

PRELIMINARY OFFERING STATEMENT DATED _____, 2014

NEW ISSUE: BOOK ENTRY ONLY

RATINGS:
See "RATINGS"

In the opinion of Greenberg Traurig, P.A., and Edwards & Associates, P.A., Co-Special Tax Counsel to the School Board, assuming continuing compliance with certain tax covenants and the accuracy of certain representations of the School Board, under existing statutes, regulations, rulings and court decisions, the portion of the Basic Lease Payments designated and paid as interest to the Series 2015A Certificate holders will be excludable from gross income for federal income tax purposes. The portion of the Basic Lease Payments designated and paid as interest to the Series 2015A Certificate holders will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. No opinion is expressed with respect to the federal income tax consequences of any payments received with respect to the Series 2015A Certificates following termination of the Master Lease as a result of non-appropriation of funds or the occurrence of an event of default thereunder. See "TAX TREATMENT" for a description of certain other federal tax consequences of ownership of the Series 2015A Certificates. Co-Special Tax Counsel are further of the opinion that the Series 2015A Certificates and the portion of the Basic Lease Payments designated and paid as interest to the owners of the Series 2015A Certificates will not be subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined therein; provided, however, that no opinion is expressed with respect to tax consequences under the laws of the State of Florida of any payments received with respect to the Series 2015A Certificates following termination of the Master Lease as a result of non-appropriation of funds or the occurrence of an event of default thereunder.

\$ _____ *

**CERTIFICATES OF PARTICIPATION, SERIES 2015A
Evidencing Undivided Proportionate Interests of the
Owners Thereof In Basic Lease Payments To Be Made By
THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA,
As Lessee, Pursuant To A Master Lease Purchase Agreement
With Broward School Board Leasing Corp., As Lessor**

Dated: Date of Delivery

Due: July 1, as shown
on inside cover.

The Certificates of Participation, Series 2015A (the "Series 2015A Certificates") will evidence undivided proportionate interests in the Basic Lease Payments (defined herein) to be made by the School Board of Broward County, Florida (the "School Board"), acting as the governing body of The School District of Broward County, Florida (the "District") pursuant to a Master Lease Purchase Agreement, dated as of July 1, 1990, as amended as of December 20, 2000 (collectively, the "Master Lease"), as supplemented by the "Refinanced Leases" (defined herein), to the extent described herein. The Refinanced Leases are entered into by and between the Broward School Board Leasing Corp., a single-purpose not-for-profit Florida corporation created by the School Board (the

“Corporation”), as lessor, and the School Board, as lessee. See “THE MASTER LEASE PROGRAM” and “THE REFINANCED LEASES.”

The Series 2015A Certificates are being executed and delivered pursuant to a Master Trust Agreement dated as of July 1, 1990, as amended as of March 18, 1997 (collectively, the “Master Trust Agreement”) between the Corporation and U.S. Bank National Association, Miami, Florida (as successor in interest to First Union National Bank of Florida), as trustee (the “Trustee”), as supplemented by the Series 2015A Supplemental Trust Agreement to be dated as of January 1, 2015 to be entered into between the Corporation and the Trustee (the “Series 2015A Supplemental Trust Agreement” and, together with the Master Trust Agreement, the “Trust Agreement”). The Corporation has assigned substantially all of its interest in the Refinanced Leases to the Trustee. See “INTRODUCTION—‘Parity Certificates’ and ‘The Refinanced Assignment Agreements,’” “SECURITY FOR THE SERIES 2015A CERTIFICATES—General” and “THE MASTER LEASE PROGRAM.” All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement, the Master Lease and the Refinanced Leases. See “APPENDIX C—Forms of Certain Legal Documents.”

The Series 2015A Certificates are being issued for the purpose of providing funds, together with other legally available funds, sufficient to: (i) refund, on an advance refunding basis, all or a portion of the Outstanding Series 2005A Certificates, the Outstanding Series 2006A Certificates and the Outstanding Series 2007A Certificates issued under the Master Trust Agreement and (ii) pay costs of issuance of the Series 2015A Certificates, which may include the premium for a Credit Facility, if any. See “ESTIMATED SOURCES AND USES OF FUNDS.”

The Series 2015A Certificates are payable equally and ratably with (1) with respect to the Series 2005A-1 Lease, any Outstanding Series 2005A Certificates allocable thereto that remain Outstanding following the issuance of the Series 2015A Certificates, (2) with respect to the Series 2006-1 Lease and the Series 2006-2 Lease, any Series 2006 Certificates allocable thereto that remain Outstanding following the issuance of the Series 2015A Certificates, and (3) with respect to the Series 2007A-1 Lease and the Series 2007A-2 Lease, any Series 2007A Certificates allocable thereto that remain Outstanding following the issuance of the Series 2015A Certificates.

The Series 2015A Certificates will be executed and delivered in fully registered form and initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). Individual purchases of Series 2015A Certificates will be made in denominations of \$5,000 or any integral multiple thereof. Purchasers of Series 2015A Certificates will not receive physical delivery of Series 2015A Certificates. The interest component of Basic Lease Payments represented by the Series 2015A Certificates is payable on January 1 and July 1 of each year, commencing July 1, 2015, until earlier prepayment or maturity and the principal component of such Basic Lease Payments is payable on January 1 of each year, subject to earlier prepayment. The principal and interest component of the Basic Lease Payments will be paid by the Trustee, to Cede & Co., as nominee for DTC and registered owner of the Series 2015A Certificates. Such principal and interest payments will be subsequently disbursed to DTC participants and thereafter to the beneficial owners of the Series 2015A Certificates, all as further described in this Offering Statement. See “THE SERIES 2015A CERTIFICATES – Book-Entry Only System.”

The principal portion of the Basic Lease Payments represented by the Series 2015A Certificates is subject to optional, mandatory sinking fund and extraordinary prepayment prior to maturity as described herein. See “THE SERIES 2015A CERTIFICATES.”

THE SCHOOL BOARD IS NOT LEGALLY REQUIRED TO APPROPRIATE MONEYS TO MAKE LEASE PAYMENTS. LEASE PAYMENTS ARE PAYABLE FROM FUNDS APPROPRIATED BY THE SCHOOL BOARD FOR SUCH PURPOSE FROM CURRENT OR OTHER FUNDS AUTHORIZED BY LAW AND REGULATIONS OF THE STATE OF FLORIDA DEPARTMENT OF EDUCATION. NONE OF THE DISTRICT, THE SCHOOL BOARD, THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS OBLIGATED TO PAY, EXCEPT FROM SCHOOL BOARD APPROPRIATED FUNDS, ANY SUMS DUE UNDER THE REFINANCED LEASES FROM ANY SOURCE OF TAXATION, AND THE FULL FAITH AND CREDIT OF THE DISTRICT, THE SCHOOL BOARD, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS NOT PLEDGED FOR PAYMENT OF SUCH SUMS DUE THEREUNDER. SUCH SUMS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT, THE SCHOOL BOARD, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION.

SEE THE INSIDE COVER PAGE FOR THE MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES, YIELDS AND INITIAL CUSIP NUMBERS FOR THE SERIES 2015A CERTIFICATES.

The scheduled payment of principal of and interest on all or a portion of the Series 2015A Certificates when due may be guaranteed under a municipal bond insurance policy to be issued by a Credit Facility Issuer concurrently with the delivery of the Series 2015A Certificates. The determination whether to obtain such municipal bond insurance policy will be made at the time of marketing of the Series 2015A Certificates.

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

The Series 2015A Certificates are offered when, as and if delivered and received by the Underwriters, subject to an approving legal opinion of Co-Special Tax Counsel, Greenberg Traurig, P.A., Miami, Florida, and Edwards & Associates, P.A., Miami, Florida, and certain other conditions. Certain legal matters will be passed on for the School Board and the Corporation by their counsel, J. Paul Carland, Esq., and for the Underwriters by their Co-Counsel, Greenspoon Marder, P.A., Fort Lauderdale, Florida, and the Law Offices of Steve E. Bullock, P.A., Miramar, Florida. Public Financial Management, Inc., Orlando, Florida, and Fidelity Financial Services, L.C., Fort Lauderdale, Florida, are acting as Co-Financial Advisors to the District. It is expected that the Series 2015A Certificates will be available for delivery through DTC in New York, New York on or about _____, 2015.

Citigroup

JP Morgan
RBC Capital Markets

PNC Capital Markets LLC

Morgan Stanley
Wells Fargo Securities

Dated: _____, 20____

*Preliminary, subject to change.

[RED HERRING TO BE ADDED]

[Inside Cover]

ADDITIONAL INFORMATION

All capitalized terms as used in the following discussion and not defined therein shall have the meanings ascribed thereto in the hereinafter defined Master Lease, Trust Agreement and Refinanced Leases.

The terms of the Refinanced Leases are as follows: (i) the current term of the 2005A-1 Lease will end on June 30, 2015, and is automatically renewable annually thereafter through June 30, 2030, unless sooner terminated as described herein; (ii) the current term of the 2006-1 Lease will end on June 30, 2015, and is automatically renewable annually thereafter through June 30, 2031, unless sooner terminated as described herein; (iii) the current term of the 2006-2 Lease will end on June 30, 2015, and is automatically renewable annually thereafter through June 30, 2021, unless sooner terminated as described herein; (iv) the current term of the 2007A-1 Lease will end on June 30, 2015, and is automatically renewable annually thereafter through June 30, 2032, unless sooner terminated as described herein; and (v) the current term of the 2007A-2 Lease will end on June 30, 2015, and is automatically renewable annually thereafter through June 30, 2022, unless sooner terminated as described herein. In addition to the Refinanced Leases, the School Board has previously entered into the following Leases: **[TO BE CONFIRMED]** the [1997C Lease, the 2001A-1 Lease and 2001A-2 Lease, the 2003A-1 Lease and 2003A-2 Lease, the 2004A-1 Lease and 2004A-2 Lease, the 2005A-2 Lease, the 2008A-1 Lease and 2008A-2 Lease, and the 2010A-1 and 2010A-2 Lease] (collectively, the "Prior Leases"), each as described herein. The School Board may enter into other Leases under the Master Lease in addition to the Prior Leases and the Refinanced Leases. See "THE MASTER LEASE PROGRAM" and "THE REFINANCED FACILITIES."

Failure to appropriate funds to pay Lease Payments under any such Lease, or an Event of Default under any such Lease, may result in the termination of all leases under the Master Lease, including the Prior Leases and Refinanced Leases. Upon any such termination any proceeds of the disposition of leased Facilities subject to surrender will be applied to payment of the related Series of Certificates, all as further described herein. In no event will owners of the Series 2015A Certificates have any interest in or right to any proceeds of the disposition of Facilities leased under any Lease other than the Refinanced Leases, to the extent the Refinanced Facilities are subject to surrender to the extent the Series 2015A Certificates represent an interest therein. Should termination of the Refinanced Leases occur, the Series 2015A Certificates will not be prepaid except to the extent the Trustee has moneys available therefor. Co-Special Counsel will express no opinion as to tax exemption or the effect of securities laws with respect to the Series 2015A Certificates following an Event of Non-Appropriation or an Event of Default under the Leases which results in termination of the Lease Term. Transfers of the Series 2015A Certificates may be subject to compliance with the registration provisions of state and federal securities laws following an Event of Non-Appropriation or an Event of Default under the Leases which results in termination of the Lease Term. See "TAX MATTERS" and "RISK FACTORS."

[Inside Cover Continued]

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
PRICES, YIELDS AND INITIAL CUSIP NUMBERS ⁽¹⁾**

\$_____ * Serial Series 2015A Certificates

<u>Due</u> <u>(July 1)*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Initial CUSIP</u> <u>No. ⁽¹⁾</u>
	\$	%	%	%	

\$_____ * _____ % Term Series 2015A Certificates Due July 1, 20____* Yield _____%
Price: _____% Initial CUSIP No. (1)

⁽¹⁾ CUSIP is a registered trademark of American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP data herein is provided for convenience of reference only. The District, the Co-Financial Advisors and the Underwriters and their agents take no responsibility for the accuracy of such data.

*Preliminary, subject to change.

THE SCHOOL DISTRICT OF BROWARD COUNTY, FLORIDA

Board Members

Donna P. Korn, Chair
Dr. Rosalind Osgood, Vice Chair
Robin Bartleman
Heather P. Brinkworth
Abby M. Freedman
Patricia Good
Laurie Rich Levinson
Ann Murray
Nora Rupert

District Officials

Superintendent of Schools
Robert W. Runcie

Chief Facilities and Construction Officer
Derek Messier

Chief Financial Officer
I. Benjamin Leong, CPA

Acting Treasurer
Ivan Perrone

Director of Accounting & Financial Reporting
Scott Krutchik

Director of Capital Budget
Omar Shim

General Counsel
J. Paul Carland II, Esq.

Co-Special Tax Counsel

Greenberg Traurig, P.A.
Miami, Florida

Edwards & Associates, P.A.
Miami, Florida

Co-Financial Advisors

Public Financial Management, Inc.
Orlando, Florida

Fidelity Financial Services, L.C.
Fort Lauderdale, Florida

CERTAIN OF THE INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED FROM THE SCHOOL DISTRICT OF BROWARD COUNTY, FLORIDA (THE “DISTRICT”), THE STATE OF FLORIDA, THE DEPOSITORY TRUST COMPANY (“DTC”), AND OTHER SOURCES THAT ARE BELIEVED TO BE RELIABLE. THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFERING STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFERING STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. 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 SHALL CREATE, UNDER ANY CIRCUMSTANCES, ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE SCHOOL BOARD OR THE DISTRICT SINCE THE DATE HEREOF.

NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA (THE “SCHOOL BOARD”) OR ANY UNDERWRITER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS OFFERING STATEMENT, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING. THIS OFFERING STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE SERIES 2015A CERTIFICATES BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE DELIVERY OF THIS OFFERING STATEMENT AT ANY TIME DOES NOT IMPLY THAT ANY INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFERING STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFERING STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE CAPTIONS AND HEADINGS IN THIS OFFERING STATEMENT ARE FOR CONVENIENCE ONLY AND IN NO WAY DEFINE, LIMIT OR DESCRIBE THE SCOPE OR INTENT, OR AFFECT THE MEANING OR CONSTRUCTION, OF ANY PROVISIONS OR SECTIONS IN THIS OFFERING STATEMENT. THE OFFERING OF THE SERIES 2015A CERTIFICATES IS MADE ONLY BY MEANS OF THIS ENTIRE OFFERING STATEMENT.

UPON ISSUANCE, THE SERIES 2015A 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 2015A CERTIFICATES FOR SALE. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY ENTER INTO OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE

SERIES 2015A CERTIFICATES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

THIS OFFERING STATEMENT SHALL NOT CONSTITUTE A CONTRACT BETWEEN THE SCHOOL BOARD OR THE UNDERWRITERS AND ANY ONE OR MORE HOLDERS OF THE SERIES 2015A CERTIFICATES.

THIS OFFERING STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: WWW.MUNIOS.COM. THIS OFFERING STATEMENT SHOULD BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITE.

THE DISTRICT HAS DEEMED THIS PRELIMINARY OFFERING STATEMENT "FINAL" AS OF ITS DATE WITHIN THE MEANING OF RULE 15(C)2-12 UNDER THE SECURITIES EXCHANGE ACT OF 1934, EXCEPT FOR PERMITTED OMISSIONS UNDER SUCH RULE.

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APPENDICES

- APPENDIX A – General Information Concerning Broward County, Florida
- APPENDIX B – [Basic Financial Statements of the School Board of Broward County, Florida for the Fiscal Year Ended June 30, 2014]
- APPENDIX C – Forms of Certain Legal Documents
- APPENDIX D – Proposed Form of Opinion of Co-Special Tax Counsel
- APPENDIX E – Form of Continuing Disclosure Certificate

OFFERING STATEMENT

relating to

\$_____*

**CERTIFICATES OF PARTICIPATION, SERIES 2015A
Evidencing Undivided Proportionate Interests of the
Owners Thereof In Basic Lease Payments To Be Made By
THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA,
As Lessee, Pursuant To A Master Lease Purchase Agreement
With Broward School Board Leasing Corp., As Lessor**

INTRODUCTION

General

This Offering Statement, including the cover page, the inside cover page and all appendices, is provided to furnish information in connection with the sale and delivery of \$_____* in aggregate principal amount of Certificates of Participation, Series 2015A (the “Series 2015A Certificates”), as more fully described herein. The Series 2015A Certificates will evidence undivided proportionate interests of the owners thereof in the Basic Lease Payments to be made by The School Board of Broward County, Florida (the “School Board”), as Lessee, under the Refinanced Leases (as defined herein) to the extent described herein. See “THE MASTER LEASE PROGRAM” and “THE REFINANCED LEASES.”

The Series 2015A Certificates are being executed and delivered pursuant to a Master Trust Agreement dated as of July 1, 1990, as amended as of March 18, 1997 (collectively, the “Master Trust Agreement”) between the Broward School Board Leasing Corp. (the “Corporation”) and U.S. Bank National Association, Miami, Florida (as successor in interest to First Union National Bank of Florida), as trustee (the “Trustee”), as supplemented by the Series 2015A Supplemental Trust Agreement to be dated as of January 1, 2015 to be entered into between the Corporation and the Trustee (the “Series 2015A Supplemental Trust Agreement” and, together with the Master Trust Agreement, the “Trust Agreement”). See “SECURITY FOR THE SERIES 2015A CERTIFICATES—General” and “THE MASTER LEASE PROGRAM.” All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement, the Master Lease and the Refinanced Leases. See “APPENDIX C—Forms of Certain Legal Documents.”

The School Board, as the governing body of the School District of Broward County, Florida (the “District”), as Lessee, has entered into a Master Lease Purchase Agreement with the Corporation, as Lessor, for the purpose of lease-purchasing from time to time certain educational facilities and sites (collectively, the “Facilities”) from the Corporation, as well as funding acquisition costs associated with such Facilities. Facilities to be lease purchased from time to time are identified on separate lease schedules (each, a “Schedule”) to the Master Lease. Upon execution and delivery thereof, each Schedule, together with the provisions of the Master Lease, constitutes a separate lease agreement (each, a “Lease” and collectively, the “Leases”).

*Preliminary, subject to change.

The Facilities subject to each Lease are financed and refinanced generally with separate Series of Certificates issued under the Master Trust Agreement, as supplemented by a Supplemental Trust Agreement related to each Series of Certificates. See “THE MASTER LEASE PROGRAM AND THE REFINANCED LEASES.”

The following table summarizes the Leases in effect as of the date hereof (sometimes referred to collectively as the “Current Leases”), the designation of the Facilities being lease-purchased by the School Board under each Lease, the termination date of the final term of each Lease (assuming renewal through such final term), the related Series of Certificates and the Outstanding principal amount of each such related Series of Certificates (referred to collectively as the “Outstanding Certificates”).

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<u>Related Lease</u>	<u>Related Facilities</u>	<u>Final Lease Term Termination Date(1)</u>	<u>Related Series of Certificates</u>	<u>Principal Amount Outstanding as of June 30, 2014</u>
2001A-1		June 30, 2017	Series 2004A Certificates	\$23,645,000
2004-1 Lease		June 30, 2017	Series 2004B Certificates	41,200,000
2004-QZAB		June 30, 2016	Series 2004C Certificates	15,520,000
		December 22, 2020	Series 2004 Certificates (QZAB)	372,000
2005A-1 Lease 2005A-2 Lease	Series 2005A Facilities	June 30, 2030	Series 2005A Certificates(2)	139,265,000
2006-1 Lease 2006-2 Lease	Series 2006 Facilities	June 30, 2031	Series 2006A Certificates(2)	176,195,000
		June 30, 2021	Series 2006B Certificates	65,000,000
2007A-1 Lease 2007A-2 Lease	Series 2007A Facilities	June 30, 2032 June 30, 2022	Series 2007A Certificates(2)	215,150,000
2008A-1 Lease 2008A-2 Lease	Series 2008A Facilities	June 30, 2033 June 30, 2020	Series 2008A Certificates	247,595,000
2009A-1 Lease 2009A-2 Lease	Series 2009A Facilities	June 30, 2034	Series 2009A Certificates (Tax- Exempt)	20,140,000
		June 30, 2029	Series 2009 Certificates (Build America Bonds)	63,910,000
			Series 2009A Certificates (QSCB)	43,375,000
2010A Lease	Series 2010A Facilities	June 30, 2027	Series 2010A Certificates (QSCB)	51,645,000
		July 1, 2028	Series 2011A Certificates	171,425,000
		July 1, 2021	Series 2012A Certificates	264,900,000
			Series 2012B Certificates	44,535,000
		July 1, 2029	Series 2014A Certificates	<u>114,140,000</u>
Total				<u>\$1,700,010,000</u>

Source: The District. [Outstanding principal amounts are as set forth in The School Board of Broward County, Florida Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2014.].
Footnotes on next page.

- (1) May not correspond to the maturity date of the related Outstanding Certificates.
- (2) May be included in the Refunded Certificates (as defined herein).

The Series 2015A Certificates

The Series 2015A Certificates are being issued for the purpose of providing funds, together with other legally available funds, sufficient to: (i) refund, on an advance refunding basis, all or a portion of the Outstanding Series 2005A Certificates, the Outstanding Series 2006A Certificates and the Outstanding Series 2007A Certificates reflected in the table above (such refunded portions of the Outstanding Series 2005A Certificates, the Outstanding Series 2006A Certificates and the Outstanding Series 2007A Certificates being referred to, collectively, as the “Refunded Certificates”) and (ii) pay costs of issuance of the Series 2015A Certificates, including the premium for a Credit Facility, if any. See “ESTIMATED SOURCES AND USES OF FUNDS.”

The Refinanced Leases

As a result of the refunding of the Refunded Certificates, the School Board will refinance all or a portion of its related obligations under the Schedules to the Master Lease in connection with the Outstanding Series 2005A Certificates, the Outstanding Series 2006A Certificates and the Outstanding Series 2007A Certificates, consisting of:

(i) Schedule 2005A-1 dated as of May 15, 2005, as amended and restated as of March 1, 2007 and June 1, 2008 and amended as of June 1, 2009 (collectively, with the Master Lease, the “Original Series 2005A-1 Lease”),

(ii) Schedule 2006-1 dated as of June 1, 2006, amended as of June 1, 2008 and June 1, 2009, and amended and restated as of March 10, 2011 (collectively, with the Master Lease, the “Original Series 2006-1 Lease”) and Schedule 2006-2 dated as of June 1, 2006, and amended and restated as of March 10, 2011 (collectively, with the Master Lease, the “Original Series 2006-2 Lease”), and

(iii) Schedule 2007A-1 dated as of March 1, 2007, as amended and restated as of September 1, 2007 (collectively, with the Master Lease, the “Series 2007A-1 Lease”) and Schedule 2007A-2 dated as of March 1, 2007 (collectively, with the Master Lease, the “Original Series 2007A-2 Lease”).

The Schedules constituting a part of the Original Series 2005A-1 Lease, the Original Series 2006-1 Lease, the Original Series 2006-2 Lease, the Original Series 2007A-1 Lease and the Original Series 2007A-2 Lease, respectively, will each be further amended and restated as of January 1, 2015, to the extent the related Series of Certificates is ultimately included in the Refunded Certificates (as so amended and restated, the “Series 2005A-1 Lease,” the “Series 2006-1 Lease,” the “Series 2006-2 Lease,” the “Series 2007A-1 Lease,” and the “Series 2007A-2 Lease,” and, collectively, the “Refinanced Leases”). See “REFUNDING PLAN.”

Pursuant to the applicable provisions of Florida law, including particularly Florida Statutes, Chapters 1001 – 1013, the School Board has, by resolution adopted on December 9,

2014, authorized the execution and delivery of the Refinanced Leases. The Corporation has authorized the execution and delivery of the Refinanced Leases by resolution adopted on December 9, 2014. The Facilities lease-purchased by the School Board under the applicable Refinanced Leases (each, a “Refinanced Facility” and, collectively, the “Refinanced Facilities”) consist of educational facilities within the District, as more particularly described herein. See “THE REFINANCED LEASES” and “THE REFINANCED FACILITIES.”

Other Certificates Secured with Series 2015A Certificates

The Series 2015A Certificates will be secured equally and ratably with the following Certificates:

- (i) with respect to the Series 2005A-1 Lease, any Outstanding Series 2005A Certificates allocable thereto that remain Outstanding following the issuance of the Series 2015A Certificates,
- (ii) with respect to the Series 2006-1 Lease and the Series 2006-2 Lease, any Series 2006A Certificates and Series 2006B Certificates (collectively, the “Series 2006 Certificates”) allocable thereto that remain Outstanding following the issuance of the Series 2015A Certificates, and
- (iii) with respect to the Series 2007A-1 Lease and the Series 2007A-2 Lease, any Series 2007A Certificates allocable thereto that remain Outstanding following the issuance of the Series 2015A Certificates.

The Series 2005A Certificates were issued in the aggregate principal amount of \$198,130,000 and are currently Outstanding in the aggregate principal amount of \$139,265,000. The Series 2005A Certificates represent an undivided proportionate interest in the principal portion and interest portion of the Basic Lease Payments made by the School Board under the Original Series 2005A-1 Lease and Schedule 2005A-2 dated as of May 15, 2005 (together with the Master Lease, the “Original Series 2005A-2 Lease”). The Series 2005A Certificates were issued pursuant to the Master Trust Agreement, as supplemented by a Series 2005A Supplemental Trust Agreement dated as of May 15, 2005 (the “Series 2005A Supplemental Trust Agreement” and, collectively with the Master Trust Agreement, the “Series 2005A Trust Agreement”).

The Series 2006A Certificates were issued in the aggregate principal amount of \$202,105,000 and are currently Outstanding in the aggregate principal amount of \$176,195,000. The Series 2006A Certificates represent an undivided proportionate interest in the principal portion and interest portion of the Basic Lease Payments made by the School Board under the Original Series 2006-1 Lease and the Original Series 2006-2 Lease. The Series 2006A Certificates were issued pursuant to the Master Trust Agreement, as supplemented by a Series 2006 Supplemental Trust Agreement dated as of June 1, 2006 (the “Series 2006 Supplemental Trust Agreement” and, collectively with the Master Trust Agreement, the “Series 2006 Trust Agreement”).

The Series 2006B Certificates were issued in the aggregate principal amount of \$65,000,000 and are currently Outstanding in the aggregate principal amount of \$65,000,000. The Series 2006B Certificates represent an undivided proportionate interest in the principal portion and interest portion of the Basic Lease Payments made by the School Board under the Original Series 2006-1 Lease and the Original Series 2006-2 Lease. The Series 2006B Certificates were issued pursuant to the Master Trust Agreement, as supplemented by the Series 2006 Trust Agreement.

The Series 2007A Certificates were issued in the aggregate principal amount of \$272,625,000 and are currently Outstanding in the aggregate principal amount of \$215,150,000. The Series 2007A Certificates represent an undivided proportionate interest in the principal portion and interest portion of the Basic Lease Payments made by the School Board under the Original Series 2007A-1 Lease and the Original Series 2007A-2 Lease. The Series 2007A Certificates were issued pursuant to the Master Trust Agreement, as supplemented by a Series 2007A Supplemental Trust Agreement dated as of March 1, 2007 (the “Series 2007A Supplemental Trust Agreement” and, collectively with the Master Trust Agreement, the “Series 2007A Trust Agreement”).

he Refinanced Ground Leases

The School Board holds title to the sites on which the Refinanced Facilities are located. In connection with the Refinanced Leases, the School Board and the Corporation have entered into the following Ground Leases:

- (i) a Series 2005A-1 Ground Lease dated as of May 15, 2005, as amended as of March 1, 2007 and June 1, 2008, which has an initial term terminating on July 1, 2035 (the “Series 2005A-1 Ground Lease”),
- (ii) a Series 2006 Ground Lease dated as of June 1, 2006, amended as of June 1, 2008, June 1, 2009 and March 10, 2011, which has an initial term terminating on July 1, 2036 (the “Series 2006 Ground Lease”), and
- (iii) a Series 2007A Ground Lease dated as of March 1, 2007, as amended as of September 1, 2007, which has an initial term terminating on July 1, 2037 (the “Series 2007A Ground Lease”).

The initial term of the Series 2005A-1 Ground Lease, the Series 2006 Ground Lease and the Series 2007A Ground Lease may be extended at the option of the Corporation for an additional five years and is subject to early termination as provided therein.

The Series 2005A-1 Ground Lease, the Series 2006 Ground Lease and the Series 2007A Ground Lease, to the extent any of the Refinanced Facilities are subject thereto, are referred to herein collectively as the “Refinanced Ground Leases.”

As described under “THE REFINANCED LEASES,” certain of the Refinanced Facilities subject to the Series 2005A-1 Ground Lease are Overlapping Facilities for purposes of the related Refinanced Leases. Accordingly, holders of the Series 2015A Certificates will share in

the proceeds, if any, of the disposition of these Overlapping Facilities with certain other Certificate Holders upon a termination of the Master Lease, or in certain circumstances, damage, destruction or condemnation of such Refinanced Facilities, as described under “THE REFINANCED LEASES.”

