register the transfer of or exchange any Certificates called for prepayment.

309. Certificates, Mutilated, Destroyed, Stolen or Lost. In case any Certificates shall become mutilated or be destroyed, stolen or lost, the Trustee shall execute and deliver a new Certificate of the same series and of like maturity and principal amount as the Certificate so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Certificate, or in lieu of and substitution for the Certificate destroyed, stolen or lost, upon surrender of such mutilated Certificate or filing with the Trustee of evidence satisfactory to the Trustee that such Certificate has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Trustee with indemnity satisfactory to the Trustee and complying with such other reasonable regulations as the Trustee may incur. All Certificates so surrendered to the Trustee shall be cancelled by it. Any such new Certificates executed and delivered pursuant to this Section in substitution for Certificates alleged to be destroyed, stolen or lost shall be equally secured by and entitled to equal and proportionate benefits, with all other Certificates delivered under the Trust Agreement and Outstanding.

310. Temporary Certificates. Until the definitive Certificates are prepared, the Trustee may execute and deliver, in the same manner as is provided in Section 306, in lieu of definitive Certificates, one or more temporary Certificates of the same series and substantially of the tenor of the definitive Certificates in lieu of which such temporary Certificate or Certificates are issued, in denominations of \$5,000 or any multiples thereof, and with such omissions, insertions and variations as may be appropriate for temporary Certificates. The Trustee, at the expense and direction of the School Board, shall prepare and execute and, upon the surrender of such temporary Certificates, and the cancellation of such surrendered temporary Certificates, the Trustee shall without charge to the Holder thereof, in exchange thereof, deliver definitive Certificates of the same series, of the same aggregate principal amount and maturity as the temporary Certificates surrendered. Until so exchanged, the temporary Certificates shall in all respects be entitled to the same benefits and security as definitive Certificates of the same series executed and delivered pursuant to the Trust Agreement.

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notice, postage prepaid, not less than 30 days before the Prepayment Date in the case of optional prepayment, extraordinary prepayment resulting from damage, destruction or condemnation of Facilities or mandatory sinking fund prepayment, and not less than 5 days nor more than 10 days before the Prepayment Date in the case of extraordinary prepayment resulting from termination of all Leases as a result of nonappropriation or default by the School Board, to the Holders of any Certificates or portions of Certificates which are to be prepaid, at their last addresses appearing upon the registry books, but any defect in the notice to a particular Certificate holder shall not affect the validity of the proceedings for the prepayment of other Certificates. Notwithstanding anything in this Section 314 to the contrary, the Trustee shall not give notice that the Certificates are subject to optional prepayment pursuant to a Supplemental Trust Agreement unless and until the School Board shall have deposited with the Trustee to the credit of the related Prepayment Account an amount sufficient to pay in full the principal of the Certificates subject to prepayment, plus accrued interest and premium, if any, on such Certificates to the date established for such prepayment. Notice of such prepayment shall be provided to any depository not less than two days prior to mailing of such notice, to the extent available.

315. Payment of Prepaid Certificates. Notice having been given in the manner provided in Section 314, the Prepayment Price of the Certificates or portions thereof so called for prepayment shall become due and payable on the Prepayment Date so designated at the Prepayment Price, plus the interest portion accrued and unpaid to the Prepayment Date, and, upon presentation and surrender thereof at the office specified in such notice such Prepayment Price of the Certificates, or portions thereof shall be paid. If there shall be selected for prepayment less than all of the Certificates, the Trustee shall execute and deliver, upon the surrender of such Certificates, without charge to the owner thereof, for the aggregate balance of the principal amount of the Outstanding Certificates so surrendered, at the option of the owner thereof, Certificates of like maturity in any of the authorized denominations. If, on the Prepayment Date, moneys for the payment of the Prepayment Price of all the Certificates of a Series or portions thereof of any like maturity to be prepaid, shall be held by the Trustee so as to be available therefor on the Prepayment Date and if notice of prepayment shall have been given as aforesaid, then, from and after the Prepayment Date the interest portion of the Certificates or portions thereof of such maturity so called for prepayment shall cease to accrue and become payable. If said moneys shall not be so available on the Prepayment Date, the principal portion represented by such Certificates or portions thereof shall continue to bear interest until paid at the same rate as would have accrued had it not been called for prepayment.

316. Cancellation of Certificates. All Certificates paid or prepaid, either at or before maturity, shall be delivered to the Trustee when such payment or prepayment is made, and such Certificates shall thereupon be promptly cancelled and destroyed.

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311. Privilege of Prepayment and Prepayment Price. Certificates subject to prepayment prior to maturity pursuant to this Trust Agreement may be prepaid, upon notice given as provided in this Article III, at such times, at such Prepayment Prices and upon such terms as specified in this Article III or in the Supplemental Trust Agreement authorizing the issuance of such Certificate.

312. Prepayment. Whenever by the terms of this Trust Agreement the Certificates are required to be prepaid, the Trustee shall select the Certificates to be prepaid in accordance with the provisions of Section 313 hereof. The Trustee shall select a Prepayment Date, and immediately give the notice of prepayment and pay the Prepayment Price thereof, plus interest accrued and unpaid to the Prepayment Date, in accordance with the terms of this Article III.

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

314. Notice of Prepayment. When prepayment of Certificates is required pursuant to Section 312 hereof, the Trustee shall give notice of the prepayment of such Certificates, which notice shall specify the maturities of the Certificates to be prepaid, the CUSIP numbers (which shall be for informational purposes only and shall not affect the validity of such notice), the prepayment date and the place or places where amounts due upon such prepayment will be payable and, if less than all of the Certificates of a Series are to be prepaid, the letters and numbers or other distinguishing marks of such Certificates to be prepaid, and, in the case of Certificates to be prepaid in part only, such notice shall also specify the respective portions of the principal amounts thereof to be prepaid. Such notice shall further state that on such date there shall become due and payable with respect to each Certificate to be prepaid the Prepayment Price thereof, or the Prepayment Price of the specified portions of the principal thereof to be prepaid in part only, together with interest accrued to the Prepayment Date, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall mail a copy of such

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Upon the cancellation and deletion of any Certificates by the Trustee, the Trustee shall execute a certificate of cancellation in duplicate by the signature of one of its authorized officers describing the Certificates so cancelled, and executed certificates shall be filed with the School Board and the Corporation and the other executed certificate shall be retained by the Trustee.

317. Qualification for The Depository Trust Company. The Trustee is hereby authorized to take such actions as may be necessary from time to time to qualify any Series of Certificates for deposit with The Depository Trust Company of New York, including but not limited to wire transfers of interest and principal payments with respect to such Series of Certificates, utilization of electronic book-entry data received from The Depository Trust Company of New York in place of actual delivery of Certificates and provision of notices with respect to Certificates registered by The Depository Trust Company of New York (or any of its designees identified to the Trustee) by overnight delivery, courier service, telegram, teletype or other similar means of communication. No such arrangements with The Depository Trust Company of New York may adversely affect the interest of any of the beneficial owners of the Certificates, provided, however, that the Trustee shall not be liable with respect to any such arrangements it may make pursuant to this Section. Without limiting the foregoing, the Trustee may deliver a Series of Certificates to a bank or trust company serving as custodian (which may be the Trustee serving in the capacity of custodian) to provide for a book-entry or similar method for the registration and registration of transfers of such Series of Certificate; provided that the holders of such Series of Certificates always may receive upon request certificates evidencing their ownership of Certificates.

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ARTICLE IV

ESTABLISHMENT AND ADMINISTRATION OF FUNDS AND ACCOUNTANTS; PREPARATION OF CERTIFICATES

401. Establishment of Project Fund. There is hereby established with the Trustee a special trust fund to be designated as the "Project Fund". The Trustee shall keep the Project Fund separate and apart from all other funds and moneys held by it. Within the Project Fund, the Trustee shall establish pursuant to each Supplemental Trust Agreement, as necessary, the following accounts and subaccounts for each Series of Certificates: (a) an Acquisition Account and a Cost of Issuance Subaccount therein, more particularly described in Section 402 hereof; (b) a Capitalized Interest Account more particularly described in Section 403 hereof; (c) a Lease Payment Account, more particularly described in Section 404 hereof; (d) a Reserve Account, more particularly described in Section 405 hereof; and (e) a Prepayment Account, more particularly described in Section 406 hereof. The Trustee shall establish separate Acquisition Accounts, Cost of Issuance Subaccounts, Capitalized Interest Accounts, Lease Payment Accounts, Reserve Accounts and Prepayment Accounts for each Project in the Supplemental Trust Agreement authorizing the issuance of the Series of Certificates corresponding to each such Project. The Trustee may create additional Accounts and Subaccounts in any Supplemental Trust Agreement at the request of the School Board. Each such account and subaccount shall be designated by the Trustee with the Series of the Certificates to which they relate.

On the date of delivery of each Series of Certificates the Trustee shall deposit the proceeds thereof as provided in the Schedule or Schedules and the Supplemental Trust Agreement authorizing such Series of Certificates.

402. Acquisition Account.

(a) There shall be paid into each Acquisition Account the amounts required to be so paid by the provisions hereof or by the provisions of the Supplemental Trust Agreement authorizing the issuance of the Series of Certificates to which such Acquisition Account relates.

(b) Pursuant to an election by the School Board under Section 5.4(a) of the Master Lease, Net Proceeds with respect to any Facilities, may be deposited into the Acquisition Account established under the Supplemental Trust Agreement authorizing the issuance of the Series of Certificates to which such Acquisition Account relates.

(c) The Cost (other than the Costs of Issuance) of the Facilities comprising each Project shall be paid from the amounts on deposit in the related Acquisition Account. Actual amounts paid

able to the School Board confirming the feasibility of the proposed construction; and

- (vii) Certification by the School Board that adequate water, sanitary sewer and storm sewer utilities, electric power, telephone and other utilities are available to the land, or the cost of making them available is included in the School Board's acquisition and construction budget.

Before payment is made pursuant to a requisition for real estate improvements, regardless of whether the underlying land was previously owned by the School Board or is being acquired with Certificate proceeds, there shall be provided to the Trustee items (i) through (vii) above with respect to the land underlying such real estate improvements, and in the case of underlying land previously owned by the School Board, there shall be provided to the Trustee a related Ground Lease or amendment to the related Ground Lease adding such parcel of land thereto.

(d) Costs of Issuance of Certificates shall be paid from the related Cost of Issuance Subaccount in the related Acquisition Account upon receipt by the Trustee of a requisition substantially in the form of Exhibit C hereto, signed by an Authorized School Board Representative stating with respect to each payment to be made: (1) the requisition number, (2) the name and address of the person, firm, corporation or agency to whom payment is due, (3) the amount to be paid and (4) that such payment obligation has been properly incurred, is a Cost of Issuance for the related Project and has not been the basis of a previous withdrawal.

(e) The completion of the acquisition, construction and installation of the Facilities comprising each Project financed under a particular Lease shall be evidenced by a Certificate of Acceptance of the School Board and the Corporation in the form attached as Exhibit B to the Master Lease, which Certificate of Acceptance shall be filed with the Trustee upon completion of acquisition of such Facilities. Upon the filing of such certificate any amounts remaining in the related Acquisition Account shall be either (a) transferred to the related Lease Payment Account and applied as a credit to Basic Lease Payments due under the particular Schedule with respect to which such surplus is applicable, in accordance with Section 3.2(b) of the Master Lease or (b) if there shall remain in the related Acquisition Account an amount greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year under such Lease, transferred to the related Prepayment Account and utilized to prepay the related Series of Certificates at a price of par plus interest accrued to the date of prepayment, in the manner provided in the related Supplemental Trust Agreement and Section 7.2(B) of the Master Lease.

for particular Facilities may be more or less than the estimated amounts set forth initially in a Schedule, so long as the certifications provided below can be made. The Trustee shall make such payments upon receipt of a requisition substantially in the form of Exhibit B hereto, signed by an Authorized School Board Representative certifying with respect to each payment to be made: (1) the requisition number, (2) the name and address of the person, firm, corporation or agency to whom payment is due or has been made, (3) the amount to be paid, (4) that each obligation, item of cost or expense mentioned therein has been properly incurred, is an item of Cost of the Facilities comprising the related Project and has not been the basis of any previous withdrawal, and (5) that the payment of the Cost of the Facilities comprising such Project will not cause the balance remaining in such Acquisition Account after such payment to be less than the amount necessary to pay the remaining estimated Costs to be paid from such account or that sufficient other moneys are available therefor. Payments may be made from such Acquisition Account in order to reimburse the School Board for payments previously made to pay the Costs of the Facilities comprising such Project.

Payments shall be made by the Trustee for Costs of land in accordance with the following:

- (i) Receipt by the Trustee and the related Credit Facility Issuer of a title insurance policy, if required by such related Credit Facility Issuer pursuant to Section 6.1 of the Master Lease (the Trustee shall be notified in writing of such requirement);
- (ii) Receipt by the Trustee and the related Credit Facility Issuer of an Opinion of Counsel described in Section 6.1 of the Master Lease;
- (iii) An executed Schedule or Amendment to the related Schedule describing the land and the cost thereof;
- (iv) A "Phase I" environmental audit prepared by an independent engineer or other qualified consultant acceptable to the applicable Credit Facility Issuer and the School Board;
- (v) A copy of a recent survey plat of the land in questions prepared, sealed and certified to the School Board and the Trustee by a licensed Florida surveyor, in form satisfactory to the School Board;
- (vi) A report on soil conditions and an engineer's certification in form and substance accept-

(f) In the event that a Lease Term terminates under Section 4.1 of the Master Lease prior to the completion of the acquisition, construction and installation of the Facilities comprising the related Project as evidenced by the delivery of a Certificate of Acceptance, the Trustee shall transfer all amounts remaining in the related Acquisition Account to the related Lease Payment Account and apply such amounts pursuant to Section 504 hereof.

403. Capitalized Interest Accounts. Funds in each Capitalized Interest Account relating to a Series of Certificates shall be transferred to the related Lease Payment Account in an amount necessary to pay the interest portion of Lease Payments coming due during construction represented by such Series of Certificates. Such transfer shall be made on the Business Day before each Payment Date for such Series, until the amounts in such Capitalized Interest Account are exhausted.

404. Lease Payment Accounts.

(a) In addition to the moneys required to be deposited in a Lease Payment Account pursuant to Sections 401, 402 and 408 hereof and except as provided in Section 406(b) hereof, all Basic Lease Payments for the Facilities financed under a Lease shall be deposited by the Trustee in the related Lease Payment Account immediately upon their receipt. The Trustee shall pay out of such Lease Payment Account, (i) on each Payment Date, the amount required for the interest portion of the Basic Lease Payment for such Facilities payable on such date to the related Certificate holders, (ii) on each Payment Date for principal the amount required for the principal portion of the Basic Lease Payments for such Facilities payable on such date to the related Certificate holders, and (iii) in the event of the termination of the related Lease Term pursuant to Section 4.1(d) of the Master Lease for deposit in the related Prepayment Account to be applied to the prepayment of the related Certificates pursuant to Section 315 hereof amounts on deposit in the related Lease Payment Account sufficient to pay the Prepayment Price of the related Certificates.

(b) Pursuant to an election by the School Board under Section 5.4(b) of the Master Lease, Net Proceeds with respect to any Facilities of less than ten percent (10%) of the remaining principal portion of the Basic Lease Payments relating to such Facilities shall be deposited in the related Lease Payment Account to be credited against Basic Lease Payments next coming due under the related Schedule in accordance with Section 3.2(c) of the Master Lease.

405. Reserve Accounts.

Pursuant to the Supplemental Trust Agreement authorizing the issuance of any Series of Certificates, there may be established

and maintained a separate Reserve Account to secure the payment of the principal and/or interest portion of the Basic Lease Payments related to such Series of Certificates. Each such Reserve Account shall secure only the Series of Certificates for which it has been established.

(a) The Reserve Account shall be maintained by the Trustee at the Reserve Account Requirement until the Basic Lease Payments related to a Series of Certificates for which it was established are paid in full pursuant to the terms of the Master Lease and the related Schedule, or the School Board has prepaid all such Basic Lease Payments in accordance with Section 7.2 or Section 7.3 of the Master Lease, or the Trust Agreement is terminated. The Trustee shall apply moneys in a Reserve Account as provided in this Section 405 or as provided in a Supplemental Trust Agreement.

(b) If on any Lease Payment Date (after taking into account Basic Lease Payments made to the Trustee on such Lease Payment Date) immediately preceding a Payment Date the amount in any Lease Payment Account shall be less than the amount required to pay the interest portion and principal portion of the Basic Lease Payments then due in relation to a Series of Certificates for which it was established, the Trustee shall transfer from the Reserve Account established in relation to such Series of Certificates to such Lease Payment Account the amount necessary to make good the deficiency. Any amounts transferred from a Reserve Account pursuant to this subsection (b) shall, to the extent of such transfer, be deemed to satisfy the School Board's obligation to make such Basic Lease Payment. In the event of any such transfer, the Trustee shall, within five (5) days after making such transfer, provide written notice to the School Board of the amount and date of such transfer and the School Board shall, if the deficiency in any Lease Payment Account is not the result of a failure of the School Board to appropriate moneys as contemplated by Section 3.5 of the Master Lease, pay within thirty (30) days of receipt of notice of such transfer from the Trustee, as Supplemental Payments, an amount necessary to restore the balance in such Reserve Account to the appropriate Reserve Account Requirement applicable thereto. In the event of any deficiency in the value of the Reserve Account pursuant to Section 409 hereof, the Trustee shall, within five (5) days of such valuation, provide written notice to the School Board of such deficiency and the School Board shall pay within thirty (30) days of receipt of notice of such deficiency from the Trustee, as Supplemental Payments, an amount necessary to restore the balance in such Reserve Account to the appropriate Reserve Account Requirement applicable thereto.

(c) Whenever the amount in any Reserve Account, together with the amount in the related Lease Payment Account, is sufficient to pay in full the interest portion and principal portion of the Basic Lease Payments represented by all Outstanding Certificates of a Series in accordance with their terms, the funds

on deposit in such Reserve Account shall be transferred to the related Lease Payment Account. Any provision of the Trust Agreement to the contrary notwithstanding, so long as there shall be held in any Lease Payment Account an amount sufficient to pay in full the interest portion and principal portion of all Basic Lease Payments represented by all Outstanding Certificates of a Series in accordance with their terms, no deposits shall be required to be made into the Reserve Account established in relation to such Series.

(d) Any amounts on deposit in a Reserve Account in excess of the related Reserve Account Requirement applicable thereto shall be transferred to the Lease Payment Account relating to the Series of Certificates secured by such Reserve Account.

(e) Any income or interest earned by, or increment to any Reserve Account due to the investment thereof paid into the applicable Lease Payment Account established for the particular Series of Certificates secured by such Reserve Account pursuant to Section 408(b) hereof shall be credited toward the interest portion of Basic Lease Payments represented by such Series next coming due, and the Trustee shall (to the extent reasonably ascertainable) notify the School Board thirty (30) days before each Lease Payment Date of the funds to be available for such transfer.

(f) Notwithstanding the foregoing, in lieu of the required deposits into the related Reserve Account, the Trustee is hereby authorized to accept and the Issuer may cause to be deposited into the Reserve Account pursuant to Section 3.1 of the Master Lease, a Reserve Account Letter of Credit/Insurance Policy either in lieu of any cash amount required to be deposited therein in connection with the issuance of any Series of Certificates or in substitution for the full amounts then on deposit therein or in an amount equal to the difference between the amount required to be deposited and the sum, if any, then on deposit in the Reserve Account, which Reserve Account Letter of Credit/Insurance Policy shall be payable (upon the giving of notice as required thereunder) on any Payment Date on which a deficiency exists which cannot be remedied by moneys in any other fund or account held pursuant to the Trust Agreement and available for such purpose. If any such Reserve Account Letter of Credit/Insurance Policy is substituted for moneys on deposit in the Reserve Account, or if on a valuation date there are excess moneys in the Reserve Account, the excess moneys in the Reserve Account shall be transferred to and deposited in the related Lease Payment Account. If a disbursement is made from a Reserve Account Letter of Credit/Insurance Policy, the School Board shall be obligated to either reinstate the maximum limits of such Reserve Account Letter of Credit/Insurance Policy immediately following such disbursement or to deposit into the Reserve Account, as provided in Section 3.1 of the Master Lease for restoration of withdrawals from the Reserve Account, funds in the

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amount of the disbursement made under such Reserve Account Letter of Credit/Insurance Policy.

In the event that upon the occurrence of any deficiency in a Lease Payment Account, the Reserve Account is then funded with a Reserve Account Letter of Credit/Insurance Policy, the Trustee shall, on a Payment Date to which such deficiency relates, draw upon or cause to be paid under the Account Letter of Credit/Insurance Policy an amount sufficient to remedy such deficiency, in accordance with the terms and provisions of the Reserve Account Letter of Credit/Insurance Policy as applicable, and any corresponding reimbursement or other agreement governing the Reserve Account Letter of Credit/Insurance Policy; provided, however, that if at the time of such deficiency the Reserve Account is only partially funded with a Reserve Account Letter of Credit/Insurance Policy, prior to drawing on the Reserve Account Letter of Credit/Insurance Policy, as applicable, the Trustee shall first apply any cash and securities on deposit in the Reserve Account to remedy the deficiency in accordance with the Section 4.05(b) and, if after such application a deficiency still exists, the Trustee shall make up the balance of the deficiency by drawing on the Reserve Account Letter of Credit/Insurance Policy, as provided in this sentence. Amounts drawn on the Reserve Account Letter of Credit/Insurance Policy shall be applied as set forth in Section 4.05(b). Any amounts drawn under a Reserve Account Letter of Credit/Insurance Policy shall be reimbursed to the provider thereof in accordance with the terms and provisions of the reimbursement or other agreement governing such Reserve Account Letter of Credit/Insurance Policy.