The Refinanced Assignment Agreements

The Corporation has assigned to the Trustee substantially all of its interest in the following:

(i) the Series 2005A-1 Ground Lease, the Series 2005A-1 Lease and the Series 2005A-2 Lease to the Trustee pursuant to a Series 2005A Assignment Agreement dated as of May 15, 2005 (the “Series 2005A Assignment Agreement”),

(ii) the Series 2006 Ground Lease, the Series 2006-1 Lease and the Series 2006-2 Lease to the Trustee pursuant to a Series 2006 Assignment Agreement dated as of June 1, 2006 (the “Series 2006 Assignment Agreement”), and

(iii) the Series 2007A Ground Lease, the Series 2007A-1 Lease and the Series 2007A-2 Lease to the Trustee pursuant to a Series 2007A Assignment Agreement dated as of March 1, 2007 (the “Series 2007A Assignment Agreement”).

Such assignments include the right to receive the Basic Lease Payments and all other amounts due under the related Leases, as described herein. See “APPENDIX C – Forms of Certain Legal Documents – Forms of Assignment Agreements.”

The Series 2005A Assignment Agreement, the Series 2006 Assignment Agreement and the Series 2007A Assignment Agreement are referred to collectively as the “Refinanced Assignment Agreements.” See “THE MASTER LEASE PROGRAM.”

The Master Lease Program

Failure to appropriate funds to pay Lease Payments (as defined in the Master Lease) under any Lease will, and an event of default under any Lease may, result in the termination of all Leases, including the Refinanced Leases. Upon any such termination, any proceeds of the disposition of leased Facilities (other than any Facilities that are excluded from surrender under the terms of any Leases) will be applied to payment of the related Series of Certificates, to the extent and as provided in the Master Trust Agreement, as supplemented and amended by the related Supplemental Trust Agreements, and the related Leases, and as further described herein.

The Refinanced Facilities subject to the Series 2006-2 Lease and the Series 2007A-2 Lease are not subject to surrender. See “THE REFINANCED FACILITIES.”

Owners of Series 2015A Certificates shall only have an interest in, and be entitled to, proceeds resulting from the disposition of the Refinanced Facilities that are subject to

surrender pursuant to the terms of the applicable Refinanced Leases to the extent the Series 2015A Certificates represent an interest in Basic Lease Payments under the applicable Refinanced Lease. In no event will owners of Series 2015A Certificates have any interest in, or right to, any proceeds of the disposition of Facilities leased under any Lease other than the particular Refinanced Facilities that are subject to surrender to the extent that the Series 2015A Certificates represent an interest therein. In addition, holders of the Series 2015A Certificates will share in the proceeds, if any, of the disposition of Refinanced Facilities with other holders of Certificates representing an interest in such Refinanced Facilities and with certain other Certificate holders with respect to Overlapping Facilities upon a termination of the Master Lease, or, in certain circumstances, damage, destruction or condemnation of such Refinanced Facilities. See “THE REFINANCED FACILITIES” for additional information regarding the Overlapping Facilities.

Each purchaser of Series 2015A Certificates is subject to certain risks and particular attention should be given to the factors described under “RISK FACTORS”, which, among others, could affect the market price of the Series 2015A Certificates to an extent that cannot be determined.

The School Board and the District

The District encompasses all of Broward County, Florida (the “County”) and has the second largest student enrollment in the State of Florida (the “State”) and the sixth largest in the United States. By virtue of its accreditation by AdvanceEd (formerly the Southern Association of Colleges and Schools), the District operates the second largest fully accredited school system in the nation and is Florida’s first fully accredited school system since 1962. The District is part of the State system of public education and is governed by an elected nine-member School Board. An appointed Superintendent of Schools serves as executive officer of the District. Various federal, state and local sources of revenue are available to the District for its operating and capital needs, as more fully described under “REVENUE SOURCES OF THE DISTRICT.” Pursuant to State law, the School Board develops a continuous five-year District Educational Facilities Plan (the “DEFP”) to meet the District’s needs related to school facilities. The Tentative DEFP is approved by the School Board each year prior to the adoption of its annual capital outlay budget. The most recent annual update of the tentative DEFP was approved by the School Board on September 15, 2014 and the DEFP was adopted by the School Board on September 23, 2014. The DEFP provides for a five-year facilities plan totaling approximately \$1.44 billion. The DEFP is expected to be funded from federal, State and local revenue sources. The School Board does not expect to issue Additional Certificates to fund its current DEFP. See “THE SCHOOL BOARD AND THE DISTRICT – District Educational Facilities Plan.”

Additional Leases and Additional Certificates; Other Lease Arrangements

The School Board and the Corporation may, in the future, finance Facilities pursuant to additional leases and/or refinance Facilities pursuant to amended and restated Leases. The School Board and the Corporation may also cause the issuance of Certificates of Participation in connection with additional and/or amended and restated Leases. The current Outstanding Certificates that will remain Outstanding after the issuance of the Series 2015A Certificates,

together with the Series 2015A Certificates and any additional Certificates hereafter executed and delivered under the Trust Agreement, are referred to herein collectively as the “Certificates.”

The School Board and the Corporation have entered into, and may, in the future, also enter into lease agreements that result in the issuance of certificates of participation upon terms and conditions other than those in the Trust Agreement. The School Board has also entered into various other leases for computers, furniture, buses, other motor vehicles and other equipment that are not leased pursuant to the Master Lease, and for which no certificates of participation were issued under the Trust Agreement. No certificates of participation are currently Outstanding under any lease agreement entered into by the School Board and the Corporation, other than the Certificates issued pursuant to the terms of the Trust Agreement and in connection with the delivery of the Current Leases. See “SECURITY FOR THE SERIES 2015A CERTIFICATES – Current Leases and Additional Leases.”

Miscellaneous

This Offering Statement contains brief descriptions of, among other matters, the School Board, the District, the Corporation, and the Refinanced Facilities, together with summaries or copies of certain provisions of the Series 2015A Certificates, the Master Lease, the Refinanced Leases, the Trust Agreement, the Refinanced Ground Leases, and the Refinanced Assignment Agreements. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to such documents are qualified in their entirety by reference to the respective documents for a more complete description of such provisions. Copies of the documents may be obtained upon written request to the Trustee at U.S. Bank National Association, 200 South Biscayne Boulevard, Suite 1870, Miami, Florida 33131, Attention: Corporate Trust Department. This Offering Statement speaks only as of its date and the information contained herein is subject to change.

REFUNDING PLAN

The Series 2015A Certificates are being issued to advance refund the Refunded Certificates in order to achieve present value debt service savings for the District. The School Board will determine at the time of marketing of the Series 2015A Certificates which of the Outstanding Series 2005A Certificates, Outstanding Series 2006A Certificates and Outstanding Series 2007A Certificates will comprise, all or in part, the Refunded Certificates.

The Outstanding Series 2005A Certificates maturing on July 1, 20__ will be prepaid at their earliest prepayment date of July 1, 2015 (the “2005A Prepayment Date”) at a prepayment price equal to the principal portion of the Basic Lease Payments relating to the Series 2005A Certificates to be prepaid, without premium, together with the interest portion of such Basic Lease Payments accrued through the 2005A Prepayment Date (the “2005A Prepayment Price”).

The Outstanding Series 2006A Certificates maturing on July 1, 20__ will be prepaid at their earliest prepayment date of July 1, 2016 (the “2006 Prepayment Date”) at a prepayment price equal to the principal portion of the Basic Lease Payments relating to the Series 2006A Certificates to be prepaid, without premium, together with the interest portion of such Basic Lease Payments accrued through the 2006 Prepayment Date (the “2006 Prepayment Price”). .

The Outstanding Series 2007A Certificates maturing on July 1, 20____ will be prepaid at their earliest prepayment date of July 1, 2017 (the “2007A Prepayment Date”) at a prepayment price equal to the principal portion of the Basic Lease Payments relating to the Series 2007A Certificates to be prepaid, without premium, together with the interest portion of such Basic Lease Payments accrued through the 2007A Prepayment Date (the “2007A Prepayment Price”).

A portion of the proceeds from the sale of the Series 2015A Certificates will be deposited into an irrevocable escrow deposit trust fund (the “Escrow Fund”) and held pursuant to an Escrow Deposit Agreement dated as of the date of delivery of the Series 2015A Certificates (the “Escrow Deposit Agreement”) between the District and U.S. Bank National Association as escrow agent (in such capacity, the “Escrow Agent”), in an amount which, based on the Verification Report of _____ as verification agent (the “Verification Agent”), will provide moneys sufficient to pay, as the same becomes due, the maturing principal portion and accrued interest portion of Basic Lease Payments with respect to the Refunded Certificates on each applicable Payment Date and, on the 2005A Prepayment Date, 2006 Prepayment Date and 2007A Prepayment Date, respectively, the 2005A Prepayment Price, 2006 Prepayment Price and 2007A Prepayment Price, respectively, as applicable.

The Escrow Deposit Agreement requires the School Board to deposit the amount of any deficiency in the Escrow Fund upon notice from the Escrow Agent. For information relating to the mathematical verification of the sufficiency of the moneys held under the Escrow Deposit Agreement to pay the applicable Basic Lease Payments on each Payment Date and the Prepayment Price on the Prepayment Date, see “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

By deposit of a portion of the proceeds of the Series 2015A Certificates, and the giving of certain instructions and notices as required by the Master Trust Agreement, the District will have accomplished the defeasance of the Refunded Certificates under the Master Trust Agreement. On the date of delivery of the Series 2015A Certificates, Greenberg Traurig, P.A. and Edwards & Associates, P.A., as Co-Special Tax Counsel, will render an opinion (in reliance upon various certifications and reports, including the Verification Report of the Verification Agent) that as a result of the defeasance, the Refunded Certificates will be deemed to have been paid and cease to benefit from the pledge of the trust estate and all covenants, agreements and other obligations of the School Board under the Trust Agreement.

The moneys held under the Escrow Deposit Agreement will not be available to pay the principal of and interest on the Series 2015A Certificates.

THE SERIES 2015A CERTIFICATES

General

The Series 2015A Certificates will be dated their date of delivery and will mature in the years and in the principal amounts and accrue interest at the rates per annum set forth on the inside cover page of this Offering Statement. The Series 2015A Certificates will be delivered in registered form in the denominations of \$5,000 or any integral multiple thereof. The interest

portion due with respect to the Series 2015A Certificates is payable on January 1 and July 1 of each year, commencing on July 1, 2015.

The principal portion and interest portion represented by the Series 2015A Certificates represent undivided proportionate interests in the principal portion of the Basic Lease Payments due on June 15 prior to July 1 of each of the years set forth on the inside cover page (subject to earlier prepayment) and undivided proportionate interests in the interest portion of the Basic Lease Payments due on the December 15 and June 15 prior to each January 1 and July 1 of the years set forth on the inside cover page (to and including maturity or earlier prepayment) (1) with respect to the Series 2005A-1 Lease, payable equally and ratably with any Outstanding Series 2005A Certificates allocable thereto that remain Outstanding following the issuance of the Series 2015A Certificates, (2) with respect to the Series 2006-1 Lease and the Series 2006-2 Lease, payable equally and ratably with any Series 2006 Certificates allocable thereto that remain Outstanding following the issuance of the Series 2015A Certificates, and (3) with respect to the Series 2007A-1 Lease and the Series 2007A-2 Lease, payable equally and ratably with any Series 2007A Certificates allocable thereto that remain Outstanding following the issuance of the Series 2015A Certificates.

Ownership of Certificates

The person in whose name any Series 2015A Certificate is registered upon the books of the Trustee will be treated as the absolute owner of such Series 2015A Certificate, whether such Series 2015A Certificate is 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 of Basic Lease Payments represented by such Series 2015A Certificate and for all other purposes. All such payments so made to any such Series 2015A Certificate holder or upon his or her order will be valid and effectual to satisfy and discharge the liability upon such Series 2015A Certificate to the extent of the sum or sums so paid, and neither the Trustee, the Corporation nor the School Board will be affected by any notice to the contrary. The Series 2015A Certificates will be initially issued in book-entry only form and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), who will be treated for all purposes as the absolute owner of the Series 2015A Certificates. See "THE SERIES 2015A CERTIFICATES – Book-Entry Only System."

Prepayment

Optional Prepayment

The Series 2015A Certificates maturing on or before July 1, 20__ shall not be subject to prepayment at the option of the School Board. The Series 2015A Certificates maturing on or after July 1, 20__ shall be subject to prepayment on or after July 1, 20__, if the School Board elects to prepay the principal portion of Basic Lease Payments due under any or all of the Refinanced Leases in whole or in part at any time, and if in part, in such order of maturity of

Series 2015A Certificates corresponding to the due dates of the principal portion of the Basic Lease Payments allocable to the Series 2015A Certificates under the applicable Refinanced 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 2015A Certificates or portions thereof to be prepaid, plus the interest accrued to the Prepayment Date.

Mandatory Sinking Fund Prepayment

The principal portions of the Basic Lease Payments due under the Refinanced Leases represented by the Series 2015A Certificates maturing on July 1, 20____ are subject to mandatory prepayment prior to maturity, in part, from a portion of the payments of the principal portion of Basic Lease Payments as set forth in the Series 2005A-1 Lease, the Series 2006-1 Lease, the Series 2006-2 Lease, the Series 2007A-1 Lease and the Series 2007A-2 Lease, through the operation of a sinking fund, on each July 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:

<u>July 1 of the Year</u>	<u>Principal Amount</u>
	\$

*

*Final Maturity

Extraordinary Prepayment.

The principal portion of Basic Lease Payments due under the Refinanced Leases represented by the Series 2015A Certificates shall be subject to prepayment in the event any of the respective Refinanced Leases terminate prior to payment in full of all of the Basic Lease Payments due thereunder to the extent the Trustee has moneys available for such purposes pursuant to the Series 2015A Trust Agreement and the respective Refinanced Leases, subject to the limitations provided in the Master Lease.

The Series 2015A Certificates are not subject to extraordinary prepayment prior to maturity in the event of damage, destruction or condemnation of the Refinanced Facilities. See "THE REFINANCED LEASES - Lease Payments" for information regarding the required use of any insurance or condemnation proceeds related to the Refinanced Facilities allocated to the Series 2015A Certificates in the event of damage, destruction or condemnation of such Refinanced Facilities.

Selection of Series 2015A Certificates for Prepayment; Notice of Prepayment.

If less than all of the Series 2015A Certificates are called for prepayment, the particular Series 2015A Certificates or portions thereof to be prepaid will be in multiples of Authorized

Denominations. The particular Series 2015A 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. In selecting portions of such Series 2015A Certificates for prepayment, the Trustee will treat each such Series 2015A Certificate as representing that number of Series 2015A Certificates in Authorized Denominations which is obtained by dividing the principal amount of such Series 2015A Certificates to be prepaid in part, by the applicable Authorized Denomination.

Notice of prepayment of Series 2015A Certificates is required to be given in the manner set forth in Section 315 of the Master Trust Agreement. See “Appendix C—Forms of Certain Legal Documents—Master Trust Agreement.” Section 302 of the Series 2015A Supplemental Trust Agreement provides that notwithstanding anything in Section 315 of the Master Trust Agreement to the contrary, prior to notice being given to the Owners of affected Series 2015A Certificates of any optional prepayment of Series 2015A Certificates under the Series 2015A Supplemental Trust Agreement, either (i) there shall be deposited with the Trustee an amount sufficient to pay the principal portion of the Basic Lease Payments represented by Series 2015A Certificates subject to prepayment, plus accrued interest to the prepayment date, plus any premium applicable to such prepayment, or (ii) such notice shall state that the prepayment is conditioned on the receipt of moneys for such prepayment by the Trustee on or prior to the Prepayment Date. In the event that a conditional notice of prepayment is given and such moneys are not timely received, the prepayment for which such notice was given shall not be undertaken. Amounts deposited pursuant to Section 302 of the Series 2015A Supplemental Trust Agreement shall be kept by the Trustee in a trust account separate and segregated from all other moneys deposited under the Trust Agreement and shall be held uninvested unless invested at the direction of an Authorized Officer only in Government Obligations that mature on or before the Prepayment Date. See “Appendix C—Forms of Certain Legal Documents—Series 2015A Supplemental Trust Agreement.”

DTC Procedures. Investors should note that while DTC is the registered owner of the Series 2015A Certificates, partial prepayments of the Series 2015A Certificates will be determined in accordance with DTC’s procedures. The School Board intends that prepayment allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the School Board and the Beneficial Owners of the Series 2015A Certificates be made in accordance with the method of selection of Series 2015A Certificates for a partial prepayment described above. However, the selection of the Series 2015A Certificates for prepayment in DTC’s book-entry only system is subject to DTC’s practices and procedures as in effect at the time of any such partial prepayment. The School Board can provide no assurance that DTC or the DTC Participants or any other intermediaries will allocate prepayments among Beneficial Owners in accordance with the method of selection of Series 2015A Certificates for a partial prepayment described above.

So long as the Series 2015A Certificates are issued in book-entry only form, notice of prepayment will be mailed, postage prepaid, not less than 30 days before the Prepayment Date (not less than five days nor more than ten days before the Prepayment Date in the case of prepayment for termination of the Lease Term in certain events of non-appropriation or default under any Lease, unless a different notice period is required by DTC) to Cede & Co., as nominee for DTC, and the Trustee will not mail any prepayment notice directly to the Beneficial Owners

of the Series 2015A Certificates. See “THE SERIES 2015A CERTIFICATES – Book-Entry Only System.”

Effect of Prepayment

If, on the Prepayment Date, moneys for the payment of the Prepayment Price of the Series 2015A Certificates or portions thereof to be prepaid are held by the Trustee and available therefor on the Prepayment Date and if notice of prepayment has been given as required, then from and after the Prepayment Date, the interest represented by the Series 2015A Certificates or the portion thereof called for prepayment will cease to accrue. If such moneys are not available on the Prepayment Date, the principal represented by such Series 2015A 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, THE SCHOOL BOARD NOR THE UNDERWRITERS TAKE ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

DTC will act as securities depository for the Series 2015A Certificates. The Series 2015A Certificates will be issued as fully-registered certificates 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 2015A Certificate will be issued for each maturity of the Series 2015A Certificates, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s Participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant,

either directly or indirectly (“Indirect Participants”). The Direct Participants and the Indirect Participants are collectively referred to herein as the “DTC Participants.” DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its DTC Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

So long as the book-entry only system is in effect, beneficial interests in the Series 2015A Certificates will be available in book-entry form only in Authorized Denominations. Purchasers of beneficial interests in the Series 2015A Certificates will not receive certificates representing their beneficial interests in the Series 2015A Certificates purchased.

Purchases of Series 2015A Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015A Certificates on DTC’s records. The ownership interest of each actual purchaser of each Series 2015A Certificate (the “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 2015A 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 interest in Series 2015A Certificates except in the event that use of the book-entry system for the Series 2015A Certificates is discontinued.

To facilitate subsequent transfers, all Series 2015A 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 2015A 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 2015A Certificates; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2015A 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. Beneficial Owners of Series 2015A Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2015A Certificates, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2015A Certificates may wish to ascertain that the nominee holding the Series 2015A Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the Series 2015A Certificates within a maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2015A Certificates unless authorized by a Direct Participant in accordance with DTC's Money Market Instrument (MMI) Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2015A Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

The principal and interest components of the Basic Lease Payments represented by the Series 2015A Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee on a payment date in accordance with their respective holdings shown on DTC's records. Payments by DTC 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 DTC Participant and not of DTC (nor its nominee), the School Board, the Corporation or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of Basic Lease Payments represented by the Series 2015A Certificates to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School Board and 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.

DTC may discontinue providing its services as depository with respect to the Series 2015A Certificates at any time by giving reasonable notice to the School Board and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2015A Certificates, as applicable, are required to be printed and delivered.

The School Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event Series 2015A Certificates will be printed and delivered.

In either of the situations described in the preceding two paragraphs, definitive replacement certificates shall be issued only upon surrender to the School Board and the Trustee of the Series 2015A Certificates of each maturity by DTC, accompanied by registration instructions for the definitive replacement certificates for such maturity from DTC. The School Board shall not be liable for any delay in delivery of such instructions and conclusively may rely on and shall be protected in relying on such instruction of DTC.

NONE OF THE DISTRICT, THE SCHOOL BOARD, THE CORPORATION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE BENEFICIAL OWNERS, DTC PARTICIPANTS OR THE PERSONS FOR WHOM DTC

PARTICIPANTS ACT AS NOMINEES WITH RESPECT TO THE SERIES 2015A CERTIFICATES FOR THE ACCURACY OF THE RECORDS OF DTC, CEDE & CO. OR ANY DTC PARTICIPANT WITH RESPECT TO THE SERIES 2015A CERTIFICATES OR THE PROVIDING OF NOTICE OR PAYMENT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AND INTEREST REPRESENTED BY THE SERIES 2015A CERTIFICATES TO DTC PARTICIPANTS OR BENEFICIAL OWNERS, OR THE SELECTION OF SERIES 2015A CERTIFICATES FOR PREPAYMENT.

Neither the School Board, the District, the Corporation nor the Trustee can give any assurances that DTC, DTC Participants or others will distribute payments of principal or interest components represented by the Series 2015A Certificates paid to DTC or its nominee, or any prepayment or other notices, to the Beneficial Owners or that DTC 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 2015A 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.

SECURITY FOR THE SERIES 2015A CERTIFICATES

General

The Series 2015A Certificates are being executed and delivered pursuant to the Trust Agreement, as described above under “INTRODUCTION--General.” The Series 2015A Certificates will evidence undivided proportionate interests in the Basic Lease Payments made by the School Board under the Refinanced Leases to the extent described herein. The Corporation has assigned substantially all of its interest in the Refinanced Leases to the Trustee. See “THE MASTER LEASE PROGRAM.” The Series 2015A Certificates are secured by and payable from the portion of the Trust Estate derived from Basic Lease Payments made under the Refinanced Leases to the extent Series 2015A Certificates represent an interest in such Basic Lease Payments under the applicable Refinanced Lease and only to the extent that the Trustee has actually received sufficient income or proceeds from such portion of the Trust Estate to make such payments.

The Corporation will not mortgage or grant a security interest in the Refinanced Facilities to the Trustee. However, upon termination of the Refinanced Leases in certain events of non-appropriation or default, the Refinanced Leases provide that the School Board must surrender the Refinanced Facilities that are subject to surrender to the Trustee, as assignee of the Corporation, for disposition as provided in the Trust Agreement.

Except as otherwise described herein with respect to the exercise of remedies available under the Master Lease upon termination of the applicable term of the Refinanced Leases, any proceeds of any such disposition allocable to the Series 2015A Certificates will be applied to the payment of the Series 2015A Certificates to the extent Series 2015A Certificates represent an interest in Basic Lease Payments under the applicable Refinanced Lease. See “THE REFINANCED LEASES” for information about the application of proceeds, if any of such

disposition with respect to Refinanced Facilities that comprise Overlapping Facilities. Accordingly, upon termination of the Refinanced Leases in certain events of non-appropriation or default, the Trustee may not have sufficient funds to pay the Series 2015A Certificates. See “THE REFINANCED LEASES – Effect of Termination for Non-Appropriation or Default.”

As noted earlier, the Refinanced Facilities subject to the Series 2006-2 Lease and the Series 2007A-2 Lease are not subject to surrender. See “THE REFINANCED FACILITIES.”

Owners of Series 2015A Certificates shall only have an interest in, and be entitled to, proceeds resulting from the disposition of the Refinanced Facilities that are subject to surrender pursuant to the terms of the applicable Refinanced Leases to the extent Series 2015A Certificates represent an interest in Basic Lease Payments under the applicable Refinanced Lease. In no event will owners of Series 2015A Certificates have any interest in, or right to, any proceeds of the disposition of Facilities leased under any Lease other than the particular Refinanced Facilities that are subject to surrender. In addition, holders of the Series 2015A Certificates will share in the proceeds, if any, of the disposition of Refinanced Facilities with other holders of Certificates representing an interest in such Refinanced Facilities and with certain other Certificate holders with respect to Overlapping Facilities upon a termination of the Master Lease, or, in certain circumstances, damage, destruction or condemnation of such Refinanced Facilities. See “THE REFINANCED FACILITIES” for additional information regarding the Overlapping Facilities.

It should be noted that failure to appropriate funds to pay Lease Payments (as defined in the Master Lease) under any Lease will, and an event of default under any Lease may, result in the termination of all Leases, including the Refinanced Leases, as further described herein. See “THE MASTER LEASE PROGRAM.”

Lease Payments

All Lease Payments under the Refinanced Leases and all other Leases are payable solely from funds appropriated by the School Board for such purpose from funds authorized by law and regulations of the State Department of Education. Lease Payments consist of Basic Lease Payments, Additional Lease Payments, and all other amounts required to be paid by the School Board. Revenues available to the School Board for operational purposes and capital projects are described under “REVENUE SOURCES OF THE DISTRICT.”

Prior to each Payment Date, the School Board will transfer sufficient funds to the Trustee for deposit to the applicable Lease Payment Account to be applied to pay the entire interest and principal portion of the Basic Lease Payments due under the applicable Lease on such date. Lease Payments due under all Schedules to the Master Lease are subject to annual appropriation by the School Board on an all-or-none basis and are payable on a parity basis solely from legally available funds appropriated by the School Board for such purpose; provided that Lease Payments with respect to a particular Schedule and Series of Certificates may be additionally and separately secured by a Credit Facility. In addition, there is no limit on the number of additional Facilities that may be financed under the Master Lease. Such additional Facilities may be

financed through the sale of additional Series of Certificates under the Trust Agreement. See “Current Leases and Additional Leases” below.

With respect to the Series 2015A Certificates:

(i) the Series 2005A Trust Agreement has established the Series 2005A Lease Payment Account within the Project Fund, as more particularly described in Section 403 of the Master Trust Agreement and Section 301 of the Series 2005A Trust Agreement. The Series 2015A Supplemental Trust Agreement provides that moneys in the Series 2005A Lease Payment Account shall be paid with respect to the Series 2015A Certificates in accordance with Section 403 of the Master Trust Agreement, equally and ratably with the Series 2005A Certificates that remain Outstanding after issuance of the Series 2015A Certificates,

(ii) the Series 2006 Trust Agreement has established the Series 2006 Lease Payment Account within the Project Fund, as more particularly described in Sections 403 of the Master Trust Agreement and Section 301 of the Series 2006 Trust Agreement. The Series 2015A Supplemental Trust Agreement provides that moneys in the Series 2006 Lease Payment Account shall be paid with respect to the Series 2015A Certificates in accordance with Section 403 of the Master Trust Agreement, equally and ratably with the Series 2006 Certificates that remain Outstanding after issuance of the Series 2015A Certificates, and

(iii) the Series 2007A Trust Agreement has established the Series 2007A Lease Payment Account within the Project Fund, as more particularly described in Section 403 of the Master Trust Agreement and Section 301 of the Series 2007A Trust Agreement. The Series 2015A Supplemental Trust Agreement provides that moneys in the Series 2007A Lease Payment Account shall be paid with respect to the Series 2015A Certificates in accordance with Section 403 of the Master Trust Agreement, equally and ratably with the Series 2007A Certificates that remain Outstanding after issuance of the Series 2015A Certificates.

See “INTRODUCTION—Parity Certificates” for additional information regarding the Outstanding Series 2005A Certificates, Series 2006 Certificates and Series 2007A Certificates.

Limited Obligation

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 Department of Education. None of the District, the School Board, the State, nor any political subdivision or agency thereof is obligated to pay, except from appropriated funds, any sums due under the Refinanced Leases from any source of taxation, and the full faith and credit of the District, the School Board, the State or any political subdivision or agency thereof is not pledged for payment of such sums due thereunder. Such sums do not constitute an indebtedness of the District, the School Board, the State or any political subdivision or agency thereof within the meaning of any constitutional or statutory provision or limitation.

Current Leases and Additional Leases

Failure to appropriate funds to make Lease Payments under any Lease will, or an event of default under any Lease may, result in the termination of all Leases, including the Refinanced Leases. Upon any such termination of all Leases, the School Board must surrender possession of certain Facilities, including the Refinanced Facilities (but not any Facilities that are excluded from surrender under the terms of any Leases) to the Trustee for sale or lease.

For a discussion of remedies available to the Trustee in the event of the non-appropriation of funds to pay Lease Payments or upon occurrence of an event of default under any Lease, see “THE REFINANCED LEASES – ‘Termination of Lease Term’ and ‘Effect of Termination for Non-Appropriation or Default,’” and “APPENDIX C – Forms of Certain Legal Documents – Form of Master Lease Purchase Agreement – Events of Default and Remedies.”

The School Board and the Corporation have entered into, and may, in the future, also enter into lease agreements upon terms and conditions other than those in the Master Lease and which result in the issuance of certificates of participation that are not secured by the Trust Agreement. The School Board has also entered into various other leases for computers, furniture, buses, other motor vehicles and other equipment that are not leased under the Master Lease, and for which no certificates of participation were issued under the Trust Agreement. No certificates of participation are currently Outstanding under any lease agreement entered into by the School Board and the Corporation, other than the Outstanding Certificates issued in connection with the execution and delivery of the Current Leases.

The proceeds, if any, resulting from the disposition of the Refinanced Facilities that are subject to surrender pursuant to the terms of the Refinanced Leases will be applied to the payment of the Series 2015A Certificates to the extent Series 2015A Certificates represent an interest in Basic Lease Payments under the applicable Refinanced Lease and in accordance with the terms of the Refinanced Leases, to the extent and as provided in the applicable Refinanced Leases. See “THE REFINANCED FACILITIES” for additional information relating to Refinanced Facilities that comprise Overlapping Facilities. As noted elsewhere herein, the Refinanced Facilities subject to the Series 2006-2 Lease and the Series 2007A-2 Lease are not subject to surrender. Moreover, owners of Series 2015A Certificates shall only have an interest in, and be entitled to, proceeds, if any, resulting from the disposition of the Refinanced Facilities that are subject to surrender, to the extent the Series 2015A Certificates represent an interest therein, and not in proceeds resulting from the disposition of Facilities subject to any Leases other than the Refinanced Leases. See “THE MASTER LEASE PROGRAM.”

Outstanding Certificates and Additional Certificates

The Trustee, at the direction of the Corporation, has issued the Outstanding Certificates under the Trust Agreement in connection with the execution and delivery of the Current Leases. As of June 30, 2014, \$1,700,010 in aggregate principal amount of Certificates were Outstanding. See “INTRODUCTION—General” and “SELECTED FINANCIAL INFORMATION – Outstanding Debt.”

In addition to the Series 2015A Certificates and the Outstanding Certificates that will remain Outstanding following the issuance of the Series 2015A Certificates, 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 with respect to additional Leases entered into in the future, 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, or (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 previously executed and delivered. The aggregate principal amount of Additional Certificates that may be executed and delivered under the provisions of the Trust Agreement is not limited. The School Board does not presently expect to issue Additional Certificates to fund its current DEFP. Additional Certificates may also be issued in connection with any lease agreements entered into by the School Board in the future upon terms and conditions other than those in the Master Lease.

Non-Appropriation Risk

The School Board is not legally required to appropriate moneys for the purpose of making Lease Payments. For a discussion of remedies available to the Trustee in the event of the non-appropriation of funds to make Lease Payments, see “THE REFINANCED 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 pay the Outstanding Series 2015A Certificates.

Optional Prepayment Price

Title to the Refinanced Facilities will remain in the Corporation. The School Board has the right to acquire title to all or any portion of such Refinanced Facilities subject to the applicable Refinanced Lease by paying the Purchase Option Price for the specific Refinanced Facilities being purchased or by substituting other School Board facilities for the Refinanced Facilities being acquired.

The Purchase Option Price with respect to any of the Refinanced Facilities as of each Lease Payment Date, is (i) the allocable Basic Lease Payment then due, plus the amount allocable to such Refinanced Facilities as the Remaining Portion of the Purchase Option Price, (ii) minus any credits pursuant to the provisions of the applicable Refinanced Lease, (iii) plus an amount equal to the interest to accrue with respect to the Outstanding Certificates to be prepaid as a result of the release of such Refinanced Facilities from the applicable Refinanced Lease, including the Series 2015A Certificates, from such Lease Payment Date to the next available date for prepaying the Outstanding Certificates to be prepaid, including the Series 2015A Certificates, and (iv) plus an amount equal to a pro rata portion of any Additional Lease Payments then due and owing under the applicable Refinanced Lease.

No Reserve Account

There is no Reserve Account for the Series 2015A Certificates. However, pursuant to a Supplemental Trust Agreement authorizing the issuance of any additional Series of Certificates, there may be established and maintained a separate Reserve Account to secure the payment of the principal and/or interest components of the Basic Lease Payments related to such Series of Certificates. Any Reserve Account shall secure only the Series of Certificates for which it has been established and shall not secure the Series 2015A Certificates. See “APPENDIX C – Forms of Certain Legal Documents – Form of Master Trust Agreement.”

THE REFINANCED FACILITIES

General

The proceeds of the Series 2015A Certificates are being used to refund the Refunded Certificates, the proceeds of which were used for the lease-purchase financing of the acquisition, construction, installation and equipping of the Refinanced Facilities related to the particular Series of the Refunded Certificates. The sites on which the Refinanced Facilities are located (the “Refinanced Facility Sites”) related to the particular Series of the Related Certificates were ground leased by the School Board to the Corporation pursuant to the applicable Refinanced Ground Leases. The Refinanced Facility Sites were subleased back to the School Board pursuant to the applicable Refinanced Leases.

Set forth below is a brief, general description of the schools and facilities which may comprise the Refinanced Facilities. The costs set forth below for each of the Refinanced Facilities reflect estimates at the time the related Series of Refunded Certificates were issued to finance such Refinanced Facilities (or at the time the related Leases were subsequently amended) and may not reflect final actual costs.

Series 2005A-1 Facilities and Series 2005A-2 Facilities

Set forth below are the Series 2005A-1 Facilities which have been lease-purchased with a portion of the proceeds of the Series 2005A Certificates and information regarding Series 2005A-1 Facilities comprising Overlapping Facilities.

<u>Facility</u>	<u>Planning</u>	<u>Acquisition and Construction</u>	<u>Total Project Cost</u>
Atlantic West Elementary	\$139,479	\$1,743,482	\$1,882,961
Challenger Elementary	219,741	2,746,759	2,966,500
Coral Glades High “JJJ”(1)	492,226	6,152,822	6,645,048
Coral Springs High	671,855	8,398,182	9,070,037
Coral Springs Middle	1,106,207	13,827,583	14,933,790
Cypress Bay High	461,355		
Cypress Elementary (Area A #2)	320,000	5,766,943	6,228,298
Discovery Elementary (2)	1,616,000	20,200,000	21,816,000
Forest Glen Middle	437,716	5,471,446	5,909,162
Hallandale High	216,904	2,711,305	2,928,209

Hollywood Hills High	452,000	5,650,000	6,102,000
Indian Ridge Middle	238,680	2,983,503	3,222,183
Lloyd Estates Elementary	292,240	3,653,000	3,945,240
Margate Elementary	338,755	4,234,443	4,573,198
Northeast High	188,712	2,358,898	2,547,610
Nova High/Middle(2)	557,516	6,968,956	7,526,472
Oakland Park Elementary	331,264	4,140,798	4,472,062
Pines Middle	2,536,000	31,700,000	34,236,000
Ramblewood Middle	179,891	2,248,638	2,428,529
Rickards Middle	171,468	2,143,345	2,314,813
Sandpiper Elementary	192,894	2,411,174	2,604,068
Seagull School	159,732	1,996,651	2,156,383
Silver Lakes Middle	192,000	2,400,000	2,592,000
Stranahan High	166,070	2,075,870	2,241,940
Tamarac Elementary	390,686	4,883,576	5,274,262
Walker Elementary(3)	342,473	4,280,910	4,623,383
Western High	496,800	6,210,000	6,706,800
TOTAL	<u>\$12,908,664</u>	<u>\$161,358,284</u>	<u>\$174,266,948</u>

(1) Overlapping Facility under the Series 2005A-1 Lease and the Series 2003A-1 Lease. In the event of a default and termination of all Leases, the proceeds derived from exercising any of the remedies available under the Master Lease with respect to this Overlapping Facility will be allocated 17.50% to the Series 2005A-1 Lease and 22.50% to the Series 2003A-1 Lease and the Holders of the Series 2005A Certificates that remain Outstanding following the issuance of the Series 2015A Certificates, the Series 2012A Certificates and the Outstanding Series 2015A Certificates in accordance with the respective Lease and Trust Agreement.

[Footnotes continue on next page]

(2) Overlapping Facility under the Series 2005A-1 Lease and the Series 2008A-1 Lease. In the event of a default and termination of all Leases, the proceeds derived from exercising any of the remedies available under the Master Lease with respect to these Overlapping Facilities will be allocated (i) with respect to Elementary School A 74.55% to the Series 2005A-1 Lease and 25.45% to the Series 2008A-1 Lease; and (ii) with respect to Nova High School/Middle School 53.25% to the Series 2005A-1 Lease and 46.75% to the Series 2008A-1 Lease and to the Holders of the Series 2005A Certificates that remain Outstanding following the issuance of the Series 2015A Certificates, the Outstanding Series 2008A Certificates and the Outstanding Series 2015A Certificates in accordance with the respective Lease and Trust Agreement.

(3) Overlapping Facility under the Series 2005A-1 Lease and the Series 2009A-1 Lease. In the event of a default and termination of all Leases, the proceeds derived from exercising any of the remedies available under the Master Lease with respect to this Overlapping Facility will be allocated 39.11% to the Series 2005A-1 Lease and 60.89% to the Series 2009A-1 Lease and the Holders of the Series 2005A Certificates that remain Outstanding following the issuance of the Series 2015A Certificates, the Outstanding Series 2009A Certificates and the Outstanding Series 2015A Certificates in accordance with the respective Lease and Trust Agreement.

[NOTE: Need to clarify discrepancies re: above percentages in Section 9E and Schedule 1 of lease schedule]

Set forth below are the Series 2005A-2 Facilities which have been lease-purchased with a portion of the proceeds of the Series 2005A Certificates.

Description	Total Project Cost
Coral Springs High	\$ 492,356
District-Wide Comprehensive Needs	<u>31,500,000</u>
TOTAL	<u>\$31,992,356</u>

Series 2006-1 Facilities and Series 2006-2 Facilities

Set forth below are the Series 2006-1 Facilities which have been lease-purchased with a portion of the proceeds of the Series 2006A Certificates.

Facility	Planning	Acquisition and Construction	Total Project Cost
Coral Springs Elementary	\$ 834,300	\$ 3,749,600	\$4,583,900
Fort Lauderdale High School	1,802,200	8,099,800	9,902,000
High School "LLL" (West Broward High)	16,458,500	98,970,800	115,429,300
Norcrest Elementary	3,734,900	16,785,900	20,520,800
North Andrews Gardens Elementary	492,400	2,212,900	2,705,300
Orange Brook Elementary	4,450,000	22,300,000	26,750,000
Palmview Elementary	1,183,200	5,317,600	6,500,800
Peters Elementary	1,557,500	7,000,000	8,557,500
J.P. Taravella High	<u>1,954,700</u>	<u>8,785,000</u>	<u>10,739,700</u>
TOTAL	<u>\$32,467,700</u>	<u>\$173,221,600</u>	<u>\$205,689,300</u>
			<u>0</u>

Set forth below are the Series 2006-2 Facilities which have been lease-purchased with a portion of the proceeds of the Series 2006A Certificates. **The Series 2006-2 Facilities are not subject to surrender.**

<u>Description</u>	<u>Cost</u>
Attucks Middle School	\$2,407,700
Cooper City High	2,964,600
Flamingo Elementary	2,078,300
Sandpiper Elementary	916,900
Seminole Middle	3,436,100
Silver Lakes Middle	1,218,800
South Plantation High	1,923,000
Southwest Ranches Property	4,500,000
District Wide Comprehensive Needs	<u>44,312,500</u>
TOTAL	<u>\$63,757,900</u>

Series 2007A-1 Facilities and Series 2007A-2 Facilities

Set forth below are the Series 2007A-1 Facilities which have been lease-purchased with a portion of the proceeds of the Series 2007A Certificates.

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<u>Facility</u>	<u>Planning</u>	<u>Acquisition and Construction</u>	<u>Total Project Cost</u>
Elementary School "C" (Area G #1) (Beachside Montessori Village)	\$5,280,000	\$24,000,000	\$29,280,000
Bennett Elementary	520,500	8,675,000	9,195,500
Bethune Elementary	2,875,939	13,072,449	15,948,388
Blanche Ely High	2,640,000	12,000,000	14,640,000
Colbert Elementary	4,620,000	21,000,000	25,620,000
Cypress Elementary	580,380	9,673,000	10,253,380
Dania Elementary	428,564	7,142,735	7,571,299
Deerfield Beach Elementary	508,808	8,480,136	8,988,944
Hollywood Hills Elementary	492,780	8,213,000	8,705,780
Lanier-James Education Center	5,426,667	24,666,666	30,093,333
Margate Elementary	396,390	6,606,500	7,002,890

Mirror Lake Elementary	644,908	10,748,461	11,393,369
Pembroke Pines Elementary	1,187,787	13,196,450	14,384,237
Pines Lakes Elementary	568,430	2,583,772	3,152,202
Marjory Stoneman Douglas High	750,000	12,500,000	13,250,000
Tradewinds Elementary	<u>1,320,000</u>	<u>9,203,540</u>	<u>10,523,540</u>
TOTAL	<u>\$28,241,153</u>	<u>\$191,761,709</u>	<u>\$220,002,862</u>

Set forth below are the Series 2007A-2 Facilities which have been lease-purchased with a portion of the proceeds of the Series 2007A Certificates. **The Series 2007A-2 Facilities are not subject to surrender.**

<u>Description</u>	<u>Cost</u>
Flamingo Elementary	\$3,182,418
Tropical Elementary	10,573,505
District Wide Comprehensive Needs	<u>50,000,000</u>
TOTAL	<u>\$63,755,923</u>

Substitution

To the extent permitted by law, on or after the Completion Date, the School Board may substitute for any Refinanced Facility, 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 Facilities for which they are substituted, and (c) are of substantially equal utility as the Facilities to be replaced and provide essential governmental services, and, in the case of Refinanced Facilities, that such substituted facilities (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.

In order to effect such substitution, the Refinanced Facilities to be replaced will be released from the encumbrance of the applicable Refinanced Lease and the applicable Refinanced Ground Lease, and the facilities to be substituted shall be incorporated into the applicable Refinanced Lease and the applicable Refinanced Ground Lease. At the time of any such substitution, there must be delivered an opinion of counsel as to the legality and validity of such substitution under the laws of the State, a policy of leasehold title insurance and an opinion of counsel as described in the Master Lease with respect to a substitute Facility Site, among other things.

ESTIMATED SOURCES AND USES OF FUNDS

It is estimated that all funds received from the sale and delivery of the Series 2015A Certificates will be used as follows:

	Total
Sources of Funds	
Par Amount	\$
Net Original Issue Premium/Discount	
Other Available Funds	
Total Estimated Sources of Funds	\$
Use of Funds	
Deposit to Escrow Deposit Trust Fund	\$
Deposit to Series 2014 Cost of Issuance	
Subaccount*	
Underwriters' Discount	
Total Estimated Uses of Funds	\$

* To pay certain costs of issuance of the Series 2015A Certificates, including, without limitation, printing costs, fees of co-special tax counsel, and fees of the co-financial advisors and premium for a Credit Facility, if any.

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SERIES 2015A CERTIFICATES PAYMENT SCHEDULE

<u>Period</u> <u>Ending</u>	<u>Principal Portion</u>	<u>Interest Portion</u>	<u>Period Total</u>	<u>Annual Total</u>
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TOTAL				
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**CERTIFICATE PAYMENT SCHEDULE FOR
OUTSTANDING CERTIFICATES AND SERIES 2015A CERTIFICATES ⁽¹⁾**

Period Ending (July 1)	Series 2004A <u>Certificates</u>	Series 2004B <u>Certificates</u>	Series 2004C <u>Certificates</u>	Series 2004 QZAB <u>Certificates</u>	Series 2005A <u>Certificates</u>	Series 2006A <u>Certificates</u>	Series 2006B <u>Certificates</u> ⁽²⁾
2015	\$8,721,363	\$15,198,000	\$8,324,800	\$53,062	\$14,932,600	\$18,120,180	\$3,250,000
2016	8,723,663	15,203,663	8,430,525	53,062	14,931,625	18,120,213	3,250,000
2017	8,725,225	15,198,100	0	53,062	9,728,975	18,120,088	3,250,000
2018	0	0	0	53,062	5,896,575	18,120,225	3,250,000
2019	0	0	0	53,062	5,896,575	18,116,381	3,250,000
2020	0	0	0	53,062	5,896,575	18,121,756	3,250,000
2021	0	0	0	53,062	5,896,575	18,120,006	3,250,000
2022	0	0	0	0	16,711,575	18,118,506	3,250,000
2023	0	0	0	0	16,710,825	18,118,931	3,250,000
2024	0	0	0	0	16,708,075	18,118,681	3,250,000
2025	0	0	0	0	16,707,075	18,118,931	3,250,000
2026	0	0	0	0	16,707,850	18,122,931	3,250,000
2027	0	0	0	0	16,707,350	18,118,681	3,250,000
2028	0	0	0	0	16,709,100	10,904,681	10,475,000
2029	0	0	0	0	16,711,350	0	21,313,750
2030	0	0	0	0	16,707,350	0	21,217,500
2031	0	0	0	0	0	0	21,105,000
2032	0	0	0	0	0	0	0
2033	0	0	0	0	0	0	0
2034	0	0	0	0	0	0	0
2035	0	0	0	0	0	0	0
2036	0	0	0	0	0	0	0
TOTAL	<u>\$26,170,251</u>	<u>\$45,599,763</u>	<u>\$16,755,325</u>	<u>\$371,434</u>	<u>\$213,560,050</u>	<u>\$246,460,191</u>	<u>\$116,361,250</u>

[CONTINUED ON FACING PAGE]

Period Ending (July 1)	Series 2007A <u>Certificates</u>	Series 2008A <u>Certificates</u>	Series 2009A <u>Certificates</u> ⁽³⁾	Series 2010A <u>Certificates</u> ⁽⁴⁾	Series 2011A <u>Certificates</u>	Series 2012A <u>Certificates</u>	Series 2012B <u>Certificates</u>	Series 2014A <u>Certificates</u> ⁽⁵⁾	Series 2015A <u>Certificates</u>	Total Aggregate Certificates Debt Service
2015	\$20,110,221	\$20,402,520	\$8,647,696	\$620,773	\$8,511,425	\$18,946,550	\$1,005,600	\$5,219,836		

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2016	20,116,721	20,405,370	8,647,696	620,773	8,511,425	20,491,550	1,005,600	5,180,674
2017	20,113,096	20,405,320	8,647,696	620,773	8,511,425	28,782,300	6,075,600	5,025,926
2018	17,658,596	20,401,320	8,647,696	5,785,273	32,546,425	28,804,250	10,051,120	5,025,926
2019	17,660,046	20,401,070	8,647,696	5,785,273	32,538,025	28,799,000	10,304,287	5,025,926
2020	17,659,046	20,404,753	8,647,696	5,785,273	32,539,050	24,842,000	10,562,067	8,967,544
2021	17,660,265	20,405,753	8,647,696	5,785,273	32,545,300	18,898,500	10,829,122	15,208,877
2022	17,659,015	20,401,663	8,647,696	5,785,273	32,545,300	18,904,500	0	15,175,828
2023	17,657,765	20,403,013	8,647,696	5,785,273	21,018,338	30,125,500	0	15,125,266
2024	17,660,515	20,405,713	8,620,696	5,785,273	21,031,500	30,129,500	0	15,111,109
2025	17,655,765	20,405,513	10,322,696	5,785,273	0	50,373,000	0	15,059,805
2026	17,657,840	20,400,925	10,346,946	5,785,273	0	50,361,250	0	14,982,469
2027	17,655,390	20,405,375	10,836,259	5,785,273	0	14,408,950	0	14,999,942
2028	17,656,640	20,400,625	10,364,071	0	0	14,409,200	0	14,945,244
2029	17,659,890	20,401,625	10,558,422	0	0	0	0	14,905,309
2030	17,658,390	20,405,238	10,761,559	0	0	0	0	0
2031	17,655,640	20,404,663	10,981,797	0	0	0	0	0
2032	17,659,890	20,403,238	11,216,973	0	0	0	0	0
2033	0	20,404,063	11,464,922	0	0	0	0	0
2034	0	0	11,733,480	0	0	0	0	0
2035	0	0	0	0	0	0	0	0
2036	0	0	0	0	0	0	0	0
TOTAL	<u>\$325,214,731</u>	<u>\$387,667,760</u>	<u>\$195,037,085</u>	<u>\$59,715,049</u>	<u>\$230,298,213</u>	<u>\$378,276,050</u>	<u>\$49,833,396</u>	<u>\$169,959,681</u>

- (1) Numbers may not add due to rounding.
- (2) Assumes interest rate based on swap rate, plus remarketing and other fees, equal to 5.00% for the Series 2006B Certificates
- (3) Net of interest subsidy on the portion of the Series 2009A Certificates issued as Build America Bonds, being equal to 32.5% of the interest component thereof (reduced from 35% due to effects of Sequestration)
- (4) Debt service shown is nest of an issuer subsidy of 5.25% for the Series 2010A Certificates
- (5) Assumes interest rate of 4.38% on Bank of America portion and 4.33% on US Bank portion for the Series 2014A Certificates

THE MASTER LEASE PROGRAM

The School Board has authorized the execution and delivery of the Master Lease between the School Board and the Corporation in order to provide for the lease-purchase financing and refinancing from time to time of Facilities. 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 – Form of Master Lease Purchase Agreement.” See also “INTRODUCTION—General” for a chart that summarizes the Current Leases in effect as of the date hereof, the designation of the Facilities being lease-purchased by the School Board under each Lease, the termination date of the final term of each Lease (assuming renewal through such final term), the related Series of Certificates and the Outstanding Certificates.

The Refinanced Leases are three of _____ Leases that will be in effect under the Master Lease on the date of issuance of the Series 2015A Certificates. **[TO BE CONFIRMED]** 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, including the Refinanced Leases. Upon any such termination, any proceeds of the disposition of leased Facilities (but not any Facilities excluded under the terms of any Lease), will be applied to payment of the related Series of Certificates, to the extent Certificates represent an interest in Basic Lease Payments under the applicable Lease, in accordance with the terms of the related Lease and as further described herein.

The Refinanced Facilities subject to the Series 2006-2 Lease and the Series 2007A-2 Lease are not subject to surrender. See “THE REFINANCED FACILITIES.”

Owners of Series 2015A Certificates shall only have an interest in, and be entitled to, proceeds resulting from the disposition of the Refinanced Facilities that are subject to surrender pursuant to the terms of the applicable Refinanced Leases to the extent Series 2015A Certificates represent an interest in Basic Lease Payments under the applicable Refinanced Lease. In no event will owners of Series 2015A Certificates have any interest in, or right to, any proceeds of the disposition of Facilities leased under any Lease other than the particular Refinanced Facilities that are subject to surrender to the extent the Series 2015A Certificates represent an interest therein. In addition, holders of the Series 2015A Certificates will share in the proceeds, if any, of the disposition of Refinanced Facilities comprising Overlapping Facilities with certain other Certificate Holders upon a termination of the Master Lease or, in certain circumstances, damage, destruction or condemnation of such Refinanced Facilities. See “THE REFINANCED FACILITIES” for additional information regarding the Overlapping Facilities.

See “THE REFINANCED LEASES – Effect of Termination for Non-Appropriation or Default.” Each purchaser of Series 2015A Certificates is subject to certain risks and particular attention should be given to the factors described under “RISK FACTORS,” which, among others, could affect the market price of the Series 2015A Certificates to an extent that cannot be determined.

THE REFINANCED LEASES

The following is a brief summary of certain provisions of the Refinanced Leases, which is not intended to be definitive. Reference is made to the Refinanced Leases, the forms of which are included in “APPENDIX C – Forms of Certain Legal Documents.”

Authority

The Refinanced Leases are entered into pursuant to the authority granted under Sections 1001.42(9) and 1013.15(2), Florida Statutes, to facilitate the lease purchase financing and refinancing of the Refinanced Facilities. The Refinanced Leases are further entered into pursuant to Resolution No. 15-99 of the School Board adopted on December 9, 2014 and Resolution No. 14-03 adopted by the Corporation on December 9, 2014.

Lease Term

Under the Series 2005A-1 Lease, the Corporation has leased to the School Board the Series 2005A-1 Facilities for an initial Lease Term from June 7, 2005 to June 30, 2005, which Lease Term is automatically renewable annually on July 1 of each year, through and including June 30 of the following year, commencing July 1, 2005 and ending June 30, 2030, unless sooner terminated in accordance with the provisions of the Series 2005A-1 Lease.

Under the Series 2006-1 Lease, the Corporation has leased to the School Board the Series 2006-1 Facilities for an initial Lease Term from June 6, 2006 to June 30, 2007, which Lease Term is automatically renewable annually on July 1 of each year, through and including June 30 of the following year, commencing July 1, 2007 and ending June 30, 2031, unless sooner terminated in accordance with the provisions of the Series 2006-1 Lease;

Under the Series 2006-2 Lease, the Corporation has leased to the School Board the Series 2006-2 Facilities for an initial Lease Term from June 6, 2006 to June 30, 2007, which Lease Term is automatically renewable annually on July 1 of each year, through and including June 30 of the following year, commencing July 1, 2007 and ending June 30, 2021, unless sooner terminated in accordance with the provisions of the Series 2006-2 Lease.

Under the Series 2007A-1 Lease, the Corporation has leased to the School Board the Series 2007A-1 Facilities for an initial Lease Term from March 30, 2007 to June 30, 2007, which Lease Term is automatically renewable annually on July 1 of each year, through and including June 30 of the following year, commencing July 1, 2007 and ending June 30, 2032, unless sooner terminated in accordance with the provisions of the Series 2007A-1 Lease.

Under the Series 2007A-2 Lease, the Corporation has leased to the School Board the Series 2007A-2 Facilities for an initial Lease Term from March 30, 2007 to June 30, 2007, which Lease Term is automatically renewable annually on July 1 of each year, through and including June 30 of the following year, commencing July 1, 2007 and ending June 30, 2022, unless sooner terminated in accordance with the provisions of the Series 2007A-2 Lease.

The Refinanced Ground Leases and the Refinanced Assignment Agreements

The School Board holds title to the sites on which the Refinanced Facilities are located. In connection with the Refinanced Leases, the School Board and the Corporation have entered into the Refinanced Ground Leases. The Overlapping Facilities described above under “THE REFINANCED FACILITIES” are subject to the Series 2005A-1 Ground Lease and Series 2008A Ground Lease, as applicable, and accordingly, the disposition of the proceeds, if any, of these Overlapping Facilities upon the termination of the Lease Term, as described below, will be shared with the owners of other Series of Certificates, as described in the footnotes to the table under “THE REFINANCED FACILITIES—‘The Series 2005A-1 Facilities.’”

In connection with the financing of new Facilities, the School Board may seek to amend one or more of the Refinanced Ground Leases to include such new Facilities as Overlapping Facilities, however, such amendment would require the prior consent of the owners of Certificates representing greater than 50% of the principal portion of the Basic Lease Payments allocable to the Facilities subject to the Refinanced Ground Leases sought to be amended (or a Credit Facility Issuer, if any, that insures such Certificates in lieu of such owners).

The Corporation has assigned substantially all of its interest in the Refinanced Leases and the Refinanced Ground Leases to the Trustee pursuant to the Refinanced Assignment Agreements, including the right to receive Basic Lease Payments thereunder. The School Board has consented to such assignment.

See “INTRODUCTION—‘The Refinanced Ground Leases’ and ‘The Refinanced Assignment Agreements’” for more detailed information regarding the Refinanced Ground Leases and the Refinanced Assignment Agreements.

Termination of Lease Term

As described under “SECURITY FOR THE SERIES 2015A CERTIFICATES – Current Leases and Additional Leases,” the School Board has entered into, and may enter into, Leases in addition to the Current Leases and the Refinanced Leases and may amend and restate the Current Leases. The Lease Term of the Leases, including the respective Refinanced Leases, will terminate upon the earliest of any of the following events:

- (a) All Leases, including the Refinanced Leases, will terminate on the latest Lease Payment Date set forth in any Lease;
- (b) All Leases, including the Refinanced Leases, will terminate in the event of non-appropriation of funds for the payment of Lease Payments;
- (c) All Leases, including the Refinanced 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;

- (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

General

Upon termination of the Lease Term for the reasons referred to in (b) or (c) under “THE REFINANCED LEASES – Termination of Lease Term” above, the School Board is required to immediately surrender and deliver possession and control of Facilities financed under all Leases, including the Refinanced Facilities (but not any Facilities excluded under the terms of any Lease), 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. See “SECURITY FOR THE SERIES 2015A CERTIFICATES – Current Leases and Additional Leases” and “– Outstanding Certificates and Additional Certificates.”

Under the Refinanced Leases, the School Board may not be dispossessed of any personal property financed, in whole or in part, with the proceeds of the Series 2015A Certificates. See “RISK FACTORS – Limitation Upon Disposition; Ability to Sell or Relet.”

The Refinanced Facilities subject to the Series 2006-2 Lease and the Series 2007A-2 Lease are not subject to surrender. See “THE REFINANCED FACILITIES.”