406. Prepayment Accounts.

(a). Except as may be otherwise provided in the Supplemental Trust Agreement authorizing the issuance of a Series of Certificates, the Trustee shall apply moneys in each Prepayment Account as provided in this Section 406. Amounts in a Prepayment Account shall be applied within 35 days after deposit therein, to the prepayment of Certificates of the related Series.

(b). The Trustee shall deposit in each Prepayment Account as received, all moneys, if any, paid to it for such purpose by the School Board pursuant to provisions of Section 7.2 of the Master Lease. In the event of the occurrence of an Event of Mandatory Prepayment pursuant to an election under Section 5.4(b) of the Master Lease, the Trustee shall deposit in the related Prepayment Account Net Proceeds for such purpose. Also, in the event of the occurrence of an Event of Mandatory Prepayment at the election of a Credit Facility Issuer as a result of termination of all Leases for the reasons referred to in Section 4.1(b) or 4.1(c) of the Master Lease, the Trustee shall deposit in the related Prepayment Account moneys paid by the School Board and the related Credit Facility Issuer for such purpose, and shall transfer to the

related Prepayment Account moneys on hand in the related Lease Payment Account and not needed to pay the principal portion and interest portion due or past due represented by the related Series of Certificates, sufficient to pay the Prepayment Price of such Series of Certificates pursuant to Section 404 hereof. All of said moneys shall be set aside in the corresponding Prepayment Account for the purpose of prepaying a principal amount of the related Series of Certificates corresponding to the principal portion of Basic Lease Payments prepaid or to the principal portion of the Purchase Option Price of all or a portion of the related Facilities, and shall be applied on or after the Prepayment Date to the payment of such principal amount of the related Series of Certificates together with the accrued interest relating thereto, upon presentation and surrender of such Certificates.

407. Deposits of Money.

(a) All moneys deposited under the provisions of this Trust Agreement with the Trustee shall be held in trust and applied only in accordance with the provisions of this Trust Agreement, and the Project Fund established by this Trust Agreement shall be a trust fund for the purposes thereof.

(b) All moneys held under this Trust Agreement by the Trustee shall be invested in accordance with Section 408 hereof, provided, however, that it shall not be necessary for the Trustee to give or obtain security for the deposit of any moneys held in trust and set aside by it for the payment of the principal portion or Prepayment Price of or interest portion of the Basic Lease Payments represented by any Certificates, or to give security for any moneys which shall be represented by Investment Securities purchased as an investment of such moneys.

(c) All moneys deposited with the Trustee shall be credited to the particular account to which such moneys belong.

408. Investment of Certain Accounts.

(a) Moneys held in each Acquisition Account, Capitalized Interest Account, Lease Payment Account, Reserve Account and Prepayment Account shall be invested and reinvested by the Trustee, solely as directed by an Authorized School Board Representative, to the fullest extent practicable in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Accounts, provided that moneys in each Acquisition Account shall not be invested in Investment Securities maturing more than three (3) years after the date of investment, and provided, further, that moneys in each Reserve Account shall be invested in Investment Securities with maturities not longer than five (5) years. The Trustee shall make all such investments of moneys held by it only as directed in accordance with instructions (which may be standing instructions)

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confirmed in writing, received from an Authorized School Board Representative and the Trustee shall have no responsibility for determining whether Investment Securities are legal under State law for investment of the School Board's funds.

(b) Subject to the first sentence of Section 409, interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investments and net of amounts deemed Excess Earnings) earned on any moneys or investments in an Acquisition Account shall be either (i) at the direction of an Authorized School Board Representative retained in such account until delivery of a Certificate of Acceptance, or (ii) automatically transferred to the related Lease Payment Account without need for any requisition or other direction and, together with interest earnings on investments in such Lease Payment Account, applied on the next occurring Lease Payment Date as a credit against the Basic Lease Payment then due on such date under the related Lease and deemed to be payment of the interest portion thereof. Interest earned on any moneys or investments in each Cost of Issuance Sub-account shall be deposited in the related Acquisition Account. Interest and other income received by the Trustee from investments of moneys on deposit in each Reserve Account (net of amounts deemed by the School Board to be Excess Earnings) and the related Capitalized Interest Account, if any, shall, prior to delivery of a Certificate of Acceptance, be deposited in the Acquisition Account, and after such date, be deposited in the related Lease Payment Account; provided, however, that all interest and other income received by the Trustee on investment of a Reserve Account shall be retained therein in the event that amounts on deposit in such Reserve Account are less than the Reserve Account Requirement applicable thereto. Interest earned on moneys and investments in a Prepayment Account shall be applied on the next ensuing Prepayment Date toward payment of amounts due to the related Certificate holders, in accordance with the provisions of Article III hereof. The School Board shall give written notice to the Trustee after each calculation period of amounts deemed by the School Board to be Excess Earnings and the Trustee may rely conclusively on such notice for purposes of determining the Excess Earnings amount hereunder.

(c) Nothing in this Trust Agreement shall prevent any Investment Securities acquired as investments of funds held under this Trust Agreement from being issued or held in book-entry form on the books of the Department of the Treasury of the United States of America.

409. Valuation and Sale of Investments. Obligations purchased as an investment of moneys in any Account created under the provisions of this Trust Agreement shall be deemed at all times to be a part of such Account and any profit realized from the liquidation of such investment shall be credited to, and any loss resulting from the liquidation of such investment shall be charged

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ARTICLE V

COVENANTS, DEFAULT AND LIMITATIONS OF LIABILITY

501. Trustee to Perform each Lease. The Trustee covenants and agrees with the Certificate holders and each Credit Facility Issuer, if any, to perform or cause to be performed all obligations and duties imposed on it as assignee of the Corporation of each Lease, and to enforce each Lease against the School Board.

502. Notice of Nonpayment. In the event of delinquency in the payment when due of Basic Lease Payments by the School Board pursuant to a Lease, the Trustee shall give notice to the School Board on the Business Day following the day payment was due, that such Basic Lease Payments have not been received. In the event of a delinquency in the payment when due of Additional Lease Payments or Supplemental Payments by the School Board pursuant to a Lease, the Trustee shall give notice to the School Board on the Business Day following the day payment was due (if payment was due to the Trustee) or on the Business Day following the date of receipt of notice of nonpayment from the party to whom such Additional Lease Payment or Supplemental Payment was due (if payment was due to a payee other than the Trustee).

503. Events of Default. Each of the following events is hereby declared to be an event of default hereunder:

(a) Payment of any installment of interest represented by any Certificate shall not be made when the same shall become due and payable; or

(b) Payment of any principal, whether at maturity or upon call for redemption, or any redemption premium with respect to any Certificate shall not be made when the same shall become due and payable; or

(c) An "Event of Default" shall occur and be continuing under Section 8.1 of the Master Lease.

504. Remedies on Default or Non-Appropriation. Upon the occurrence of an event of default by the School Board with respect to any Lease under Section 8.1 of the Master Lease, or upon termination of the Lease Term of all Leases as a result of nonappropriation, the Trustee, with the consent or at the direction of each Credit Facility Issuer insuring a Series of Certificates, and upon receipt of indemnity, shall be entitled to enforce the rights and exercise the remedies provided in the Master Lease, as appropriate and shall pursue one or more of such remedies at the direction of the Holders of a majority in aggregate principal amount of the Certificates of each Series Outstanding which is affected by such remedies, subject to the provisions of Section 707 hereof.

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to, the computation of net interest earned on the moneys and investments of such Account.

In computing the amount in any Account created under the provisions of this Trust Agreement for any purpose provided in this Trust Agreement, obligations purchased as an investment of moneys therein shall be valued at the amortized cost of such obligations plus accrued interest. Such computation shall be determined as and when needed. Investments in the Reserve Account shall be valued annually.

Except as otherwise provided in this Trust Agreement, the Trustee shall sell at the best price reasonably obtainable or present for redemption or transfer as provided in the next sentence any obligation so purchased as an investment whenever it shall be requested in writing by the Authorized School Board Representative so to do or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Account or sub-account held by it. In lieu of such sale or presentment for redemption, the Trustee may, in making the payment or transfer from any Account mentioned in the preceding sentence, transfer such investment obligations or interest appertaining thereto if such investment obligations shall mature or be collectible at or prior to the time the proceeds thereof shall be needed and such transfer of investment obligations may be made in book-entry form. The Trustee shall not be liable or responsible for making any such investment in the manner provided above.

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Any amounts collected following an event of default or non-appropriation shall be applied in accordance with the provisions of this Section and if all amounts due on the Certificates or otherwise hereunder have been fully paid (or provision for payment thereof has been made), such amounts shall be paid to the School Board.

(a) All such moneys collected in connection with a particular Lease shall be deposited into one or more special accounts established by the Trustee for the Series of Certificates relating thereto and applied:

First: To the payment of the reasonable costs of the Trustee related to such Lease, including counsel fees, any disbursements of the Trustee and its reasonable compensation;

Second: To the payments related to such Lease, if any, required to be paid to the Treasury Department of the United States under the Code;

Third: To the payment to the persons entitled thereto of all installments of the interest then due represented by all Series of Certificates related to such Lease in the order of such maturity of the installments of such interest portion, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due represented by such installment, to the persons entitled thereto, without any discrimination or preference;

Fourth: To the payment to the persons entitled thereto of the unpaid principal portion or Prepayment Price of all Series of Certificates related to such Lease which shall have become due whether at maturity or by call for prepayment in the order of their due dates and, if the amount available shall not be sufficient to pay in full all Certificates due on any date, then to the payment thereof ratably, according to the amount of principal portion, or Prepayment Price due on such date, to the persons entitled thereto, without any discrimination or preference; and

Fifth: To the payment of any ground rent or other amounts then due and payable under the corresponding Ground Lease, if any.

(b) If, at the election of a Credit Facility Issuer, an Event of Extraordinary Prepayment shall have occurred, the Trustee shall send notice of such extraordinary prepayment as required under Section 314 and shall apply all such moneys in accordance herewith and with the applicable Supplemental Trust Agreement.

Except as otherwise provided in Section 305(a) hereof, in the case of partial payment of Basic Lease Payments, whenever moneys are to be applied by the Trustee pursuant to the provisions

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of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be on a Lease Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date.

505. Account and Reports.

(a) The Trustee shall keep a copy of this Trust Agreement and all Supplemental Trust Agreements and proper books of record and account in which complete and correct entries shall be made of its transactions relating to each Project and each Account established under this Trust Agreement, which shall be subject to the inspection of the Corporation and the School Board during normal business hours and upon reasonable notice and which shall be maintained by the Trustee at the expense of the School Board for a period of six (6) years following termination of this Trust Agreement.

(b) The Trustee shall advise the Corporation and the School Board promptly after the end of each month of its transactions during such month relating to each Account held by it under this Trust Agreement.

506. Liability to Certificate Holders for Payment. Except as otherwise provided in this Trust Agreement, the Trustee shall have no obligation or liability to the Certificate holders with respect to the School Board's obligation to pay Basic Lease Payments when due, or with respect to the performance by the School Board of any other covenants made by it in the Master Lease. The Trustee shall not be liable or responsible because of the failure of the Corporation or the School Board or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the Corporation or the School Board or because of the loss of any money arising through the insolvency or the act or default or omission of any depository. The Trustee shall not be responsible for the application of any of the proceeds of Certificates or any other money deposited with it and paid out, withdrawn or transferred hereunder if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of this Trust Agreement. The immunities and exemption from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents.

507. Possession and Enjoyment. With respect to each Project, from and after the acceptance by the School Board of the Facilities comprising such Project in accordance with the terms of the Master

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ARTICLE VI

CONCERNING THE TRUSTEE

601. Employment of Trustee. In consideration of the recitals hereinabove set forth and for other valuable consideration, the Trustee hereby agrees to receive, hold, invest and disburse the moneys to be paid to it pursuant to the Master Lease for credit to the various funds and accounts established by this Trust Agreement; to prepare, execute, deliver and deal with the Certificates; and to apply and disburse the Trust Estate and other moneys received pursuant to the Master Lease to the Certificate holders subject to the limitations set forth in this Trust Agreement; and to perform certain other functions, all as expressly provided in and subject to the express terms and conditions of, this Trust Agreement. Prior to the occurrence of any Event of Default hereunder and after the curing of all such Events of Default that may have occurred, the Trustee shall perform only such duties of the Trustee as are specifically set forth in this Trust Agreement.

602. Trustee Acceptance of Duties.

(a) The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Trust Agreement by executing and delivering this Trust Agreement, and by executing such acceptance the Trustee shall be deemed to have accepted such duties and obligations with respect to all the Certificates thereafter to be delivered, but only, however, upon the express terms and conditions set forth herein.

(b) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect all books, papers and records of the School Board pertaining to each Project and each Lease, and to take such memoranda from and with regard thereto as may be desired.

(c) The Trustee shall not be required to give bond or surety in respect of the execution of said trusts powers or otherwise in respect of this Trust Agreement.

(d) Before taking any action referred to in Article V, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its failure to comply with the standard of care prescribed by Section 612 hereof or liability which is adjudicated to have resulted from its negligence or willful misconduct. Notwithstanding any other provision contained herein, the Trustee shall be under no obligation to institute any suit or to undertake any remedial proceeding in the Event of a Default under this Trust Agreement or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts hereby created

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Lease, the Trustee hereby agrees that it will not interfere with the Lease Terms and that the School Board shall, during such Lease Terms, peaceably and quietly have and hold and enjoy such Facilities, without suit, trouble or hindrance from the Trustee, except as expressly set forth in such Leases.

508. Warranties. THE TRUSTEE, BY ACCEPTANCE OF THE TRUST AGREEMENT, AND THE CORPORATION, BY DELIVERY OF THE LEASES, MAKE NO WARRANTY OR REPRESENTATION, EITHER EXPRESSED OR IMPLIED, AS TO THE TITLE TO, VALUE, DESIGN, CONDITION, HABITABILITY, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF ANY OF THE FACILITIES, OR PORTION THEREOF, OR AS TO WHETHER THE QUALITY OR CAPACITY OF THE MATERIAL OR WORKMANSHIP IN SUCH FACILITIES OR ANY WARRANTY THAT SUCH FACILITIES WILL SATISFY THE REQUIREMENTS OF ANY LAW, RULE, SPECIFICATIONS OR CONTRACT WHICH PROVIDES FOR SPECIFIC MACHINERY, OPERATORS OR SPECIAL METHODS OR ANY OTHER WARRANTY OF ANY KIND WHATSOEVER. In no event shall the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of any Lease or the existence, furnishing, functioning or the School Board's use of any item, product or service provided for in any Lease.

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or in the enforcement of any rights and powers hereunder, including its acceptance or possession of the Facilities, until it shall be indemnified to its reasonable satisfaction against any and all reasonable costs, expenses, outlays and reasonable counsel fees and other reasonable disbursements, and against all liability, including any liability in connection with any hazardous waste on any Facility Site.

(e) The Trustee shall not be liable for any error of judgment made in good faith by any officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(f) The recitals, statements and representations in this Trust Agreement or in the Certificates, save only the Trustee's execution of the Certificates, have been made by the Corporation and not by the Trustee; and the Trustee shall be under no responsibility for the correctness thereof. The Trustee shall not be responsible for the validity, priority, recording or filing of this Trust Agreement, the Master Lease, or the Assignment Agreements, or for insuring the Facilities or collecting any insurance moneys, or for the validity of the execution by the Corporation of this Trust Agreement or of any supplements hereto or instruments of this Trust Agreement, or for the sufficiency of the Trust Estate, or for the value or title of the Facilities or as to the maintenance of the security hereof, except as otherwise expressly provided herein.

(g) Except as to the acceptance of the trusts created hereunder, the Trustee shall have no responsibility in respect of the due execution or acknowledgment of this Trust Agreement by the Corporation, the validity or sufficiency of this Trust Agreement, or the validity of the Certificates or the issuance thereof.

603. Evidence on Which Trustee May Act.

(a) The Trustee, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of this Trust Agreement shall be protected in acting upon any such instrument reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may, but shall not be obligated to, consult with recognized counsel in the field of commercial banking and corporate trust administration, who may or may not be counsel to the School Board, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Trust Agreement in good faith and in accordance herewith.

(b) Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Trust Agreement, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established

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by a certificate of an Authorized School Board Representative, and such certificate shall be full warranty for any action taken or suffered in good faith under the provisions of this Trust Agreement upon the faith thereof. But in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

(c) Except as otherwise expressly provided hereunder, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the School Board to the Trustee shall be sufficiently executed in the name of the School Board by an Authorized School Board Representative.

(d) The Trustee shall not be deemed to have notice of any Event of Default hereunder except a default in the payment of Lease Payments, unless the Trustee shall have actual knowledge thereof or be specifically notified thereof in writing.

(e) The Trustee may buy, sell, own, hold and deal in any of the Certificates, and may join in any action which any Certificate holder may be entitled to take with like effect as if the Trustee were not a party to this Trust Agreement. The Trustee, either as principal or agent, may also engage in or have an interest in any financial or other transaction with the School Board or Corporation, and may act as depository, trustee, or agent for any committee or body of Certificate holders or other obligations of the School Board as freely as if it were not Trustee hereunder.

(f) The Trustee shall not be answerable or accountable except for the performance of its duties and obligations as are specifically set forth in this Trust Agreement and except for its own willful misconduct or negligence. The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty.

(g) No provision of this Trust Agreement shall be construed to relieve the Trustee from liability for its own negligent action, willful misconduct or negligent failure to act. However, in no event shall the Trustee be liable to any party: (i) for any losses on investments made in accordance with Section 408 hereof; (ii) for special, indirect or consequential damages including loss of profits or business, arising under or in connection with this Trust Agreement regardless of the form of action; (iii) for the use of the proceeds of sale of any Certificates; (iv) for compliance by the School Board with any covenant regarding the yield on investments made in accordance with Section 408 hereof.

(h) The Trustee may exercise any powers hereunder and perform any duties required of it through attorneys, agents, receivers, officers or employees, and shall be entitled to advice of counsel concerning its duties hereunder and all questions hereunder. Except as otherwise provided herein, the Trustee shall not be answerable for the exercise of any discretion or power hereunder

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notice as provided in Section 605 or after a vacancy in the office of the Trustee shall have occurred by reason of its removal as provided in Section 606 or by reason of its inability to act, a successor Trustee may be appointed by the Holders of a majority in principal amount of each Series of Certificates then Outstanding, excluding any Certificates held by or for the account of the School Board, by an instrument or concurrent instruments in writing signed, and acknowledged by such Certificate holders or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Corporation, the School Board and the predecessor. For purposes of this Article VI, "appointment" of a successor Trustee shall be deemed to occur upon designation, acceptance and commencement of performance of duties by the successor Trustee.

(b) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank or trust company or national banking association, having capital stock and surplus aggregating at least \$50,000,000, if there be such bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Trust Agreement.

(c) Each Credit Facility Issuer shall be furnished with written notice of the resignation or removal of the Trustee, Paying Agent and Registrar and of the appointment of, and acceptance of duties by, any successor thereto.

608. Transfer of Rights in Property to Successor Trustee. Any successor Trustee appointed under this Trust Agreement shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Corporation and the School Board an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Corporation, the School Board or the successor Trustee execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and right, title and interest of the predecessor Trustee in and to any property held by it under this Trust Agreement and shall pay over, assign and deliver to the successor Trustee any money or property subject to the trusts and conditions herein set forth together with any paid but unearned fees. Should any deed, conveyance or instrument in writing from the School Board and the Corporation be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, power and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and as far

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nor for any act or failure to act in connection with the trust hereunder, except only its own willful misconduct or negligence.

604. Compensation to Trustee. The School Board has agreed in the Master Lease to pay to the Trustee reasonable fees and expenses as agreed to between the School Board and the Trustee. The Trustee shall have a lien for the foregoing on the Trust Estate.

605. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this Trust Agreement by giving not less than 60 days written notice to the Corporation, the School Board and the Holders of all Certificates Outstanding, specifying the date when such resignation shall take effect, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the School Board or the Certificate holders as provided in Section 607, in which event such resignation shall take effect immediately on the appointment of such successor provided, however, that in the event no successor has been appointed, the Trustee shall continue to serve until such appointment. The Trustee may petition a court of competent jurisdiction for the appointment of a successor.

606. Removal of Trustee. Prior to the occurrence of an event of default, or termination of the Lease Term of all Leases as a result of nonappropriation, the Trustee may be removed at any time by an instrument or concurrent instruments in writing appointing a successor, filed with the Trustee, and signed by the Corporation and the School Board, with cause, or by the Holders of a majority in principal amount of each Series of Certificates then Outstanding or their attorneys-in-fact duly authorized with or without cause, or by the Credit Facility Issuers insuring a majority in principal amount of each Series of Certificates then Outstanding with cause. After the occurrence of an event of default, or termination of the Lease Term of all Leases as a result of nonappropriation, the Trustee may be so removed with or without cause by the Holders of a majority in principal amount of each Series of Certificates then Outstanding or their attorneys-in-fact duly authorized, or by the Credit Facility Issuers insuring a majority in principal amount of each Series of Certificates then Outstanding.

607. Appointment of Successor Trustee.

(a) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, a successor may be appointed by the School Board, as long as the School Board is not in default under the Master Lease and the Master Lease is in full force and effect. In the event that no appointment of a successor Trustee shall be made pursuant to the foregoing provisions within 45 days after the Trustee shall have given to the School Board written

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as may be authorized by law, be executed, acknowledged and delivered by the School Board and the Corporation.

609. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of a state of the United States or a national banking association and shall be authorized by law to perform all the duties imposed upon it by this Trust Agreement, shall be the successor to the Trustee without the execution or filing of any paper or the performance of any further act.

610. Addition of Authorized Signature. In case any of the Certificates contemplated to be delivered under this Trust Agreement shall have been executed but not delivered, any successor Trustee may adopt the authorized signature of any predecessor Trustee so executing such Certificates and deliver such Certificates so executed; and in case any of the said Certificates shall not have been executed, any successor Trustee may execute such Certificates in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Certificates or in this Trust Agreement provided that the certificate of the Trustee shall have.

611. Indemnification to Trustee. The School Board has in Section 5.7 of the Master Lease agreed, to the extent permitted by law, including the provisions of Section 768.28 Florida Statutes, to indemnify and save the Trustee harmless from and against all liabilities, including consequential damages and reasonable legal fees and expenses arising out of the administration of the trusts pursuant to this Trust Agreement, and all matters concerning the Trustee's duties and obligations with respect to the Leases and the Assignment Agreements including the issuance of the Certificates, except in the case of liability, obligations and damages arising out of the Trustee's negligence or willful misconduct.

612. Obligation to Act on Defaults. If any Event of Default shall have occurred and be continuing, the Trustee shall, subject to the provisions of Section 501, exercise such of the rights and remedies vested in it by this Trust Agreement and shall use the same degree of care in their exercise as a prudent man would exercise or use in the circumstances in the conduct of his own affairs; provided that if in the opinion of the Trustee such action may tend to involve expense or liability, it shall not be obligated to take such action unless it is furnished with indemnity satisfactory to it.

613. Intervention by Trustee. The Trustee may intervene, and upon the written request of Certificate holders of a majority in aggregate principal amount of each Series of Certificates then

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Outstanding and receipt of indemnity shall intervene, on behalf of Certificate holders or the related Credit Facility Issuer in any judicial proceeding to which the School Board or the Corporation is a party and which in the opinion of the Trustee and its attorneys has a substantial bearing on the interests of Certificate holders. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

614. Third Party Beneficiaries. Each Credit Facility Issuer is hereby expressly recognized as a third party beneficiary to this Trust Agreement and, so long as the Credit Facility issued by such Credit Facility Issuer is in effect and the Credit Facility Issuer is properly honoring drawings thereunder, it shall be entitled to enforce the obligations to the Credit Facility Issuer hereunder of the Corporation and the Trustee and of the School Board to the Credit Facility Issuer under the Master Lease.

ARTICLE VII
AMENDMENTS

701. Mailing. Any provision in this Article for the mailing of a notice or other paper to Certificate holders of a Series of Certificates shall be fully complied with if it is mailed postage prepaid only (i) to each Holder of Certificates of such Series then Outstanding at his/her address, if any, appearing upon the registry books of the Trustee, (ii) to the Credit Facility Issuer with respect to such Series of Certificates and (iii) to the Trustee.

702. Power of Amendment. The Trust Agreement and the rights and obligations provided hereby may be modified or amended at any time by a Supplemental Trust Agreement, entered into between the Trustee and the Corporation (with the written consent of the School Board so long as the Lease Term of the Master Lease shall remain in effect and no default shall have occurred thereunder) without the consent of any Certificate holders, but only (1) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Trust Agreement, or (2) to insert such provisions clarifying matters which they deem necessary or desirable and which are not contrary to or inconsistent with this Trust Agreement as theretofore in effect, or (3) to issue one or more Series of Certificates pursuant to Article III hereof, or (4) to permit a Series of Certificates to be issued in book-entry form with or without physical certificates, or (5) to make any other modification or amendment that in the judgment of the Trustee (upon the advice of counsel, if requested) will not have a material adverse effect on the interests of any of the Certificate holders. Any other modification or amendment of this Trust Agreement and of the rights and obligations of the Corporation and of the Holders of the Certificates hereunder, may be made by a Supplemental Trust Agreement, entered into between the Trustee and the Corporation with the written consent given, as provided in Section 703 hereof but subject to Section 707 hereof, of the Holders of at least a majority in principal amount of the Certificates Outstanding of each Series at the time such consent is given and who are affected by such modifications or amendments and the written consent of the School Board so long as the Lease Term of the Master Lease shall remain in effect and no default shall have occurred thereunder; provided, however, that if any such modification or amendment will, by its terms, not take effect so long as any affected Certificates remain Outstanding, the consent of the Holders of such Certificates shall not be required and such Certificates shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Certificates under this Section. No such modification or amendment shall permit a change in the terms of prepayment or maturity of the principal portion of any Outstanding Certificates or of any installment of the interest portion thereon or a reduction in the principal portion or the Prepayment Price thereof or in the interest portion thereon or in the consents required for such modifications or amendments without the consent of the Holders of such Certificates, or shall change or modify any of the rights or

obligations of the Trustee without its written assent thereto. The Trustee shall be entitled to receive an opinion of counsel as to whether or not, in accordance with the foregoing powers of amendment, Certificates of any particular Series or maturity would be affected by any modification or amendment of this Trust Agreement. Copies of all amendments hereto shall be provided to the Rating Agencies, whether effected pursuant to Section 702 or Section 703 hereof.

703. Consent of Certificate Holders. The Trustee and the Corporation (at the direction of the School Board so long as the Lease Term of the Master Lease shall remain in effect and no default shall have occurred thereunder) may at any time enter into a Supplemental Trust Agreement making a modification or amendment permitted by the provisions of Section 702 to take effect when and as provided in this Section but subject to Section 707 hereof. A copy of such Supplemental Trust Agreement (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to affected Certificate holders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Trustee to such Certificate holders (but failure to mail such copy and request shall not affect the validity of the Supplemental Trust Agreement when consented to as provided in this Section). Such Supplemental Trust Agreement shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of Holders of the percentages of Outstanding Certificates specified in Section 702 and (b) an Opinion of Counsel stating that such Supplemental Trust Agreement has been duly and lawfully entered into by the parties thereto and filed with the School Board, the Trustee and the Corporation in accordance with the provisions of this Trust Agreement, is authorized or permitted by this Trust Agreement, and is valid and binding upon the parties thereto in accordance with its terms. Each such consent shall be effective only if accompanied by proof of the Holder, at the date of such consent, of the Certificates with respect to which such consent is given, which proof shall be such as is permitted by Section 802. A certificate or certificates executed by the Trustee and filed with the School Board and the Corporation stating that it has examined such proof and that such proof is sufficient in accordance with Section 802 shall be conclusive that the consents have been given by the Holders of the Certificates described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Certificates giving such consent and, anything in Section 802 to the contrary notwithstanding, upon any subsequent Holder of such Certificates and of any Certificates issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof) unless such consent is revoked in writing by the Holder of such Certificates giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section 703 provided for is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the School Board and the Corporation to the effect that no revocation

thereof is on file with the Trustee. At any time after the Holders of the required percentages in principal amount of Certificates shall have filed their consents to the Supplemental Trust Agreement, the Trustee shall make and file with the School Board and the Corporation a written statement that the Holders of such required percentages in principal amount of Certificates have filed such consent. Such written statements shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Trust Agreement (which may be referred to as a Supplemental Trust Agreement entered into by the parties thereto on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages in principal amount of Certificates and will be effective as provided in this Section 703, may be given to Certificate holders by the Trustee by mailing such notice to Certificate holders (but failure to mail such notice shall not prevent such Supplemental Trust Agreement from becoming effective and binding as in this Section 703 provided). A record, consisting of the certificates or statements required or permitted by this Section 703 to be made by the Trustee, shall be proof of the matters therein stated. Such Supplemental Trust Agreement making such amendment or modification shall be deemed conclusively binding upon the School Board and the Corporation, the Trustee and the Holders of all Certificates affected by such Supplemental Trust Agreement at the expiration of forty (40) days after the filing with the Trustee of the proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Trust Agreement in a legal action or equitable proceeding for such purpose commenced within such forty (40) day period; provided, however, that the Trustee, the School Board and the Corporation during such forty (40) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Trust Agreement as they may deem expedient.

704. Modifications by Unanimous Consent. The terms and provisions of this Trust Agreement applicable to a Series of Certificates and the rights and obligations of the Trustee and the Corporation and of the Holders of the Certificates of such Series hereunder may be modified or amended, with the written consent of the School Board in any respect upon entering into by the parties thereto of a Supplemental Trust Agreement and the consent of the Holders of all the Certificates then Outstanding of such Series, such consent to be given as provided in Section 703 except that no notice to Certificate holders by mailing shall be required.

705. Exclusion of Certificates. Certificates owned or held by or for the account of the School Board shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Certificates provided for in this Article VII, and the School Board shall not be entitled with respect to such Certificates to give any consent or take any other action

provided for in this Article. At the time of any consent or other action taken under this Article, the School Board shall furnish the Trustee a certificate of an Authorized School Board Representative, upon which the Trustee may rely, describing all Certificates so to be excluded.

706. Notation on Certificates. Certificates executed and delivered after the effective date of any action taken as in this Article VII provided may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the School Board, the Corporation and the Trustee as to such action, and in that case upon demand of the Holder of any Certificate Outstanding at such effective date and presentation of his/her Certificate for the purpose at the designated corporate trust office of the Trustee or upon any transfer or exchange of any Certificate Outstanding at such effective date, suitable notation shall be made on such Certificate or upon any Certificates issued upon any such transfer or exchange by the Trustee as to any such action. If the School Board, the Corporation and the Trustee shall so determine, new Certificates so modified as in the opinion of the Trustee, the Corporation and the School Board to conform to such action shall be prepared, executed and delivered, and upon demand of the Holder of any Certificate then Outstanding shall be exchanged, without cost to such Certificate holder, for Certificates of the same maturity then Outstanding, upon surrender of such Certificates.

707. Credit Facility Issuers Deemed Certificate Holders. Notwithstanding any other provisions of this Trust Agreement, including without limitation this Article VII, whenever the consent of a Certificate holder shall be required under this Trust Agreement for any purpose except those modifications or amendments effecting a change in the terms of prepayment or maturity of the principal portion of any Outstanding Certificates or of any installment of the interest portion thereon or a reduction in the principal portion thereon or of the requirement that such modifications or amendments not be made without the consent of the Holders of such Certificates, any Certificate insured or guaranteed by a Credit Facility shall be deemed to be owned by the Credit Facility Issuer issuing such Credit Facility, so long as such Credit Facility Issuer has not defaulted on the obligations under its Credit Facility.

ARTICLE VIII

MISCELLANEOUS

801. Defeasance.

(a) If the principal portion or Prepayment Price of all Certificates, if applicable, and the interest portion due or to become due thereon, shall be paid at the times and in the manner stipulated in such Certificates and in this Trust Agreement, and all amounts owing to the Trustee under this Trust Agreement shall have been paid, then the pledge of the Trust Estate and all covenants, agreements and other obligations of the School Board under this Trust Agreement in favor of such Certificates shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause statements for such period or periods as shall be requested by the School Board to be prepared and filed with the School Board and, upon the request of the School Board, shall execute and deliver to the School Board all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the School Board all moneys or securities held by it pursuant to this Trust Agreement which are not required for the payment of the principal portion or Prepayment Price, if applicable, and interest portion due or to become due with respect to such Certificates not theretofore surrendered for such payment or prepayment or for the payment of amounts owing to any Credit Facility Issuer under a Reimbursement Agreement or as ground rent under any Ground Lease.

(b) Certificates for the payment or prepayment of which moneys shall have been set aside sufficient to pay the principal portion, the Prepayment Price, if applicable, and interest portion to become due to maturity or earlier prepayment, shall be held in trust by the Trustee as escrow holder (through deposit by the School Board of funds for such payment or prepayment of the Purchase Option Price of one or more Facilities pursuant to Section 7.3 of the Master Lease or otherwise) shall be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section 801 except that the obligation of the School Board to make, or cause to be made, Basic Lease Payments from such set-aside amounts shall continue. Any Outstanding Certificates shall, prior to the maturity or Prepayment Date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section 801 if the Trustee shall receive an Opinion of Counsel to that effect and (a) in case any of said Certificates are to be prepaid on any date prior to their maturity, the School Board shall have given to the Trustee irrevocable instructions in writing from an Authorized School Board Representative to mail as provided in Article III a notice of prepayment of such Certificates (other than Certificates which have been purchased by the Trustee at the direction of the School Board or purchased or otherwise acquired by the School Board and delivered to the Trustee as hereinafter provided prior to the mailing of such notice of prepayment) on said date, (b) there shall

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have been deposited with the Trustee as escrow holder moneys consisting of either cash in an amount which shall be sufficient to pay Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee as escrow holder at the same time, shall be sufficient, to pay when due the principal portion or Prepayment Price, if applicable, and interest portion due and to become due with respect to said Certificates on or prior to the prepayment date or maturity date thereof, as the case may be, and (c) in the event said Certificates are not by their terms subject to prepayment within the next succeeding 60 days, the School Board shall have given the Trustee in form satisfactory to it, instructions to mail a notice to the Holders of such Certificates that the deposit required by (b) above has been made with the Trustee as escrow holder and that said Certificates are deemed to have been paid in accordance with this Section 801 and stating such maturity or Prepayment Date upon which moneys are expected to be available for the payment of the principal or Prepayment Price, if applicable, of said Certificates, other than Certificates which have been purchased by the Trustee at the direction of the School Board or purchased or otherwise acquired by the School Board and delivered to the Trustee as hereinafter provided prior to the mailing of the notice of prepayment referred to in clause (a) above. The Trustee shall, if so directed by the School Board (i) prior to the maturity date of Certificates deemed to have been paid in accordance with this Section 801 which are not to be prepaid prior to their maturity date or (ii) prior to the mailing of the notice of prepayment referred to in clause (a) above with respect to any Certificates deemed to have been paid in accordance with this Section 801 which are to be prepaid on any date prior to their maturity, apply moneys deposited with the Trustee as escrow holder in respect of such Certificates or sell Defeasance Securities so deposited with the Trustee and apply the proceeds thereof to the purchase of such Certificates, and the Trustee shall immediately thereafter cancel all such Certificates so purchased; provided, however, that the moneys and Defeasance Securities remaining on deposit with the Trustee after the purchase and cancellation of such Certificates shall be sufficient to pay when due the principal or Prepayment Price, if applicable, of, and interest portion due or to become due with respect to all Certificates, in respect of which such moneys and Defeasance Securities are being held by the Trustee on or prior to the Prepayment Date or maturity date thereof, as the case may be. If, at any time (i) prior to the maturity date of Certificates deemed to have been paid in accordance with this Section 801 which are not to be prepaid prior to their maturity date or (ii) prior to the mailing of the notice of prepayment referred to in clause (a) with respect to any Certificates deemed to have been paid in accordance with this Section 801 which are to be prepaid on any date prior to their maturity, the School Board shall purchase or otherwise acquire any such Certificates and deliver such Certificates to the Trustee prior to their maturity date or Prepayment Date, as the case may be, the Trustee shall immediately cancel all such Certificates so delivered; such delivery of Certificates to the Trustee shall be accompanied by

directions from the School Board to the Trustee as to the manner in which such Certificates are to be applied against the obligation to pay or prepay Certificates deemed paid in accordance with this Section 801. The directions given by the School Board to the Trustee referred to in the preceding sentences shall also specify the portion, if any, of such Certificates so purchased or delivered and cancelled to be applied against the obligation to pay Certificates deemed paid in accordance with this Section 801 upon their maturity date or dates and the portion, if any, of such Certificates so purchased or delivered and cancelled to be applied against the obligation to prepay Certificates deemed paid in accordance with this Section 801 on any date or dates prior to their maturity. In the event that on any date as a result of any purchases, acquisitions and cancellations of Certificates as provided in this Section 801 the total amount of moneys and Defeasance Securities remaining on deposit with the Trustee under this Section 801 is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of the remaining Certificates in order to satisfy subclause (b) of this subsection of Section 801, the Trustee shall, if requested by the School Board, pay the amount of such excess to the School Board free and clear of any trust, lien, pledge or assignment securing said Certificates or otherwise existing under this Trust Agreement. Except as otherwise provided in this subsection of Section 801, neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section 801 nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal portion or Prepayment Price, if applicable, and interest portion represented by said Certificates; provided that any cash received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, (A) to the extent such cash will not be required at any time for such purpose, as verified by a certificate delivered to the Trustee by a firm of independent certified public accountants acceptable to the Trustee, shall be paid over to the School Board as received by the Trustee, free and clear of any trust, lien or pledge securing said Certificates or otherwise existing under this Trust Agreement, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal or Prepayment Price, if applicable, and interest represented by said Certificates on or prior to such prepayment date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the School Board, as received by the Trustee, free and clear of any trust, lien, pledge or assignment securing said Certificates or otherwise existing under this Trust Agreement.

(c) Anything in this Trust Agreement to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment of any of the Certificates which remain unclaimed for six (6) years after the date when such Certificates have become due and payable, either at their stated maturity dates or by call for-

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prepayment, if such moneys were held by the Trustee at such date, or for six (6) years after the date of deposit of such moneys if deposited with the Trustee after the said date when such Certificates became due and payable, shall, at the written request of the School Board be repaid by the Trustee to the School Board, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Certificate holders shall look only to the School Board for the payment of such Certificates; provided, however, that before being required to make any such payment to the School Board, the Trustee shall, at the expense of the School Board, cause to be published at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than thirty (30) days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the School Board.

802. Evidence of Signatures of Certificate Holders and Ownership of Certificates.

(a) Except as otherwise provided in Section 707 hereof, any request, consent, revocation of consent or other instrument which this Trust Agreement may require or permit to be signed and executed by the Certificate holders may be in one or more instruments of similar tenor, and shall be signed or executed by such Certificate holders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any person of the Certificates, shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable: the fact and date of the execution by any Certificate holder or his/her attorney of such instruments may be proved by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a partner of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his/her authority.

(b) The ownership of Certificates and the amount, numbers and other identification, and date of holding the same shall be proved by the register maintained by the Trustee.

(c) Any request or consent by the Holder of any Certificate shall bind all future Holders of such Certificate or any

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808. Notices. Unless otherwise specified herein, all notices, requests, demands or other communications (other than payments by the School Board) to or upon the respective parties listed below shall be deemed to have been given (i) in the case of notice by letter, when delivered to the addressee by hand or on the third day after deposit in the mails, by first class mail, postage prepaid, return receipt requested, (ii) in the case of notice by cable, when delivered to the cable company, charges prepaid, (iii) in the case of notice by telex or bank wire, when sent, answer back received, and (iv) if given by telephone, when communicated to the person or to the holder of the office specified as the person or officeholder to whose attention communications are to be given, addressed to them as follows or to such other address as any of the parties may designate by written notice to the other party:

Corporation:

Palm Beach School Board Leasing Corp.
3340 Forest Hill Boulevard
West Palm Beach, Florida 33406
Attention: President

School Board:

The School Board of Palm Beach County, Florida
3340 Forest Hill Boulevard
West Palm Beach, Florida 33406
Attention: Superintendent of Schools

Trustee:

NationsBank of Florida, N.A.
One Financial Plaza, 13th Floor
Fort Lauderdale, Florida 33394
Attention: Corporate Trust Department

Rating Agencies:

Moody's Investor Service, Inc.
99 Church Street
New York, New York
Attention: Public Finance Department

Standard & Poor's Ratings Group
25 Broadway
New York, New York
Attention: Municipal Department

Credit Facility Issuers:

As set forth on the Schedule applicable to the Series of Certificates.

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Certificates issued in exchange therefor or in lieu thereof in respect of anything done or suffered to be done by the School Board, the Corporation or the Trustee in accordance therewith.

803. Moneys Held for Particular Certificates. Subject to Section 801(c) hereof, the amounts held by the Trustee for the payment of the interest portion, principal portion or Prepayment Price due on any date with respect to particular Certificates shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Certificates entitled thereto.

804. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Trust Agreement shall be retained in its possession and shall be subject during normal business hours and upon reasonable prior notice to the inspection of the School Board and the Corporation, and any Certificate holder and their agents and their representatives, any of whom may at their own expense make copies thereof.

805. Parties Interest Herein. Subject to Section 614, nothing herein, expressed or implied, is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the Corporation, the Trustee and the Holders of the Certificates, remedies or claims under or by reason hereof or any covenant, condition or stipulation thereof; provided that with respect to the provisions hereof which require the Trustee to give notice to the School Board, obtain the School Board's consent, pay or deliver to the School Board any moneys held by the Trustee hereunder or grant to the School Board any right or privilege whatsoever, such provisions shall also be for the benefit of the School Board and, upon the failure of the Trustee to comply therewith, the School Board shall have such rights, remedies and claims as are provided hereunder or by reason hereof or by law. All covenants, stipulations, promises and agreements herein contained by and on behalf of the Corporation shall be for the sole and exclusive benefit of the School Board, the Corporation, the Trustee and the Holders of the Certificates.

806. Severability. If any one or more of the covenants or agreements provided in this Trust Agreement on the part of the Corporation or the Trustee to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Trust Agreement.

807. Recording and Filing. The School Board shall be responsible for the recording and filing of instruments or documents of further assurance, if any, as may be required by law in order to effectively convey the interests contemplated by this Trust Agreement.

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Notice shall also be given by the School Board to the Rating Agencies of the occurrence of any one or more of the following: (i) the appointment of a Successor Trustee, (ii) the expiration or termination of a Credit Facility, (iii) the prepayment or defeasance of any of the Outstanding Certificates in accordance with Section 801 or 802 hereof or (iv) a material modification of or amendment to this Trust Agreement, the Master Lease, any Ground Lease, any Assignment Agreement, any Lease Schedule or any Credit Facility.

809. Applicable Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State of Florida.

810. Binding on Successors. This Trust Agreement shall be binding upon and inure to the benefit of the parties, the Certificate holders and each Credit Facility Issuer and their respective successors and assigns.

811. Captions. Captions preceding the text of the several Articles and Sections hereof, and the table of contents, are solely for convenience of reference and shall not constitute a part of this Trust Agreement or affect its meaning, construction or effect.

812. Legal Holidays. Unless otherwise provided herein if the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Trust Agreement, is not a Business Day such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided herein, and no interest shall accrue on such payments for the period after such date.

813. Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

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IN WITNESS WHEREOF, the parties have executed this Master Trust Agreement by their duly authorized officers as of the date and year first written above.

(SEAL) PALM BEACH SCHOOL BOARD LEASING CORP. Attest: C. Monica Uhlhorn Secretary By: Jody Gleason Vice President

(SEAL) NATIONS BANK OF FLORIDA, N.A., as Trustee By: Michael J. Marra Assistant Vice President

STATE OF FLORIDA) COUNTY OF PALM BEACH) SS:

I, Carmen M. Zopf, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Jody Gleason and C. Monica Uhlhorn, personally known to me to be the same persons whose names are, respectively, as Vice President and Secretary, of PALM BEACH SCHOOL BOARD LEASING CORP., a Florida not-for-profit corporation, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being hereunto duly authorized, signed, sealed with the seal of said corporation, and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 15th day of November, 1994.

Carmen M. Zopf NOTARY PUBLIC, STATE OF FLORIDA

NOTARY PUBLIC SEAL OF OFFICE:



CARMEN M. ZOPF MY COMMISSION EXPIRES March 10, 1995 BONDED THROUGH NOTARY PUBLIC UNDERWRITERS

(Name of Notary Public, Print, Stamp or Type as Commissioned.)

- Personally known to me, or Produced identification: St. Anne (Type of Identification Produced) DID take an oath, or DID NOT take an oath.

STATE OF FLORIDA) COUNTY OF PALM BEACH) SS:

I, Carmen M. Zopf, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Michael J. Marra, personally known to me to be the same person whose name is, as Assistant Vice President of Nations Bank of Florida, N.A., a national banking association, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that she/he, being hereunto duly authorized, signed, sealed with the seal of said association, and delivered the said instrument as the free and voluntary act of said association and as her/his own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 15th day of November, 1994.

Carmen M. Zopf NOTARY PUBLIC, STATE OF FLORIDA

NOTARY PUBLIC SEAL OF OFFICE:



CARMEN M. ZOPF MY COMMISSION EXPIRES March 10, 1995 BONDED THROUGH NOTARY PUBLIC UNDERWRITERS

(Name of Notary Public, Print, Stamp or Type as Commissioned.)

- Personally known to me, or Produced identification: St. Anne (Type of Identification Produced) DID take an oath, or DID NOT take an oath.

EXHIBIT A

FORM OF CERTIFICATE OF PARTICIPATION

Front of Certificate

REGISTERED NUMBER REGISTERED \$

CERTIFICATE OF PARTICIPATION SERIES

Evidencing an Undivided Proportionate Interest of the Owner Hereof in Basic Lease Payments to be Made by THE SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA as Lessee, Pursuant to a Master Lease Purchase Agreement with Palm Beach School Board Leasing Corp., as Lessor

INTEREST RATE MATURITY DATE ORIGINAL ISSUE DATE CUSIP NO.

REGISTERED OWNER:

PRINCIPAL SUM: DOLLARS

THIS IS TO CERTIFY THAT the registered owner named above is the owner of this Certificate of Participation, Series (this "Certificate"), evidencing an undivided proportionate interest in Basic Lease Payments (as set forth in Schedule No. to the hereinafter mentioned Master Lease Purchase Agreement (collectively, the "Series Lease")) to be made by the School Board of Palm Beach County, Florida (the "School Board") acting as the governing body of the School District of Palm Beach County, Florida (the "District") pursuant to the Master Lease Purchase Agreement, dated as of November 1, 1994 (the "Master Lease"), between Palm Beach School Board Leasing Corp., a not-for-profit corporation duly organized and existing under the laws of the State of Florida, as lessor (the "Corporation"), and the School Board, as lessee. Under a Series Assignment Agreement dated as of (the "Assignment Agreement") entered into by and between the Corporation and Nations Bank of Florida, N.A., Fort Lauderdale, Florida, as trustee (such bank and any successor thereto hereinafter called the "Trustee"), the Corporation has transferred to the Trustee, for the benefit of the Certificate Holders, all of its rights under the Series Lease (except for its right to indemnification under Section 5.7 of the Master Lease, its right to hold title to the Series Facilities under Section 6.1 of the Master Lease and its right to receive notices under the Master Lease) including its rights to receive

Basic Lease Payments thereunder, with respect to the Series _____ Facilities identified in said Schedule No. _____ (the "Series Facilities").

The registered owner of this Certificate ("Certificate Holder") is entitled to receive, subject to the terms of the Master Lease and the Trust Agreement (hereinafter defined), on the maturity date specified above (the "Maturity Date"), unless prepaid prior thereto as provided herein, the principal sum specified above, representing the portion of the Basic Lease Payments designated as principal and coming due on the Maturity Date, and to receive on February 1 and August 1 of each year, commencing _____, to and including the final Maturity Date or the date of prepayment, whichever is earlier, the interest portion of the Basic Lease Payments payable to Certificate Holders on such dates. Said amounts are payable in lawful money of the United States of America. The amounts representing principal portion and Prepayment Price shall be payable at the designated corporate trust office of the Trustee and the amounts representing interest portion shall be payable by check or draft of the Trustee mailed to the registered owner at the address of the registered owner as it shall appear on the registration books maintained by the Trustee as of the 15th day of the month next preceding the month in which such payment is due. Such interest portion may be paid by wire transfer to the registered owners 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 moneys for this purpose. NEITHER THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE OBLIGATED TO PAY, EXCEPT FROM APPROPRIATED FUNDS, ANY SUMS DUE UNDER THE SERIES _____ 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.

THE TRUSTEE HAS NO OBLIGATION OR LIABILITY TO MAKE PAYMENTS WITH RESPECT TO THIS CERTIFICATE EXCEPT FROM FUNDS RECEIVED BY IT PURSUANT TO THE TRUST AGREEMENT REFERRED TO ON THE REVERSE HEREOF.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS CERTIFICATE SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH HEREIN.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and laws of the State of Florida and the Trust Agreement to exist, to have happened and to have been performed precedent to and in connection with the

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Back of Certificate

Capitalized terms used herein but not otherwise defined herein shall have the meaning given to such terms in the Trust Agreement.

All amounts payable by the Trustee with respect to this Certificate shall be paid from (i) the Basic Lease Payments received by the Trustee from the School Board pursuant to the terms of the Series _____ Lease, (ii) all amounts from time to time deposited in the funds and accounts created under the Master Trust Agreement dated as of November 1, 1994, between the Corporation and the Trustee (as the same may be amended and supplemented from time to time, the "Trust Agreement"), including investment earnings; (iii) any proceeds received by the Trustee upon the sale, re-letting or other disposition of the Series _____ Facilities or the pursuit of any other remedy pursuant to the Master Lease, and (iv) Net Proceeds resulting from any insurance or other financial guaranty claim or payment or any claim or condemnation award payable with respect to the Series _____ Facilities pursuant to the Master Lease and the Trust Agreement, but only to the extent that the Trustee shall have actually received sufficient income or proceeds from the Trust Estate (defined in the Trust Agreement) to make such payments. It is provided in the Master Lease that the cost and expense of the performance by the School Board of its obligations thereunder including, without limitation, the payment of all Basic Lease Payments and all other amounts required to be paid by the School Board thereunder, shall be subject to and dependent upon appropriations being duly 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 Certificates is not a liability or charge upon the credit of the Trustee or the Corporation, and neither the Trustee nor the Corporation has any obligation to make such payments, other than the Trustee's obligation to make such payments from the income from and proceeds of the sources described above.

This Certificate has been executed by the Trustee pursuant to the Trust Agreement. Copies of the Trust Agreement and the Series _____ Lease are on file at the principal corporate trust office of the Trustee, and reference to the Trust Agreement and the Series _____ Lease and any and all supplements or amendments thereto is made for a description of the funds and accounts established under the Trust Agreement for the purpose of securing the Certificates, the agreements and covenants of the School Board in the Series _____ Lease with respect to the Series _____ Project and Basic Lease Payments to be made by the School Board, the nature, extent and manner of enforcement of such agreements and covenants, the rights and remedies of the Certificate Holders with respect thereto, certain limitations relating to the issuance of additional Series of Certificates under the Trust 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 thereunder.

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execution and delivery of this Certificate have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, this Certificate has been executed by the manual signature of an Authorized Signatory of the Trustee, not in its individual capacity, but solely as Trustee under the Trust Agreement.

NATIONSBANK OF FLORIDA, N.A.,
as Trustee

By: _____

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Reference is hereby made to the Trust Agreement and any and all supplements, modifications or amendments thereof for a description of the pledge of the Trust Estate and assignment and covenants securing the Certificates, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the Holders of the Certificates with respect thereto, the terms and conditions upon which the Holders of the Certificates shall cease to be entitled to any lien, benefit or security under the Trust Agreement and for the other terms and provisions thereof and the pledge of the Trust Estate and the terms and conditions upon which all covenants of the Trustee to the Holders of such Certificates shall terminate and become void and be discharged and satisfied. All covenants, agreements and obligations of the School Board under the Series _____ Lease with respect to the Series _____ Facilities or a portion thereof may be discharged and satisfied prior to the maturity or prepayment of this Certificate if moneys or certain specified securities have been deposited with the Trustee in the manner provided in the Trust Agreement.

This Certificate shall be issued initially pursuant to a book-entry-only system administered 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 be made. Any provisions of the Trust Agreement or this Certificate requiring physical delivery of Certificates shall, under the book-entry-only system, be deemed to be satisfied by a notation on the records maintained by DTC of ownership interests of its participants ("DTC Participants") and other institutions that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly ("Indirect Participants"). 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").

This Certificate shall initially be issued in the name of Cede & Co. as nominee for DTC, and so long as this Certificate is held in book-entry-only form Cede & Co. shall be considered the registered owner for all purposes hereof, including the payment of principal and interest portions of Basic Lease Payments represented by this Certificate. Payment to DTC Participants shall be the responsibility of DTC. Payments by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to individual Beneficial Owners shall be the responsibility of DTC Participants and Indirect Participants and not of DTC, the Trustee, the Corporation or the School Board.

This Certificate shall be transferable upon the registration books of the Trustee, which shall be kept at the principal corporate trust office of the Trustee upon payment of any charges required. Except when registration of the Certificates is being maintained by persons to a book-entry-only system, the Certificate Holder may transfer this Certificate in person or by such Certificate Holder's attorney duly authorized in writing, upon surrender

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hereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Certificate Holder or such Certificate Holder's duly authorized attorney. Upon the transfer of this Certificate, the Trustee shall deliver in the name of the transferee a new Certificate or Certificates of the same aggregate principal amount and maturity as the surrendered Certificate. The Trustee may deem and treat the person in whose name this Certificate is registered upon the register of the Trustee as the absolute owner hereof for all purposes, and all such payments so made to any such Certificate Holder or upon such Certificate Holder's order shall be valid and effectual to satisfy and discharge the liability upon such Certificate to the extent of the sum or sums so paid, and the Trustee shall not be affected by any notice to the contrary.

The Certificates shall be delivered in registered form in the denominations of \$5,000 or any integral multiple of \$5,000. The Certificates, upon surrender thereof at the designated corporate trust office of the Trustee with a written instruction satisfactory to the Trustee, duly executed by the Certificate Holder or such Certificate Holder's attorney duly authorized in writing, may, at the option of the Certificate Holder and upon payment by such Certificate Holder of any charges which the Trustee may make as provided in the Trust Agreement, be exchanged for an equal aggregate principal amount of registered Certificates of the same maturity of any other authorized denominations.

Optional Prepayment: Certificates maturing on or before August 1, _____, shall not be subject to prepayment at the option of the School Board.

Certificates maturing after August 1, _____, shall be subject to prepayment on or after August 1, _____ if the School Board elects to prepay the principal portion of Basic Lease Payments due under the Series _____ Leases in whole at any time, or in part on any Interest Payment Date, and if in part, in such order of maturity of Certificates corresponding to the due dates of the principal portion of the Basic Lease Payments under the Series _____ Lease(s) 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 the Prepayment Price expressed as a percentage of the principal portion of Basic Lease Payments represented by the Certificates or portions thereof to be prepaid as set forth opposite such period in the following table, plus the interest accrued to the Prepayment Date:

Prepayment Period (Both Dates Inclusive)	Prepayment Price
August 1, _____ through July 31, _____	%
August 1, _____ through July 31, _____	
August 1, _____ and thereafter	

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Extraordinary Prepayment: (i) Certificates shall be subject to prepayment in whole or in part at any time and if in part, in inverse order of maturity or on a proportional basis, as shall be designated by the School Board, and by lot within a maturity in such manner as the Trustee shall determine to be fair and appropriate, in an amount equal to the principal portion of Basic Lease Payments prepaid under the Series _____ Lease(s), at a Prepayment Price of par plus the interest accrued to the Prepayment Date, if (A) there are Net Proceeds equal to or greater than ten percent (10%) of the remaining principal portion of the Basic Lease Payments relating to the Series _____ Facilities as a result of damage, destruction or condemnation of any portion of the Series _____ Facilities and an election is made by the School Board under Section 5.4(b) of the Master Lease to apply the amount to the prepayment in part of the principal portions of Basic Lease Payments relating to the Series _____ Facilities and represented by the Certificates, or (B) there shall remain in the Series 1994A Acquisition Account an amount greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year under the Series _____ Lease(s), upon delivery by the School Board of a Certificate of Acceptance indicating completion of the acquisition, construction, installation and payment of all costs of the Series _____ Facilities.

(ii) At the election of the Series _____ Credit Facility Issuer, Certificates shall be subject to prepayment in whole at any time, at a Prepayment Price of par plus the interest accrued to the Prepayment Date, if the Lease Term of all Leases is terminated for the reasons referred to in Section 4.1(b) or 4.1(c) of the Master Lease.

Mandatory Sinking Fund Prepayment: Certificates maturing on August 1, _____ are subject to mandatory prepayment prior to maturity in part, from payments of the principal portion of Basic Lease Payments as set forth in the Series _____ Lease, through the operation of a sinking fund on each August 1 in the years and in the following amounts set forth below at a Prepayment Price of par plus the interest accrued to the Prepayment Date.

August 1 of the Year	Principal Amount
_____	\$

* Final Maturity.

If less than all the Certificates of like maturity shall be called for prepayment, the particular Certificates or portions thereof to be prepaid shall be selected by lot by the Trustee in

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such manner as the Trustee shall deem fair and appropriate. The portion of any Certificate of a denomination of more than \$5,000 to be prepaid shall be in the principal amount of \$5,000 or an integral multiple thereof, and, in selecting portions of such Certificates for prepayment, the Trustee shall treat each such Certificate as representing that number of Certificates in \$5,000 denominations which is obtained by dividing the principal amount of such Certificate to be prepaid in part by \$5,000. Interest represented by Certificates so prepaid shall be paid from the amount then available to prepay Certificates.

When prepayment of Certificates is required pursuant to the Trust Agreement, the Trustee shall give notice of the prepayment of such Certificates, which notice shall specify the maturities of the Certificates to be prepaid, the CUSIP numbers (which shall be for informational purposes only and shall not affect the validity of such notice) the prepayment date and the place or places where amounts due upon such prepayment will be payable and, if less than all of the Certificates are to be prepaid, the letters and numbers or other distinguishing marks of such Certificates to be prepaid, and, in the case of Certificates to be prepaid in part only, such notice shall also specify the respective portions of the principal amount thereof to be prepaid. Such notice shall further state that on such date there shall become due and payable upon each Certificate to be prepaid the Prepayment Price thereof, or the Prepayment Price of the specified portions of the principal thereof in the case of Certificates to be prepaid in part only, together with interest accrued to the prepayment date, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall mail a copy of such notice, postage prepaid, not less than 30 days before the prepayment date in the case of optional prepayment, extraordinary prepayment resulting from damage, destruction or condemnation of Facilities or mandatory sinking fund prepayment for the Certificates to be prepaid and not less than 5 days nor more than 10 days before the Prepayment Date in the case of extraordinary prepayment resulting from termination of all Leases as a result of nonappropriation or default by the School Board, to the Certificate Holders of any Certificates or portions thereof which are to be prepaid, at their last addresses appearing upon the registry books, but any defect in the notice to a particular Certificate Holder shall not affect the validity of the proceedings for the prepayment of other Certificates. Notice, to the extent available, of such prepayment shall be provided to any depository not less than two days prior to mailing of such notice.

THE OBLIGATION OF THE SCHOOL BOARD TO MAKE BASIC LEASE PAYMENTS UNDER SCHEDULE NO. _____ OF THE MASTER LEASE IS A SPECIAL AND LIMITED OBLIGATION, SUBJECT TO ANNUAL APPROPRIATION BY THE SCHOOL BOARD, AS FURTHER PROVIDED ON THE FRONT OF THIS CERTIFICATE.

Form of Opinion of Special Tax Counsel

Statement of Insurance

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ASSIGNMENT

For value received _____ the undersigned does hereby sell, assign and transfer unto the within-mentioned Certificate and hereby irrevocably constitutes and appoints _____ attorney, to transfer the same on the Certificate register of the Trustee with full power of substitution in the premises.

Dated: _____
Signature Guaranteed: _____

NOTE: The signature on this Assignment must correspond with the name as written on the face of the within-mentioned Certificate in every particular without alteration or enlargement or any change whatsoever

Social Security or Other Identifying Number of Transferee: _____

The following abbreviations, when used in the inscription on the face of the within Certificate, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with the rights of survivorship and not as tenants in common

UNIFORM GIFT MIN ACT - _____ Custodian _____ (Minor)
_____ (Cust) _____ (Minor)
_____ under Uniform Gifts to Minors Act _____ (State)

Additional abbreviations may also be used though not in the above list.

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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:

<u>Name & Address</u> <u>of Payee</u>	<u>Purpose of Payment</u>	<u>Amount</u>
--	---------------------------	---------------

TOTAL _____

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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 pay-
ment 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

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EXHIBIT C

REQUISITION NO. _____

\$ _____

CERTIFICATES OF PARTICIPATION
SERIES _____

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

TO: NationsBank of Florida, N.A.
Trustee under the Master Trust Agreement dated as of
November 1, 1994, with Palm Beach School Board Leasing
Corp. ("Trust Agreement")

This Requisition is made pursuant to Section 402(d) to pay
Costs of Issuance of the Certificates.

The Trustee is hereby directed to pay sums out of the Cost of
Issuance Subaccount in the Series _____ Acquisition Account as
follows:

<u>Payee</u>	<u>Purpose of Payment</u>	<u>Amount</u>
--------------	---------------------------	---------------

TOTAL \$ _____

The undersigned hereby certifies that each payment obligation
has been properly incurred, is a Cost of Issuance and has not been
the basis of a previous withdrawal.