Owners of Series 2015A Certificates shall only have an interest in, and be entitled to, proceeds resulting from the disposition of the Refinanced Facilities that are subject to surrender pursuant to the terms of the applicable Refinanced Leases to the extent Series 2015A Certificates represent an interest in Basic Lease Payments under the applicable Refinanced Lease. In no event will owners of Series 2015A Certificates have any interest in, or right to, any proceeds of the disposition of Facilities leased under any Lease other than the particular Refinanced Facilities that are subject to surrender to the extent the Series 2015A Certificates represent an interest therein. In addition, holders of the Series 2015A Certificates will share in the proceeds, if any, of the disposition of Refinanced Facilities with other holders of Certificates representing an interest in such Refinanced Facilities and with certain other Certificate holders with respect to Overlapping Facilities upon a termination of the Master Lease, or, in certain circumstances, damage, destruction or condemnation of such Refinanced Facilities. See “THE REFINANCED FACILITIES” for additional information regarding the Overlapping Facilities.

For a discussion of the remedies available to the Trustee and the Corporation 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 – Master Lease Purchase Agreement.”

The Trustee shall pursue one or more remedies with respect to the Refinanced Leases and the Refinanced Facilities at the direction of the holders of greater than 50% of the principal portion of the Basic Lease Payments allocable to the Series 2015A Certificates; provided that, while it is not in default in its obligations under a Credit Facility, if any, securing the Series 2015A Certificates, the Credit Facility Issuer of such Credit Facility will have the right to direct remedies in lieu of holders of the Series 2015A Certificates secured by such Credit Facility.

The exercise of remedies with respect to each Refinanced Lease and the related Refinanced Facilities will be subject to the direction of the holders of the Series of Certificates representing an interest in 50% or more of the principal portion of the Basic Lease Payments arising from such Refinanced Lease. The Series 2015A Certificate may represent less than 50% of the principal portion of the Basic Lease Payments arising from a Refinanced Lease. To the extent that the Series 2005A Certificates, Series 2006A Certificates and/or Series 2007A Certificates remain Outstanding following the issuance of the Series 2015A Certificates, the holders of such Certificates that remain Outstanding will also have the right to direct remedies with respect to the applicable Refinanced Leases and the related Refinanced Facilities to the extent such Series of Certificates represents an interest in the principal portion of the Basic Lease Payments arising from such Refinanced Lease; provided that while the applicable Credit Facility Issuer for each such Series of Certificates is not in default in its obligations under the Credit Facility securing such Series of Certificates, the applicable Credit Facility Issuer may have the right to direct remedies in lieu of the holders of such Series of Certificates that it insures. See “RISK FACTORS—Limitation Upon Disposition; Ability to Sell or Relet.”

There can be no assurance that the remedies available to the Trustee upon any termination of the Lease Term of all Leases for non-appropriation or default and the disposition of the Refinanced Facilities that are subject to surrender will produce sufficient amounts to pay the Outstanding Series 2015A Certificates. Further, after such termination of the Lease Term of all Leases, the transfer of Series 2015A Certificates may be subject to the registration provisions of applicable federal and state securities laws. Accordingly, there is no assurance that the liquidity of the Series 2015A Certificates will not be impaired following termination of the Lease Term of the Leases. See “RISK FACTORS.”

Application of Proceeds

The proceeds, if any, derived from any sale or lease of any Refinanced Facility that is subject to surrender will be applied first to the payment of the fees and expenses of the Trustee, second to the payment of the Series of Certificates or portion thereof relating to such Refinanced Facility, as described below, and then to the payment of other Outstanding amounts as described in the related Refinanced Lease.

Series 2005A-1 Facilities

The proceeds, if any, of the disposition of the Series 2005A-1 Facilities that do not comprise Overlapping Facilities will be applied to the payment of the Series 2015A Certificates

equally and ratably with any Series 2005A Certificates allocable thereto that remain Outstanding following the issuance of the Series 2015A Certificates. The proceeds, if any, of the disposition of the Series 2005A-1 Facilities that comprise Overlapping Facilities will be applied in the percentages reflected under “THE REFINANCED FACILITIES—Series 2005A-1 Facilities” to the payment of any Series 2005A Certificates that remain Outstanding following the issuance of the Series 2015A Certificates, the Outstanding Series 2008A Certificates, the Outstanding Series 2012A Certificates and the Outstanding 2015A Certificates, as applicable, with respect to the specific Overlapping Facilities.

Series 2006-1 Facilities

The proceeds, if any, of the disposition of the Series 2006-1 Facilities will be applied to the payment of the Series 2015A Certificates equally and ratably with any Series 2006 Certificates allocable thereto that remain Outstanding following the issuance of the Series 2015A Certificates.

Series 2007A-1 Facilities

The proceeds, if any, of the disposition of the Series 2007A-1 Facilities will be applied to the payment of the Series 2015A Certificates equally and ratably with any Series 2007A Certificates allocable thereto that remain Outstanding following the issuance of the Series 2015A Certificates.

Lease Payments

Subject to the conditions stated in the Leases, the School Board has agreed to pay all Lease Payments; provided that 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 Department of Education. None of the District, the School Board, the State, nor any political subdivision or agency thereof is obligated to pay, except from appropriated funds, any sums due under the Refinanced Leases from any source of taxation, and the full faith and credit of the District, the School Board, the State or any political subdivision or agency thereof is not pledged for payment of such sums due thereunder. Such sums do not constitute an indebtedness of the District, the School Board, the State or any political subdivision or agency thereof within the meaning of any constitutional or statutory provision or limitation.

On the applicable Lease Payment Date preceding each principal and interest payment date with respect to the Series 2015A Certificates, the School Board will pay to the Trustee the Basic Lease Payments due under the Refinanced Leases due on such date. Such aggregate amount of which Basic Lease Payments corresponds to (i) the next succeeding payment due on the Series 2015A Certificates, plus (ii) the next succeeding payment due with respect to any Certificates relating to the Refinanced Leases that remain Outstanding after the issuance of the Series 2015A Certificates. The Trustee will deposit the Basic Lease Payments from (i) the Series 2005A-1 Lease to the Series 2005A Lease Payment Account; (ii) the Series 2006-1 Lease and the Series 2006-2 Lease to the Series 2006 Lease Payment Account; and (iii) the Series 2007A-1

Lease and the Series 2007A-2 Lease to the Series 2007A Lease Payment Account, as directed by the School Board. See “SECURITY FOR THE SERIES 2015A CERTIFICATES—Lease Payments.”

In addition to the Sinking Fund Payments described above, the School Board is also required to pay, when due, Additional Lease Payments, consisting, among other things, of payments of the fees and expenses of the Trustee and the Corporation. Lease Payments due under the Refinanced Leases with respect to the Series 2015A Certificates may be reduced, when applicable, by amounts credited as follows:

- (a) The Trustee will deposit into the applicable Lease Payment Account interest income on amounts on deposit in the applicable Acquisition Account in accordance with the applicable Trust Agreement and apply such interest income as provided in the applicable Trust Agreement.
- (b) The Trustee will deposit in the applicable Lease Payment Account or Acquisition Account, Net Proceeds realized in the event of damage, destruction or condemnation of the Refinanced Facilities to be applied to the prompt repair, restoration or replacement of such Refinanced Facilities; provided, however, if the School Board has determined that its operations have not been materially affected and that it is not in the best interest of the School Board to repair, restore or replace that portion of the Refinanced Facilities damaged, destroyed or condemned, then the School Board shall not be required to comply with the provisions of the preceding clause. In such case, the Net Proceeds of the Refinanced Facilities allocated to the Series 2015A Certificates shall either (i) be deposited to the related Acquisition Account and applied to pay the Costs of other Facilities, in which case such other Facilities shall become subject to the provisions of the related Refinanced Lease as fully as if they were the originally leased Facilities, or (ii) at the direction of the School Board, upon delivery to the Trustee of a Favorable Opinion, such Net Proceeds shall be deposited in the related Lease Payment Account to be credited against Basic Lease Payments next coming due under the related Refinanced Lease.

Lease Covenants

Under the Refinanced Leases, the School Board was responsible for acquisition, construction and installation of the Refinanced Facilities pursuant to the specifications of the School Board, including the letting of all contracts for the acquisition, construction and installation of such Facilities. In the Refinanced Leases, the School Board covenants that it will (i) maintain the Refinanced Facilities at all times during the Lease Term 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 Refinanced Leases, as applicable.

Budget and Appropriation

The cost and expense of the performance by the School Board of its obligations under all Leases, including the Refinanced Leases, and the incurrence of any liabilities of the School Board under any such 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. Under no circumstances will 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 under any Lease.

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 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 official budget. If no such appropriation is made in the final adopted budget or if no official budget is adopted as of the last day on which a final budget is required to have been adopted under Chapter 1011, Florida Statutes and applicable regulations thereunder, 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.

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 all Leases will terminate on June 30th of the current Fiscal Year. The School Board will, however, provide written notice of any non-appropriation of funds, as described above, to the Trustee within three Business Days after declaring its intent not to appropriate the funds necessary to make payments under all Leases. For a discussion of the effect of termination of the Lease Term of the Leases, see "THE REFINANCED LEASES – Effect of Termination for Non-Appropriation or Default."

Amendments

Each of the Refinanced Leases provides that the terms thereof shall not be waived, altered, modified, supplemented or amended in any manner whatsoever except by written instrument signed by the Corporation and the School Board and, if required under the terms of the Trust Agreement, by the Trustee, **[with the consent of the Credit Facility Issuer] [and the consent of the Holders of at least a majority in principal amount of the Certificates Outstanding who are affected by such waiver, alteration, modification, supplement or amendment shall also be required]**. Notwithstanding the foregoing, a Schedule may be amended without obtaining **[the consent of the Credit Facility Issuer][Holders of the affected Certificates]**, for the purpose of (1) adding a legal description and/or the permitted encumbrances for a Facility Site which has already been designated in such Schedule, (2) adding additional Facilities to be financed under such Schedule, (3) substituting Facilities in accordance

with Section 6.4 hereof or (4) releasing a Facility or portion thereof if such Facility or portion thereof has been released from the lien of the Lease in accordance with the provisions thereof.

To the extent that the Series 2005A Certificates, Series 2006 Certificates and/or Series 2007A Certificates remain Outstanding following the issuance of the Series 2015A Certificates, the holders of such Certificates will also have the right to consent to amendments to the applicable Refinanced Leases; provided that while the applicable Credit Facility Issuer for each such Series of Certificates is not in default in its obligations under the Credit Facility securing such Series of Certificates, the applicable Credit Facility Issuer has the right to consent to amendments in lieu of the holders of such Series of Certificates that it insures.

THE SCHOOL BOARD AND THE DISTRICT

General

Established in 1915, the District is organized under Section 4, Article IX of the Constitution of the State of Florida and Chapter 1001, Florida Statutes, as amended. The District covers the same geographic area as the County and provides elementary, secondary and vocational educational services to the unincorporated areas of the County and all of the 31 incorporated municipalities within the County, the largest of which is the City of Fort Lauderdale. The District has a student enrollment that is the second largest in the State and the sixth largest in the United States. By virtue of its accreditation by Advanced Ed. (formerly the Southern Association of Colleges and Schools), the District operates one of the largest fully accredited school system in the nation and is Florida's first fully accredited school system since 1962. The District serves over 262,000 students and 175,000 adult students in 229 schools and education centers (comprised of 140 elementary schools, 40 middle schools, 32 high schools, 17 adult/vocational schools and other centers) and 95 charter schools. The District is the County's largest single employer. As of August 1, 2014, the District has approximately 25,793 permanent employees, including over 14,821 classroom instructors. The General Fund, the primary operating fund of the District, had an annual operating budget of \$2.05 billion for Fiscal Year 2013-2014 and has an operating budget of \$2.05 billion for Fiscal Year 2014-2015. See "REVENUE SOURCES OF THE DISTRICT - Operating Revenues."

Management of the District is independent of the County government and local governments within the County. The District is part of the State system of public education operated under the general direction and control of the State Board of Education. The District is governed by the School Board, which consists of nine elected members. The Superintendent of Schools is appointed by the members of the School Board and serves as the executive officer of the District. The District has taxing authority, as more fully described herein under "REVENUE SOURCES OF THE DISTRICT." The County Tax Collector collects ad valorem taxes for the District, but exercises no control over the District's tax receipts.

The District is committed to providing each child equal educational opportunities, as reflected in the mission statement adopted by the School Board:

“The School Board of Broward County, Florida is dedicated to meeting the educational needs of all students in a safe learning environment.”

To further its mission, the School Board has adopted specific goals and objectives and regularly evaluates its progress in meeting those goals and objectives.

The County

As discussed above, management of the District is separate from the County, but the District covers the same geographic area. Information regarding the County herein is provided for the purpose of providing general information about the geographic area in which the District is located.

Broward County, created in October 1915 by the legislature of the State of Florida, is located on the southeast coast of Florida and has an area of approximately 1,231 square miles. The County is bordered on the south by Miami-Dade County and on the north by Palm Beach County. Located within the County are 31 municipalities. The County ranks second in the State and 18th in the nation with a 2010 Census population of approximately 1.75 million persons. Broward County’s 2013 population is estimated to be 1,784,636. Approximately 50% of the County’s population lives in its seven largest cities: Fort Lauderdale, Hollywood, Miramar, Pembroke Pines, Coral Springs, Pompano Beach and Davie. Four airports, including the Fort Lauderdale-Hollywood International Airport, are located in the County. Port Everglades, the State’s deepest harbor and a leading international cruise port, is located less than two miles from Fort Lauderdale-Hollywood International Airport.

For a more detailed description of the County, including certain statistical and demographic data concerning the County, see “APPENDIX A – General Information Regarding Broward County, Florida.” The information about the County contained herein and in APPENDIX A has been obtained from the County and is believed to be reliable. No representation is made by the School Board or the Underwriters as to the accuracy or completeness of such information.

Governance of the District

The School Board is a public body corporate existing under the laws of the State, particularly Section 1001.40, Florida Statutes, and is the governing body of the District. The School Board consists of nine members, two of whom are elected by countywide vote and seven of whom are elected from single member districts, for overlapping four-year terms. The School Board’s duties and powers include 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, 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, the adoption of the school tax millage levy, and the establishment of a system of accounting and budgetary controls. Accounting reports and the annual budget must be filed with the State Department of Education.

The Chair of the School Board is elected by the members of the School Board annually. The Superintendent of Schools (the “Superintendent”) is the ex officio Secretary of the School Board. The present members of the School Board, any applicable offices and the expiration of their terms are as follows:

<u>Name/Office</u>	<u>Initial Term Commencing November</u>	<u>Current Term Expires November</u>
Donna P. Korn, Chair	2011	2018
Dr. Rosalind Osgood, Vice Chair	2012	2016
Robin Bartleman	2004	2016
Heather P. Brinkworth	2014	2016
Abby Freedman	2012	2018
Patricia Good	2010	2014
Laurie Rich Levinson	2010	2018
Ann Murray	2008	2018
Nora Rupert	2010	2018

Administration

The Chief Executive Officer of the District is the Superintendent, who is appointed by the School Board. The Superintendent’s powers and duties include keeping the records of the School Board, acting as custodian for District property, preparing long-term and annual school programs, directing the work of District personnel, making policy recommendations to the School Board in the areas of child welfare, pupil transportation, school plant and District finance, and performing the additional duties assigned to him by law and the regulations of the State Department of Education.

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

Robert W. Runcie was sworn in as Superintendent on October 5, 2011 and became the 19th permanent leader in the 94-year history of Broward County Public Schools. Mr. Runcie began his career as a staff consultant for Arthur Andersen (now Accenture) in 1984. He was the founder and President of Advanced Data Concepts from 1998 to 2003. Mr. Runcie served Chicago Public Schools from 2003 to 2009 as Chief Information Officer, from 2009 to 2011 as Chief Administrative Officer, and his last position there was as Chief Area Instructional Officer. Mr. Runcie is a graduate of the Superintendent’s Academy of the Broad Center for the Management of School Systems, 2009. He has a Master’s of Management from Kellogg School

of Management, Northwestern University, 1991, and Bachelor of Arts, Economics, Harvard College, Cambridge, Massachusetts, 1984.

Derrek Messier became the Chief Facilities Officer of the District on June 23, 2014. Mr. Messier began his career in 1991 working for two national not-for-profit organizations focused on youth development through creating after-school programs and building community parks. He continued his career working in the architecture, engineering and construction industry for three of the top twenty international consulting firms including working for private sector clients in the petrochemical industry. As a consultant, he managed various aspects of the Chicago Public Schools \$3 billion capital improvement program for a period of over 10 years, including leading the first comprehensive facility condition assessment, design development for renovations of 300 facilities, and development of the first educational facilities master plan for the third largest school district in the U.S. Before joining the District, Mr. Messier served the City of Chicago as Deputy Commissioner responsible for all maintenance and capital improvement to the city's facility portfolio. He has both a Master's of Business Administration from the Quinlan School of Business, and Bachelor of Arts degree from Loyola University of Chicago.

I. Benjamin Leong became the Comptroller of the District in 1998. In July, 2000, the Superintendent assigned to Mr. Leong the duties of chief financial officer and in July, 2004, his title was officially changed to Chief Financial Officer. Mr. Leong joined the District as Director of Management/Facility Audits in April, 1995. Prior to joining the District, Mr. Leong was the Auditor General of the New York City School Construction Authority (SCA). The SCA is a public benefit corporation established by the New York State legislature in 1989 to accelerate and improve the building and renovation of New York City public schools. The SCA is one of the largest school construction agencies in the United States. Prior to serving for the SCA, Mr. Leong was appointed Special Assistant to the Chancellor of New York City public schools. As Special Assistant to the Chancellor for financial affairs, Mr. Leong oversaw a \$7.2 billion budget, supervised business operations and organized the restructuring of numerous departments within the central administration. He began his accounting career with a "Big Eight" accounting firm. He has more than twenty years of experience in accounting, auditing and school construction, with clients ranging from Fortune 100 companies to public schools and agencies. Mr. Leong received a Bachelor's Degree from the University of Miami. He is a certified public accountant in Florida and New York.

Ivan Perrone joined the District in 2006 as Treasury Manager, responsible for the day-to-day operation of the Treasurer's Office ensuring adequate cash liquidity in order to match liabilities and invest surplus funds to anticipated cash flow needs. The Superintendent appointed Mr. Perrone to the position of Acting Treasurer in 2013, where he is now responsible for the management of the District's cash and investment portfolio, in addition to banking and debt administration functions. Prior to joining the District, Mr. Perrone was a Financial Analyst for Siemens Real Estate in Boca Raton, Florida. Prior to Siemens, Mr. Perrone was Controller for the City of North Lauderdale, Florida. Mr. Perrone was both a Financial Analyst I (supporting Canada Technologies) and a Financial Systems Analyst (supporting American Express Technologies) during his time at American Express, Florida. Prior to American Express, Mr. Perrone was the Interim Treasurer for the City of Tamarac, Florida. Mr. Perrone received a Bachelor of Business Administration Degree from Pace University, New York. He is a member

of Government Finance Officers Association (GFOA) and the Florida Government Finance Officers Association (FGFOA), South Florida Government Finance Officers and City Clerks Association (SFGFOCCA) and Association of Public Treasurers of the United States and Canada (APTUSC).

Scott Krutchik was hired as an Accounting Supervisor for the District in 2005 and in December, 2005, was promoted to Accounting Manager in the Accounting Department. The Superintendent appointed Mr. Krutchik to Acting Director of Accounting and Financial Reporting in March 2013 and appointed Director of Accounting and Financial Reporting in November, 2013. Prior to working for the District, Mr. Krutchik was employed by the Housing Authority of the City of Miami Beach in the capacity of Acting Finance Manager, and as a Fixed Assets Manager at Knight Ridder Shared Service Center. He received a Master's Degree in Accounting from Nova Southeastern University and is a Certified Public Accountant in Florida. Also, Mr. Krutchik is a member of the Florida School Finance Officer Association.

Omar Shim is the Director of Capital Budget for the District. Mr. Shim began his career in the District in 2000 as a Capital Scheduling and Claims Analyst, then was promoted to Director of Quality Assurance and Assistant to Comptroller in 2003. In 2005 he was appointed as Special Assigned Director of Capital Budget and took over the position permanently in 2006. In that capacity he oversees the District's capital budget and facilitates the process of developing the District Educational Facilities Plan. Mr. Shim graduated from Florida Atlantic University and is a member of the Government Finance Officers Association (GFOA) and the Florida School Finance Officers Association.

Statistical Data

The following tables present a statistical overview of the District's school system, including: (1) trends in District personnel by full-time employee classification, (2) enrollment profiles, (3) data regarding the District's public school facilities, and (4) certain operating statistics. Information regarding projected enrollment is set forth below under "District Educational Facilities Plan."

**Comparative Enrollment Trend
Largest U.S. School Districts⁽¹⁾**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
New York, NY	1,029,459	1,038,741	1,043,886	1,041,437	1,036,053
Los Angeles, CA	687,534	670,746	667,273	662,140	655,494
Chicago, IL	421,430	407,157	405,644	409,530	403,461
Miami-Dade County, FL	345,525	345,804	347,366	350,227	354,236
Clark County, NY	312,761	307,059	314,059	321,655	311,429
Broward County, FL	255,738	255,203	256,872	258,803	260,796
Houston, TX	200,225	202,773	204,245	201,594	202,586
Hillsborough County, FL	192,007	193,265	194,525	197,001	200,287
State of Hawaii	179,478	180,196	179,601	181,213	183,251
Orange County, FL	172,257	173,259	176,008	179,989	183,021

⁽¹⁾ Based on the students enrolled in grades kindergarten through twelve at a fixed time during the fall. One-half day kindergarten students counted as one-half student.

Source: [The School Board of Broward County, Florida Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2014].

Classification of Full-Time Personnel

	<u>Fiscal Year 2009-10</u>	<u>Fiscal Year 2010-11</u>	<u>Fiscal Year 2011-12</u>	<u>Fiscal Year 2012-13</u>	<u>Fiscal Year 2013-14</u>
Instructional Staff ⁽¹⁾					
Teacher's Aides	15,490	16,143	14,432	14,773	14,821
Principals & Assistant Principals	2,207	2,377	2,343	2,319	2,431
Management & Support Staff ⁽²⁾	651	650	644	644	646
Total	<u>8,934</u>	<u>8,621</u>	<u>8,092</u>	<u>7,842</u>	<u>7,895</u>
	<u>27,282</u>	<u>27,791</u>	<u>25,511</u>	<u>25,578</u>	<u>25,793</u>

Source: [The School Board of Broward County, Florida Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2014.]

- (1) Includes Elementary and Secondary Teachers, Exceptional Student Teachers, Other Teachers, Guidance/Psychological, Librarians, Other Professional Instructional Staff.
- (2) Includes Officials, Administrators and Managers (Instructional and Non-Instructional), Supervisors of Instructional, Technicians, Clerical/Secretarial Staff, Service Workers, Skilled Crafters, Laborers.

**Profile of Enrollments
Full-Time Equivalent Students⁽¹⁾**

<u>Fiscal Year 2009-10</u>	<u>Fiscal Year 2010-11</u>	<u>Fiscal Year 2011-12</u>	<u>Fiscal Year 2012-13</u>	<u>Fiscal Year 2013-2014</u>
--------------------------------	--------------------------------	--------------------------------	--------------------------------	----------------------------------

Pre- Kindergarten to Grade 3	71,808	71,089	69,974	69,498	70,023
Grades 4-8	87,883	87,089	84,513	82,531	80,803
Grades 9-12	70,234	69,516	68,921	69,350	68,496
Centers	<u>4,676</u>	<u>5,904</u>	<u>5,906</u>	<u>6,138</u>	<u>5,633</u>
Total	<u>234,601</u>	<u>233,598</u>	<u>229,314</u>	<u>227,517</u>	<u>224,955</u>

Source: [The School Board of Broward County, Florida Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2014.]

School Facilities⁽¹⁾

	Fiscal Year <u>2009-10</u>	Fiscal Year <u>2010-11</u>	Fiscal Year <u>2011-12</u>	Fiscal Year <u>2012-13</u>	Fiscal Year <u>2013-2014</u>
Elementary	141	141	141	141	140
Middle	42	42	42	42	40
High	33	33	33	33	32
Others ⁽²⁾	<u>15</u>	<u>16</u>	<u>18</u>	<u>16</u>	<u>17</u>
Total ⁽¹⁾	<u>231</u>	<u>232</u>	<u>234</u>	<u>232</u>	<u>229</u>

Source: [The School Board of Broward County, Florida Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2014.]

(1) Excludes charter schools. There were 95 charter schools located within the District as of June 30, 2014.

(2) Adult/vocational schools and exceptional centers.

Operating Statistics

Fiscal Year <u>ending June 30</u>	<u>Enrollment</u> ⁽¹⁾	<u>Operating</u> <u>Expenditures</u>	<u>Cost per</u> <u>Pupil</u>	<u>Instructional</u> <u>Staff</u>	<u>Pupil-Teacher</u> <u>Ratio</u>
2005	272,691	2,042,136,000	7,489	17,199	15.86
2006	270,935	2,129,718,000	7,861	17,253	15.70
2007	262,616	2,276,510,000	8,669	17,527	14.98
2008	258,905	2,352,854,000	9,088	17,178	15.07
2009	255,738	2,375,812,000	9,290	16,848	15.18
2010	255,203	2,288,524,000	8,967	15,490	16.48
2011	256,872	2,311,663,000	8,999	16,143	15.91
2012	258,803	2,079,787,000	8,036	14,432	17.93
2013	260,796	2,127,083,000	8,156	14,773	17.65
2014	262,563	2,255,410,000	8,590	14,821	17.72

Source: [The School Board of Broward County, Florida Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2014.]

⁽¹⁾ Includes charter school enrollment.

Employee Relations

General

As of June 30, 2014, the Board employed approximately 32,646 persons, the majority of which are represented by collective bargaining agents. The employee groups, union affiliation and current union contract expiration dates are set forth in the table below:

<u>Employee Group</u>	<u>Union Affiliation</u>	<u>Contract Expiration</u>	<u>Status of Negotiations*</u>
Teachers	Broward Teachers Union (“BTU”) – Teachers Contract	August 15, 2016	Open
Education Support Professionals	BTU – Educational Support Professionals	June 30, 2016	Open
Technical Support Professionals	BTU – Technical Support Professionals	June 30, 2015	Open
Clerical	Federation of Public Employees (“FOPE”)	June 30, 2016	Open
Maintenance, Facilities, Transportation, Security Specialists, Campus Monitors	FOPE	June 30, 2016	Open
Food Service	FOPE	August 15, 2016	Open
SIU Investigators	Police Benevolent Association	June 30, 2014	Open
Clerical Confidential	Confidential Office Personnel Association	N/A	Open
Assistant Principals and Principals	Broward Principals and Assistants Association	N/A	Open
Educational Support and Management Administrators	Educational Support & Management Association of Broward, Inc.	N/A	Open

* All expired contracts are still operative and performing. Contracts with an “Open” negotiation status are actively being negotiated.

High School Schedules Arbitration

In an effort to comply with class size reduction requirements, the District implemented a uniform, seven period class schedule for all high schools commencing in the 2012-2013 school year. On June 7, 2012, the Broward Teachers Union (“BTU”) filed a grievance (“June 7, Grievance”) with the Employee Relations Department (“ERD”), pursuant to the provisions of its collective bargaining agreement (“CBA”), claiming that the procedure utilized in changing the high school class schedules violated the CBA. An arbitrator was chosen by the parties and the grievance was heard by the arbitrator on April 18, 2013. On June 17, 2013, the arbitrator ruled that the process outlined in the CBA as to the manner in which a new schedule was to be implemented at the high schools, was violated, and ordered the District, for the 2013-2014 school year, to go back to the same schedule that was in place during the 2011-2012 school year.

The BTU filed a motion to confirm the award and the District filed a motion to vacate the award in the Seventeenth Judicial Circuit in and for Broward County.

Sixth Period Arbitration

The BTU filed a second grievance with the ERD on June 26, 2012 complaining that the assignment of high school teachers to teach six periods a day also violated its CBA (“June 26, Grievance”). The BTU requested that the teachers be compensated for this additional period. Prior to the 2012-2013 school year, teachers would teach between three, four, or five periods a day depending on the schedule being used at the teacher’s school, and would volunteer to teach an extra period. The CBA had no definition for what constituted a normal teaching load. During contract negotiations, the BTU and the School Board agreed to modify the CBA to include a definition for a “normal teaching load” which was defined as a daily average not to exceed 300 minutes. On May 22, 2013, a hearing was held before an arbitrator chosen by the parties, to determine if the School Board had violated the CBA by assigning teachers to teach six periods, and if so, whether the teachers were owed additional compensation. On August 15, 2013 the arbitrator entered an order sustaining the grievance and stating that the high school teachers who taught a sixth period day during the 2012-2013 school year were entitled to compensation for the extra period at their hourly rate of pay.

On November 26, 2013, the District and the BTU reached a settlement of the disputes, arbitration awards and litigation pertaining to the June 7, Grievance and the June 26, Grievance. This agreement provides for the hourly compensation for high school teachers who taught a sixth period during the 2012-2013 school year for approximately \$22.4 million including benefits. It also provides for hourly compensation through October 31, 2013 for high school teachers who taught a sixth period in the 2013-2014 school year for approximately \$8 million including benefits. The \$30.4 million, including benefits, will be paid over a five year period. Beginning November 1, 2013 teachers assigned to teach a sixth period will received an additional \$2,000 for the remainder of the 2013-2014 school year. In 2014-2015 they will receive a supplement of \$2,500, and in 2015-2016 they will receive a supplement of \$2,600 above their current salary. Both parties agreed to terminate all legal proceedings in this matter. At the end of the 2013-2014 school year, the remaining balance of approximately \$21.9 million (to be paid over the next four years), which has been recorded as a liability in the statement of net position and as an expense in the statement of net activities.