Dated: _____

Authorized School Board
Representative

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SERIES 2007C SUPPLEMENTAL TRUST AGREEMENT

by and among

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 March 1, 2007

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WHEREAS, to provide funds for the acquisition and construction of the Series 2001A Facilities, Certificates of Participation, Series 2001A (the "Series 2001A Certificates") were issued in the aggregate principal amount of \$135,500,000 pursuant to the Trust Agreement, as supplemented by a Series 2001A Supplemental Trust Agreement dated as of April 1, 2001 (the Trust Agreement as so supplemented is referred to herein as the "Series 2001A Trust Agreement"); and

WHEREAS, to provide funds for the acquisition and construction of the Series 2002C Facilities, Certificates of Participation, Series 2002C (the "Series 2002C Certificates") were issued in the aggregate principal amount of \$161,090,000 pursuant to the Trust Agreement, as supplemented by a Series 2002C Supplemental Trust Agreement dated as of May 15, 2002 (the Trust Agreement as so supplemented is referred to herein as the "Series 2002C Trust Agreement"); and

WHEREAS, the Corporation assigned substantially all of its interest in the Series 2001A-1 Ground Lease and the Original Series 2001A Lease to the Trustee pursuant to a Series 2001A Assignment Agreement dated as of April 1, 2001; and

WHEREAS, the Corporation assigned substantially all of its interest in the Series 2002C Ground Lease and the Original Series 2002C Lease to the Trustee pursuant to a Series 2002C Assignment Agreement dated as of May 15, 2002; and

WHEREAS, pursuant to the provisions of Sections 7.4 of the Master Lease and Section 302 of the Trust Agreement, the Corporation and the School Board may direct the Trustee to issue refunding Certificates; and

WHEREAS, each Series of Certificates shall be secured independently from each other Series of Certificates, except as otherwise provided in the Trust Agreement; and

WHEREAS, as a result of a decline in interest rates the School Board has decided to refinance a portion of its obligations (i) under the Original Series 2001A Lease by further amending and restating the Series 2001A Lease as of March 1, 2007 and (ii) under the Original Series 2002C Lease by further amending and restating the Original Series 2002C Lease as of March 1, 2007; and to advance refund the outstanding Series 2001A Certificates maturing on August 1 in the years 2012 through 2015, inclusive, 2016 (\$700,000 principal amount of Series 2001A Certificates bearing interest at 4.90% only), 2019 (\$1,530,000 principal amount of Series 2001A Certificates bearing interest at 5.10% only), 2024 and 2026 (the "Refunded Series 2001A Certificates") and the outstanding Series 2002C Certificates maturing on August 1 in the years 2013, 2014, 2015 (\$25,000 principal amount of Series 2002C Certificates bearing interest at 4.60% only), 2016 (\$50,000 principal amount of Series 2002C Certificates bearing interest at 4.70% only), 2017 (\$270,000 principal amount of Series 2002C Certificates bearing interest at 4.80% only), 2018 (\$455,000 principal amount of Series 2002C Certificates bearing interest at 4.85% only), 2019 (\$20,000 principal amount of Series 2002C Certificates bearing interest at 4.90% only), 2020 through 2023, inclusive, and 2027 (the "Refunded Series 2002C Certificates" and together with the Refunded Series 2001A Certificates, the "Refunded Certificates"); and

WHEREAS, to accomplish such refinancing the Corporation will enter into this Series 2007C Supplemental Trust Agreement providing for the issuance of \$192,310,000 aggregate principal amount of Certificates of Participation, Series 2007C (the "Series 2007C Certificates"), representing undivided proportionate interests in the principal portion and interest portion of a portion of the Basic Lease Payments to be made by the School Board under the Series 2001A Lease and the Series 2002C Lease (each as hereinafter defined); and

THIS SERIES 2007C SUPPLEMENTAL TRUST AGREEMENT, dated as of March 1, 2007 (the "Series 2007C Supplemental Trust Agreement"), supplementing the Master Trust Agreement, dated as of November 1, 1994 (the "Master Trust Agreement") and together with this Series 2007C Supplemental Trust Agreement, the "Trust Agreement"), by and among **PALM BEACH SCHOOL BOARD LEASING CORP.** (the "Corporation"), a not-for-profit corporation, duly organized and existing under the laws of the State of Florida, as lessor under the within mentioned Master Lease, and **THE BANK OF NEW YORK TRUST COMPANY, N.A.** (successor in interest to NationsBank of Florida, N.A.), a national banking association with corporate trust powers qualified to accept trusts of the type set forth in the Trust Agreement, with its designated corporate trust office in Jacksonville, Florida, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, The School Board of Palm Beach County, Florida (the "School Board") has deemed it to be in its best interest to lease-purchase certain real and personal property from time to time and has entered into a Master Lease Purchase Agreement dated as of November 1, 1994 (the "Master Lease") between the Corporation, as lessor, and the School Board, as lessee; and

WHEREAS, pursuant to the Master Lease, the School Board may from time to time, by execution of a Schedule to the Master Lease, direct the Corporation to acquire, construct and lease-purchase to the School Board the items of real or personal property described in such Schedule (which items of property are collectively referred to herein as "Facilities"); and

WHEREAS, provision for the payment of the cost of acquiring, constructing and installing such Facilities may be made by the issuance and sale from time to time of one or more Series (as defined in the Trust Agreement) of Certificates of Participation issued under the Trust Agreement (the "Certificates"), which shall be secured by and be payable from Basic Lease Payments to be made by the School Board pursuant to the Master Lease and related Schedules; and

WHEREAS, the School Board and the Corporation have entered into a (i) Series 2001A-1 Ground Lease dated as of April 1, 2001, as amended as of December 1, 2001, as further amended as of June 1, 2003, and as further amended as of June 1, 2004 and (ii) Schedule 2001A-1 dated as of April 1, 2001, as amended and restated as of December 1, 2003, as further amended and restated as of June 1, 2003, as further amended and restated as of June 1, 2004 and as further amended and restated as of March 1, 2005 and a Schedule 2001A-2 dated as of April 1, 2001, as amended and restated as of June 1, 2004 (which Schedules together with the Master Lease are herein referred to as the "Original Series 2001A Lease"), pursuant to which the School Board leased certain real property to the Corporation and subleased from the Corporation such real property and leased the improvements thereon, known respectively as the "Series 2001A Facility Sites" and the "Series 2001A Facilities"; and

WHEREAS, the School Board and the Corporation have entered into a (i) Series 2002C Ground Lease dated as of May 15, 2002, as amended as of June 1, 2003 and as further amended as of June 1, 2004 and (ii) Schedule 2002C dated as of May 15, 2002, as amended and restated as of June 1, 2003, as further amended and restated as of June 1, 2004 and as further amended and restated as of March 1, 2005 (which Schedule together with the Master Lease is herein referred to as the "Original Series 2002C Lease"), pursuant to which the School Board leased certain real property to the Corporation and subleased from the Corporation such real property and leased the improvements thereon, known respectively as the "Series 2002C Facility Sites" and the "Series 2002C Facilities"; and

WHEREAS, the Trustee has received an order from an Authorized Corporation Representative relating to the issuance of the Series 2007C Certificates; and

WHEREAS, a portion of the proceeds of the Series 2007C Certificates will be deposited with The Bank of New York Trust Company, N.A., as escrow agent (the "Escrow Agent") under a Series 2007C Escrow Deposit Agreement dated as of March 1, 2007 (the "Escrow Deposit Agreement") between the School Board and the Escrow Agent, and used (1) to prepay the Refunded Series 2001A Certificates on August 1, 2011 at a prepayment price equal to 101% of the principal portion of Basic Lease Payments represented by the Refunded Series 2001A Certificates and to pay interest on the Refunded Series 2001A Certificates until such prepayment date and (2) to prepay the Refunded Series 2002C Certificates on August 1, 2012 at a prepayment price equal to 100% of the principal portion of Basic Lease Payments represented by the Refunded Series 2002C Certificates and to pay interest on the Refunded Series 2002C Certificates until such prepayment date; and

WHEREAS, the Series 2007C Certificates shall be secured on a pro rata basis with (i) the Outstanding Series 2001A Certificates and Series 2005A Certificates with respect to the Series 2001A Lease and (ii) the Outstanding Series 2002C Certificates and Series 2005A Certificates with respect to the Series 2002C Lease, and in the manner provided in the Trust Agreement and shall have the terms and provisions contained in this Series 2007C Supplemental Trust Agreement; and

WHEREAS, all things necessary to make the Series 2007C Certificates, when executed by the Trustee and issued as provided herein and in the 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 2007C Supplemental Trust Agreement, and the creation, execution and issuance of the Series 2007C Certificates subject to the terms thereof, have in all respects been duly authorized;

NOW, THEREFORE, THIS SERIES 2007C SUPPLEMENTAL TRUST AGREEMENT WITNESSETH:

ARTICLE I

DEFINITIONS

SECTION 101. DEFINITIONS. Words and terms that are defined in the 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 2007C Supplemental Trust Agreement, the following words and terms as used herein with respect to the Series 2007C Certificates shall have the following meaning unless the context or use indicates another or different meaning or intent:

"**Amended and Restated Schedule 2001A-1**" shall mean that certain Schedule 2001A-1 dated as of April 1, 2001, as amended and restated as of December 1, 2003, as further amended and restated as of June 1, 2003, as further amended and restated as of June 1, 2004, as further amended and restated as of March 1, 2005 and as further amended and restated as of March 1, 2007, by and among the School Board, the Corporation and the Trustee as assignee of the Corporation.

"**Amended and Restated Schedule 2001A-2**" shall mean that certain Schedule 2001A-2 dated as of April 1, 2001, as amended and restated as of June 1, 2004 and as further amended and restated as of

March 1, 2007, by and among the School Board, the Corporation and the Trustee as assignee of the Corporation.

“**Amended and Restated Schedule 2002C**” shall mean that certain Schedule 2002C dated as of May 15, 2002, as amended and restated as of June 1, 2003, as further amended and restated as of June 1, 2004, as further amended and restated as of March 1, 2005 and as further amended and restated as of March 1, 2007, by and among the School Board, the Corporation and the Trustee as assignee of the Corporation.

“**Business Day**” shall mean a day other than (a) a Saturday, Sunday or day on which banks in the State of New York or banks located in each of the cities in which the designated corporate trust office of the Trustee and the Series 2007C Credit Facility Issuer is located are required or authorized by law or executive order to close for business, and (b) a day on which the New York Stock Exchange is closed.

“**Closing Date**” shall mean the date of delivery of the Series 2007C Certificates to the respective Series 2007C Underwriters against payment therefor.

“**Continuing Disclosure Certificate**” shall mean that certain Continuing Disclosure Certificate, dated March 22, 2007, executed and delivered by the School Board in connection with the issuance of the Series 2007C Certificates.

“**Counterparty**” shall mean the Person entering into a Hedge Agreement with the School Board.

“**Financing Documents**” shall mean collectively, the Series 2001A Lease, the Series 2002C Lease, the Trust Agreement, this Series 2007C Supplemental Trust Agreement, the Series 2001A-1 Ground Lease, the Series 2002C Ground Lease, the Series 2001A Assignment Agreement and the Series 2002C Assignment Agreement.

“**Fitch**” shall mean Fitch Ratings.

“**Hedge Agreement**” shall mean an interest rate exchange agreement, an interest rate swap agreement, a forward purchase contract, a put option contract, a call option contract or any other financial product which is used by the School Board as a hedging device with respect to its obligation to pay the interest portion of Basic Lease Payments, represented by any of the Series 2007C Certificates, entered into between the School Board and a Counterparty; provided that such arrangement shall be specifically designated in a certificate of an Authorized School Board Representative as a “Hedge Agreement” for purposes of this Series 2007C Supplemental Trust Agreement.

“**Hedge Obligations**” shall mean net payments required to be made by the School Board under a Hedge Agreement from time to time as a result of fluctuations in hedged interest rates or fluctuations in the value of any index of payment.

“**Hedge Receipts**” shall mean net payments received by the School Board from a Counterparty under a Hedge Agreement.

“**Interest Payment Date**” shall mean (a) each February 1 and August 1, commencing August 1, 2007 (b) with respect to any Series 2007C Certificates which are to be prepaid, any date on which such prepayment is made, and (c) the applicable Maturity Date.

“**Maturity Date**” shall mean, as applicable, August 1 in the years 2007 through 2027, inclusive.

“**Moody's**” shall mean Moody's Investors Service.

“**Participating Underwriter**” shall mean any of the original underwriters of the Series 2007C Certificates required to comply with the Rule in connection with the offering of the Series 2007C Certificates.

“**Rating Agency**” shall mean each of Standard & Poor's, Moody's and Fitch, and any other nationally recognized rating service not unacceptable to the Series 2007C Credit Facility Issuer which, at the request of the School Board, shall have provided a rating on any Outstanding Series 2007C Certificates.

“**Record Date**” shall mean the fifteenth (15th) calendar day, whether or not a Business Day, of the month preceding an Interest Payment Date.

“**Rule**” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“**Series 2001A Lease**” shall mean the Master Lease as supplemented by Amended and Restated Schedule 2001A-1 and Amended and Restated Schedule 2001A-2.

“**Series 2002C Lease**” shall mean the Master Lease as supplemented by Amended and Restated Schedule 2002C.

“**Series 2007C Certificates**” shall mean the \$192,310,000 Certificates of Participation, Series 2007C Evidencing Undivided Proportionate Interests of the Owners thereof in Basic Lease Payments to be made by The School Board of Palm Beach County, Florida, as Lessee, pursuant to a Master Lease Purchase Agreement with Palm Beach School Board Leasing Corp., as Lessor.

“**Series 2007C Cost of Issuance Subaccount**” shall mean the Series 2007C Cost of Issuance Subaccount within the Series 2007C Acquisition Account established in Section 401 hereof.

“**Series 2007C Credit Facility**” shall mean the financial guaranty insurance policy issued by the Series 2007C Credit Facility Issuer on March 22, 2007, guaranteeing payment of the principal and interest in respect of the Series 2007C Certificates when due.

“**Series 2007C Credit Facility Issuer**” shall mean Ambac Assurance Corporation, or any successor thereto or assignee thereof.

“**Series 2007C Underwriters**” means Merrill Lynch & Co., Bear, Stearns & Co. Inc., Citigroup Global Markets Inc., UBS Securities LLC, A.G. Edwards & Sons, Merrill Lynch & Co., RBC Dain Rauscher Inc. (d/b/a/ RBC Capital Markets) and Siebert Brandford Shank & Co.

“**Standard & Poor's**” shall mean Standard & Poor's Rating Services, a division of the McGraw Hill Companies Inc.

[End of Article I]

ARTICLE II

THE SERIES 2007C CERTIFICATES

SECTION 201. AUTHORIZATION OF SERIES 2007C CERTIFICATES.

(a) There is hereby created a Series of Certificates to be issued under the Trust Agreement to be known as “Certificates of Participation, Series 2007C, 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 2007C Certificates shall be issued for the purpose of (i) providing for the payment of the principal and interest portions of Basic Lease Payments represented by the Refunded Certificates and (ii) paying Costs of Issuance of the Series 2007C Certificates.

(b) The Series 2007C Certificates shall be dated as of the Closing Date and shall also show the date of authentication thereof. The interest portion of Basic Lease Payments represented by the Series 2007C Certificates shall be payable from the Interest Payment Date next preceding the date of execution and delivery to which payment has been made or provided for, unless a Series 2007C Certificate is issued prior to August 1, 2007, in which case the Series 2007C Certificate shall represent the right to receive interest from the Closing Date. The Series 2007C Certificates shall initially be issued in the aggregate principal amount of \$192,310,000, shall mature on August 1 in the years and in the principal amounts set forth below, and shall represent the right to receive interest at the annual rates, calculated on the basis of a 360-day year comprised of twelve 30-day months, set forth opposite such dates and amounts, respectively.

<u>Year (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2007	\$1,000,000	4.000%	2018	\$800,000	4.000%
2008	225,000	4.000	2019	1,905,000	4.000
2009	235,000	4.000	2020	15,730,000	5.000
2010	245,000	4.000	2021	6,810,000	4.000
2011	255,000	4.000	2022	7,150,000	4.500
2012	775,000	4.000	2023	18,300,000	4.500
2013	4,990,000	5.000	2024	19,180,000	4.500
2014	5,325,000	5.000	2025	20,165,000	4.500
2015	920,000	4.000	2026	22,225,000	4.250
2016	1,075,000	4.000	2026	20,000,000	4.500
2017	605,000	4.000	2027	44,395,000	4.500

(c) The principal portion represented by the Series 2007C Certificates due at maturity or upon prepayment thereof, whichever is earlier, shall represent undivided proportionate interests in the principal portion of the Basic Lease Payments due on each of the Lease Payment Dates set forth (i) on Amended and Restated Schedules 2001A-1 and 2001A-2, payable on a pro rata basis with the Outstanding Series 2001A Certificates and Series 2005A Certificates with respect to the Series 2001A Lease and (ii) on Amended and Restated Schedule 2002C, payable on a pro rata basis with the Outstanding Series 2002C Certificates and Series 2005A Certificates with respect to the Series 2002C Lease.

(d) The interest portion represented by the Series 2007C Certificates shall be payable on each Interest Payment Date as set forth herein. Said interest shall represent an undivided proportionate interest in the interest portion of Basic Lease Payments due on each Lease Payment Date as set forth (i) on Amended and Restated Schedules 2001A-1 and 2001A-2, payable on a pro rata basis with the Outstanding Series 2001A Certificates and Series 2005A Certificates with respect to the Series 2001A Lease and (ii) on Amended and Restated Schedule 2002C, payable on a pro rata basis with the Outstanding Series 2002C Certificates and Series 2005A Certificates with respect to the Series 2002C Lease, to and including the maturity or earlier prepayment date of each Series 2007C Certificate.

(e) The Series 2007C Certificates shall be delivered in registered form in denominations of \$5,000 or any integral multiple of \$5,000. Unless the Corporation shall otherwise direct, the Series 2007C Certificates shall be lettered and numbered in such manner as the Trustee shall deem adequate and appropriate. Subject to the provisions of the Trust Agreement, the Series 2007C Certificates shall be substantially in the form set forth in Exhibit A of the Trust Agreement.

(f) The principal portion or Prepayment Price of the Series 2007C Certificates shall be payable at the designated corporate trust office of the Trustee. Except as otherwise provided in connection with the maintenance of a book entry only system of registration of the Series 2007C Certificates, the interest portion represented by the Series 2007C Certificates shall be payable by check or draft of the Trustee mailed to the Series 2007C Certificate holder at the address of such Series 2007C Certificate holder shown on the registration records maintained by the Trustee as of the Record Date next preceding the Interest Payment Date. Such interest portion may be paid by wire transfer within the United States to the registered owners of \$1,000,000 or more in aggregate principal amount of Series 2007C Certificates upon their request in writing received no later than the Record Date next preceding any Interest Payment Date. The Trustee may charge the Series 2007C Certificate holder a reasonable fee for the cost of the wire transfer.

So long as there shall be maintained a book-entry-only system with respect to the Series 2007C Certificates, the following provisions shall apply:

The Series 2007C Certificates shall initially be issued in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"), which will act initially as securities depository for the Series 2007C Certificates and so long as the Series 2007C Certificates are held in book-entry-only form, Cede & Co. shall be considered the registered owner for all purposes hereof. On original issue, the Series 2007C Certificates shall be deposited with DTC, which shall be responsible for maintaining a book-entry only system for recording the ownership interest of its participants ("DTC Participants") and other institutions that clear through or maintain a custodial relationship with DTC Participants, either directly or indirectly ("Indirect Participants"). The DTC Participants and Indirect Participants will be responsible for maintaining records with respect to the beneficial ownership interests of individual purchasers of the Series 2007C Certificates ("Beneficial Owners").

The principal and interest portions of Basic Lease Payments represented by the Series 2007C Certificates shall be payable directly to Cede & Co. in care of DTC. Disbursal of such amounts to DTC Participants shall be the responsibility of DTC. Payments by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners shall be the responsibility of DTC Participants and Indirect Participants and not of DTC, the Trustee, the Corporation or the School Board.

The Series 2007C Certificates shall initially be issued in the form of one fully registered Series 2007C Certificate for each maturity (and for each interest rate within a maturity) and shall be held in such

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ARTICLE III

PREPAYMENTS

SECTION 301. EXTRAORDINARY PREPAYMENT.

(a) The Series 2007C Certificates shall be subject to prepayment in whole or in part at any time and if in part, in inverse order of maturity or on a proportional basis, as shall be designated by the School Board, and by lot within a maturity in such manner as the Trustee shall determine to be fair and appropriate, in an amount equal to the principal portion of Basic Lease Payments prepaid (i) under the Series 2001A Lease on a pro rata basis with the Outstanding Series 2001A Certificates and Series 2005A Certificates and (ii) under the Series 2002C Lease on a pro rata basis with the Outstanding Series 2002C Certificates and Series 2005A Certificates, at a Prepayment Price of par plus the interest accrued to the Prepayment Date if there are Net Proceeds equal to or greater than ten percent (10%) of the remaining principal portion of the Basic Lease Payments relating to the Series 2001A-1 Facilities and/or the Series 2002C Facilities as a result of damage, destruction or condemnation of any portion of the Series 2001A-1 Facilities and/or the Series 2002C Facilities and an election is made by the School Board under Section 5.4(b) of the Master Lease to apply the amount to the prepayment in part of the principal portions of Basic Lease Payments relating to the Series 2001A-1 Facilities and/or the Series 2002C Facilities and represented by the Series 2007C Certificates.

(b) At the election of the Series 2007C Credit Facility Issuer (exercised in its sole discretion), Series 2007C Certificates shall be subject to prepayment in whole at any time from funds provided by the Series 2007C Credit Facility Issuer, at a Prepayment Price of par plus the interest accrued to the Prepayment Date, if the Lease Term of all Leases is terminated for the reasons referred to in Section 4.1(b) or 4.1(c) of the Master Lease.

SECTION 302. OPTIONAL PREPAYMENT.

(a) The Series 2007C Certificates maturing on or before August 1, 2017 shall not be subject to prepayment at the option of the School Board.

(b) The Series 2007C Certificates maturing on or after August 1, 2018 shall be subject to prepayment on or after August 1, 2017 if the School Board elects to prepay the principal portion of Basic Lease Payments due under the Series 2001A Lease and/or the Series 2002C Lease in whole or in part on any Business Day, and if in part, in such order of maturity of Series 2007C Certificates corresponding to the due dates of the principal portion of the Basic Lease Payments under the Series 2001A Lease and/or the Series 2002C Lease as shall be designated by the School Board to be prepaid, and by lot within a maturity in such manner as the Trustee may determine, at a Prepayment Price equal to the principal portion of Basic Lease Payments represented by the Series 2007C Certificates or portions thereof to be prepaid, plus the interest accrued to the Prepayment Date.

[End of Article III]

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form until maturity. Individuals may purchase beneficial interests in the amount of \$5,000 or integral multiples thereof in book-entry-only form, without certificated Series 2007C Certificates, through DTC Participants and Indirect Participants.

DURING THE PERIOD FOR WHICH CEDE & CO. IS REGISTERED OWNER OF THE SERIES 2007C CERTIFICATES, ANY NOTICE TO BE PROVIDED TO ANY REGISTERED OWNER WILL BE PROVIDED TO CEDE & CO. DTC SHALL BE RESPONSIBLE FOR NOTICE TO DTC PARTICIPANTS AND DTC PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICE TO INDIRECT PARTICIPANTS, AND DTC PARTICIPANTS AND INDIRECT PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICE TO INDIVIDUAL PURCHASERS OF BENEFICIAL INTERESTS.