District Educational Facilities Plan

The State requires the development of a continuous five-year District Educational Facilities Plan (DEFP). In each year, the DEFP is reviewed and revised as necessary to reflect the District’s long range capital construction program, changes to the capital construction program resulting from student enrollment changes, and improvements and additions to school and non-school sites. An annual update of the DEFP provides, upon approval by the School Board, a continuous five-year program. The most recent annual update of the DEFP was approved by the School Board on September 23, 2014 and provides for a five-year facilities plan totaling approximately \$1.44 billion over the next five-year period ending June 30, 2019.

The DEFP is funded from federal, State and local revenue sources, as well as certificates of participation issued pursuant to the District's master lease program. In recent years, the District was faced with significant declines in capital outlay revenues, which have had a major impact on the District's ability to fund the DEFP. The decline in capital outlay revenues was a result of the Florida Legislature's reduction of the District's Local Option Millage Levy (See "REVENUE SOURCES OF THE DISTRICT – Revenues for Capital Projects – Local Capital Outlay Sources") from 2.0 mills to 1.5 mills and a steep decline in property tax values in Broward County. As a result, the District's current DEFP reflects the cumulative elimination of \$1.8 billion in planned capital projects, and bus and technology purchases. However, over the past two years, the property tax values in Broward County have increased. Although the property values are still much lower today than they were seven years ago, the local economy is showing positive signs of recovery. The recent and projected increases in the Local Option Millage Levy will help the District catch up with apportion of the deferred maintenance and invest in classroom technology equipment and school buses. The School Board does not presently expect to issue Additional Certificates to fund its current DEFP. See "RISK FACTORS - Local Option Millage Revenue."

The DEFP is based on an analysis of funding initiatives selected because they have a high impact on the District's Strategic Plan Goals and a high potential for favorable operational results. The District recently conducted an independent needs assessment of all schools and facilities. The needs assessment provided an objective status of the physical and educational adequacy of the District's schools and administrative sites. This information forms the basis of current and future capital planning efforts. The most critical priorities are identified by the needs assessment and will address safety and security, repairs and renovations, and technology and technology infrastructure. The DEFP also uses student enrollment projections for the five years, 2014-2015 through 2018-2019, to provide a basis for determining capital needs throughout this period. The following table provides historical information relating to student enrollment in the District and projections for such enrollment. The current enrollment projections are compared to the 20th day figures for the 2013-2014 school year.

The School District of Broward County, Florida
Student Enrollment Projections

	2013-2014 Annual Benchmark Day <u>Enrollment</u>	2014-2015 Annual Benchmark Day <u>Enrollment</u>	2014-2015 Increase (Decrease) <u>to 2013-2014</u>	2018-2019 Projected Annual Benchmark Day <u>Enrollment</u>	2018-2019 Increase (Decrease) <u>to 2013-2014</u>
Pre-Kindergarten	4,323	4,839	51	4,839 ⁽¹⁾	51
Elementary (K-5)	97,368	97,960	592	100,025	2,657
Middle	49,135	47,827	1,308)	49,203	68
High	68,496	69,393	897	70,394	1,898
Centers	5,633	5,330	(303)	5,330 ⁽¹⁾	(303)
Charters	<u>379,608</u>	<u>40,052</u>	<u>2,444</u>	<u>45,728</u>	<u>8,120</u>
Total ⁽¹⁾	<u>262,563</u>	<u>265,401</u>	<u>2,838</u>	<u>275,519</u>	<u>12,956</u>

Source: [The School Board of Broward County, Florida Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2014.]

- (1) The District historically does not provide projected enrollment for pre-kindergarten and centers. The current twentieth day enrollment for these programs/schools are carried forward into future year projections, resulting in no enrollment gains or losses.

Total District enrollment is projected to increase by 12,956 students, including those in centers and charter schools by the 2018-2019 school year. Based on current demographic data, the District projects that elementary enrollment in District owned facilities will increase over the next five years by 3,173 students, public middle school enrollment will increase by 68 students and high school enrollment will increase by 1,898 students.

Enrollment in charter schools was 37,608 in 95 charter schools in school year 2013-2014. When new charter schools open, their enrollment is drawn from the traditional public schools. Therefore, the enrollment for charter schools increases while the enrollment at traditional schools decreases. Since charter schools are considered public schools, their enrollment is, however, included in the District's total enrollment. Charter school enrollment is projected to increase over the next five years by 8,120.

Legislation passed by the Florida Legislature has resulted in an increase in charter schools and charter school enrollment. Charter schools qualifying as "high-performing" are able to increase enrollment, add grade levels, extend their charter terms and even expand into other districts, with fewer restrictions. Local governing authorities' ability to control development criteria for charter schools has been reduced. The impact of this legislation continues to affect charter school enrollment, therefore any resulting impact on traditional public school enrollment cannot be determined at this time.

All projections of the District as to student enrollment are based upon estimates and assumptions made by the District, and although considered reasonable by the District utilizing historical data, are inherently uncertain and subject to significant business, economic and competitive uncertainties and contingencies. The outcome of such factors is difficult to predict

and many of such factors are beyond the control of the District. As a result, there can be no assurance that such enrollment rates will occur or be realized as projected.

District Programs

The District has implemented a wide range of programs that are designed to provide special benefits to students and schools. Among such programs is the College Academy, which offers high school juniors enrolled as full-time students the opportunity to receive a college ready diploma from the School Board as well as an Associates of Arts degree from Broward Community College. Students are also afforded the opportunity to qualify for the State of Florida Bright Futures Scholarship Program. Another program, the Leadership Academy for Middle School students, is a partnership with the Broward Sheriff's Office to address the needs of sixth and seventh grade at-risk students. The goal of this program is to create a learning environment that not only provides educational value but strict discipline as well. Another program, the Broward Virtual Education, gives students the opportunity to take high school courses via the Internet. Students may select from a variety of classes when they participate in this program, including advanced placement courses. The District has also implemented the Superintendent's Forum Executive Partnership, which is a program that pairs business leaders and other individuals from the private sector with schools designated by the Superintendent for improvement. The team assigned to each school will work as advocates with the school administration to develop and implement strategic plans that will enhance the educational process and improve the management and operations in such schools.

Accreditation

All non-charter public schools in the District are fully accredited by AdvancEd, formerly the Southern Association of Colleges and Schools ("SACS"). The District is the second largest fully accredited school district in the nation and Florida's first fully accredited school system since 1962.

Honors and Awards

For more than a decade, the District has been singled-out for student achievement by the Council of the Great City Schools, a coalition of 67 of the nation's largest urban public school systems. Thirteen District high schools are named on the list of Best High Schools in the nation for 2014 by *U.S. News & World Report*. In addition, 92% of high schools earned an "A" or "B" grade by the Florida Department of Education.

National Board Certification is an advanced teaching credential that is designed to recognize effective and accomplished teachers. The District leads the State of Florida with its number of National Board Certified teachers. In 2014, more than \$125 million in scholarships was awarded to over 16,000 graduates.

Budgetary Process

State law requires the School Board to advertise its intent to adopt a tentative budget, including a capital outlay budget, within 29 days following the Broward County Property

Appraiser's official certification of taxable property, which usually occurs on or about July 1. The School Board holds a public hearing on the tentative budget and the proposed tax rates within five days of its advertisement, and officially adopts the tentative budget and tax rates at the hearing. Thereafter, the Broward County Property Appraiser prepares tax millage notices for property owners within the District. The final budget and tax rate are fixed in September of each year, following a final public hearing and in accordance with statutory timelines. The School Board adopted the final budget for the 2014-2015 Fiscal Year on September 16, 2014.

As part of the budget process, the District is required to provide advance notice of the purposes for which the District intends to spend budgeted amounts, including those derived from the proceeds of the Local Option Millage Levy, and to adopt a budget which shows the capital outlay expenditures applicable to each project. For information regarding the Local Option Millage Levy see "REVENUE SOURCES OF THE DISTRICT – Revenues for Capital Projects." The District currently lists in such notice all projects which may begin within the Fiscal Year which are reasonably anticipated to be funded from proceeds of the estimated Local Option Millage Levy. This listing is provided to allow for public input for all capital outlay projects which are reasonably anticipated to be funded from such proceeds.

The Superintendent of Schools is responsible for preparing the preliminary and tentative budgets for recommendation to the School Board. Florida law requires the School Board to adopt and maintain a balanced budget, in which anticipated revenues less certain required deductions combined with beginning fund balances equal appropriations. Generally, the final budget is substantially the same as the tentative budget since the School Board's hiring plans and materials purchases have been determined before the final budget is adopted.

THE LESSOR

Broward School Board Leasing Corp. is a Florida not-for-profit corporation formed in June 1989 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.

REVENUE SOURCES OF THE DISTRICT

General

The following briefly describes revenues available to the District for operating and capital purposes. There have been several constitutional amendments and actions of the Florida Legislature which have limited these revenues. For information concerning such matters as financial results of the District, ad valorem tax collections and certain District liabilities, see "AD VALOREM TAX PROCEDURES," "SELECTED FINANCIAL INFORMATION" and "APPENDIX B – [Basic Financial Statements of The School Board of Broward County, Florida for the Fiscal Year Ended June 30, 2014]."

Operating Revenues

General

The District derives its operating income from a variety of federal, State and local sources. The major categories of income sources for the operating funds of the District are briefly described below.

State Sources

Florida Educational Finance Program. The major portion of the District's 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 ("FTE") student basis and through a formula that takes into account: (i) varying program costs; (ii) cost differentials between districts; (iii) differences in per-student costs due to the density of student population; and (iv) the required level of local support (the "Required Local Effort"). Program cost factors are determined by the State Legislature each year. The amount of FEFP funds disbursed by the State is adjusted five times during each year to reflect changes in FTE and in other variables comprising the formula, as well as to compensate for increases or decreases in ad valorem tax revenue resulting from adjustments to the valuation of non-exempt property in each county. To participate in FEFP funding, the District must levy a minimum millage for operating purposes, which is set by the State Department of Education. See "– Local Sources – Ad Valorem Taxes" herein. The District's FEFP receipts for Fiscal Year 2013-14 were, based on the above formula, approximately \$1.4 billion and are expected to be \$1.5 billion in Fiscal Year 2014-15, which amounts include the Required Local Effort.

FEFP Categorical Programs. FEFP categorical programs are lump sum appropriations from the State intended to supplement local school district revenues to enhance the delivery of educational and support services by each school district. Among the categorical programs for which the largest appropriations are made are the programs for school bus transportation, instructional materials and class size reduction. Allocations for these categorical appropriations are based on funding formulas and discretionary State Department of Education grants. The majority of funds available therefrom require actual appropriation by the School Board for the purposes for which they were provided. All of the categorical aid programs are included in the FEFP with the exception of class size reduction, as noted below.

Total State categorical aid for class size reduction was \$296.3 million for Fiscal Year 2013-14 and is estimated to be \$300.8 million for Fiscal Year 2014-15. See "RECENT GOVERNMENTAL ACTIONS AFFECTING DISTRICT REVENUES – Constitutional Amendments Related to Class Size Reduction and Pre-Kindergarten Legislation" herein.

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

staff, nonrecurring expenditures for educational equipment or materials, for temporary personnel to assist schools in maintaining or improving student performance, or any combination of these. The District received \$2.7 million Discretionary Lottery revenues and \$11.8 million in Florida School Recognition revenue for Fiscal Year 2013-14 and has budgeted \$2.7 million Discretionary Lottery revenues and \$11.8 million in Florida School Recognition revenue for Fiscal Year 2014-15.

Other State Revenues. The District also receives State educational funding from a variety of miscellaneous State programs, the largest of which is Workforce Development. The District received approximately \$73.0 million for Workforce Development in Fiscal Year 2013-14 and has budgeted approximately \$71.5 million for Fiscal Year 2014-15.

Local Sources

Ad Valorem Taxes. Local revenue for District operating support is derived almost entirely from ad valorem real and tangible personal property taxes. In addition to ad valorem taxes, the District also 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 non-voted millage levy for operational purposes to an amount established each year by the State appropriations act and finally certified by the Commissioner of the State of Florida Department of Education. Within this operational limit, each school district desiring to participate in the State's allocation of FEFP funds for current operations must levy a non-voted millage rate that is determined annually by the State Legislature and certified by the Commissioner of the State Department of Education and is referred to herein as the "Required Local Effort."

In addition to the Required Local Effort, school districts are authorized to levy a non-voted current operating "discretionary millage" not to exceed an amount established annually by the State Legislature. In Fiscal Year 2008-09, the discretionary millage for all school districts, including the District, was 0.498. An additional discretionary millage of 0.150 was levied bringing the total discretionary millage levied for Fiscal Year 2008-09 to 0.648. For Fiscal Years 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 the discretionary millage was 0.748 mills and is budgeted at 0.748 for Fiscal Year 2014-15. In recent years, the State authorized school districts to levy a supplemental discretionary millage in an amount not to exceed 0.25 mills. Such additional millage was intended to raise \$100 per full-time equivalent student. However, since Fiscal Year 2009-10 there has been no separate \$100 per student supplemental discretionary levy; instead it was included in the larger discretionary millage of 0.748 mills. District school boards may, by a super majority vote, levy an additional 0.25 mills for critical operating needs or for critical capital outlay needs. If the optional 0.25 mills is levied for critical operating needs, districts in which 0.25 mills generate less than the State average are to be provided the difference in State funds allocated through the FEFP. In order for a school district to continue this levy after Fiscal Year 2010-11, the levy must be approved by the voters of such school district in an election held at any time. Such voter approval would only authorize the levy for an additional two-year period. The District levied the additional 0.25 mills for critical operating needs in Fiscal Year 2010-11. However, District voters were not asked to

authorize a continuation of the levy and the authorization for the levy expired on June 30, 2011. The expiration of the District's optional 0.25 mills reduced revenues by \$33.4 million.

Under the foregoing provisions, the District levied 6.131 mills for operating purposes for Fiscal Year 2010-11, 5.918 for Fiscal Year 2011-12, 5.8390 for Fiscal Year 2012-13 and 5.8690 for Fiscal Year 2013-14. The District's millage rate for operating purposes is 5.773 mills for Fiscal Year 2014-15. See "REVENUE SOURCES OF THE DISTRICT – Revenues for Capital Projects – Local Capital Outlay Sources" and "AD VALOREM TAX PROCEDURES – Historical Millages" herein.

Historically, budgeted revenues from ad valorem taxes were based on applying millage levies to ninety-five percent (95%) of the non-exempt assessed valuation of real and personal property within the County. However, due to a change in applicable law, revenues derived from ad valorem property taxes are now required to be budgeted on the application of millage levies to ninety-six percent (96%) of the non-exempt assessed valuation of real and personal property within the County. See "AD VALOREM TAX PROCEDURES" herein.

The Legislative Office of Economic and Demographic Research of the Florida Legislature (the "EDR") projects increases in the assessed value of property subject to taxation by the District. Based on the EDR's August 1, 2014 Ad Valorem Estimating Conference report which used the July 1, 2014 certified estimate from the Broward County Property Appraiser's office, the District's adopted budget for Fiscal Year 2013-14 incorporated an increase in assessed property values of 4.1% from the prior year. The District's adopted budget for Fiscal Year 2014-2015 incorporates a further increase of 8.1% in assessed valuation of property. The District projects that it will be able to collect Local Option Millage Revenues sufficient to make the Lease Payments related to all Outstanding Certificates, including the Series 2015A Certificates. See "RISK FACTORS - Capital Outlay Millage."

Federal Sources

The District receives certain Federal monies, both directly and through the State, substantially all of which are restricted for specific programs. Direct Federal revenue sources were approximately \$2.2 million in Fiscal Year 2013-14 and are projected to be \$2.0 million in Fiscal Year 2014-15. Federal funds through the State totaled \$11.3 million in Fiscal Year 2013-14 and are projected to be \$9.9 million in Fiscal Year 2014-15. Such funds are not available to make Lease Payments on the Refinanced Leases.

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 historically has been 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. No PECO funds were received by the District for Fiscal Year 2013-2014. Funding in the amount of approximately \$4.5 million is estimated for Fiscal Year 2014-2015.

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 \$1.4 million of CO&DS funds in Fiscal Year 2013-2014 and has estimated receipt of \$1.2 million for Fiscal Year 2014-2015.

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.

Classrooms for Kids Program (Capital Outlay Class Size Reduction). Pursuant to Section 1013.735(1), Florida Statutes, the Florida Department of Education has allocated funding in the State’s General Appropriations Act for capital outlay class size reduction. See “THE SCHOOL BOARD AND THE DISTRICT – Constitutional Amendments Related to Class Size Reduction and Pre-Kindergarten Legislation” ” and “RISK FACTORS – Local Option Millage Revenue” and “- Legislative Changes.” The funds are to be expended for the construction, renovation, remodeling or repair of educational facilities that are in excess of projects identified in the DEFP adopted prior to March 12, 2003. The funds also may be used for the purchase of relocatable facilities that are in excess of the DEFP adopted prior to March 12, 2003. To participate in the Classrooms for Kids program, the District completed a certificate acknowledging that an Interlocal Agreement required by Section 1013.33, Florida Statutes, had been entered into and that the facilities records within the Florida Inventory of School Houses pursuant to Section 1013.31, Florida Statutes, were current and accurate.

Local Capital Outlay Sources

The Local Option 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 used for specified capital outlay and maintenance purposes, including 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.

Proceeds of the Local Option Millage Levy may be used for payments due under lease purchase agreements for educational facilities and sites in an amount not to exceed three-fourths (75%) of the proceeds of the Local Option Millage Levy. Such 75% portion of the proceeds of the Local Option Millage Levy actually levied is referred to herein as the “Local Option Millage Revenues.”

Reductions in Local Option Millage Levy. The Florida Legislature reduced the maximum amount of Local Option Millage Levy from 2.0 mills to 1.75 mills in 2008. In 2009 and 2010 the Florida Legislature enacted further amendments relating to the Local Option Millage Levy and the permitted use thereof for Lease Payments. The legislation provided for the following: (i) a reduction of the maximum Local Option Millage Levy from 1.75 mills to 1.50 mills; (ii) a waiver of the three-fourths limit on use of proceeds from the Local Option Millage Levy for lease-purchase agreements entered into before June 30, 2009 for the 2009-10 Fiscal Year (however, see the paragraph below for information regarding an amendment to this provision); (iii) if the revenue from 1.50 mills is insufficient to make the payments due under a lease-purchase agreement entered into prior to June 30, 2009 or to meet other critical fixed capital outlay needs, authorization for school districts to levy up to 0.25 additional mills for capital improvement needs in lieu of an equivalent amount of the discretionary mills for operations as provided in the State General Appropriation Act; and (iv) authorization for school boards, by a super majority vote, to levy an optional 0.25 mills for critical capital outlay needs or for critical operating needs, which expired on June 30, 2011. See “REVENUE SOURCES OF THE DISTRICT – Recent Legislation and Constitutional Amendments Concerning Ad Valorem Taxes,” and “RISK FACTORS - Local Option Millage Revenues.”

During the 2012 regular legislative session, Section 1011.71, Florida Statutes, was amended to indefinitely allow a waiver of the 75% limit on the use of proceeds from the Local Option Millage Levy for lease-purchase agreements entered into before June 30, 2009. Previously, such waiver was only authorized for the 2009-2010 Fiscal Year (as described in clause (ii) of the preceding paragraph). Such provision became effective on July 1, 2012.

The District assessed a capital outlay and maintenance levy of 1.75 mills in Fiscal Year 2008-2009 and assessed the maximum amount of the levy, 1.5 mills, in Fiscal Years 2010-2011, 2011-2012, 2012-2013, 2013-2014 and 2014-2015. For the five years prior to 2008, the District assessed a Local Option Millage Levy of 2.0 mills.

In conjunction with the reduction of the Local Option Millage Levy described in clause (i) hereof, the State's Commissioner of Education has increased the amount of the basic discretionary millage for each school district in the State, which results in a shift of the millage (and associated tax revenues) from capital outlay and maintenance purposes to operational purposes. The reduction of the maximum permitted Local Option Millage Levy will therefore directly reduce the amount of funds available to make Lease Payments with respect to certificates of participation issued in connection with the Master Lease unless action is taken pursuant to clauses (iii) or (iv) to levy an additional 0.25 mills for capital purposes. The District did not levy an additional 0.25 mills for critical capital needs in Fiscal Year 2009-2010 pursuant to the authorization described in clause (iv) above. The District levied the additional 0.25 mills

for critical operating needs, not capital needs, for Fiscal Year 2010-11, and the authority to levy the additional 0.25 mills under clause (iv) expired on June 30, 2011.

The Local Option Millage Levy constitutes the primary source of funds to make lease payments in respect of the Series 2015A Certificates. The District is not required to levy any millage for capital outlay purposes in the future. Since the Local Option Millage Revenues from the Local Option Millage Levy may be used for, but are not pledged to, the payment of Basic Lease Payments under the Refinanced Leases, the failure of the District to levy all or a portion of the Local Option Millage Levy would have an adverse effect on available revenues from which the School Board may appropriate funds to make Basic Lease Payments. In addition, any reductions in the maximum Local Option Millage Levy, or any required sharing of any portion thereof with charter schools, may therefore directly reduce the amount of funds available to make Lease Payments and may adversely impact the District's ability to finance additional educational facilities under the Master Lease in the future. See "RISK FACTORS - Local Option Millage Revenues."

The District projects that it will be able to collect Local Option Millage revenues from the Local Option Millage Levy sufficient to make the Lease Payments related to all Outstanding Certificates, including the Series 2015A Certificates. See "Local Option Millage Levy Required to Cover Combined Maximum Annual Basic Lease Payments" below. Also see "RISK FACTORS - Capital Outlay Millage" and "APPENDIX A – General Information Concerning Broward County, Florida." If the District is required to share its Local Option Millage Levy with charter schools, it would have an adverse impact on the District's funding of new capital projects for non-charter schools. However, the District does not expect such loss in revenue to ultimately affect its ability to make Lease Payments. See "RECENT GOVERNMENTAL ACTIONS AFFECTING DISTRICT REVENUES – Legislation."

Local Option Millage Levy Required to Cover Combined Maximum Annual Basic Lease Payments

The table below sets forth the estimated Local Option Millage Levy that would provide 1.00x coverage of the maximum annual Basic Lease payment represented by the Outstanding Certificates and the Series 2015A Certificates (referred to in this table as the "Outstanding Certificates"), assuming a collection rate of 96% of the Local Option Millage Levy.

**Anticipated Local Option Millage Levy
Required to Cover Combined Maximum Annual Basic Lease Payments
Represented by the Outstanding Certificates and Series 2015A Certificates**

	<u>Fiscal Year 2014-2015</u>
Net Taxable Assessed Valuation	\$153,539,753,726 ⁽¹⁾
Funds generated from Local Option Millage Levy assuming a levy of 1.50 mills	\$221,097,245 ⁽²⁾
Local Option Millage Levy Legally Available to make Lease Payments assuming 75% of the 1.50 mills is Available	\$165,822.934
Maximum Combined Annual Lease Payment represented by the Outstanding Certificates and Series 2015A Certificates	\$ 157,678,058 ⁽³⁾
Minimum Millage Required to Produce 1.00x Coverage of Maximum Annual Basic Lease Payments represented by the Outstanding Certificates and Series 2015A Certificates	1.070 ⁽²⁾⁽³⁾
Minimum Local Option Millage Levy Required under Applicable Law to Produce 1.00x Coverage of Maximum Annual Basic Lease Payments represented by the Outstanding Certificates and Series 2015A Certificates ⁽³⁾	1.426 ⁽⁴⁾

Source: [The School Board of Broward County, Florida Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2014.]

- (1) 2014 tax year, based on July 1, 2014 valuation of the Broward County Property Appraiser; prior to adjustments on appeals from taxpayers. See "RECENT GOVERNMENTAL ACTIONS AFFECTING DISTRICT REVENUES" and "RISK FACTORS - Local Option Millage Revenues" for information concerning recently adopted constitutional amendments and legislation and other factors that could adversely impact future taxable assessed valuation.
- (2) This number calculated using 96% of the net taxable assessed valuation and assumes that the maximum amount of legally available millage (75%) is used for Lease Payments. However, see "REVENUE SOURCES OF THE DISTRICT – Revenues for Capital Projects – Local Capital Outlay Sources" for information regarding recently passed legislation which waives the 75% limitation on use of the Local Option Millage Levy revenues for lease-purchase agreements entered into prior to June 30, 2009. For information regarding factors that could adversely affect Local Option Millage Revenues see "RISK FACTORS - Local Option Millage Revenues" and the assumptions noted in "CERTIFICATE PAYMENT SCHEDULE FOR OUTSTANDING CERTIFICATES."
- (3) Based on [(i) an assumed interest rate of 4.85% for the Series 2004D Certificates, based upon the fixed rate under the Swap Agreement relating thereto, plus remarketing, liquidity and other fees; (ii) [an assumed interest rate of 4.00% for the Series 2005B Certificates]; (iii) an assumed interest rate of 5.00% for the Series 2006B Certificates, based upon the fixed rate under the Swap Agreement relating thereto, plus remarketing, liquidity and other fees; (iv) a 35% interest subsidy on the interest portion of the Series 2009A Certificates issued as Build America Bonds; and (v) a 100% interest subsidy up to the tax credit rate of 5.25% for qualified school construction bonds with respect to the Series 2010A Certificates. If the interest subsidies are excluded, the Maximum Annual Lease Payments represented by the Outstanding Certificates and Series 2015A Certificates would be \$162,331,034 resulting in a minimum millage of 1.25 mills required to produce 1.00x coverage of the Maximum Annual Lease Payments represented by the Outstanding Certificates and Series 2015A Certificates and 1.66 mills required under applicable law to produce 1.00x coverage of the Maximum Annual Lease Payments represented by the Outstanding Certificates and Series 2015A Certificates]. See "CERTIFICATE PAYMENT SCHEDULE FOR OUTSTANDING CERTIFICATES" and "RISK FACTORS – Interest Rate Exchange Agreements." Maximum Annual Combined Lease Payments occur in year 20____, based on certain assumptions as further described in footnotes 3 and 4 of "CERTIFICATE PAYMENT SCHEDULE FOR OUTSTANDING CERTIFICATES."
- (4) Assumes only three-fourths of such levy is available to make Lease Payments. See "RECENT GOVERNMENTAL ACTIONS AFFECTING DISTRICT REVENUES – Legislation - Reduction in Local Option Millage Levy" for information regarding certain legislation that reduced the maximum Local Option Millage Levy available to make Lease Payments on the Outstanding Certificates to 1.50 mills (formerly 1.75 mills for Fiscal Year 2008-2009 and 2.00 mills for prior Fiscal Years). However, see "REVENUE SOURCES OF THE DISTRICT – Revenues for Capital Projects – Local Capital Outlay Sources" for information regarding recently passed legislation which waives the 75% limitation on use of the Local Option Millage Levy revenues for lease-purchase agreements entered into prior to June 30, 2009.

The Local Option Millage Revenues available in 2014 increased related to recent increases in property values over the past two years. The District projects that with the current and projected increases in assessed property valuations, it will have legally available revenues sufficient to make the Lease Payments related to all Outstanding Certificates, including the Series 2015A Certificates. See “RISK FACTORS – Local Option Millage Revenues.”

Other Revenues for Capital Projects

Educational Impact Fees.

The County has enacted a County-wide educational impact fee program, which imposes educational impact fees on all new residential construction occurring in the County. Revenues generated through educational impact fee levies are deposited into an educational impact fee trust account and must be used solely for the purpose of providing growth-necessitated capital improvements to educational plants and ancillary plants of the District’s school system which have been approved by the School Board in its capital budget consistent with the District’s school plant survey filed with the Florida Department of Education. Impact fees may only be used to pay for facilities in the service area where the impact fees were collected.

Such revenues are also available to, but not pledged for, the payment of debt service on obligations of the District (including without limitation, lease purchase obligations), the proceeds of which are used to finance the acquisition and construction of qualifying educational and ancillary plants.

The educational impact fees are subject to revision and repeal by the Board of County Commissioners of the County. Further, various bills have been introduced in the Florida Legislature over the past several years that would eliminate the ability of certain governmental entities, including the County or District, to levy impact fees for the construction or remodeling of educational facilities. To date, such bills have not been passed. However, there can be no assurance that future legislation will not be introduced and enacted that restricts, or eliminates, the District’s ability to receive such impact fees.

The following table sets forth the educational impact fee revenues received by the School Board during the last five fiscal years of the District.

The School District of Broward County, Florida Educational Impact Fee Revenues

<u>Fiscal Year</u>	<u>Revenues⁽¹⁾</u>
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2009-10	\$2,240
2010-11	4,853
2011-12	3,996
2012-13	14,850
2013-14	6,326

Source: [The School Board of Broward County, Florida Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2014.]

(1) Revenue below historic levels declines in 2009 to 2010 are principally the result of reduced construction activity in Broward County during those years. The increased revenue in 2012-2013 reflects a spike in the year when construction in Broward County began to recover. Since the educational impact fees are paid when developers get their construction permits, there was a backlog of projects with respect to which developers were waiting for signs of recovery before moving forward with construction.

The District has budgeted impact fee revenues of approximately \$7 million for Fiscal Year 2014-2015. There can be no assurance that impact fee revenues will be available to the District in the future, as impact fee rates, as well as their levy, are subject to the discretion of the Board of County Commissioners of the County. In addition, revenue collections will also vary depending on the rate at which the impact fees are imposed, the categories of building on which they are imposed and the rate of building in the County, all of which are outside the control of the School Board. The table set forth above does not, therefore, provide a reliable indication of the amount of revenues the School Board can expect to receive in future years from the levy of educational impact fees.

General Obligation Debt.

In addition to the Local Option Millage Levy, 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 the issuance of general obligation bonds to be retired by a millage levy. The District currently has no general obligation bonds Outstanding.

By an overwhelming support of 73.7% of the voters, an \$800 million general obligation bond (GOB) referendum was approved on the November 4, 2014 ballot. Proceeds from the general obligations bonds authorized are expected to be used to modernize and improve the safety of outdated educational facilities and upgrade instructional technology. This approval of the general obligation bonds will allow the District to enhance students' learning environments by focusing on improvements in safety, music, art, athletics, renovations and technology to achieve its long term goals. The District is in the process of amending the DEFP for this inclusion of projects to be funded by the general obligation bonds authorized, which have not yet been issued. See "THE SCHOOL BOARD AND THE DISTRICT—District Educational Facilities Plan." The approval of the majority of the qualified electors voting in a new referendum is required to issue additional general obligation debt for school construction and renovation. Principal and interest on any authorized and Outstanding general obligation bonds would be 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

“SELECTED FINANCIAL INFORMATION – Outstanding Debt” and “AD VALOREM TAX PROCEDURES.”

RECENT GOVERNMENTAL ACTIONS AFFECTING DISTRICT REVENUES

General

In recent years, there have been numerous amendments to the Constitution of the State of Florida affecting ad valorem property taxes. At present, the impact of the amendments summarized below and elsewhere herein on the District's finances cannot be accurately ascertained. During recent years, various other legislative proposals and constitutional amendments relating to ad valorem taxation have been introduced in the State Legislature. Many of these proposals provide for new or increased exemptions to ad valorem taxation, limit increases in assessed valuation of certain types of property or otherwise restrict the ability of local governments in the State to levy ad valorem taxes at recent, historical levels. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the District or its finances. See “RISK FACTORS—Legislative Changes.”

Reference is also made to “REVENUE SOURCES OF THE DISTRICT—Revenues for Capital Projects—Local Capital Outlay Sources—Reductions in Local Option Millage Levy” for a discussion of legislative changes to the maximum Local Option Millage Levy that may be imposed by the District. See “RISK FACTORS - Local Option Millage Revenues.” See also “AD VALOREM TAX PROCEDURES—Constitutional Amendments” for a discussion of recent amendments to the Florida Constitution affecting ad valorem tax revenues.

Constitutional Amendments Relating to Class Size Reduction and Pre-Kindergarten Legislation

Class Size Legislation

Article IX of the State Constitution was amended in 2002 by Amendment 9, which 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, Section 1003.03 Florida Statutes, and Section 1013.735 Florida Statutes, relating to the implementation of Amendment 9, collectively 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. Compliance is determined on a period-by-period basis. In the event a school district is not in compliance with such requirements, the legislation provides that the State shall reduce the FEFP categorical funds and the base student allocation due to such school district for operational purposes. For those school districts that are in compliance with the constitutional amendment additional funds shall be distributed. The additional distribution is calculated by taking 25 percent of the total funds reduced from those

school districts not in compliance and distributing an amount up to 5 percent of the base student allocation multiplied by the total district full-time equivalent students. School districts not in compliance are required to submit to the commissioner of education a corrective action plan that describes specific actions the district will take in order to fully comply with the requirements by October of the following year. If the district submits the certified plan by the required deadline, the funds remaining after the reallocation to school districts will be reallocated based upon each school district's proportion of the total reduction. However, no district shall have an amount added back that is greater than the amount that was reduced.

The Class Size Legislation also created the "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 to satisfy the mandated class size reductions.

In addition to the State Class Size Reduction allocation of \$296.4 million in Fiscal Year 2013-14, the District redirected over \$21.6 million to comply with the class size mandates. The classes out of compliance resulted in a \$0.4 million penalty. After the State's appeal process, the District's penalty was adjusted down to \$0.2 million. Because the District met the deadline for submitting a board certified plan outlining specific actions that will be taken to come into full compliance by October, 2014, the District received a 75% reduction of the \$0.2 million penalty, resulting in a final penalty of \$41,968. These amounts are a result of legislation passed during the 2012 regular session. The District anticipates this amount will not adversely affect the District's finances. Class size funding, classes out of compliance, and penalty amounts in this paragraph pertain to District schools only and do not include charter schools.

Pre-Kindergarten Legislation

Article IX of the State Constitution was amended in 2002 by Amendment 8, 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, Part V, Chapter 1002, Florida Statutes (referred to herein together with Amendment 8, as the "Pre-Kindergarten Legislation") created a voluntary universal pre-kindergarten education program for four-year olds. The Pre-Kindergarten Legislation provides the method for calculating the funds allocated to each pre-kindergarten program provider. The District had approximately 183 students participating in a 2013-2014 school year voluntary pre-kindergarten (VPK) program. There are currently 605 students enrolled in the District's VPK for the 2014-15 school year.

The State funding currently provided by Part V, Chapter 1002, Florida Statutes, is insufficient for the District to provide a major pre-kindergarten program. The District uses the State funding it receives to provide a pre-kindergarten program for the students that can be accommodated by such funding and will use any additional funds received from the State for such purpose to expand its pre-kindergarten program. However, there can be no assurance that the Pre-Kindergarten 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-Kindergarten Legislation or that compliance therewith will not adversely affect other capital needs and operating costs of the District

Reading Mandate

The 2012 Legislature mandated that all elementary schools which are determined to be among the lowest 100 schools in the State for reading performance must provide an additional hour of reading instruction beyond the normal school day. For Fiscal Year 2013-14, the State did not provide an increase to the \$5 million in Reading and Supplemental Academic Instruction categorical funds that were provided in Fiscal Year 2012-13. For Fiscal Year 2014-15, the additional hour of reading instruction beyond the normal school day must be provided to schools that are determined to be among the lowest 300 schools in the State for reading performance. With the recent release of school grades, the State has determined that 30 traditional schools and 1 charter school fall into the lowest 300 designation. The cost of implementing an additional hour of reading at the 31 schools is \$9 million. The District has redirected \$4 million to cover the funding shortfall.

General Fund Legislation

The Florida Legislature in January, 2009 adopted legislation creating Section 1011.051, Florida Statutes, entitled “Guidelines for general funds.” This section requires that if a school district's unreserved General Fund balance in the approved operating budget is projected to fall below three percent (3%) of projected General Fund revenues, the superintendent shall provide written notification to the district school board and the Commissioner of Education. The section further requires that if the unreserved General Fund balance is projected to fall below two percent (2%) of projected General Fund revenues, the superintendent shall provide written notification to the district school board and the Commissioner of Education. Within 14 days after receiving such notification of a balance below two percent (2%), if the Commissioner determines that the district does not have a plan that is reasonably anticipated to avoid a financial emergency as determined pursuant to Florida Statutes pertaining thereto, the Commissioner shall appoint a financial emergency board that may take certain delineated steps to assist a district school board in complying with the General Fund requirements. In Fiscal Year 2012-13, the District's assigned/unassigned General Fund balance was 4.4% of General Fund Revenues and in Fiscal Year 2013-14 was 4.8% of General Fund Revenues. See “AD VALOREM TAX PROCEDURES—Constitutional Amendments—Reduction in Local Option Millage.”

Effect of Sequestration on Lease Payments

Pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended, the President of the United States ordered that certain automatic spending cuts be implemented pursuant to calculations provided by the United States Office of Management and Budget in its Report to the Congress on sequestration dated March 1, 2013. The cuts include mandatory reductions in the amounts scheduled to be paid by the federal government to issuers of Build America Bonds, Qualified Zone Academy Bonds, Qualified School Construction Bonds, New Clean Renewable Energy Bonds and Qualified Energy Conservation Bonds (collectively, the “Direct-Pay Bonds”) under Section 6431 of the Internal Revenue Code of 1986, as amended.

Payments to issuers of Direct-Pay Bonds from the budget accounts associated with these bonds were subject to a reduction of 8.7 percent of the amount budgeted for such payment applied to amounts claimed by an issuer on any IRS Form 8038-CP filed with the IRS that resulted in a payment to such issuer on or after March 1, 2013.

The Internal Revenue Service Office of Tax Exempt Bonds (TEB) has announced that the sequester reduction percentage for payments to issuers of Direct-Pay Bonds for fiscal year 2014 will be 7.2 percent, a lower percentage reduction than the 8.7 percent that had been applied to the payments since the sequester first went into effect on March 1, 2013. The new percentage will apply, in general, to payments made on or after October 1, 2013, and before October 1, 2014. If Congress alters the sequester, the percentage may change. Some payments made after October 1, 2013, where the 8038-CP was filed before October 1, 2013, may be subject to the higher 8.7 percent reduction depending on whether the payment was considered “obligated” under federal accounting rules before October 1, 2013. Unless Congress acts to change the sequester percentage or otherwise changes the application of the cuts, after October 1, for fiscal year 2014, the School Board anticipates in aggregate expected QSCB Issuer Subsidy (relating to the Series 2009A Certificates QSCB and the Series 2010A Certificates QSCB) of \$4,366,632 to be reduced by 7.3% (which is a \$318,764 reduction), resulting in a corresponding increase in interest costs for the District that must be paid from other revenue sources. See “INTRODUCTION—General” and “SELECTED FINANCIAL INFORMATION—Revenues and Expenditures.”

AD VALOREM TAX PROCEDURES

General

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

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

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

Real and personal property valuations are determined each year as of January 1 by the Property Appraiser’s office. The Property Appraiser is required to physically inspect the real

property every five (5) years. There is a limitation of the lesser of 3% or the increase in the consumer price index during the relevant year on the annual increase in assessed valuation of Homestead Property (defined below), except in the event of a sale of such property during such year, and except as to improvements to such property during that year. State law requires, with certain exceptions, that property be assessed at fair market value; provided, however, that \$25,000 of the assessed valuation of a homestead is exempt from all taxation for a residence occupied by the owner on a permanent basis where such owner has filed for and received a homestead exemption ("Homestead Property" or "Homestead") and, with respect to Homestead Property, an additional exemption of up to \$25,000 on the assessed valuation greater than \$50,000 is exempt from taxation for all property tax levies other than school district levies.

The Property Appraiser's office prepares the assessment roll and gives notice by mail to each taxpayer of the proposed property taxes and the assessed property value for the current year, and the dates, times and places at which budget hearings are scheduled to be held. The property owner then has the right to file an appeal with the value adjustment board, which considers petitions relating to assessments and exemptions. The value adjustment board may make adjustments to the assessment roll to reflect any reduction in the assessed value of property upon the completion of the appeals. The value adjustment board certifies the assessment roll upon completion of the hearing of appeals to it. Millage rates are then computed by the various taxing authorities and certified to the Property Appraiser, who applies the millage rates to the assessment roll. This procedure creates the tax roll, which is then certified and turned over to the Tax Collector.

In 2011, the Florida Legislature created Section 194.104, Florida Statutes, which now requires that taxpayers appealing the assessed value or assigned classification of their property must make a required partial payment of taxes on properties that will have a petition pending on or after the delinquency date (normally April 1). The new statute further provides that a taxpayer's failure to make the required partial payment before the delinquency date (normally April 1) will result in the denial of the taxpayer's petition.

Constitutional Amendments

In addition to the matters discussed under "RECENT GOVERNMENTAL ACTIONS AFFECTING DISTRICT REVENUES," there have been numerous amendments to the Florida constitution affecting ad valorem tax revenues, as further described below.

Save Our Homes 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. 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, if any, cannot be accurately ascertained.

In the November 7, 2006 general election, the voters of Florida approved amendments to the State Constitution which provide for an increase in the homestead exemption to \$50,000 from \$25,000 for certain low-income seniors, effective January 1, 2007, and provide a discount from the amount of ad valorem taxes for certain permanently disabled veterans, effective December 7, 2006. To date, such amendments have not produced any significant negative impact on the District's collection of ad valorem taxes.

January 2008 Amendments

In the January 29, 2008 special election, the voters of Florida approved amendments to the State Constitution that exempt certain portions of a property's assessed value from taxation, and in certain cases limit increases in assessed value of non-homestead property. The following is a brief summary of certain important provisions contained in such amendments:

1. Provides for an additional \$25,000 exemption for the assessed value of homestead property to increase the homestead exemption to \$50,000 (for property owners using the standard homestead exemption, thus doubling the existing homestead exemption for property with an assessed value equal to \$50,000 or greater) and \$75,000 (for property owners eligible to use one of the special homestead exemptions and having property with an assessed value equal to or greater than \$75,000). This exemption does not apply to school district taxes.

2. Permits owners of homestead property to transfer their "Save Our Homes" benefit (up to \$500,000) to a new homestead property purchased within two years of the sale of their previous homestead property to which such benefit applied if the just value of the new homestead is greater than or is equal to the just value of the prior homestead. If the just value of the new homestead is less than the just value of the prior homestead, then owners of homestead property may transfer a proportional amount of their "Save Our Homes" benefit, such proportional amount equaling the just value of the new homestead divided by the just value of the prior homestead multiplied by the assessed value of the prior homestead. This exemption applies to all taxes, including school district taxes.

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

4. Limits increases in the assessed value of non-homestead property to 10% per year, subject to certain adjustments. The cap on increases would be in effect for a 10 year

period, subject to extension by an affirmative vote of electors. This limitation does not apply to school district taxes.

The amendments became effective for the 2008 tax year (2008-2009 Fiscal Year for local governments). While certain members of the Florida Legislature publicly indicated that they would seek to replace the ad valorem revenues lost by school districts with other revenue sources, the Florida Legislature approved significant budget cuts for education in 2009 and 2010. No assurances can be given that further cuts will not be made.

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

November 2008 Amendments

In the November 4, 2008 general election the voters of Florida approved amendments to the State Constitution providing the Florida Legislature with authority to enact exemptions or special assessment protections for certain types of property subject to ad valorem taxation, including exemptions for conservation lands and residential wind damage resistance and renewable energy source improvements, and restrictions on the assessment of working waterfront properties.

November 2010 Amendment

In the November 2, 2010 general election the voters of Florida approved an amendment to Article VII, Section 4 of the State Constitution which will provide an additional homestead exemption to members of the military deployed on active duty outside the US during the preceding year equal to the portion of the year that they were so deployed. This constitutional amendment took effect on January 1, 2011. At this time it is impossible to estimate with any certainty the level of impact that this constitutional amendment may have on the District.

Reduction in Local Option Millage Levy.

In 2008, Section 1011.71, Florida Statutes, was amended to reduce the maximum millage rate that school districts could levy for capital outlay and maintenance purposes (referred to in this Offering Statement as the Local Option Millage Levy) from 2.0 mills to 1.75 mills commencing in Fiscal Year 2008-09. In conjunction with such reduction, the State's Commissioner of Education increased the amount of the required local effort for each school district in the State, which resulted in a shift of the millage (and associated tax revenues) from

capital outlay and maintenance purposes to operational purposes. However, if the revenues generated from the reduced Local Option Millage Levy are insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2008, an amount equal to the revenue generated from 0.50 mills of the operating millage levy may be used to make such lease payments.

Section 1011.71, Florida Statutes, was amended in the 2009, 2010 and 2011 legislative sessions to provide for the following: (i) a reduction of the maximum Local Option Millage Levy from 1.75 mills to 1.50 mills; (ii) a waiver of the three-fourths limit on use of proceeds from the Local Option Millage Levy for lease-purchase agreements entered into before June 30, 2009, for the 2009-10 Fiscal Year (however, see “Legislation Waiving 75% Limitation on Use of Local Option Millage Levy” below for information regarding an amendment to this provision); (iii) if the revenue from 1.50 mills is insufficient to make the payments due under a lease-purchase agreement entered into prior to June 30, 2009, or to meet other critical fixed capital outlay needs, authorization for school districts to levy up to 0.25 mills for capital improvement needs in lieu of an equivalent amount of the discretionary mills for operations as provided in the State General Appropriation Act; and (iv) authorization for school boards, by a super majority vote, to levy an optional 0.25 mills for critical capital outlay needs or for critical operating needs. The authorization to levy the millage described in clause (iv) hereof expired on June 30, 2011.

Legislation Waiving 75% Limitation on use of Local Option Millage Levy.

During the 2012 regular legislative session, Section 1011.71, Florida Statutes, was further amended to indefinitely allow a waiver of the three-fourths limit on the use of proceeds from the Local Option Millage Levy for lease-purchase agreements entered into before June 30, 2009. Previously, such waiver was only authorized for the 2009-10 Fiscal Year (as described in clause (ii) of the preceding paragraph). Such provision became effective on July 1, 2012. All of the School Board’s Leases otherwise subject to the limit were entered into prior to June 30, 2009, with the exception of the 2010A-1 Lease and 2010A-2 Lease.

Other Constitutional Amendments Affecting Ad Valorem Taxation.

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

During the 2012 regular legislative session, the legislature passed House Joint Resolution 93 (“HJR 93”). HJR 93 allows the State Legislature to provide ad valorem tax relief to the surviving spouse of a veteran who died from service-connected causes while on active duty as a member of the United States Armed Forces and to the surviving spouse of a first responder who died in the line of duty. The amount of tax relief, to be defined by general law, can equal the

total amount or a portion of the ad valorem tax otherwise owed on the homestead property. The amendment became effective January 1, 2013.

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

Each of the above described amendments was approved by the voters on November 6, 2012. At present, the impact of the amendments on the District's finances cannot be accurately ascertained. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the District's finances.

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

Also during the Florida Legislature's 2013 Regular Session, the Florida Legislature passed House Bill 277 ("HB 277"), which was signed into law by the Governor. HB 277 provides that certain renewable energy devices are exempt from being considered when calculating the assessed value of residential property. HB 277 only applies to devices installed on or after January 1, 2013. HB 277 took effect on July 1, 2013.

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

During the Florida Legislature's 2014 Regular Session, the Florida Legislature passed HB 5003 which allows school districts a onetime 75% Prior Period Funding Adjustment Millage ("PPFAM") for the prior tax roll year that has not been finalized due to a delay in the Value Adjustment Board ("VAB") process. The purpose of the PPFAM is to permit school districts to levy a millage for the shortfall in property taxes that occurs when the initial property value used by the State to fund school districts is more than the finalized tax roll which has been reduced by the VAB process and decreased the collection of property taxes. Since the Broward County Value Adjustment Board is still working on processing adjustments for the 2013 tax roll, the District will be able to levy in Fiscal Year 2014-2015 the 2013 PPFAM at 75% of the 2012 PPFAM without having to wait another year for the tax roll to be finalized. This change will allow the District to collect a significant portion of the 2013 tax shortfall in Fiscal Year 2014-2015.

Legislative Proposals Relating to Ad Valorem Taxation.

At present, the impact of the amendments described above on the District's finances cannot be accurately ascertained. During recent years, various other legislative proposals and constitutional amendments relating to ad valorem taxation have been introduced in the State Legislature. Many of these proposals provide for new or increased exemptions to ad valorem taxation, limit increases in assessed valuation of certain types of property or otherwise restrict the ability of local governments in the State to levy ad valorem taxes at recent, historical levels. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the District or its finances.

Millage Rates

The Florida Constitution limits the non-voted millage rate that school boards may levy on an annual basis for operational funds to 10 mills (\$10 per \$1,000 of taxable real and personal property value). Section 1011.71, Florida Statutes, as amended, further limits the millage levy for operational purposes to an amount established each year by the State appropriations act and finally certified by the Commissioner of the State of Florida Department of Education. Within this operational limit, each school district desiring to participate in the State's appropriation of Florida Education Finance Program ("FEFP") funds for current operations must levy the millage

certified by the Commissioner of the State of Florida Department of Education, the “required local effort,” which is set each year by the State Legislature. In addition to the “required local effort,” school districts are entitled to a non-voted current operating discretionary millage. See “Historical Millages” below for information regarding the District’s property tax levies in recent fiscal years.

In addition to the millage levies for operating purposes, pursuant to Section 1011.71, Florida Statutes, school boards may set an additional non-voted millage known as the “Local Option Millage Levy” for capital outlay and maintenance purposes. In 2008, the Florida Legislature amended Section 1011.71, Florida Statutes, to provide that if the revenues generated from the reduced Local Option Millage Levy are insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2008, an amount equal to the revenue generated from 0.50 mills of the operating millage levy may be used to make such lease payments. In 2009, the Florida Legislature further amended Section 1011.71, Florida Statutes, to (i) reduce the maximum Local Option Millage Levy from 1.75 mills to 1.5 mills commencing in Fiscal Year 2009-10 for school districts, (ii) if the revenue from the 1.5 mills is insufficient to make payments due under a lease purchase agreement entered into prior to June 30, 2009 or to meet other critical school district fixed capital outlay needs, authorize a school board to levy up to an additional .25 mills of Local Option Millage Levy in addition to the 1.5 mills, in lieu of levying an equivalent amount of the discretionary mills for operations. In 2012, the Florida Legislature further amended Section 1011.71, Florida Statutes to waive the 75% limitation on the use of Local Option Millage Levy revenues for lease-purchase agreements originally entered into prior to June 30, 2009.

The millage limitations are applicable to taxes levied for operational purposes. The millage limitation does not apply to taxes approved at referendum by qualified electors in the County for general obligation bonds.

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

See “REVENUE SOURCES OF THE DISTRICT – Operating Revenues – Local Sources” for discussion of the millage limitation described above.

Property Assessment Procedure

All real and tangible personal property taxes are due and payable on November 1 of each year, or as soon thereafter as the tax roll is certified and delivered to the Tax Collector. The Tax Collector mails a notice to each property owner on the tax roll for the taxes levied by the County, the Board, municipalities within the County and other taxing authorities. Taxes may be paid upon receipt of such notice, with discounts at the rate of 4% if paid in the month of November; 3% if paid in the month of December; 2% if paid in the month of January and 1% if paid in the month of February. Taxes paid in the month of March are without discount. All unpaid taxes on

real and personal property become delinquent on April 1 of the year following the year in which taxes were levied.

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

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

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

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

The following table reflects the assessed value of the County's taxable property during the ten fiscal years shown below (in thousands).

Broward County, Florida
Net Assessed Value of Taxable Property
Ten Fiscal Years Ending June 30, 2014 (in thousands)

Fiscal Year Ended June 30	Assessed Value⁽¹⁾		Exemptions⁽²⁾		Net Assessed Value
	Real Property	Personal Property	Real Property	Personal Property	
2005	\$152,761,535	\$7,736,460	\$44,300,477	\$107,407	\$116,090,111
2006	182,205,008	7,858,592	56,377,574	113,389	133,572,637
2007	228,312,740	8,133,702	77,337,384	83,781	159,025,277
2008	255,456,494	7,983,385	86,564,782	104,821	176,770,276
2009	239,733,615	7,993,405	70,349,768	160,322	177,216,930
2010	202,144,709	7,955,487	50,824,776	189,290	159,086,130
2011	171,869,596	7,732,226	40,219,956	187,099	139,194,767
2012	169,479,765	7,421,889	41,083,095	196,897	135,621,662
2013	168,965,812	7,367,500	39,660,644	201,407	136,471,261
2014	178,153,457	7,645,682	42,807,958	948,264	142,042,917

(1) The basis of assessed value is approximately 100% of actual value.

(2) Exemptions allowed by Florida Statutes, Chapter 196.

Source: [The School Board of Broward County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014, citing Broward County Property Appraiser].

The County assesses and collects all ad valorem taxes within the County. While only one tax bill per property owner emanates from the County, the bill represents ad valorem taxes levied by the County, the District and other taxing authorities.

Historical Millages

The following table contains the tax millage rates of the District for the fiscal years shown below:

School District of Broward County, Florida
Tax Millage Rates

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15⁽¹⁾</u>
General Fund:							
Required Local Effort	5.0190	5.1830	5.3830	5.1700	5.2080	5.2320	5.1900
Discretionary	<u>0.4980</u>	<u>0.7480</u>	<u>0.7480</u>	<u>0.7480</u>	<u>0.7480</u>	<u>0.7480</u>	<u>0.7480</u>
Sub Total	5.6670	5.9310	6.1310	5.9180	5.9560	5.9800	5.9380
 Debt Service	 0.0000	 0.0000	 0.0000	 0.0000	 0.0000	 0.0000	 0.0000
Capital Improvement	<u>1.7500</u>	<u>1.5000</u>	<u>1.5000</u>	<u>1.5000</u>	<u>1.5000</u>	<u>1.5000</u>	<u>1.5000</u>
Total	<u>7.4170</u>	<u>7.4310</u>	<u>7.6310</u>	<u>7.4180</u>	<u>7.4560</u>	<u>7.4800</u>	<u>7.4380</u>

Source: The District.

⁽¹⁾ 2014-2015 Approved District Budget, Second Public Hearing.

Pursuant to Article VII of the Constitution of the State of Florida, the District may not levy ad valorem taxes, exclusive of voted taxes levied for the payment of bonds, in excess of 10

mills. The District has levied 7.4800 non-voted mills for the Fiscal Year ending June 30, 2014 and budgeted a levy of 7.4380 mills for the Fiscal Year ending June 30, 2015.

Truth in Millage Bill

The 1980 Florida Legislature enacted the Truth in Millage Bill (the “Trim Bill”) requiring that only legislative bodies, including school districts, fix the millage rate, and requiring that all property be assessed at 100% of just value. The Trim Bill prohibits the millage for taxing authorities from being set by referendum. The following table sets forth the tax rates in dollars per \$1,000 of taxable valuation for the County for the fiscal years 2005 through 2014.

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**Property Tax Rates
Direct and Overlapping Governments
For Ten Fiscal Years Ending June 30, 2014**

<u>Fiscal Year Ended September 30</u>	<u>County</u>	<u>School District</u>	<u>Special Taxing Districts⁽¹⁾</u>	<u>Total</u>
2005	7.0230	8.2695	.6970	15.9895
2006	6.7830	8.0623	.6970	15.5423
2007	6.0660	7.8687	.6970	14.6317
2008	5.2868	7.6484	.6240	13.5592
2009	5.3150	7.4170	.6240	13.3560
2010	4.8890	7.4310	.6240	12.9440
2011	5.1020	7.6310	.6240	13.3570
2012	5.1860	7.4180	.4360	13.0400
2013	5.2580	7.4560	.4290	13.1430
2014	5.4400	7.4800	.4110	13.3310

Source: [The School Board of Broward County, Florida Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2014], citing Broward County Property Appraiser.

⁽¹⁾ Includes South Florida Water Management and Florida Inland Navigation Districts.

Collection of Ad Valorem Taxes

The face value of all tax certificates, including taxes owed the District, which converted to County ownership following the auction of such certificates during each of the calendar years shown below is as follows:

<u>Tax Sale Year</u>	<u>Held by County on June 1</u>
2009	\$11,801
2010	94,473
2011	23,192
2012	30,296
2013	239,148

Source: Broward County Tax Collector.

All District taxes are collected for the District by the County Tax Collector. The County Tax Collector is required to distribute taxes collected to each taxing authority at least four times during the first two months after the tax roll comes into its possession and once per month thereafter, unless the County and the taxing authority agree to a different schedule.

Moneys representing debt service millage are credited to the District's debt service funds. Moneys representing capital millage are credited to accounts within the District's Capital Projects Fund. The table below sets forth ad valorem tax levies and tax collections for the

periods shown. As noted above under “REVENUE SOURCES OF THE DISTRICT,” historical collections may not be indicative of future ad valorem tax collections.

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

Fiscal Year Ended	Total	Less Adjustments			Total Tax Collections	Percent of Total Tax Collections To
June 30	Tax Levy	Deductions ⁽¹⁾	Discounts ⁽²⁾	Net Tax Levy	Through June 30	Net Tax Levy
2010	1,182,168	12,390	38,689	1,131,089	1,129,024	99.82
2011	1,062,192	10,880	35,658	1,015,654	1,016,238	100.06
2012	1,006,041	5,680	34,340	966,021	961,867	99.57
2013	1,017,528	3,890	35,072	978,566	978,812	100.03
2014	1,062,480	3,845	36,865	1,021,770	1,018,330	99.66

⁽¹⁾ Deductions reflecting adjustments by Value Adjustment Board. See “AD VALOREM TAX PROCEDURES – Property Assessment” above.