The School Board and the Trustee have entered into a Blanket Issuer Letter of Representations with DTC providing for such book-entry-only system. Such agreement may be terminated at any time by either DTC or the School Board. In the event of such termination, the School Board shall select another securities depository. If the School Board does not replace DTC, the Trustee will register and deliver to the Beneficial Owners replacement Series 2007C Certificates in the form of fully registered Series 2007C Certificates in denominations of \$5,000 or integral multiples thereof, in accordance with instructions from Cede & Co.

SECTION 202. ISSUANCE OF SERIES 2007C CERTIFICATES. The Series 2007C 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, and upon delivery of the following additional documents:

(a) The Escrow Deposit Agreement providing for the payment of the Basic Lease Payments represented by, and the Prepayment Price on the Prepayment Date of, the Refunded Certificates; and

(b) A report by a firm of independent certified public accountants as to the adequacy of the Defeasance Securities and cash, if any, deposited with the Escrow Agent for payment of the Basic Lease Payments represented by, and the Prepayment Price of, the Refunded Certificates; and

(c) The opinions of Co-Special Tax Counsel to the effect that the Refunded Certificates are deemed to have been paid within the meaning of Section 801 of the Master Trust Agreement.

[End of Article II]

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ARTICLE IV

ESTABLISHMENT OF ACCOUNTS; APPLICATION OF SERIES 2007C CERTIFICATE PROCEEDS

SECTION 401. ESTABLISHMENT OF ACCOUNTS.

(a) There is hereby established within the Series 2001A Acquisition Account in the Project Fund the Series 2007C Cost of Issuance Subaccount therein, more particularly described in Section 402 of the Trust Agreement. The Series 2001A Supplemental Trust Agreement has established the Series 2001A Lease Payment Account and the Series 2001A Prepayment Account within the Project Fund, as more particularly described in Sections 404 and 406, respectively, of the Master Trust Agreement and Section 301 of the Series 2001A Supplemental Trust Agreement. The Series 2002C Supplemental Trust Agreement has established the Series 2002C Lease Payment Account and the Series 2002C Prepayment Account within the Project Fund, as more particularly described in Sections 404 and 406, respectively, of the Master Trust Agreement and Section 301 of the Series 2002C Supplemental Trust Agreement.

(b) The moneys on deposit in the Accounts and Subaccounts described herein shall be disbursed by the Trustee in the manner and for the purposes described in the Trust Agreement. Moneys in the Series 2001A Lease Payment Account shall be paid in accordance with Section 404 of the Trust Agreement on a pro rata basis to the holders of the Outstanding Series 2001A Certificates, the Series 2005A Certificates and the Series 2007C Certificates. Moneys in the Series 2002C Lease Payment Account shall be paid in accordance with Section 404 of the Trust Agreement on a pro rata basis to the holders of the Outstanding Series 2001A Certificates, the Series 2005A Certificates and the Series 2007C Certificates. Moneys in the Series 2001A Prepayment Account and the Series 2002C Prepayment Account shall be paid in accordance with Section 406 of the Trust Agreement.

SECTION 402. APPLICATION OF PROCEEDS OF SERIES 2007C CERTIFICATES. The Trustee shall deposit (a) in the escrow deposit trust fund created pursuant to the Escrow Deposit Agreement, \$194,052,198.98 from the proceeds of the Series 2007C Certificates, which amount is to be invested in Government Obligations 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 Prepayment Date of, the Refunded Series 2001A Certificates and the Refunded Series 2002C Certificates, respectively, all in accordance with the Escrow Deposit Agreement and (b) from the proceeds of the sale of the Series 2007C Certificates, the amount of \$233,250.00 in the Series 2007C Cost of Issuance Subaccount. The sum of \$569,962.82, representing the premium for the Series 2007C Credit Facility, shall be wire transferred by Merrill Lynch & Co. to the Series 2007C Credit Facility Issuer.

[End of Article IV]

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ARTICLE V

MISCELLANEOUS PROVISIONS RELATING TO
SERIES 2007C CERTIFICATES

SECTION 501. SERIES 2007C CREDIT FACILITY. The Series 2007C Certificates shall be further secured by a financial guaranty insurance policy issued by the Series 2007C Credit Facility Issuer. The Series 2007C Credit Facility Issuer shall have all the rights provided for such Credit Facility Issuer under the terms of the Trust Agreement and as provided herein.

SECTION 502. SUPPLEMENTAL PROVISIONS REQUIRED BY SERIES 2007C CREDIT FACILITY ISSUER. For purposes of the Series 2007C Certificates, unless otherwise waived in writing by the Series 2007C Credit Facility Issuer, the following provisions shall apply notwithstanding any provision to the contrary contained in the Financing Documents, any such contrary provisions being deemed superseded hereby to the fullest extent permitted by law.

(a) Series 2007C Credit Facility Issuer Consent

(i) Any provision of the Financing Documents expressly recognizing or granting rights in or to the Series 2007C Credit Facility Issuer may not be amended in any manner which affects the rights of the Series 2007C Credit Facility Issuer thereunder without the prior written consent of the Series 2007C Credit Facility Issuer.

(ii) Unless otherwise provided in this Section, the consent of the Series 2007C Credit Facility Issuer shall be required in addition to any required consent of the holders of the Series 2007C Certificates for the following purposes: (a) execution and delivery of any supplement or any amendment, change or modification to the Financing Documents that affects the Series 2007C Certificates; provided, however, that such consent shall not be required for any such supplement, amendment, change or modification limited to a Series of Certificates (including the issuance of a new Series of Certificates) other than the Series 2007C Certificates; and (b) initiation or approval of any action not described in (a) of this sub-paragraph which requires consent of the holders of the Series 2007C Certificates.

(iii) Any reorganization or liquidation plan with respect to the School Board must be acceptable to the Series 2007C Credit Facility Issuer. In the event of any reorganization or liquidation, the Series 2007C Credit Facility Issuer shall have the right to vote on behalf of all holders of the Series 2007C Certificates absent a default by the Series 2007C Credit Facility Issuer under the Series 2007C Credit Facility.

(b) Notices to be Given to the Series 2007C Credit Facility Issuer.

(i) While the Series 2007C Credit Facility is in effect, the School Board shall furnish to the Series 2007C Credit Facility Issuer to the attention of the Surveillance Department, unless otherwise indicated:

(A) as soon as practicable after the filing thereof, a copy of any financial statement of the School Board and a copy of any audit and annual report of the School Board;

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Guaranteed Title XI financing, Government National Mortgage Association (GNMA), State and Local Government Series).

(ii) With respect to the Series 2007C Certificates, "Investment Securities" shall mean the following obligations, which may be used for all purposes for which "Investment Securities" may be used hereunder, other than defeasance investments in refunding escrow accounts:

(A) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Farm Credit System Financial Assistance Corporation
- Rural Economic Community Development Administration
- General Services Administration
- U. S. Maritime Administration
- Small Business Administration
- Government National Mortgage Association (GNMA), U.S. Department of Housing & Urban Development (PHA's)
- Federal Housing Administration
- Federal Financing Bank

(B) direct obligations of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC), obligations of the Resolution Funding Corporation (REFCORP), senior debt obligations of the Federal Home Loan Bank System, senior debt obligations of other government sponsored agencies approved by the Series 2007C Credit Facility Issuer;

(C) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(D) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P and "P-1" by Moody's and which matures not more than 270 days after the date of purchase;

(E) investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;

(F) other forms of investments (including repurchase agreements) approved in writing by the Series 2007C Credit Facility Issuer;

(G) investment agreements approved in writing by the Series 2007C Credit Facility Issuer (supported by appropriate opinions of counsel);

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(B) a copy of any notice to be given to the registered Owners of the Series 2007C Certificates, including, without limitation, notice of any redemption or of defeasance of Series 2007C Certificates, and any certificate rendered pursuant to the Trust Agreement or hereunder, relating to the security for the Series 2007C Certificates; and

(C) such additional information it may reasonably request.

(ii) The Trustee shall notify the Series 2007C Credit Facility Issuer of any failure of the School Board to provide relevant notices or certificates that are required to be given under the Trust Agreement or hereunder.

(iii) The School Board will permit the Series 2007C Credit Facility Issuer to discuss with appropriate officers of the School Board the affairs, finances and accounts of the School Board or any information the Series 2007C Credit Facility Issuer may reasonably request regarding the security for the Series 2007C Certificates. The School Board will permit the Series 2007C Credit Facility Issuer to have access to the Series 2001A Project and the Series 2002C Project and have access to and to make copies of all books and records relating to the School Board at any reasonable time.

(iv) The Series 2007C Credit Facility Issuer shall have the right to direct an accounting at the School Board's expense, and the School Board's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Series 2007C Credit Facility Issuer shall be deemed a default under the Trust Agreement and hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended as long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Series 2007C Certificates.

(v) Notwithstanding any other provision of the Financing Documents or hereof, the Trustee shall immediately notify the Series 2007C Credit Facility Issuer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any Event of Default in the payment of principal and interest represented by the Series 2007C Certificates under the Trust Agreement.

(c) Permitted Investments.

(i) With respect to the Series 2007C Certificates, "Permitted Investment" means the following obligations, which may be used for all purposes, including defeasance investments in refunding escrow accounts and for all purposes for which "Investment Securities" may be used hereunder:

(A) cash (insured at all times by the Federal Deposit Insurance Corporation); or

(B) obligations of or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. (U.S. treasury obligations, all direct or fully guaranteed obligations, Farmers Home Administration, General Services Administration,

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(H) municipal obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P.

(I) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

1. which are rated, based on an irrevocable escrow account or fund (the "Escrow"), in the highest rating category of S&P and Moody's or any successors thereto; or

2. a. which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (c)(i) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; and

b. which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate. Pre-refunded Municipal Obligations meeting the requirements of subsection (2) hereof may not be used as Investment Securities without the prior written approval of S&P;

3. Municipal obligations rated "Aaa/AAA" or general obligations of States with a rating of at least "A2/A" or higher by both Moody's and S&P; and

4. investment agreements approved in writing by the Series 2007C Credit Facility Issuer supported by appropriate opinions of counsel with notice to S&P; and

5. other forms of investments (including repurchase agreements) approved in writing by the Series 2007C Credit Facility Issuer with notice to S&P.

(iv) The value of Investment Securities shall be determined as of the end of each month, and shall be calculated as follows:

(A) For the purpose of determining the amount in any fund, all Investment Securities credited to such fund shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to

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pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch, Citigroup Global Markets Inc., Bear Stearns, or Lehman Brothers;

(B) as to certificates of deposit and bankers acceptances, the face amount thereof plus accrued interest; and

(C) as to any investment not specified above, the value thereof established by prior agreement between the Board, the Trustee and the Series 2007C Credit Facility Issuer.

(d) Defeasance Provisions.

Notwithstanding anything herein to the contrary, in the event that the principal and interest portions of the Basic Lease Payments represented by the Series 2007C Certificates shall be paid by the Series 2007C Credit Facility Issuer pursuant to the Series 2007C Credit Facility, the Series 2007C Certificates shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the School Board, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the School Board to the registered holders of the Series 2007C Certificates shall continue to exist and shall run to the benefit of the Series 2007C Credit Facility Issuer, and the Series 2007C Credit Facility Issuer shall be subrogated to the rights of such holders.

(e) Trustee Provisions

(i) Every successor Trustee shall be a trust company or bank in good standing located in or incorporated under the laws of the State of Florida, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$75,000,000 and acceptable to the Series 2007C Credit Facility Issuer.

(ii) Notwithstanding any other provision of the Trust Agreement, in determining whether the rights of the Series 2007C Certificate holders will be adversely affected by any action taken pursuant to the terms and provisions of the Trust Agreement or hereof, the Trustee shall consider the effect on the Series 2007C Certificate holders as if there was no Series 2007C Credit Facility.

(f) Interested Parties.

(i) To the extent that the Financing Documents confer upon or give or grant to the Series 2007C Credit Facility Issuer any right, remedy or claim under or by reason of the Financing Documents, the Series 2007C Credit Facility Issuer is explicitly recognized as being a third-party beneficiary under the Financing Documents and may enforce any such right, remedy or claim conferred, given or granted under the Financing Documents.

(ii) Nothing in the Financing Documents expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the School Board, the Trustee, the Series 2007C Credit Facility Issuer, the Paying Agent, if any, and the registered owners of the Series 2007C Certificates, any right, remedy or claim under or by reason of the Financing Documents or any covenant, condition or stipulation thereof, and all covenants, stipulations, promises and agreements in the Financing Documents contained by and on behalf of the School Board shall be for the sole and exclusive benefit of the School Board, the Trustee, the

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thereon first to the Trustee who shall note on such Series 2007C Certificates the principal portion paid by the Trustee and then, along with the appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) In the event that the Trustee has notice that any payment of the principal or interest portion of Basic Lease Payments represented by the Series 2007C Certificates which has become due for payment and which is made to a holder of Series 2007C Certificates by or on behalf of the School Board has been deemed a preferential transfer and therefore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee, shall, at the time the Series 2007C Credit Facility Issuer is notified pursuant to (a) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Series 2007C Credit Facility Issuer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee shall furnish to the Series 2007C Credit Facility Issuer its records evidencing the payments of principal of and interest of the Basic Lease Payments represented by the Series 2007C Certificates which have been made by the Trustee and the dates on which such payments were made.

(f) In addition to those rights granted the Series 2007C Credit Facility Issuer under the Financing Documents and hereunder, the Series 2007C Credit Facility Issuer shall, to the extent it makes payment of the principal or interest portion of the Basic Lease Payments represented by the Series 2007C Certificates, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 2007C Credit Facility, and to evidence such subrogation: (i) in the case of subrogation as to claims for past due interest, the Trustee shall note the Series 2007C Credit Facility Issuer's rights as subrogee on the registration books of the School Board maintained by the Trustee upon receipt from the Series 2007C Credit Facility Issuer of proof of the payment of interest thereon to the registered owners of the Series 2007C Certificates; and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note the Series 2007C Credit Facility Issuer's rights as subrogee on the registration books of the School Board maintained by the Trustee upon surrender of the Series 2007C Certificates by the registered owners thereof together with proof of the payment of principal thereof.

SECTION 504. CONTINUING DISCLOSURE. Pursuant to the Series 2001A Lease and the Series 2002C Lease, the School Board has undertaken all responsibility for compliance with continuing disclosure requirements, and the Corporation shall have no liability to the owners of the Series 2007C Certificates or any other person with respect to the Rule. Notwithstanding any other provision of the Trust Agreement, failure of the School Board to comply with the Continuing Disclosure Certificate 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 2007C Certificates, shall) or any owner of the Series 2007C Certificates or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the School Board to comply with its obligations under the Series 2001A Lease and the Series 2002C Lease. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2007C Certificates (including persons holding Series 2007C Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2007C Certificates for federal income tax purposes.

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Series 2007C Credit Facility Issuer, the Paying Agent, if any, and the registered owners of the Series 2007C Certificates.

SECTION 503. CLAIMS UPON THE SERIES 2007C CREDIT FACILITY. As long as the Series 2007C Credit Facility is in full force and effect, the School Board and the Trustee shall comply with the following:

(a) At least one (1) day prior to any Payment Date the Trustee will determine whether there will be sufficient funds in the funds and accounts created in the Trust Agreement and herein to pay the principal or interest portions of the Basic Lease Payments represented by the Series 2007C Certificates on such Payment Date. If the Trustee determines that there will be insufficient funds in such funds or accounts, it shall so notify the Series 2007C Credit Facility Issuer. Such notice shall specify the amount of the anticipated deficiency, the Series 2007C Certificates to which such deficiency is applicable and whether such Series 2007C Certificates will be deficient as to principal or interest, or both. If the Trustee has not so notified the Series 2007C Credit Facility Issuer, the Series 2007C Credit Facility Issuer will make payments of principal or interest portion of the Basic Lease Payments represented by the Series 2007C Certificates on or before the first day next following the date on which the Series 2007C Credit Facility Issuer shall have received notice of nonpayment from the Trustee.

(b) The Trustee shall, after giving notice to the Series 2007C Credit Facility Issuer as provided in (a) above, make available the registration books of the School Board maintained by it and all records relating to the funds and accounts maintained under the Trust Agreement and hereunder to the Series 2007C Credit Facility Issuer and, at the direction of the Series 2007C Credit Facility Issuer, to The Bank of New York, as insurance trustee for the Series 2007C Credit Facility Issuer or any successor insurance trustee (the "Insurance Trustee").

(c) The Trustee shall provide the Series 2007C Credit Facility Issuer and the Insurance Trustee with a list of registered owners of the Series 2007C Certificates entitled to receive payments of the principal or interest portion of Basic Lease Payments represented by the Series 2007C Certificates under the terms of the Series 2007C Credit Facility, and shall make arrangements with the Insurance Trustee: (i) to mail checks or drafts to the registered owners of the Series 2007C Certificates entitled to receive full or partial interest payments from the Series 2007C Credit Facility Issuer; and (ii) to pay principal upon the Series 2007C Certificates surrendered to the Insurance Trustee by the registered owners of such Series 2007C Certificates entitled to receive full or partial principal payments from the Series 2007C Credit Facility Issuer.

(d) The Trustee shall, at the time it provides notice to the Series 2007C Credit Facility Issuer pursuant to (a) above, notify registered owners of the Series 2007C Certificates entitled to receive the payment of principal or interest thereon from the Series 2007C Credit Facility Issuer: (i) as to the fact of such entitlement; (ii) that the Series 2007C Credit Facility Issuer will remit to them all or part of the interest payments next coming due upon proof of the entitlement of the holder of the Series 2007C Certificates to interest payments, and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment; (iii) that should they be entitled to receive full payment of principal from the Series 2007C Credit Facility Issuer, they must surrender their Series 2007C Certificates (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Series 2007C Certificates to be registered in the name of the Series 2007C Credit Facility Issuer) for payment to the Insurance Trustee, and not the Trustee; and (iv) that should they be entitled to receive partial payment of principal from the Series 2007C Credit Facility Issuer, they must surrender their Series 2007C Certificates for payment

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SECTION 505. PROVISIONS OF TRUST AGREEMENT NOT OTHERWISE MODIFIED. Except as expressly modified or amended hereby, the Trust Agreement shall remain in full force and effect. To the extent of any conflict between the terms of the Trust Agreement and this Series 2007C Supplemental Trust Agreement, the terms hereof shall control.

SECTION 506. COUNTERPARTS. This Series 2007C Supplemental Trust Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 507. HEADINGS. Any heading preceding the text of the several Articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Series 2007C Supplemental Trust Agreement, nor shall they affect its meaning, construction or effect.

SECTION 508. LAWS. This Series 2007C Supplemental Trust Agreement shall be construed and governed in accordance with the laws of the State of Florida.

SECTION 509. NOTICES. Copies of all notices required to be given to a Credit Facility Issuer pursuant to the Trust Agreement shall be given to the Series 2007C Credit Facility Issuer at the following address:

Series 2007C Credit Facility Issuer:
Ambac Assurance Corporation
One State Street Plaza
17th Floor
New York, New York 10004
Attention: Surveillance Department

[End of Article V]

IN WITNESS WHEREOF, the parties have executed this Series 2007C Supplemental Trust Agreement by their duly authorized officers as of the date and year first written above.

(SEAL)

**PALM BEACH SCHOOL BOARD
LEASING CORP.**

Attest: _____
Dr. Art Johnson
Secretary

By: _____
William Graham
President

**THE BANK OF NEW YORK TRUST
COMPANY, N.A., as Trustee**

By: _____
Barbara Buck
Vice President

The School Board of Palm Beach County, Florida hereby consents to the execution of this Series 2007C Supplemental Trust Agreement by the parties hereto and agrees to abide by the terms applicable to it herein.

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

By: _____
William Graham
Chairman

STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

The undersigned, a Notary Public in and for the said County in the State aforesaid, does hereby certify that William Graham and Dr. Art Johnson, personally known to me to be the same persons whose names are, respectively, as President and Secretary, respectively, of PALM BEACH SCHOOL BOARD LEASING CORP., a Florida not-for-profit corporation, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said corporation, and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary act, for uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ___ day of March, 2007.

NOTARY PUBLIC
SEAL OF OFFICE:

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print, Stamp or Type as Commissioned.)

- Personally known to me, or
- Produced identification

(Type of Identification Produced)

STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

The undersigned, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Barbara Buck, personally known to me to be the same person whose is a Vice President of The Bank of New York Trust Company, N.A., as Trustee, a national banking association organized under the laws of the United States of America, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that she, being thereunto duly authorized, signed, sealed with the seal of said association, and delivered the said instrument as the free and voluntary act of said association and as her own free and voluntary act, for uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ___ day of March, 2007.

NOTARY PUBLIC
SEAL OF OFFICE:

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print, Stamp or Type as Commissioned.)

- Personally known to me, or
- Produced identification

[THIS PAGE INTENTIONALLY LEFT BLANK]

(Type of Identification Produced)

This instrument was prepared by
and when recorded should be
returned to:

(This space reserved for Clerk)

ROBERT C. GANG, ESQ.
Greenberg Traurig, P.A.
1221 Brickell Avenue
Miami, Florida 33131

SERIES 2001A
ASSIGNMENT AGREEMENT

BETWEEN

PALM BEACH SCHOOL BOARD LEASING CORP.

AND

THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A.
as agent for The Bank of New York
(successor by acquisition to NationsBank of Florida, N.A.)
As Trustee

Dated as of April 1, 2001

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THIS AGREEMENT, made and entered into as of this 1st day of April, 2001, by and between the PALM BEACH SCHOOL BOARD LEASING CORP., a not-for-profit corporation organized under the laws of the State of Florida (the "Corporation"), and THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., Jacksonville, Florida, as agent for The Bank of New York (successor by acquisition to NationsBank of Florida, N.A.), as Trustee (the "Trustee");

WITNESSETH THAT, in the joint and mutual exercise of their powers, and in consideration of \$10.00 and other good and valuable consideration and the mutual covenants herein contained, the parties hereto recite and agree as follows:

Section 1. Recitals.