⁽²⁾ Reflects discounts for early payment. See “AD VALOREM TAX PROCEDURES – Procedures for Tax Collection and Distribution” above.

Source: [The School District of Broward County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014].

SELECTED FINANCIAL INFORMATION

Following is selected financial information regarding the District. For more detailed financial information concerning the District, see “APPENDIX B – [Basic Financial Statements of The School Board of Broward County, Florida for the Fiscal Year Ended June 30, 2014].”

General

The Association of School Business Officials International has awarded the District a Certificate of Excellence in Financial Reporting for the past thirty-one consecutive years and, for the last eighteen consecutive years, the District has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada. Both awards are given to recognize the high quality of financial reporting undertaken by the District.

The financial and accounting procedures of the District are designed to conform to generally accepted accounting principles applied to governmental units. The District’s accounting system is organized on the basis of funds. Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The accounts for the governmental and agency fund types are maintained on a 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, if measurable, except unmatured interest on general long term debt, which is recognized when the interest is due. The internal service funds are maintained on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

The District's governmental funds are used to account for the programs and activities of the governmental functions of the District. The General Fund serves as the primary operating fund of the District. Local ad valorem taxes, FEFP and selected State categorical programs constitute the primary resources of the General Fund. The Special Revenue Funds of the District are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted or committed to expenditures for specific purposes. Major sources of revenue for these funds are federal grants and food sales. The Debt Service Funds of the District are used to account for the payment of interest and principal on general long-term debt. Major sources of revenue for these funds include the voter-approved millage levy, non-voted special millage levy and the State Board of Education revenue. Capital Project Funds of the District are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment. Major sources of revenue for these funds are local ad valorem taxes, educational impact fees, and State PECO distributions. See "REVENUE SOURCES OF THE DISTRICT" for a description of the revenues available to the District for operating and capital needs.

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Revenues and Expenditures

The following table shows revenues, expenditures and changes in fund balances for all governmental fund types, on a combined and condensed basis, for the Fiscal Years shown below.

The School District of Broward County, Florida
Combined-Condensed Schedule of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types
(In Thousands)
For the Fiscal Years Ended June 30

	2010	2011	2012	2013	2014
REVENUES:					
Local sources:					
Ad valorem taxes	\$1,129,024	\$1,016,239	\$961,867	\$978,812	\$1,018,330
Food sales	24,794	23,025	21,477	20,771	19,578
Interest income	6,992	4,274	2,838	2,615	2,518
Other	<u>59,439</u>	<u>66,600</u>	<u>56,770</u>	<u>74,550</u>	<u>94,300</u>
Total local sources	<u>1,220,249</u>	<u>1,110,138</u>	<u>1,042,952</u>	<u>1,076,748</u>	<u>1,134,726</u>
State sources:					
Florida education finance program	502,051	611,112	577,416	553,397	626,111
Public education capital outlay	10,894	5,000	-	6,688	-
Classrooms for kids	-	-	-	-	-
Discretionary lottery funds	749	1,003	870	-	2,662
Categorical programs and other	<u>326,109</u>	<u>334,929</u>	<u>322,957</u>	<u>410,011</u>	<u>415,196</u>
Total state sources	<u>839,803</u>	<u>952,044</u>	<u>901,243</u>	<u>970,096</u>	<u>1,043,969</u>
Federal sources:					
Food service	62,534	65,604	67,416	71,623	75,853
Grants and other	<u>352,119</u>	<u>387,888</u>	<u>211,264</u>	<u>202,062</u>	<u>199,749</u>
Total federal sources	<u>414,653</u>	<u>453,492</u>	<u>278,680</u>	<u>273,685</u>	<u>275,602</u>
TOTAL REVENUES	<u>\$2,474,705</u>	<u>\$2,515,674</u>	<u>\$2,222,875</u>	<u>\$2,320,529</u>	<u>\$2,454,297</u>
EXPENDITURES:					
Current operating:					
Instructional services	\$1,396,303	\$1,440,371	\$1,281,602	\$1,326,327	\$1,436,698
Instructional support services	239,841	221,500	205,933	199,026	210,415
Pupil transportation services	97,486	89,432	85,530	85,256	83,170
Operation and maintenance of plant	242,354	238,992	221,986	224,168	222,009
School administration	129,519	129,971	118,847	122,935	127,539
General administration	99,396	102,259	79,904	76,312	78,659
Food services	<u>83,625</u>	<u>89,138</u>	<u>85,985</u>	<u>93,059</u>	<u>96,920</u>
Total current operating	<u>2,288,524</u>	<u>2,311,663</u>	<u>2,079,787</u>	<u>2,127,083</u>	<u>2,255,410</u>

Debt service:

	2010	2011	2012	2013	2014
Principal retirement	79,303	79,553	77,611	77,807	85,328
Interest charges	<u>101,653</u>	<u>98,668</u>	<u>93,968</u>	<u>92,340</u>	<u>96,110</u>
Total debt service	<u>180,956</u>	<u>178,221</u>	<u>171,579</u>	<u>170,147</u>	<u>181,438</u>
Capital outlay:					
Facilities acquisition & construction-non capitalized	60,652	24,517	32,646	32,892	44,521
Facilities acquisition & construction-capitalized	<u>189,031</u>	<u>96,646</u>	<u>37,355</u>	<u>49,455</u>	<u>38,113</u>
Total capital outlay	<u>249,683</u>	<u>121,163</u>	<u>70,001</u>	<u>82,347</u>	<u>82,634</u>
TOTAL EXPENDITURES	<u>\$2,719,163</u>	<u>\$2,611,047</u>	<u>\$2,321,367</u>	<u>\$2,379,577</u>	<u>\$2,519,482</u>
Excess of revenues over (under) Expenditures	<u>(244,458)</u>	<u>(95,373)</u>	<u>(98,492)</u>	<u>(59,048)</u>	<u>(65,185)</u>
Other financing sources (uses):					
Proceeds of bonds sold	4,217	-	-	-	-
Premium on refunding bonds	-	1,124	1,367	-	-
Proceeds of refunding bonds issued	-	6,995	12,265	-	-
Proceeds of certificates of participation	-	227,155	270,650	44,535	114,140
Premium (discount) on long-term debt issued	-	8,924	29,027	-	-
Capital leases	8,902	-	-	5,032	20,300
Proceeds from sale of capital assets	626	2,001	2,679	414	480
Proceeds of loss recovery	7,116	2,289	94	2,842	109
Payments to refunded bond escrow agents	(3,001)	(191,035)	(311,422)	(44,460)	(113,825)
Transfers in	251,564	251,274	234,336	238,439	293,828
Transfers out	<u>(251,564)</u>	<u>(251,274)</u>	<u>(234,521)</u>	<u>(238,439)</u>	<u>(235,249)</u>
Total other financing sources (uses)	<u>17,860</u>	<u>57,453</u>	<u>4,475</u>	<u>8,363</u>	<u>79,783</u>
Net change in fund balances	<u>\$(226,598)</u>	<u>\$(37,920)</u>	<u>\$(94,017)</u>	<u>\$(50,685)</u>	<u>\$14,598</u>
Debt service as a percentage of noncapital expenditures	7.15%	7.09%	7.51%	7.30%	7.31%

Source: [The School District of Broward County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014].

(1) Includes General, Special Revenue, Debt Service and Capital Projects Funds

The following table shows revenues, expenditures and changes in fund balances for the General Fund for the Fiscal Years shown below (in thousands).

The School District of Broward County, Florida
Statements of Revenues, Expenditures and Changes in Fund Balance - General Fund
(In Thousands)
For the Fiscal Years Ended June 30

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
REVENUES:					
Local Sources:					
Ad valorem taxes	\$ 900,582	\$818,624	\$767,336	\$781,871	\$814,054
Interest income and other	<u>54,831</u>	<u>55,140</u>	<u>44,178</u>	<u>48,520</u>	<u>75,703</u>
Total Local Sources	<u>955,413</u>	<u>873,764</u>	<u>811,514</u>	<u>830,391</u>	<u>889,757</u>
State Sources:					
Florida education finance program	502,051	611,112	577,416	553,397	626,111
Other	<u>303,254</u>	<u>311,181</u>	<u>299,043</u>	<u>385,738</u>	<u>386,665</u>
Total State Sources	<u>805,305</u>	<u>922,293</u>	<u>876,459</u>	<u>939,135</u>	<u>1,012,776</u>
Federal Sources:					
Other	<u>9,990</u>	<u>9,220</u>	<u>12,012</u>	<u>15,355</u>	<u>13,471</u>
Total Federal Sources	<u>9,990</u>	<u>9,220</u>	<u>12,012</u>	<u>15,355</u>	<u>13,471</u>
Total Revenues	<u>1,770,708</u>	<u>1,805,277</u>	<u>1,699,985</u>	<u>1,784,881</u>	<u>1,916,004</u>
 EXPENDITURES:					
Instructional Services	1,157,539	1,156,534	1,142,727	1,195,519	1,032,872
Instructional support services	175,474	166,725	155,551	155,566	168,223
Pupil transportation services	72,009	87,849	84,067	83,684	81,671
Operation and maintenance	238,894	238,310	221,809	224,067	221,440
School administration	125,712	107,994	118,692	121,465	127,315
General administration	92,960	89,650	76,426	70,116	71,296
Debt Service	<u>656</u>	<u>99</u>	<u>155</u>	<u>131</u>	<u>144</u>
Total Expenditures	<u>1,863,244</u>	<u>1,847,161</u>	<u>1,799,427</u>	<u>1,850,548</u>	<u>1,972,962</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(92,536)</u>	<u>(41,884)</u>	<u>(99,442)</u>	<u>(65,667)</u>	<u>(56,958)</u>
 OTHER FINANCING SOURCES (USES):					
Loss revenues	--	--	4	51	-
Capital lease	--	--	--	--	-
Operating transfers in	80,845	78,546	80,239	76,540	127,022
Operating transfers out	<u>(3,816)</u>	<u>(6,281)</u>	<u>(3,486)</u>	<u>(5,192)</u>	<u>(8,163)</u>
Total Other Financing Sources (Uses)	<u>77,029</u>	<u>72,265</u>	<u>76,757</u>	<u>71,399</u>	<u>118,859</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(15,507)</u>	<u>30,381</u>	<u>(22,685)</u>	<u>5,732</u>	<u>61,901</u>
 Fund Balances, Beginning of Year	<u>84,957</u>	<u>69,450</u>	<u>99,831</u>	<u>77,146</u>	<u>82,878</u>
Fund Balances, End of Year	<u>\$ 69,450</u>	<u>\$ 99,831</u>	<u>77,146</u>	<u>82,878</u>	<u>144,780</u>

Source: [The School District of Broward County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014].

The following table shows revenues, expenditures and changes in fund balances for the Capital Projects Fund for the Fiscal Years shown below.

The School District of Broward County, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance - Capital Projects Fund
(In Thousands)
For the Fiscal Years Ended June 30

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
REVENUES:					
Local Sources:					
Ad valorem taxes	\$ 228,391	\$ 197,564	\$ 194,510	\$ 196,926	\$ 204,254
Interest income and other	<u>6,958</u>	<u>11,504</u>	<u>10,965</u>	<u>24,280</u>	<u>15,379</u>
Total Local Sources	<u>235,349</u>	<u>209,068</u>	<u>205,475</u>	<u>221,206</u>	<u>219,633</u>
State Sources:					
Public education capital outlay	10,894	5,000	--	6,688	--
Classrooms for Kids	--	--	--	--	--
Categorical programs and other	<u>11,706</u>	<u>12,023</u>	<u>11,715</u>	<u>11,652</u>	<u>17,607</u>
Total State Sources	<u>22,600</u>	<u>17,023</u>	<u>11,715</u>	<u>18,340</u>	<u>17,607</u>
Federal Sources:					
Grants and Other	--	94	2,822	194	--
Total Federal Sources	--	--	<u>2,822</u>	<u>194</u>	--
Total Revenues	<u>257,949</u>	<u>226,185</u>	<u>220,012</u>	<u>239,740</u>	<u>237,240</u>
EXPENDITURES:					
Capital outlay and other	249,683	121,163	70,001	82,346	82,634
Interest charges and other	<u>1,868</u>	<u>500</u>	<u>20</u>	<u>6</u>	<u>27</u>
Total Expenditures	<u>251,551</u>	<u>121,663</u>	<u>70,021</u>	<u>82,352</u>	<u>82,661</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,398</u>	<u>104,522</u>	<u>149,991</u>	<u>157,388</u>	<u>154,579</u>
OTHER FINANCING SOURCES (USES):					
Bonds	1,191	--	--		
Certificates of participation	--	51,645	--		
Premium (discount) on long-term debt	--	--	--		
Capital lease	8,902	--		5,032	20,300
Sale of capital assets	626	2,001	2,679	414	480
Other loss recoveries	7,116	2,289	90	2,791	109
Transfers in	3,750	290	1,913	4,789	2,763
Transfers out	<u>(246,954)</u>	<u>(240,503)</u>	<u>(229,853)</u>	<u>(232,669)</u>	<u>(226,350)</u>
Total Other Financing	<u>(225,369)</u>	<u>(184,278)</u>	<u>(225,171)</u>	<u>(219,643)</u>	<u>(202,698)</u>
Net changes in fund balances	<u>(218,971)</u>	<u>(79,756)</u>	<u>(75,180)</u>	<u>(62,255)</u>	<u>(48,119)</u>
Fund Balances, Beginning of Year	<u>712,500</u>	<u>493,529</u>	<u>413,773</u>	<u>338,593</u>	<u>276,338</u>
Fund Balances, End of Year	<u>\$ 493,529</u>	<u>\$413,773</u>	<u>\$ 338,593</u>	<u>\$276,338</u>	<u>\$228,219</u>

Source: [The School District of Broward County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014].

Outstanding Debt

Set forth below is selected information regarding Outstanding debt of the District. For more detailed financial information concerning the District, see “APPENDIX B – [Basic Financial Statements of The School Board of Broward County, Florida for the Fiscal Year Ended June 30, 2014].”

Direct and Overlapping Debt June 30, 2014 (in thousands)	
Direct Debt	
General Obligation	\$0
Certificates of Participation	1,700,010
Special Obligation Bonds ⁽¹⁾	33,185
Capital Leases	29,513
Premium/Discount (net)	54,431
Interest Rate Swap	<u>41,790</u>
Total Direct Debt	<u>\$1,858,929</u>
Overlapping Debt ⁽²⁾	
Broward County ⁽³⁾	<u>\$301,730</u>
Total Direct and Overlapping Debt	<u>\$2,160,659</u>

⁽¹⁾ Special obligation debt is payable from motor vehicle license and gross receipts taxes.

⁽²⁾ Overlapping debt includes only general obligation debt secured by ad valorem taxes as of September 30, 2013.

⁽³⁾ Because the County and the District coincide, the percentage of overlap is 100%.

Source: [The School District of Broward County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014].

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**School District of Broward County, Florida - Outstanding Long-Term Debt
As of June 30, 2014**

<u>Description</u>	<u>Principal Amount Outstanding</u>
Self-Supporting State Bonds: ⁽¹⁾	
State Board of Education Capital Outlay Bonds, Series 2005-A	\$11,960,000
State Board of Education Capital Outlay Bonds, Series 2005-B	2,050,000
State Board of Education Capital Outlay Bonds, Series 2006-A	170,000
State Board of Education Capital Outlay Bonds, Series 2008-A	4,325,000
State Board of Education Capital Outlay Bonds, Series 2009-A (New Money)	1,005,000
State Board of Education Capital Outlay Bonds, Series 2009-A (Refunding)	1,475,000
State Board of Education Capital Outlay Bonds, Series 2010-A (Refunding)	5,915,000
State Board of Education Capital Outlay Bonds, Series 2011-A (Refunding)	<u>6,285,000</u>
Sub-Total State Board Bonds:	<u>\$33,185,000</u>
Certificates of Participation: ⁽²⁾	
Series 2004A Certificates	\$23,645,000
Series 2004B Certificates	41,200,000
Series 2004C Certificates	15,520,000
Series 2004 Certificates (QZAB)	372,000
Series 2005A Certificates	139,265,000
Series 2006A Certificates	176,195,000
Series 2006B Certificates	65,000,000
Series 2007A Certificates	215,150,000
Series 2008A Certificates(1)	247,595,000
Series 2009A Certificates (Tax-Exempt)	20,140,000
Series 2009 Certificates (Build America Bonds)	63,910,000
Series 2009A Certificates (QSCB)	45,373,000
Series 2010A Certificates (QSCB)	51,645,000
Series 2011A Certificates	171,425,000
Series 2012A Certificates	264,900,000
Series 2012B Certificates	44,535,000
Series 2014A Certificates	<u>114,140,000</u>
Sub-Total Certificates of Participation	<u>\$1,700,010,000</u>
TOTAL LONG-TERM DEBT OUTSTANDING	<u>\$1, 733,195,000</u>

⁽¹⁾ Bonds are issued by the State Board of Education on behalf of the District and are secured by a pledge of the District's portion of the State assessed motor vehicle license tax, as well as a pledge of the State's full faith and credit.

⁽²⁾ Subject to annual appropriation.

Source: [The School District of Broward County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014].

Florida Retirement System

The State has established the State of Florida Retirement System (“FRS”) for state, county, municipal and school district employees. All employees hired after 1970, and those employed prior to 1970 who elected to be enrolled, are covered by the FRS. Accordingly, substantially all employees of the District are covered by the FRS. The Division of Retirement, Department of Administration of the State of Florida administers the FRS. Contribution rates are established by law for all participating governmental units. The District’s liability for participation in the plan is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District’s contributions to the FRS (including employee contributions) for the Fiscal Years ending June 30, 2014, June 30, 2013, and June 30, 2012 totaled \$123.1 million, \$93.1 million and 87.9 million, respectively, each amount equal to the required contributions for the respective fiscal year.

The Florida Legislature also created a defined contribution program called the Public Employee Optional Retirement Program (PEORP). Benefits in PEORP vest after one year of service. This program is administered by the Florida Retirement System as an option to the defined benefit plan, and is self-directed by the employee. The employees have the responsibility of selecting how their funds are invested within the approved set of investment choices and may take their funds when they leave the Florida Retirement System. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class, and the District’s contributions are included in the total FRS contributions discussed in the paragraph above.

During its 2011 regular session, the State Legislature adopted Senate Bill 2100 (“SB 2100”), which was signed by Governor Rick Scott on May 20, 2011. Senate Bill 2100 made significant changes to FRS with respect to employee contributions and employer contributions, among other items. Effective July 1, 2011, all members of FRS, except for Deferred Retirement Option Program (DROP) participants, were required to contribute 3% of their gross compensation toward their retirement. For Fiscal Year 2013-14, contribution rates ranged from 6.95% to 33.03% of annual covered payroll. Additionally, SB 2100 eliminated the cost of living adjustment for all FRS employees for service earned on or after July 1, 2011, although the act does contemplate reinstatement of the adjustment in 2016 under certain conditions.

SB 2100 makes other changes to the FRS that only apply to employees who initially enroll on or after July 1, 2011, including: (1) the average final compensation upon which retirement benefits are calculated will be based on the eight highest (formerly five highest) fiscal years of compensation prior to retirement; (2) the Defined Retirement Option Program is maintained but the interest accrual rate will be reduced from 6.5% to 1.3%; (3) the normal retirement age is increased from 62 to 65; and (4) the years of creditable service is increased from 30 to 33 and the vesting period is increased to eight years (formerly six).

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 11.44% of the earnable compensation of

members to these plans. See Note 16 in “APPENDIX B – [BASIC FINANCIAL STATEMENTS OF THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA FOR FISCAL YEAR ENDED JUNE 30, 2014]” for additional information regarding the retirement plans.

Other Post-Employment Benefits

In addition to its contributions under the State’s retirement plan described above, the District provides other postemployment benefits (“OPEB”) for certain of its retired employees in the form of an implicit rate subsidy by providing access to health insurance plans. The offering of this health insurance coverage is required by Section 112.0801, Florida Statutes. As with all governmental entities offering similar plans, the District is required to comply with Governmental Accounting Standard Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (“GASB 45”).

In Fiscal Year 2008, the District implemented GASB 45 for certain postemployment benefits, including continued coverage for the retiree and dependents in the medical/prescription plans as well as participation in the dental group plan sponsored by the District. In addition, retirees are eligible to continue the employer-sponsored term life insurance policy provided by the District. GASB 45’s basic concept is to more fully disclose the costs of employment by requiring governmental units to recognize the cost of an employee’s OPEB during the period of service 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. As defined in GASB 45, a significant expense recognizing the past and future costs of providing OPEB benefits is required to be recorded annually. The requirement of GASB 45 was implemented prospectively, with the actuarially determined liability of \$163,250,195 at January 1, 2013 being amortized over the remaining period of 25 years.

The District has historically accounted for its OPEB contributions on a pay-as-you-go basis and the District currently plans to continue such funding of its OPEB contributions. For Fiscal Year 2013-2014, approximately 1,272 retirees of the District received post-employment benefits. For such Fiscal Year, the District provided required employer contributions toward the annual OPEB cost in the amount of \$7,176,461. The pay-as-you-go method of funding OPEB allows the District to continue to pay only the current OPEB costs each Fiscal Year, but will produce a growing unfunded actuarial liability for the future. The Net OPEB Obligation was \$45,393,000 at the end of Fiscal Year 2012, \$54,208,000 at the end of Fiscal Year 2013 and \$64,422,000 at the end of Fiscal Year 2014.

The OPEB cost is calculated based on the Annual Required Contribution (“ARC”) of the employer, an amount actuarially determined in accordance with the parameters of GASB 45. The following is a summary of changes for the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation for the Fiscal Year ended June 30, 2014 (in thousands):

	<u>FY 2014</u>
Annual Required Contribution (ARC)	
Normal Cost	\$ 9,705
Amortization of Unfunded Actuarial Accrued Liability	<u>7,956</u>
Total ARC	\$17,661
Interest on Net OPEB Obligation	1,897
Adjustment to ARC	<u>(2,168)</u>
Annual OPEB Cost (Expense)	17,390
Less: Contributions Made	<u>(7,176)</u>
Net OPEB Obligation Increase	10,214
Net OPEB Obligation, Beginning of Year	<u>54,208</u>
Net OPEB Obligation, End of Year	<u>\$ 64,422</u>

Source: [The School Board of Broward County, Florida Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2014.]

For additional information see Note 15 of “APPENDIX B – [Basic Financial Statements of The School Board of Broward County, Florida, for the Fiscal Year Ended June 30, 2014].”

RISK FACTORS

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

Annual Right of the School Board to Terminate the Refinanced Leases

Although the School Board has determined that the Refinanced Facilities are necessary to its operations and currently intends to continue the Refinanced Leases in force and effect for the Lease Terms established in the Refinanced Leases, respectively, and has covenanted in the Refinanced 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 such Lease Payments. 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 Refinanced Leases or any other 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 Chapter 1011, Florida Statutes, the Master Lease shall terminate as of the date of adoption of the final budget, or as of such last day, whichever is earlier, and the School Board will not be obligated to make Lease Payments accruing or arising thereafter.

The likelihood that the Refinanced 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 2015A Certificate Owners, including the continuing future utility of the Refinanced Facilities and other Facilities to 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 Refinanced Leases, or an event of non-appropriation, the Trustee as assignee of the Corporation may take possession of the Refinanced Facilities, except the Refinanced Facilities not subject to surrender, and sell or re-let its interest therein. The Trustee's ability to actually achieve such a disposition of such Refinanced Facilities is limited by its inability to convey fee simple title to the Refinanced Facilities and by the governmental nature of the Refinanced 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 Refinanced 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 Refinanced Facilities, except the Refinanced Facilities not subject to surrender which the Trustee cannot take possession of, will produce sufficient amounts to pay the principal and interest components of the Basic Lease Payments represented by the then Outstanding Series 2015A Certificates.

The Refinanced Facilities subject to the Series 2006-2 Lease and the Series 2007A-2 Lease are not subject to surrender. See "THE REFINANCED FACILITIES."

Owners of Series 2015A Certificates shall only have an interest in, and be entitled to, proceeds resulting from the disposition of the Refinanced Facilities that are subject to surrender pursuant to the terms of the applicable Refinanced Leases to the extent Series 2015A Certificates represent an interest in Basic Lease Payments under the applicable Refinanced Lease. In no event will owners of Series 2015A Certificates have any interest in, or right to, any proceeds of the disposition of Facilities leased under any Lease other than the particular Refinanced Facilities that are subject to surrender to the extent the Series 2015A Certificates represent an interest therein. In addition, holders of the Series 2015A Certificates will share in the proceeds, if any, of the disposition of Refinanced Facilities with other holders of Certificates representing an interest in such Refinanced Facilities and with certain other Certificate holders with respect to Overlapping Facilities upon a termination of the Master Lease, or, in certain circumstances, damage, destruction or condemnation of such Refinanced Facilities. See "THE REFINANCED FACILITIES" for additional information regarding the Overlapping Facilities.

The Trustee shall pursue one or more remedies with respect to the Refinanced Leases and the Refinanced Facilities at the direction of the holders of greater than 50% of the principal portion of the Basic Lease Payments allocable to the Series 2015A Certificates; provided that, while it is not in default in its obligations under a Credit Facility, if any, securing the Series 2015A Certificates, the Credit Facility Issuer of such Credit Facility will have the right to direct

remedies in lieu of holders of the Series 2015A Certificates to the extent secured by such Credit Facility.

The exercise of remedies with respect to each Refinanced Lease and the related Refinanced Facilities will be subject to the direction of the holders of the Series of Certificates representing an interest in 50% or more of the principal portion of the Basic Lease Payments arising from such Refinanced Lease. The Series 2015A Certificate may represent less than 50% of the principal portion of the Basic Lease Payments arising from a Refinanced Lease. To the extent that the Series 2005A Certificates, Series 2006A Certificates and/or Series 2007A Certificates remain Outstanding following the issuance of the Series 2015A Certificates, the holders of such Certificates that remain Outstanding will also have the right to direct remedies with respect to the applicable Refinanced Leases and the related Refinanced Facilities to the extent such Series of Certificates represents an interest in the principal portion of the Basic Lease Payments arising from such Refinanced Lease; provided that while the applicable Credit Facility Issuer for each such Series of Certificates is not in default in its obligations under the Credit Facility securing such Series of Certificates, the applicable Credit Facility Issuer has the right to direct remedies in lieu of the holders of such Series of Certificates that it insures. See “RISK FACTORS—Limitation Upon Disposition; Ability to Sell or Relet.”

There can be no assurance that the remedies available to the Trustee upon any termination of the Lease Term of all Leases for non-appropriation or default and the disposition of the Refinanced Facilities that are subject to surrender will produce sufficient amounts to pay the Outstanding Series 2015A Certificates. Further, after such termination of the Lease Term of all Leases, the transfer of Series 2015A Certificates may be subject to the registration provisions of applicable federal and state securities laws. Accordingly, there is no assurance that the liquidity of the Series 2015A Certificates will not be impaired following termination of the Lease Term of the Leases.

Tax Treatment

Upon termination of the Master Lease, there is no assurance that payments made by the Trustee with respect to the Series 2015A Certificates and designated as interest will be excludable from gross income for federal income tax purposes. See “TAX TREATMENT.”

Applicability of Securities Laws

After termination of the Refinanced Leases, the transfer of a Series 2015A 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 2015A Certificates will not be impaired following termination of the Refinanced Leases.

Local Option Millage Revenues

The amount of Local Option Millage Revenues which can be realized by the District derived from the levy of the Local Option Millage Levy can be affected by a variety of factors not within the control of the School Board, including, without limitation, fluctuations in the level of the assessed valuation of property within the District, the amount of general business activity,

growth and new construction which occurs within the District and legislative changes. See “REVENUE SOURCES OF THE DISTRICT—Revenues for Capital Projects—Local Capital Outlay Sources—Reductions in Local Option Millage Levy” and “AD VALOREM TAX PROCEDURES – ‘Collection of Ad Valorem Taxes’ and “Constitutional Amendments”” with respect to the impact of trends in ad valorem tax collections and to recent legislation and constitutional amendments affecting ad valorem taxes, including legislation that reduced the maximum Local Option Millage Levy, and “RECENT GOVERNMENTAL ACTIONS AFFECTING DISTRICT REVENUES” with respect to other information regarding potential legislation and constitutional amendments affecting ad valorem taxes. There can, therefore, be no assurances that such revenues will not decrease further in the event that such growth and new construction, for whatever reason, continues to decrease within the County or further adverse legislation is adopted by the State of Florida.