1.01 The School Board of Palm Beach County, Florida (the "School Board"), and the Corporation have entered into a Master Lease Purchase Agreement dated as of November 1, 1994 (as the same may be amended or supplemented from time to time, the "Master Lease"), and have executed Schedules 2001A-1 and 2001A-2 thereto, each dated as of April 1, 2001, which Master Lease together with each separate schedule constitutes a separate lease (individually, the "Series 2001A-1 Lease" and the "Series 2001A-2 Lease", and collectively, the "Series 2001A Leases"), the former with respect to certain educational facilities and sites and the latter with respect to certain improvements and certain education facilities being financed and have entered into a Series 2001A-1 Ground Lease dated as of April 1, 2001 (as the same may be amended or supplemented from time to time, the "Series 2001A-1 Ground Lease", with respect to the Series 2001A-2 Facilities Sites) hereinafter defined).

1.02 Pursuant to the Series 2001A Leases, the School Board and the Corporation have agreed that (i) there shall be acquired, constructed, installed and equipped for lease-purchase to the School Board certain educational facilities and sites as described in Schedule 2001A-1 to the Master Lease (the "Series 2001A-1 Facilities"), such facilities being located on certain lands described in Schedule 2001A-1 (which, together with improvements thereon are hereinafter collectively referred to as the "Series 2001A-1 Facility Sites") and (ii) there shall be acquired, constructed, installed and equipped for lease-purchase to the School Board certain improvements and there shall be

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financed certain educational facilities as described in Schedule 2001A-2 to the Master Lease (the "Series 2001A-2 Facilities"). The 2001A-1 Facilities and the 2001A-2 Facilities are collectively referred to as the "Series 2001A Facilities". Schedules 2001A-1 and 2001A-2 set forth the Lease Payments to be paid by the School Board for the Series 2001A Facilities (collectively, the "Series 2001A Lease Payments"). The School Board has agreed to lease-purchase the Series 2001A Facilities from the Corporation.

1.03 The Corporation and the Trustee have entered into a Master Trust Agreement dated as of November 1, 1994, as supplemented by a Series 2001A Supplemental Trust Agreement dated as of April 1, 2001 (as the same may be further amended or supplemented from time to time, the "Trust Agreement"), which acknowledges and contemplates the execution of this Agreement in conjunction therewith. This Agreement is made for the purpose of enabling the Trustee to act as lessor under the Series 2001A Leases.

1.04 The Corporation desires to sell, assign and convey all its right, title and interest as lessee of the Series 2001A-1 Facility Sites under the Series 2001A-1 Ground Lease, and as sublessor of the Series 2001A-1 Facility Sites and lessor of the Series 2001A Facilities under the Series 2001A Leases (except for its right to indemnification under Section 5.7 of the Master Lease, its right to hold title to the Series 2001A-1 Facilities under Section 6.1 of the Master Lease and Section 4 of the Series 2001A-1 Ground Lease and its right to receive notices under the Master Lease), to the Trustee for the benefit of the holders of the Series 2001A Certificates to be issued under the Trust Agreement.

1.05 The Trustee is willing to accept this assignment on the terms and conditions hereinafter provided.

1.06 Each of the parties has authority to enter into this Agreement and has taken all actions necessary to authorize its execution by the officers signing it.

All terms capitalized but not defined herein shall have the meanings given to them in the Trust Agreement and the Series 2001A Lease.

Section 2. Assignment.

2.01 The Corporation hereby absolutely and unconditionally sells, assigns and conveys to the Trustee, without recourse, for the benefit of all of the Series 2001A Certificate holders, all of its right, title and interest under the Series 2001A-1 Ground Lease and the Series 2001A Leases (except for its right to indemnification under Section 5.7 of the Master Lease, its right to hold title to the Series 2001A-1 Facilities under Section 6.1 of the Master Lease and Section 4 of the Series 2001A-1 Ground Lease and its rights to receive notices under the Master Lease), including, without limitation, all Series 2001A Lease Payments and other amounts required to be paid by the School Board under the Series 2001A Leases. Said assignment is absolute and unconditional and the Corporation shall have no right to receive or recover the right, title and interest herein assigned. Said assignment is not given as additional security and is not intended to be nor shall it be construed to be a mortgage, or other security agreement of any nature whatsoever, and the Corporation will hereafter have no further right or interest or claims in and to the right, title and interest herein assigned, or any part thereof, or the interest or profits and other proceeds that may be derived therefrom of any kind whatsoever. Accordingly, upon execution of this Agreement, the Corporation shall deliver to the Trustee executed counterparts of the Series 2001A-1 Ground Lease and the Series 2001A Leases. Delivery to the Trustee of such documents shall make the sale, assignment and conveyance of the Series 2001A-1 Ground Lease and the Series 2001A Leases herein made, complete and effective for all purposes. Title to the Series 2001A-1 Facility Sites and the Series 2001A-2 Facilities shall remain vested in the School Board throughout their lease terms; title to the Series 2001A-1 Facilities shall remain vested in the Corporation throughout their lease terms; provided, however, that upon termination of the lease terms as a result of nonappropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the Corporation shall, upon request of the Trustee, transfer title to such Series 2001A-1 Facilities to the Trustee, or to any Permitted Transferee designated by the Trustee.

2.02 With respect to the sale, assignment and conveyance of the rights and interests contemplated hereunder to the Trustee, the Corporation represents, warrants and covenants to and with the Trustee and the Series 2001A Certificate holders that, upon

the date of execution of this Agreement and the effective date of the sale, assignment and conveyance of the Corporation's rights under the Series 2001A-1 Ground Lease and the Series 2001A Leases, the facts stated below are and will be true and correct:

A. The Corporation is a not-for-profit corporation duly organized, validly existing and in good standing under the laws of the State of Florida, with corporate powers and authority to own its property and carry on its business as now being conducted, and is qualified wherever necessary to perform its obligations under the Series 2001A-1 Ground Lease, the Series 2001A Leases, the Trust Agreement and this Agreement.

B. The Corporation has full power, authority and legal right to enter into and perform its obligations under the Series 2001A-1 Ground Lease, the Series 2001A Leases, the Trust Agreement and this Agreement; the execution, delivery and performance of the Series 2001A-1 Ground Lease, the Series 2001A Leases, the Trust Agreement and this Agreement by the Corporation have been duly authorized by all necessary corporate actions on the part of the Corporation, and all required approvals and consents have heretofore been duly obtained; and the Series 2001A-1 Ground Lease, the Series 2001A Leases, this Agreement and the Trust Agreement are in full force and effect.

C. The execution, delivery and performance of the Series 2001A-1 Ground Lease, the Series 2001A Leases, the Trust Agreement and this Agreement do not contravene any provision of the Articles of Incorporation or Bylaws of the Corporation, and do not and will not conflict with, violate or result in any breach of or constitute a default under any agreement or instrument to which the Corporation is a party or by which it or any of its property is bound or any constitutional or statutory provision, or order, rule, regulation, decree or ordinance of any Federal or State court, government or governmental body having jurisdiction over the Corporation or any of its properties and by which the Corporation or any of its property is bound.

D. The Series 2001A-1 Ground Lease, the Series 2001A Leases, this Agreement and the Trust Agreement are in full force and effect and the Corporation is not in default thereunder; the Series 2001A-1 Ground Lease, the Series

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any Series 2001A Lease Payments or other moneys due with respect thereto or to become due under the Series 2001A Leases.

2.04 The Corporation agrees to execute and deliver to the Trustee upon request by the Trustee, any documents deemed necessary by the Trustee to further evidence or perfect the assignment and conveyance herein made with respect to the Series 2001A-1 Ground Lease and the Series 2001A Leases.

2.05 The Corporation hereby irrevocably constitutes and appoints the Trustee, its successors and assigns, as its lawful attorney, with full power of substitution and resubstitution, to collect and to sue on behalf of the Corporation in the name of the Corporation or otherwise in any court for any Series 2001A Lease Payment or other amounts due under the Series 2001A Leases, or any part thereof, to withdraw or settle any claims, suits or proceedings pertaining to or arising out of the Series 2001A Leases upon any terms, all without the assent of the Corporation; and, further, to take possession of and to endorse in the name of the Corporation any instrument for the payment of moneys received on account of the Series 2001A Lease Payments or other amounts due under the Series 2001A Leases.

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 2001A Lease Payments and all other amounts coming due under the Series 2001A Leases.

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 2001A Lease Payment or other amount.

2.08 In the event the Corporation receives notice from the School Board that it will exercise its option under Section 7.2 of the Master Lease to prepay the Series 2001A Lease Payments to become due thereunder or that the Series 2001A Leases will not be renewed as a result of any event of non-appropriation under the Series 2001A Leases, the Corporation shall notify the Trustee of this fact in writing no later than five Business Days after such receipt provided, however, that failure to provide such notice shall not create any liability on the part of the Corporation.

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2001A Leases, this Agreement and the Trust Agreement are legal, valid and binding obligations of the Corporation, enforceable against the Corporation in accordance with their respective terms, all such enforcement being subject to certain laws relating to bankruptcy, reorganization, moratorium and creditors' rights generally, and to principles of equity in the event that equitable remedies are sought.

E. The Series 2001A-1 Ground Lease and the Series 2001A Leases delivered to the Trustee are duly executed duplicate originals and, together with all Exhibits thereto, comprise the entire writing, obligation and agreement between the Corporation and School Board respecting the Series 2001A-1 Facility Sites and the Series 2001A Facilities.

F. The Corporation has complied and will at all times hereafter comply with and duly perform its obligations under the Series 2001A-1 Ground Lease, the Series 2001A Leases, the Trust Agreement and this Agreement.

G. Except as disclosed in the Offering Statement dated April 12, 2001, there is no pending or, to the knowledge of the Corporation, threatened action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency in any way affecting the ability of the Corporation to perform its obligations under the Series 2001A-1 Ground Lease, the Series 2001A Leases, the Trust Agreement or this Agreement.

H. The Series 2001A-1 Ground Lease and the Series 2001A Leases being herein assigned are free and clear of all claims, liens, security interests and encumbrances arising through any act or omission of the Corporation or any person claiming by, through or under it, except the rights of the School Board under the Series 2001A Leases and the Series 2001A-1 Ground Lease, including the fact that fee title to the Series 2001A-1 Facility Sites and the Series 2001A-2 Facilities is vested in the School Board.

2.03 Except as otherwise set forth in Section 2.01, from and after the date of delivery to the Trustee of this Agreement, the Corporation shall have no further rights or interest under the Series 2001A-1 Ground Lease or the Series 2001A Leases or in

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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 ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Agreement.

3.03 This Agreement may not be amended without the prior written consent of the Series 2001A Credit Facility Issuer.

3.04 This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

3.05 This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Agreement.

Section 4. Non-Recourse.

4.01 The assignment contained in this Agreement is agreed to be non-recourse with respect to the Corporation and the Corporation shall have no liability to the Trustee, or any Certificate holders hereunder with respect to the occurrence of any event of default by the School Board under the Series 2001A Leases whether such default consists of failure to pay moneys, breach of covenant or otherwise; provided, however, that nothing contained in this Section 4 shall excuse the Corporation from performance of its obligations under Section 2.04 through 2.08 hereof.

All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any member, officer, employee or agent of the parties hereto in an individual capacity, and no recourse shall be had for the assignment effected by Section 2 hereof or for any claim based thereon under this Agreement against any member, officer, employee or agent of the parties hereto.

[Remainder of Page Intentionally Left Blank]

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IN WITNESS WHEREOF, the parties hereto have executed this Assignment Agreement on the date set forth below their respective signatures and as of the day and year first written above.

[SEAL]

ATTEST:

By: Art Johnson
Secretary

PALM BEACH SCHOOL BOARD
LEASING CORP.

By: Thomas B. Lynch
President

Date: April, 24, 2001

Date: April 24, 2001

THE BANK OF NEW YORK TRUST
COMPANY OF FLORIDA, N.A., as
agent for The Bank of New
York, as Trustee

By: Sheryl Lear
Authorized Signatory

Date: April 24, 2001

[SEAL]

STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

I, Cheri E. Young, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Dr. Art Johnson, personally known to me to be the same person whose name is, respectively, as Secretary, respectively of PALM BEACH SCHOOL BOARD LEASING CORP., a Florida not-for-profit corporation, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that, being thereunto duly authorized, signed, sealed with the seal of said corporation, and delivered the said instrument as the free and voluntary act of said corporation and as his own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 24th day of April, 2001.

NOTARY PUBLIC
SEAL OF OFFICE:

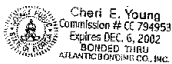
Cheri E. Young
NOTARY PUBLIC, STATE OF FLORIDA

Cheri E. Young
(Name of Notary Public, Print,
Stamp or Type as Commissioned.)

Personally known to me, or
Produced identification:

(Type of Identification Produced)

DID take an oath, or DID
NOT take an oath.



STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

I, Paula T. Post, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Thomas E. Lynch, personally known to me to be the same person whose name is, respectively, as President, respectively of PALM BEACH SCHOOL BOARD LEASING CORP., a Florida not-for-profit corporation, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that, being thereunto duly authorized, signed, sealed with the seal of said corporation, and delivered the said instrument as the free and voluntary act of said corporation and as his own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 24th day of April, 2001.

NOTARY PUBLIC
SEAL OF OFFICE:

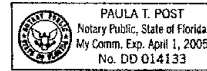
Paula T. Post
NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print,
Stamp or Type as Commissioned.)

Personally known to me, or
Produced identification:

(Type of Identification Produced)

DID take an oath, or DID
NOT take an oath.



STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

I, Cheri E. Young, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Sheryl Lear, personally known to me to be the same person whose name is, as Authorized Signatory of The Bank of New York Trust Company of Florida, N.A., as agent for The Bank of New York, as Trustee, a bank organized under the laws of the State of New York, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that she, being thereunto duly authorized, signed on behalf of said association, and delivered the said instrument as the free and voluntary act of said association and as her own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 24th day of April, 2001.

NOTARY PUBLIC
SEAL OF OFFICE:

Cheri E. Young
NOTARY PUBLIC, STATE OF FLORIDA

Cheri E. Young
(Name of Notary Public, Print,
Stamp or Type as Commissioned.)

Personally known to me, or
Produced identification:

(Type of Identification Produced)

DID take an oath, or
DID NOT take an oath.





07/01/2002 15:48:54 20020334343
OR BK 13865 PG 1548
Palm Beach County, Florida

This instrument was prepared by and when
recorded should be returned to:

(This space reserved for Clerk)

ROBERT C. GANG, ESQ.
Greenberg Traurig, P.A.
1221 Brickell Avenue
Miami, Florida 33131

**SERIES 2002C
ASSIGNMENT AGREEMENT**

BETWEEN

PALM BEACH SCHOOL BOARD LEASING CORP.

AND

THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A.
as agent for The Bank of New York
(successor by acquisition to NationsBank of Florida, N.A.)
As Trustee

Dated as of May 15, 2002

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**SERIES 2002C
ASSIGNMENT AGREEMENT**

THIS AGREEMENT, made and entered into as of this 15th day of May, 2002, by and between the PALM BEACH SCHOOL BOARD LEASING CORP., a not-for-profit corporation organized under the laws of the State of Florida (the "Corporation"), and THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., Jacksonville, Florida, as agent for The Bank of New York (successor by acquisition to NationsBank of Florida, N.A.), as Trustee (the "Trustee");

WITNESSETH THAT, in the joint and mutual exercise of their powers, and in consideration of \$10.00 and other good and valuable consideration and the mutual covenants herein contained, the parties hereto recite and agree as follows:

Section 1. Recitals.

1.01 The School Board of Palm Beach County, Florida (the "School Board"), and the Corporation have entered into a Master Lease Purchase Agreement dated as of November 1, 1994 (as the same may be amended or supplemented from time to time, the "Master Lease"), and have executed Schedule 2002C dated as of May 15, 2002, which Master Lease together with each separate schedule constitutes a separate lease (the "Series 2002C Lease"), the former with respect to certain educational facilities and sites and the latter with respect to certain improvements and certain education facilities being financed and have entered into a Series 2002C Ground Lease dated as of May 15, 2002 (as the same may be amended or supplemented from time to time, the "Series 2002C Ground Lease"), with respect to the Series 2002C Facilities Sites) hereinafter defined).

1.02 Pursuant to the Series 2002C Lease, the School Board and the Corporation have agreed that there shall be acquired, constructed, installed and equipped for lease-purchase to the School Board certain educational facilities and sites as described in Schedule 2002C to the Master Lease (the "Series 2002C Facilities"), such facilities being located on certain lands described in Schedule 2002C (which, together with improvements thereon are hereinafter collectively referred to as the "Series 2002C Facility Sites"). Schedule 2002C set forth the Lease Payments to be paid by the School Board for the Series 2002C Facilities (the "Series 2002C Lease Payments"). The School Board has agreed to lease-purchase the Series 2002C Facilities from the Corporation.

1.03 The Corporation and the Trustee have entered into a Master Trust Agreement dated as of November 1, 1994, as supplemented by a Series 2002C Supplemental Trust Agreement dated as of May 15, 2002 (as the same may be further amended or supplemented from time to time, the "Trust Agreement"), which acknowledges and contemplates the execution of this Agreement in conjunction therewith. This Agreement is made for the purpose of enabling the Trustee to act as lessor under the Series 2002C Lease.

1.04 The Corporation desires to sell, assign and convey all its right, title and interest as lessee of the Series 2002C Facility Sites under the Series 2002C Ground Lease, and as sublessor

of the Series 2002C Facility Sites and lessor of the Series 2002C Facilities under the Series 2002C Lease (except for its right to indemnification under Section 5.7 of the Master Lease, its right to hold title to the Series 2002C Facilities under Section 6.1 of the Master Lease and Section 4 of the Series 2002C Ground Lease and its right to receive notices under the Master Lease), to the Trustee for the benefit of the holders of the Series 2002C Certificates to be issued under the Trust Agreement.

1.05 The Trustee is willing to accept this assignment on the terms and conditions hereinafter provided.

1.06 Each of the parties has authority to enter into this Agreement and has taken all actions necessary to authorize its execution by the officers signing it.

All terms capitalized but not defined herein shall have the meanings given to them in the Trust Agreement and the Series 2002C Lease.

Section 2. Assignment.

2.01 The Corporation hereby absolutely and unconditionally sells, assigns and conveys to the Trustee, without recourse, for the benefit of all of the Series 2002C Certificate holders, all of its right, title and interest under the Series 2002C Ground Lease and the Series 2002C Lease (except for its right to indemnification under Section 5.7 of the Master Lease, its right to hold title to the Series 2002C Facilities under Section 6.1 of the Master Lease and Section 4 of the Series 2002C Ground Lease and its rights to receive notices under the Master Lease), including, without limitation, all Series 2002C Lease Payments and other amounts required to be paid by the School Board under the Series 2002C Lease. Said assignment is absolute and unconditional and the Corporation shall have no right to receive or recover the right, title and interest herein assigned. Said assignment is not given as additional security and is not intended to be nor shall it be construed to be a mortgage, or other security agreement of any nature whatsoever, and the Corporation will hereafter have no further right or interest or claims in and to the right, title and interest herein assigned, or any part thereof, or the interest or profits and other proceeds that may be derived therefrom of any kind whatsoever. Accordingly, upon execution of this Agreement, the Corporation shall deliver to the Trustee executed counterparts of the Series 2002C Ground Lease and the Series 2002C Lease. Delivery to the Trustee of such documents shall make the sale, assignment and conveyance of the Series 2002C Ground Lease and the Series 2002C Lease herein made, complete and effective for all purposes. Title to the Series 2002C Facilities shall remain vested in the Corporation throughout their Lease Terms; provided, however, that upon termination of the Lease Terms as a result of nonappropriation or default pursuant to Section 4.1(b) or 4.1(c) of the Master Lease, the Corporation shall, upon request of the Trustee, transfer title to such Series 2002C Facilities to the Trustee, or to any Permitted Transferee designated by the Trustee.

2.02 With respect to the sale, assignment and conveyance of the rights and interests contemplated hereunder to the Trustee, the Corporation represents, warrants and covenants to and with the Trustee and the Series 2002C Certificate holders that, upon the date of execution of this Agreement and the effective date of the sale, assignment and conveyance of the Corporation's rights under the Series 2002C Ground Lease and the Series 2002C Lease, the facts stated below are and will be true and correct:

A. The Corporation is a not-for-profit corporation duly organized, validly existing and in good standing under the laws of the State of Florida, with corporate powers and authority to own its property and carry on its business as now being conducted, and is qualified wherever necessary to perform its obligations under the Series 2002C Ground Lease, the Series 2002C Lease, the Trust Agreement and this Agreement.

B. The Corporation has full power, authority and legal right to enter into and perform its obligations under the Series 2002C Ground Lease, the Series 2002C Lease, the Trust Agreement and this Agreement, the execution, delivery and performance of the Series 2002C Ground Lease, the Series 2002C Lease, the Trust Agreement and this Agreement by the Corporation have been duly authorized by all necessary corporate

actions on the part of the Corporation, and all required approvals and consents have heretofore been duly obtained; and the Series 2002C Ground Lease, the Series 2002C Lease, this Agreement and the Trust Agreement are in full force and effect.

C. The execution, delivery and performance of the Series 2002C Ground Lease, the Series 2002C Lease, the Trust Agreement and this Agreement do not contravene any provision of the Articles of Incorporation or Bylaws of the Corporation, and do not and will not conflict with, violate or result in any breach of or constitute a default under any agreement or instrument to which the Corporation is a party or by which it or any of its property is bound or any constitutional or statutory provision, or order, rule, regulation, decree or ordinance of any Federal or State court, government or governmental body having jurisdiction over the Corporation or any of its properties and by which the Corporation or any of its property is bound.

D. The Series 2002C Ground Lease, the Series 2002C Lease, this Agreement and the Trust Agreement are in full force and effect and the Corporation is not in default thereunder; the Series 2002C Ground Lease, the Series 2002C Lease, this Agreement and the Trust Agreement are legal, valid and binding obligations of the Corporation, enforceable against the Corporation in accordance with their respective terms, all such enforcement being subject to certain laws relating to bankruptcy, reorganization, moratorium and creditors' rights generally, and to principles of equity in the event that equitable remedies are sought.

E. The Series 2002C Ground Lease and the Series 2002C Lease delivered to the Trustee are duly executed duplicate originals and, together with all Exhibits thereto, comprise the entire writing, obligation and agreement between the Corporation and School Board respecting the Series 2002C Facility Sites and the Series 2002C Facilities.

F. The Corporation has complied and will at all times hereafter comply with and duly perform its obligations under the Series 2002C Ground Lease, the Series 2002C Lease, the Trust Agreement and this Agreement.

G. Except as disclosed in the Offering Statement dated May 23, 2002, there is no pending or, to the knowledge of the Corporation, threatened action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency in any way affecting the ability of the Corporation to perform its obligations under the Series 2002C Ground Lease, the Series 2002C Lease, the Trust Agreement and this Agreement.

H. The Series 2002C Ground Lease and the Series 2002C Lease being herein assigned are free and clear of all claims, liens, security interests and encumbrances arising through any act or omission of the Corporation or any person claiming by, through or under it, except the rights of the School Board under the Series 2002C Lease and the Series 2002C Ground Lease, including the fact that fee title to the Series 2002C Facility Sites is vested in the School Board.

2.03 Except as otherwise set forth in Section 2.01, from and after the date of delivery

to the Trustee of this Agreement, the Corporation shall have no further rights or interest under the Series 2002C Ground Lease or the Series 2002C Lease or in any Series 2002C Lease Payments or other moneys due with respect thereto or to become due under the Series 2002C Lease.

2.04 The Corporation agrees to execute and deliver to the Trustee upon request by the Trustee, any documents deemed necessary by the Trustee to further evidence or perfect the assignment and conveyance herein made with respect to the Series 2002C Ground Lease and the Series 2002C Lease.

2.05 The Corporation hereby irrevocably constitutes and appoints the Trustee, its successors and assigns, as its lawful attorney, with full power of substitution and resubstitution, to collect and to sue on behalf of the Corporation in the name of the Corporation or otherwise in any court for any Series 2002C Lease Payment or other amounts due under the Series 2002C Lease, or any part thereof, to withdraw or settle any claims, suits or proceedings pertaining to or arising out of the Series 2002C Lease upon any terms, all without the assent of the Corporation; and, further, to take possession of and to endorse in the name of the Corporation any instrument for the payment of moneys received on account of the Series 2002C Lease Payments or other amounts due under the Series 2002C 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 2002C Lease Payments and all other amounts coming due under the Series 2002C 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 2002C Lease Payment or other amount.

2.08 In the event the Corporation receives notice from the School Board that it will exercise its option under Section 7.2 of the Master Lease to prepay the Series 2002C Lease Payments to become due thereunder or that the Series 2002C Lease will not be renewed as a result of any event of non-appropriation under the Series 2002C Lease, the Corporation shall notify the Trustee of this fact in writing no later than five Business Days after such receipt provided, however, that failure to provide such notice shall not create any liability on the part of the Corporation.

Section 3. Administrative Provisions.

3.01 This Agreement shall be construed and governed in accordance with the laws of the State of Florida.

3.02 Any provision of this Agreement found to be prohibited by applicable laws shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Agreement.

3.03 This Agreement may not be amended without the prior written consent of the Series 2002C Credit Facility Issuer.

3.04 This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

3.05 This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Agreement.

Section 4. Non-Recourse.

4.01 The assignment contained in this Agreement is agreed to be non-recourse with respect to the Corporation and the Corporation shall have no liability to the Trustee, or any Certificate holders hereunder with respect to the occurrence of any event of default by the School Board under the Series 2002C Lease whether such default consists of failure to pay moneys, breach of covenant or otherwise; provided, however, that nothing contained in this Section 4 shall excuse the Corporation from performance of its obligations under Section 2.04 through 2.08 hereof.

All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any member, officer, employee or agent of the parties hereto in an individual capacity, and no recourse shall be had for the assignment effected by Section 2 hereof or for any claim based thereon under this Agreement against any member, officer, employee or agent of the parties hereto.

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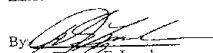
IN WITNESS WHEREOF, the parties hereto have executed this Series 2002C Assignment Agreement on the date set forth below their respective signatures and as of the day and year first written above.

[SEAL]

ATTEST:

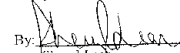
By: 
Art Johnson
Secretary

PALM BEACH SCHOOL BOARD
LEASING CORP.

By: 
Thomas E. Lynch
President

[SEAL]

THE BANK OF NEW YORK TRUST
COMPANY OF FLORIDA, N.A., as
agent for The Bank of New
York, as Trustee

By: 
Sheryl Leak
Authorized Signatory

STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

I, Cheri E. Young a Notary Public in and for the said County in the State aforesaid, do hereby certify that Thomas E. Lynch and Dr. Art Johnson, personally known to me to be the same persons whose names are, respectively, as President and Secretary, respectively of PALM BEACH SCHOOL BOARD LEASING CORP., a Florida not-for-profit corporation, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said corporation, and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 10th day of June, 2002.

Cheri E. Young
NOTARY PUBLIC, STATE OF FLORIDA

NOTARY PUBLIC
SEAL OF OFFICE:



(Name of Notary Public, Print, Stamp or Type as Commissioned.)

Personally known to me, or Produced identification:

(Type of Identification Produced)

DID take an oath, or DID NOT take an oath.

STATE OF FLORIDA)
) SS:
COUNTY OF PALM BEACH)

I, Cheri E. Young, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Sheryl Lear, personally known to me to be the same person whose name is, as Authorized Signatory of The Bank of New York Trust Company of Florida, N.A., as agent for The Bank of New York, as Trustee, a bank organized under the laws of the State of New York, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that she, being thereunto duly authorized, signed on behalf of said association, and delivered the said instrument as the free and voluntary act of said association and as her own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 10th day of June, 2002.

Cheri E. Young
NOTARY PUBLIC, STATE OF FLORIDA

NOTARY PUBLIC
SEAL OF OFFICE:



(Name of Notary Public, Print, Stamp or Type as Commissioned.)

Personally known to me, or Produced identification:

D-# 400-793-63-8840
(Type of Identification Produced)

DID take an oath, or DID NOT take an oath.

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APPENDIX D

FORM OF CO-SPECIAL TAX COUNSEL OPINION

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APPENDIX D

PROPOSED FORM OF CO-SPECIAL TAX COUNSEL OPINION

On the date of issuance of the Series 2007C Certificates in definitive form, Greenberg Traurig, P.A., and Isaacs Williams, P.A., Co-Special Tax Counsel, expect to be able to render their approving opinions in substantially the following form.

March __, 2007

The School Board of Palm Beach County, Florida
3300 Forest Hill Boulevard
West Palm Beach, Florida 33406

Re: Certificates of Participation, Series 2007C Evidencing Undivided Proportionate Interests of the Owners Thereof in Basic Lease Payments to be Made by The School Board of Palm Beach County, Florida, as Lessee, Pursuant to a Master Lease Purchase Agreement with Palm Beach School Board Leasing Corp., as Lessor

Ladies and Gentlemen:

We have acted as co-special tax counsel in connection with the issuance of \$192,310,000 aggregate principal amount of Certificates of Participation, Series 2007C, 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 2007C 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 2001A-1 to the Master Lease dated as of April 1, 2001, as amended and restated as of December 1, 2003, June 1, 2003, June 1, 2004 and March 1, 2005 and as further amended and restated as of March 1, 2007 attached to the Master Lease and executed by the School Board, the Corporation and The Bank of New York 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 2001A-2 dated as of April 1, 2001, as amended and restated as of June 1, 2004 and as further amended and restated as of March 1, 2007 (which Schedules 2001A-1 and 2001A-2 together with the Master Lease is herein referred to as the "Series 2001A Lease") attached to the Master Lease and executed by the School Board, the Corporation and the Trustee; Schedule 2002C dated as of May 15, 2002, as amended and restated as of June 1, 2003, June 1, 2004 and March 1, 2005 and as further amended and restated as of March 1, 2007 (which Schedule together with the Master Lease is herein referred to as the "Series 2002C Lease" and collectively with the Series 2001A Lease, the "Leases") attached to the Master Lease and executed by the School Board, the Corporation and the Trustee; the Series 2001A-1 Ground Lease dated as of April 1, 2001, as amended as of December 1, 2001, as further amended as of June 1, 2003, and as further amended as of June 1, 2004 between the School Board and the Corporation; the Series 2002C Ground Lease dated as of May 15, 2002, as amended as of June 1, 2003 and as further amended as of June 1, 2004 between the School Board and the Corporation; the Series 2001A Assignment Agreement dated as of April 1, 2001 between the Corporation and the Trustee; the Series 2002C Assignment Agreement dated as of May 15, 2002 between the Corporation and the Trustee; the Master Trust Agreement, dated as of November 1, 1994, as supplemented by a Series 2007C

Supplemental Trust Agreement, dated as of March 1, 2007 (collectively, the “Trust Agreement”), between the Corporation and The Bank of New York Trust Company, N.A., Jacksonville, Florida (successor in interest to NationsBank of Florida, N.A.), as trustee (the “Trustee”); the form of the Series 2007C Certificate attached to the Trust Agreement; and various other related documents and certificates.

The Basic Lease Payments are payable from funds appropriated by the School Board from current and other funds authorized by law and regulations of the Department of Education of the State of Florida. The School Board is not legally required to appropriate money for this purpose. Neither the School Board, the School District of Palm Beach County, Florida (the “District”), the State of Florida, nor any political subdivision thereof shall be obligated to pay, except from appropriated funds, any sums due under the Series 2007C Leases 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 Leases and in the certified proceedings and other certifications of officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that:

1. The Leases have been duly authorized, executed and delivered by the School Board and, assuming due authorization, execution and delivery by the Corporation, constitute valid and legally binding agreements of the School Board enforceable in accordance with their respective 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. Under existing statutes, regulations, rulings and court decisions, subject to the assumptions stated in the last paragraph hereof, the portion of the Basic Lease Payments designated and paid as interest to the owners of the Series 2007C 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 2007C 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 portion of the Basic Lease Payments designated and paid as interest to the owners of the Series 2007C Certificates, or the ownership or disposition of the Series 2007C Certificates. Furthermore, no opinion is expressed with respect to the federal income tax consequences of any payments received with respect to the Series 2007C Certificates following termination of the Master Lease as a result of non-appropriation of funds or the occurrence of an Event of Default thereunder.

3. The Series 2007C Certificates evidence an undivided proportionate interest of the owners thereof in a portion of the Basic Lease Payments to be made by the School Board pursuant to (a) the Series 2001A Lease, payable on a pro rata basis with the Outstanding Series 2001A Certificates and Series 2005A Certificates with respect to the Series 2001A Lease and (ii) the Series 2002C Lease, payable on a pro rata basis with the Outstanding Series 2002C Certificates and Series 2005A Certificates with respect to the Series 2002C Lease.

In rendering the opinion in paragraph number 2 above, 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 2007C Certificates in order that the portion of the Basic Lease Payments designated and paid as interest to the owners of the Series 2007C 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 2007C Certificates to be included in gross income for federal income tax purposes retroactively to the date of execution and delivery of the Series 2007C Certificates. The School Board has covenanted to comply with such requirements.

Very truly yours,

GREENBERG TRAUERIG, P.A.
ISAACS WILLIAMS, P.A.

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APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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Financial Guaranty Insurance Policy

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.



President



Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.



Form No.: 2B-0012 (1/01)

Authorized Officer of Insurance Trustee

Endorsement

Policy for:

Attached to and forming part of Policy No.:

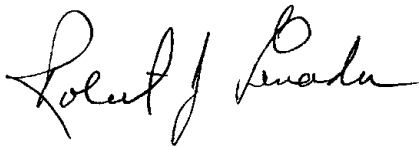
Effective Date of Endorsement:

The insurance provided by this Policy is not covered by the Florida Insurance Guaranty Association.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

In Witness Whereof, Ambac has caused this Endorsement to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

Ambac Assurance Corporation



President



Secretary

Authorized Representative

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by The School Board of Palm Beach County, Florida (the “School Board”) in connection with the issuance of \$192,310,000 Certificates of Participation, Series 2007C (the “Series 2007C Certificates”). The Series 2007C Certificates are being issued pursuant to a Master Trust Agreement dated as of November 1, 1994, as supplemented by a Series 2007C Supplemental Trust Agreement dated as of February 1, 2007 (collectively, the “Trust Agreement”), between the School Board and The Bank of New York Trust Company, N.A. (successor in interest to NationsBank of Florida, N.A.), as trustee (the “Trustee”). The School Board covenants and agrees as follows:

1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the School Board for the benefit of the Holders and Beneficial Owners of the Series 2007C Certificates and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the School Board pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2007C Certificates (including persons holding Series 2007C Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2007C Certificates for federal income tax purposes.

“Dissemination Agent” shall mean the School Board, or any successor Dissemination Agent designated in writing by the School Board and which has filed with the School Board a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit A.

“Participating Underwriter” shall mean any of the original underwriters of the Series 2007C Certificates required to comply with the Rule in connection with the offering of the Series 2007C Certificates.

“Repository” shall mean each National Repository and each State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Florida.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

3. Provision of Annual Reports.

(a) The School Board shall, or shall cause the Dissemination Agent to, not later than January 15th following the end of the School Board’s fiscal year (presently June 30), commencing with the report for fiscal year ending June 30, 2007, provide to each Repository and to the Series 2007C Credit Facility Issuer with respect to the Series 2007C Certificates, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. 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 4 of this Disclosure Certificate; provided that the audited financial statements of the School Board may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the School Board’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than fifteen (15) Business Days prior to the date on which the Annual Report shall be provided to each Repository pursuant to subsection (a) above, the School Board shall provide the Annual Report to the Dissemination Agent (if other than the School Board). If the School Board is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the School Board shall send a notice to each Repository in substantially the form attached as Exhibit B.

(c) The Dissemination Agent shall:

- (i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and
- (ii) if the Dissemination Agent is other than the School Board, file a report with the School Board certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

4. Content of Annual Reports. The School Board’s Annual Report shall contain or include by reference the following:

(a) 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 accounting standards 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 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Offering Statement (hereinafter defined), and the audited financial statements shall be filed in the same manner as the Annual Report within 30 days of the date they become available.

(b) the School Board’s Comprehensive Annual Financial Report (“CAFR”) for the immediately preceding Fiscal Year; and

(c) to the extent not set forth in the CAFR, additional financial information and operating data of the type included with respect to the School Board in the final Offering Statement prepared in connection with the sale and issuance of the Series 2007C Certificates (as amended, the "Offering Statement"), including:

1. Updates of information in the Offering Statement relating to:
 - a. Statistical information under the heading "THE DISTRICT - Certain Statistical Information";
 - b. Revenue sources as described under the headings "REVENUE, FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT - Operating Revenues of the District and District Revenues for Capital Projects";
 - c. Revenue sources and Operating Results for the General Fund as described under the headings "REVENUE, FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT - General Fund Revenue Sources and General Fund Operations";
 - d. Assessed Value of Taxable Property, Historical Tax Rates, Tax Levies and Tax Collections, Ten Largest Taxpayers, Direct and Overlapping Long-Term Debt Statement, under the heading "REVENUE, FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT - Ad Valorem Tax Procedures, Assessed Valuations and Collections, and Liabilities".
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 Series 2007C Certificates.

For purposes of this Disclosure Certificate, "Fiscal Year" means the period commencing on July 1 and ending on June 30 of the next succeeding year, or such other period of time provided by applicable law.

5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section, the School Board shall give, or cause to be given in a timely manner to the Municipal Securities Rulemaking Board ("MSRB") or to each National Repository, to the State Repository, and in each case to the Series 2007C Credit Facility Issuer, notice of the occurrence of any of the following events with respect to the Series 2007C Certificates, if material:

1. Principal and interest payment delinquencies,
2. Non-payment related defaults under the Series 2001A Lease, the Series 2002C Lease or the Trust Agreement,

3. Occurrence of an event of nonappropriation relating to the Series 2001A Lease, the Series 2002C Lease,
4. Unscheduled draws on debt service reserves, if any, reflecting financial difficulties,
5. Unscheduled draws on credit enhancements reflecting financial difficulties,
6. Substitution of the credit or liquidity providers or their failure to perform,
7. Adverse tax opinions or events affecting the tax-exempt status of the interest portion of Basic Lease Payments represented by the Series 2007C Certificates,
8. Modifications to rights of Series 2007C Certificateholders,
9. Unscheduled Series 2007C Certificate calls,
10. Defeasance of Series 2007C Certificates,
11. Release, substitution or sale of property securing repayment of the Series 2007C Certificates,
12. Rating changes, and
13. Notice of a failure of the School Board to provide required annual financial information on or before the date specified in Section 3 above.

(b) Whenever the School Board obtains knowledge of the occurrence of a Listed Event, the School Board shall as soon as possible determine if such event would be material under applicable federal securities laws, provided, however, that any event under subsections (a)5., 6., 7., 12. and 13. above will always be deemed to be material.

(c) If the School Board determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the School Board shall promptly file a notice of such occurrence with the MSRB or each National Repository and the State Repository and the Series 2007C Credit Facility Issuer. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Series 2007C Certificates pursuant to the Trust Agreement.

(d) The address of the MSRB is set forth on Exhibit A.

(e) The address of the Series 2007C Credit Facility Issuer is as follows:

Ambac Assurance Corporation
One State Street Plaza
17th Floor
New York, New York 10004
Attention: Surveillance Department

6. Termination of Reporting Obligation. The School Board's obligations under this Disclosure Certificate shall terminate (A) upon the legal defeasance, prior redemption or payment in full of all of the Series 2007C Certificates, or (B) upon the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action. If termination pursuant to (A) occurs prior to the final maturity of the Series 2007C Certificates, the School Board shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

7. Dissemination Agent. The School Board may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the School Board pursuant to this Disclosure Certificate.

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the School Board may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2007C Certificates, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized securities law counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2007C Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2007C Certificates in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Holders, or (ii) does not, in the opinion of nationally recognized securities law counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2007C Certificates.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the School Board shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the School Board. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the School Board from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the School Board chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required

by this Disclosure Certificate, the School Board shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

10. Default. In the event of a failure of the School Board to comply with any provision of this Disclosure Certificate and provided it has been satisfactorily indemnified in accordance with Section 602 of the Master Trust Agreement as if it were proceeding under said Section 602, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Series 2007C Certificates, shall), or any Holder or Beneficial Owner of the Series 2007C Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the School Board to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Series 2001A Lease, the Series 2002C Lease or the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the School Board to comply with this Disclosure Certificate shall be an action to compel performance.

11. Central Post Office Mechanism for Filing. Any filing under this Disclosure Certificate may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at <http://www.disclosureusa.org>, unless the United States Securities Exchange Commission has withdrawn the interpretative advice in its letter to the MAC dated September 7, 2004.

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12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the School Board, the Trustee, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Series 2007C Certificates, and shall create no rights in any other person or entity.

Date: March 22, 2007

THE SCHOOL BOARD OF PALM BEACH COUNTY,
FLORIDA

By: _____
William Graham
Chairman

EXHIBIT A

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission as of the date hereof:

DPC Data Inc.

One Executive Drive
Fort Lee, New Jersey 07024
Tel: (201) 346-0701
Fax: (201) 947-0107
Email: nrmsir@dpcdata.com

FT Interactive Data

Attn: NRMSIR
100 William Street
New York, New York 10038
Tel: (212) 771-6999
Fax: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
Email: nrmsir@interactivedata.com

Bloomberg Municipal Repository

100 Business Park Drive
Skillman, New Jersey 08558
Tel: (609) 279-3225
Fax: (609) 279-5962
Internet: munis@bloomberg.com

Standard & Poor's Securities Evaluations, Inc.

55 Water Street - 45th Floor
New York, New York 10041
Tel: (212) 438-4595
Fax: (212) 438-3975
Email: nrmsir_repository@sandp.com

The address of the Municipal Securities Rulemaking Board is as follows:

Municipal Securities Rulemaking Board

1900 Duke Street
Suite 600
Alexandria, Virginia 22314-3412
Tel.: (703) 797-6600
Fax: (703) 797-6700
Website: www.msrb.org
Contact: Christopher A. Taylor, Executive Director
E-mail: ctaylor@msrb.org

EXHIBIT B

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: The School Board of Palm Beach County, Florida

Name of Issue: Certificates of Participation, Series 2007C

Date of Issuance: March 22, 2007

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Series 2007C Certificates as required by Sections 3 and 4 of the Continuing Disclosure Certificate dated March 22, 2007, of the Issuer. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

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

By: _____

cc: The Bank of New York Trust Company, N.A.

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