State Revenues

A large portion of the District’s funding is derived from State sources. See “REVENUE SOURCES OF THE DISTRICT – ‘Operating Revenues’ and ‘Revenues for Capital Projects’.” 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 is currently experiencing significant shortfalls in sales tax revenues, which has resulted in significant budget cuts, including cuts to funding for the District. As a result, the State Legislature reduced funding to the District in 2008, 2009, 2010, 2011 and 2012, which has resulted in an aggregate reduction in the District’s revenues of approximately \$279.1 million since 2008.] **[To be updated]**

The final budget adopted by the Florida Legislature for Fiscal Year 2014-2015 **[discussion to be updated from 2012]** [decreased State aid to education for the District by \$141 million. In addition, the 0.25 critical needs millage expired on June 30, 2011, resulting in a further reduction to the District of \$33 million. The State Legislature reduced the Florida Retirement System employer contribution rate from 9.63% to 3.77%, which is estimated to reduce the District’s required contribution by \$65 million for Fiscal Year 2011-2012. The resulting net reduction to the District for Fiscal Year 2011-2012 is estimated to be \$76 million. See “SELECTED FINANCIAL INFORMATION – Florida Retirement System” for a discussion of the SB 2100 litigation which may adversely affect these numbers.]

On May 3, 2014, the State Legislature passed the State Budget for Fiscal Year 2014-2015. **[Discussion to be updated from 2012]** [Included in the adopted budget is a \$597 million increase in State education funding compared to Fiscal Year 2011-2012. For the District, State aid is increased by \$89 million. The Required Local Effort and Discretionary Millage are decreased by \$26 million. Therefore, the total State and local funding increase is \$63 million, which includes funding for an increase in enrollment of 3,600. Charter school enrollment is expected to increase by 8,500. Taking into account the 3,600 increase in overall enrollment, the net decrease in enrollment to the District is projected at approximately 4,900 students, a financial impact to the District of approximately \$31 million. Therefore, the net increase in funding is approximately \$32 million.]

Legislative Changes

In recent years, legislation has been introduced or proposed that has reduced State funding for school districts, required that certain percentages of school district funding be spent on particular activities and imposed additional funding restrictions and other requirements on school districts. Other proposals may provide for new or increased exemptions to ad valorem taxation, limit increases in assessed valuation of certain types of property or otherwise restrict the ability of local governments in the State to levy ad valorem taxes at recent, historical levels. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the District or its finances. See “REVENUE SOURCES OF THE DISTRICT – Revenue for Capital Projects,” AD VALOREM TAX PROCEDURES –Constitutional Amendments,” “RECENT GOVERNMENTAL ACTIONS AFFECTING DISTRICT REVENUES” and “THE SCHOOL BOARD AND THE DISTRICT—‘Constitutional Amendments Related to Class Size and Pre-Kindergarten Legislation,’ ‘Reading Mandate,’ and ‘Effect of Sequestration on Lease Payments.’”

Tax Legislation

Legislation that raised the U.S. debt ceiling on August 2, 2011 required a Super-committee to propose legislation to reduce the federal deficit by \$1.2 trillion or more over ten years. One possible spending cut is the reduction of the tax-exempt status of interest on municipal bonds. Proposals have included limiting the available exemption based on income levels. There can be no assurance that similar or additional legislative proposals will be introduced or enacted in the future that would, or might apply to, have a material adverse effect upon the tax-exempt status of interest on municipal securities, including the Series 2015A Certificates, or the market value thereof. See “TAX TREATMENT.”

Additional Leases

Pursuant to the Master Lease, the School Board may enter into other Leases in addition to the Current Leases and the Refinanced Leases. Failure to appropriate funds to make Lease Payments under any Lease will, and an event of default under any Lease may, result in the termination of all Leases, including the Refinanced Leases. Upon any such termination of all Leases, the School Board must surrender certain Facilities, including certain of the Refinanced Facilities (but excluding any Facilities excluded under the terms of any Lease) 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 to the extent such Certificates represent an interest in Basic Lease Payments under the applicable Lease. In no event will owners of the Series 2015A 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 as described herein. There can be no assurance that the remedies available to the Trustee upon any such termination of all Leases and the disposition of the Refinanced Facilities that are subject to surrender will produce sufficient amounts to pay the Outstanding Series 2015A Certificates. See “THE REFINANCED LEASES – Effect of Termination for Non-Appropriation or Default.”

Additional Indebtedness

The School Board may issue additional indebtedness, other than in connection with the Master Lease, secured by or payable from available revenues without the consent of the owners of the Series 2015A Certificates. Incurring such additional indebtedness may adversely affect the ability of the School Board to make Lease Payments under the Master Lease.

Interest Rate Exchange Agreements

General

Payments made by the School Board under the interest rate exchange agreements described below constitute Additional Lease Payments under the Master Lease and are secured by the Leases to which the respective interest rate exchange agreement relates. Each of the interest rate exchange agreements is subject to termination prior to the scheduled termination date thereof under certain circumstances, including a partial termination if a portion of the related series of Certificates is prepaid, other than as a result of a mandatory sinking fund prepayment. If a termination event were to occur under one or more of such agreements, the School Board may be confronted with the need to appropriate a significant termination payment or payments within a single Fiscal Year. Such an obligation could have a material adverse effect on the School Board's ability to make Lease Payments, including payments required under the Refinanced Leases.

2004D Floating-to-Fixed Swap [TO BE UPDATED/CONFIRMED]

In connection with the Certificates of Participation, Series 2004D (the "Series 2004D Certificates"), the School Board entered into an International Swaps and Derivatives Association, Inc. ("ISDA") Master Agreement dated as of June 24, 2004 (together with all schedules and confirmations thereto, the "2004D Swap Agreement") with Citibank, N.A. ("Citi"), one of the underwriters of the Series 2015A Certificates, effective June 30, 2004. In general, the 2004D Swap Agreement provides, subject to the terms and conditions thereof, for payment by the School Board to Citi of a fixed rate of interest of 3.85% and for payment by Citi 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) based on an amortizing notional amount of \$113,825,000. The intent of the 2004D Swap Agreement is to effectively change the variable interest rate on the Series 2004D Certificates into a synthetic fixed rate of 3.85% per annum. The School Board has an option to terminate the 2004D Swap Agreement in whole or in part on any Business Day upon 30 days' notice to Citi; however, if at the time of termination the 2004D Swap Agreement has a negative fair value, the District would be liable to Citi for a payment based on the 2004D Swap Agreement's fair value at that time. If a termination event were to occur, the School Board may be confronted with the need to appropriate a significant termination payment or payments within a single Fiscal Year. Such an obligation could have a material adverse effect on the School Board's ability to make Lease Payments, including payments required under the Refinanced Leases. As of the date hereof, the School Board has no intent to terminate the 2004D Swap Agreement. The scheduled termination date of the 2004D Swap Agreement is July 1, 2029. The scheduled payments of the School

Board when due pursuant to the 2004D Swap Agreement are guaranteed by a financial guaranty insurance policy (the “2004D Swap Policy”) issued by Assured Guaranty. The 2004D Swap Policy does not guarantee termination payments under the 2004D Swap Agreement unless the termination is at the direction of Assured Guaranty. For additional information on the 2004D Swap Agreement, see note 13 to “APPENDIX B – [Basic Financial Statements of The School Board of Broward County, Florida for the Fiscal Year Ended June 30, 2014].”

2006B Floating-to-Fixed Swap **[TO BE UPDATED/CONFIRMED]**

In connection with the Certificates of Participation, Series 2006B (the “Series 2006B Certificates”), the School Board entered into an ISDA Master Agreement dated as of May 16, 2006 (together with all schedules and confirmations thereto, the “2006B Swap Agreement”) with Bear Stearns Financial Products, Inc. (“BSFP”) effective June 6, 2006. BSFP assigned its interest in the 2006B Swap Agreement to JP Morgan Chase Bank, N.A. (“JP Morgan”), an affiliate of J.P. Morgan, one of the underwriters of the Series 2015A Certificates. In general, the 2006B Swap Agreement provides, subject to the terms and conditions thereof, for payment by the School Board to JPMorgan of a fixed rate of interest of 4.131% and for payment by JPMorgan to the School Board of interest calculated at a variable rate currently based on 70% of “USD-LIBOR-BBA” (as defined in the 2000 ISDA U.S. Municipal Counterparty Definitions provided that the clause “the day that is two London Banking Days preceding that Reset Date” is deleted and replaced with “the day that is one London Banking Day preceding that Reset Date”), based on an amortizing notional amount of \$65,000,000. The intent of the 2006B Swap Agreement is to effectively change the variable interest rate on the Series 2006B Certificates into a synthetic fixed rate of 4.131% per annum. The School Board has an option to terminate the 2006B Swap Agreement in whole or in part on any Business Day upon 10 Business Days’ notice to JPMorgan; however, if at the time of termination the 2006B Swap Agreement has a negative fair value, the District would be liable to JP Morgan for a payment based on the 2006B Swap Agreement’s fair value at that time. As of the date hereof, the School Board has no intent to terminate the 2006B Swap Agreement. The scheduled termination date of the 2006B Swap Agreement is June 30, 2031. The scheduled payments of the School Board when due pursuant to the 2006B Swap Agreement are guaranteed by a financial guaranty insurance policy (the “2006B Swap Policy”) issued by Assured Guaranty. The 2006B Swap Policy does not guarantee termination payments under the 2006B Swap Agreement unless the termination is at the direction of Assured Guaranty. For additional information on the 2006B Swap Agreement, see note 13 to “APPENDIX B – [Basic Financial Statements of The School Board of Broward County, Florida for the Fiscal Year Ended June 30, 2014].”

[Are any certificates subject to remarketing or mandatory tender risk, such as private placements with puts?]

LITIGATION

General

There is no litigation now pending or threatened (i) to restrain or enjoin the issuance or sale of the Series 2015A Certificates; (ii) questioning or affecting the validity of the Refinanced

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 2015A Certificates.

The School Board is involved in certain litigation and disputes incidental to its operations. Upon the basis of information presently available, General Counsel to the School Board believes that there are substantial defenses to such litigation and disputes and that, in any event, any ultimate liability, in excess of applicable insurance coverage, resulting therefrom will not materially adversely affect the financial position or results of operations of the District, or the School Board and its ability to make Lease Payments.

Grand Jury Report

On February 18, 2011, a Statewide Grand Jury report was released, reflecting the results of a year-long inquiry into the functioning of the School Board and the District staff in non-instructional areas, in particular the school construction program. The Grand Jury, aided by the Florida Department of Law Enforcement, found no specific violations of any criminal law and returned no indictments. However, the report was highly critical of the School Board, the then Superintendent and the staff of the Facilities and Construction Management Division. School Board members were criticized for, among other matters, micro-managing and improperly influencing staff decisions relating to the capital program, and delays in filing reports to the State Department of Education. The District Staff and the then Superintendent were criticized for their implementation and oversight of the capital program, including, among other things, shoddy construction quality, inadequate record keeping and poor management and training of inspectors and other staff. The Grand Jury report contained findings and recommendations to the School Board and the State legislature designed to improve the operations of the District and lessen the influence of the School Board thereon.

On March 31, 2011 the School Board Chairman submitted to the Commissioner of Education the School Board's "Plan of Action to Address the Findings and Recommendations of the Grand Jury" (the "Plan"). The Plan contained a comprehensive response to each of the Grand Jury's findings and recommendations. Among the areas addressed in the Plan were stricter compliance with State building code requirements for initial occupancy, increased transparency in the District's website, records and meeting agendas, requiring construction items of financial impact to be heard on the open agenda at School Board meetings, better training of building facilities and construction staff, adoption of a new ethics code for School Board members and removal of School Board members from all committees involved in the selection process for goods and services.

On April 15, 2011 the Commissioner accepted the Plan, but due to the ongoing nature of some of the corrective actions, directed the Inspector General to monitor the District's corrective activities for the six month period ended October 15, 2011. The corrective actions contained in the Plan were designed to improve the functioning of the District, and do not materially affect the financial position or results of operations of the District, or the School Board and its ability to meet its financial obligations. By the end of 2013 the District completed all of the corrective actions, including implementation of the Building Department's online information system.

RATINGS

[Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Ratings Services ("S&P") and Fitch Ratings ("Fitch")] are expected to assign ratings of "____" (outlook ____), "____" (outlook ____), and "____" (outlook ____), respectively, to the Series 2015A Certificates. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. An explanation of the ratings given by Moody's may be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007, (212) 553-0300. An explanation of the ratings given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041, (212) 438-2124. An explanation of the ratings given by Fitch may be obtained from Fitch at One State Street Plaza, New York, New York 10004, (212) 908-0500. There is no assurance that such ratings will continue for any given period of time, or that they will not be revised downward or withdrawn entirely by such rating agencies, if in their judgment circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2015A Certificates.

The above ratings are not recommendations to buy, sell or hold the Series 2015A Certificates and such ratings may be subject to revision or withdrawal at any time by the Rating Agencies.

TAX TREATMENT

General

The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the School Board must continue to meet after the issuance of the Series 2015A Certificates in order that the interest portion of the Basic Lease Payments represented by the Series 2015A 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 2015A Certificate holders to be included in gross income for federal income tax purposes retroactively to the date of execution and delivery of the Series 2015A 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 2015A 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 2015A 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 2015A 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 2015A 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 2015A 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 2015A Certificates is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Co-Special Tax Counsel is further of the opinion that the Series 2015A Certificates and the portion of the Basic Lease Payments designated and paid as interest to the owners of the Series 2015A Certificates will not be subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined therein; provided, however, that no opinion is expressed with respect to tax consequences under the laws of the State of Florida of any payments received with respect to the Series 2015A Certificates following termination of the Master Lease as a result of non-appropriation of funds or the occurrence of an event of default thereunder.

Except as described above, Co-Special Tax Counsel will express no opinion regarding the federal 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 2015A Certificate holders or the ownership or disposition of the Series 2015A Certificates. Prospective purchasers of Series 2015A Certificates should be aware that the ownership of Series 2015A 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 2015A 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 2015A 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 2015A Certificates, (iii) the inclusion of the interest portion of the Basic Lease Payments represented by the Series 2015A 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 2015A 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 2015A Certificates in determining whether a portion of such benefits are included in gross income for federal income tax purposes.

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress that, if enacted into law, could alter or amend one or more of the federal tax matters described above including, without limitation, the excludability from gross income of interest on the Series 2015A Certificates, adversely affect the market price or marketability of the Series 2015A Certificates, or otherwise prevent the holders from realizing the full current

benefit of the status of the interest thereon. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would apply to the Series 2015A Certificates. If enacted into law, such legislative proposals could affect the market price or marketability of the Series 2015A Certificates. Prospective purchasers of the Series 2015A Certificates should consult their tax advisors as to the impact of any proposed or pending legislation.

The discussion of tax matters in this Offering Statement applies only in the case of purchasers of the Series 2015A 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 2015A Certificates. Purchasers of the Series 2015A Certificates should consult their own tax advisers regarding their particular tax status or other tax considerations resulting from ownership of the Series 2015A Certificates.

Original Issue Discount and Premium

Certain of the Series 2015A Certificates as indicated on the inside cover of this Offering Statement (“Discount Certificates”) may be 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 2015A 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 2015A Certificates as indicated on the inside cover of this Offering Statement (“Premium Certificates”) may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Certificate, based on the yield to maturity of that Premium Certificate (or, in the case of a Premium Certificate callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Certificate), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Certificate. For purposes of determining the owner's gain

or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Certificate, the owner's tax basis in the Premium Certificate is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Certificate for an amount equal to or less than the amount paid by the owner for that Premium Certificate. 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.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, execution, delivery and sale of the Series 2015A Certificates are subject to the approving legal opinions of Co-Special Tax Counsel, Greenberg Traurig, P.A., Miami, Florida, and Edwards & Associates, P.A., Miami, Florida. The proposed forms of such opinions are included herein as APPENDIX D. Certain legal matters will be passed upon for the School Board and the Corporation by J. Paul Carland, Esquire, School Board General Counsel, and for the Underwriters by their Co-Counsel, Greenspoon Marder, P.A., Fort Lauderdale, Florida, and the Law Offices of Steve E. Bullock, P.A., Miramar, Florida. Co-Special Tax Counsel and Co-Counsel to the Underwriters will receive fees for services provided in connection with the issuance of the Series 2015A Certificates, which fees are contingent upon the issuance of the Series 2015A Certificates.

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

UNDERWRITING

The Series 2015A Certificates are being purchased by Citigroup Global Markets Inc., acting on behalf of itself and J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, PNC Capital Markets LLC, RBC Capital Markets LLC and Wells Fargo Securities, LLC (collectively, the "Underwriters") at an aggregate purchase price of \$_____

(which represents the \$_____ principal amount of the Series 2015A Certificates, [plus][less] a [net] original issue [premium][discount] of \$_____ and minus an Underwriters' discount of \$_____).

The Underwriters will purchase all of the Series 2015A Certificates if any are purchased. The obligation to make such purchase is subject to certain terms and conditions contained in a Certificate Purchase Agreement and to the approval of certain legal matters by counsel.

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

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

J.P. Morgan Securities LLC ("JPMS"), an underwriter of the Series 2015A Certificates, has entered into a negotiated dealer agreement (a "Dealer Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Dealer Agreement, if applicable to this transaction, CS&Co. will purchase Series 2015A Certificates from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2015A Certificates that CS&Co. sells.

Certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the School Board as Underwriters) for the distribution of the Series 2015A Certificates at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

The Underwriters may offer and sell the Series 2015A Certificates to certain dealers and others at prices lower than the public offering prices. After the initial public offering, the respective offering prices may be changed from time to time by the Underwriters.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The mathematical accuracy of the computations of the escrow yield, arbitrage calculations, and adequacy of escrowed moneys to be held by the Escrow Agent to provide for

the payment and prepayment of the respective portions of the Refunded Certificates will be verified by _____.

CO-FINANCIAL ADVISORS

The School Board has retained Public Financial Management, Inc., Orlando, Florida, and Fidelity Financial Services, L.C., Fort Lauderdale, Florida, as co-financial advisors with respect to the planning, structuring, execution and issuance of the Series 2015A Certificates (the "Co-Financial Advisors"). The Co-Financial Advisors will receive fees for services provided in connection with the issuance of the Series 2015A Certificates, which fees are contingent upon the issuance of the Series 2015A Certificates. The Co-Financial Advisors are not obligated to undertake and have not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Offering Statement.

Public Financial Management, Inc. is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

Fidelity Financial Services, L.C. is a financial advisory and consulting firm and is not engaged in the business of underwriting, marketing or trading of municipal securities or other negotiable instruments.

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements of The School Board of Broward County, Florida for the Fiscal Year ended June 30, 2014 and the report thereon of McGladrey LLP, independent certified public accountants, dated _____, 2014, are included in APPENDIX B of this Offering Statement as part of the public records of the School Board. McGladrey LLP has not participated in the preparation of this Offering Statement.

CONTINUING DISCLOSURE

The School Board has covenanted for the benefit of Series 2015A Certificate holders to provide certain financial information and operating data relating to the School Board in each year (the "Annual Report"), to provide notices of the occurrence of certain enumerated events, and to comply with and carry out all of the provisions of the Series 2014 Continuing Disclosure Certificate to be executed by the School Board as of the date of issuance of the Series 2015A Certificates, as such Continuing Disclosure Certificate may be amended from time to time in accordance with the terms thereof (the "Continuing Disclosure Certificate"). Such covenant shall only apply so long as the Series 2015A Certificates are Outstanding, and shall also cease upon the termination of the continuing disclosure requirements of Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule") by legislative, judicial or administration action. The Annual Report will be filed by the School Board or its Dissemination Agent with the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system described in the Continuing Disclosure Certificate attached hereto as APPENDIX E. The notices of material events will be filed by the School Board, or its dissemination agent, if any, with the MSRB. The specific nature of the information to be contained in the Annual

Report and the notices of material events are described in "APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE." Failure of the School Board to comply with the Continuing Disclosure Certificate is not considered an event of default under the Refinanced Leases, the Trust Agreement or the Continuing Disclosure Certificate; however, any Series 2015A Certificate holder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the School Board to comply with its obligations under the Continuing Disclosure Certificate.

The covenants of the School Board in the Continuing Disclosure Certificate have been made in order to assist the Underwriters in complying with the Rule. No party other than the School Board is obligated to provide, nor is expected to provide, any continuing disclosure information in connection with the issuance of the Series 2015A Certificates in order to comply with the Rule.

[TO BE UPDATED]

The District, acting through the School Board as its governing body, has entered into continuing disclosure undertakings in connection with the issuance of other obligations under which it is an obligated person, including certain Outstanding Certificates. The District is current in all of its electronic filings with the MSRB of Annual Reports and other financial information required by the Rule in connection with such other undertakings. However, in the previous five (5) year period prior to the date of this Official Statement, the District filed its Comprehensive Annual Financial Report (CAFR) for FY 2009 with the MSRB four days after the January 15, 2010 deadline. In addition, the District failed to file certain updates of financial information in its prior offering statements that were not contained in its five (5) most recent CAFRs but were required to be filed by its continuing disclosure undertakings. All of such updated financial information was filed on January 15, 2014.

The District is current in its required filings of material events notices with respect to such other undertakings, although in the previous five (5) years the District did not file all material events notices of rating changes related to downgrades of municipal bond insurers insuring certain of the District's outstanding obligations under certificates of participation. In addition, on November 10, 2010, Standard & Poor's downgraded the District's underlying rating from "A+" to "A" in connection with a proposed certificate of participation refunding transaction that did not occur until seven months later; however, a notice of such downgrade was not filed with the MSRB until January 27, 2011. The District intends to fully comply with all current and future continuing disclosure undertakings. In furtherance thereof, as of January 9, 2014 the District engaged Digital Assurance Certification, L.L.C. as its dissemination agent, in order to ensure ongoing and future compliance with its obligations under the Rule.

BLUE SKY DISCLOSURE

Section 517.051, Florida Statutes, and the regulations promulgated thereunder, require that the School Board make full and fair disclosure of any bonds or other debt obligations of such entity that have been in default as to payment of principal or interest at any time after

December 31, 1975. The School Board is not and has not been, since December 31, 1975, in default as to payment of principal of or interest on its bonds or other debt obligations.

MISCELLANEOUS

The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as a 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, the School Board, or the Corporation 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, the School Board or the Corporation and the purchasers or the holders of any of the Series 2015A Certificates.

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

THE SCHOOL BOARD OF BROWARD
COUNTY, FLORIDA

By: _____
DONNA P. KORN, Chair

By: _____
ROBERT W. RUNCIE, Superintendent of
Schools and Secretary to the School Board

APPENDIX A

GENERAL INFORMATION REGARDING BROWARD COUNTY, FLORIDA

Broward County, Florida (the “County”) created in October 1915 by the legislature of the State of Florida, is located on the southeast coast of Florida and has an area of approximately 1,231 square miles. The County is bordered on the south by Miami-Dade County and on the north by Palm Beach County. Located within the County are 31 municipalities. The County ranks second in Florida and 18th in the nation with a 2013 estimated population of 1.8 million persons. Approximately 50% of the County's population lives in its seven largest cities: Fort Lauderdale, Pembroke Pines, Hollywood, Miramar, Coral Springs, Pompano Beach and Davie. Four airports, including the Fort Lauderdale-Hollywood International Airport, are located in the County. Port Everglades, Florida's deepest harbor and a leading international cruise port, is located less than two miles from Fort Lauderdale-Hollywood International Airport.

Governmental Structure

The County is governed by the provisions of its Charter (the “Charter”) as amended, originally adopted by the electors of the County on November 5, 1974. Under the Charter, the County functions as a home rule government consistent with the provisions of the Florida Constitution and the general laws of Florida.

The nine member Board of County Commissioners (the “Board”) is the legislative body of the County government. The Board annually elects a Mayor who serves as presiding officer. The Charter provides for one County Commissioner to be elected from each of the nine Commission districts. Elections are held every two years for staggered four year terms. Each candidate must be a registered elector and a legal resident of the district to be represented.

The County Commissioners and expiration of their terms are as follows:

	November 2018
Barbara Sherief, Mayor	
Tim Ryan, Vice Mayor	November 2016
Quentin “Beam” Furr, Commissioner	November 2018
Dale Holness, Commissioner	November 2016
District 2, Commissioner	Vacant
Martin David Kiar, Commissioner	November 2016
Chip Lamarca, Commissioner	November 2018
Stacy Ritter, Commissioner	November 2016
Lois Wexler, Commissioner	November 2016

The County Administrator, appointed by the Board, is the chief administrative officer of the County government. The County Administrator directs the functions of County government through several offices, seven major departments, and various divisions within each department.

Pursuant to an Administrative Code adopted by the Board, unless otherwise stated in the Charter, the County Administrator can appoint, suspend, or remove all County employees, with the exception of the County Auditor and the County Attorney. The County Administrator also serves as ex-officio Clerk of the Board.

Under the Charter, checks and balances are provided by the Office of the County Auditor. The County Auditor, appointed by the Board, maintains an advisory position to that body.

Legal services are provided to the County government by the Office of the County Attorney. The County Attorney is appointed by the Board. Staff attorneys, appointed by the County Attorney, represent the Board and all other departments, divisions, boards, and offices in all legal matters affecting the County.

Population

In the years since it began as an agricultural community of 5,000, the County has steadily grown and is the second largest county in Florida and the 18th largest county in the nation according to the 2010 census.

Year	Broward County		State of Florida		United States	
	Population	Change ¹	Population	Change ¹	Population	Change ¹
1960	333,946	—	4,951,560	—	179,323,000	—
1970	620,100	8.57%	6,789,443	3.71%	203,212,000	1.33%
1980	1,018,257	6.42	9,747,061	4.36	226,505,000	1.15
1990	1,255,488	2.33	13,003,362	3.34	249,632,692	1.02
2000	1,623,018	2.93	15,982,378	2.29	281,421,906	1.27
2010 ⁽²⁾	1,748,066	0.77	18,801,310	1.76	308,745,538	0.97

⁽¹⁾ Average annual percentage increase over the preceding period.

⁽²⁾ 2010 represents the last year data is available at the County level from the U.S. Census Bureau.

Source: U.S. Department of Commerce, Bureau of Census.

Labor Force and Unemployment Rates

<u>Year Ended December 31</u>	<u>Estimated Broward County Civilian Labor Force</u>	<u>Unemployment Rates</u>		<u>United States</u>
		<u>Broward County</u>	<u>Florida</u>	
2003	877,270	5.5%	5.1%	6.0%
2004	899,880	4.7	4.6	5.5
2005	947,447	3.8	3.9	5.1
2006	974,486	3.1	3.3	4.6
2007	991,155	3.4	3.8	4.6
2008	1,001,139	6.6	7.3	6.5
2009	1,002,039	10.1	11.5	9.4
2010	993,076	10.5	12.0	9.2
2011	978,951	8.6	9.7	8.5
2012	993,108	6.7	7.9	7.8
2013	701,480	5.8*	7.0*	7.4

Source: Florida Research and Economic Database and U.S. Bureau of Labor Statistics.

*Preliminary

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Estimated Nonagricultural Employment by Economic Sector

Fort Lauderdale Metropolitan Statistical Area (in thousands)

	<u>2009 Total</u>	<u>2009 Percent of Total</u>	<u>2010 Total</u>	<u>2010 Percent of Total</u>	<u>2011 Total</u>	<u>2011 Percent of Total</u>	<u>2012 Total</u>	<u>2012 Percent of Total</u>
Grand Total	<u>772.3</u>	<u>100.0%</u>	<u>696.9</u>	<u>100.0%</u>	<u>711.7</u>	<u>100.0%</u>	<u>746.9</u>	<u>100.0%</u>
Goods Producing	77.8	8.8	56.4	8.1	52.8	7.4	60.8	8.1
Construction	49.4	5.1	32.0	4.6	29.0	4.1	34.0	4.6
Manufacturing	28.3	3.6	24.3	3.5	23.2	3.3	26.7	3.6
Service Providing	694.5	91.2	640.5	91.9	658.9	92.6	686.1	91.9
Trade, Transportation and Utilities	170.4	22.5	158.2	22.7	161.5	22.7	176.0	23.6
<i>Wholesale Trade</i>	46.4	6.5	43.2	6.2	42.5	6.0	46.1	6.2
<i>Retail Trade</i>	100.6	12.9	93.6	13.4	96.5	13.6	106.2	14.2
<i>Transportation, Warehousing, and Utilities</i>	23.4	3.2	21.4	3.1	22.5	3.2	23.7	3.2
Financial Activities	59.6	7.2	51.0	7.3	55.3	7.8	54.2	7.3
Information	19.8	2.5	15.5	2.2	15.7	2.2	18.1	2.4
Professional and Business Services	123.7	16.4	113.4	16.3	113.4	16.5	122.0	16.3
Education and Health Services	98.6	12.8	97.9	14.0	97.5	13.7	97.6	13.1
Leisure and Hospitality	80.7	10.5	73.5	10.5	80.2	11.3	85.5	11.4
Other Services	34.8	4.6	31.5	4.5	30.7	4.3	34.6	4.6
Government	106.9	14.7	99.5	14.3	100.4	14.1	98.1	13.1
<i>Federal</i>	7.8	1.0	7.3	1.0	7.8	1.1	7.4	1.0
<i>State & Local</i>	99.1	13.7	92.2	13.2	92.6	13.0	90.7	12.2

Largest Employers

The County has a diversified economy with a balance among technology, manufacturing, financial, international and domestic tourism, residential and commercial construction, and retail trade. There were approximately 50,000 business establishments with operations in the County at the end of fiscal year 2013. According to the 2010 Economic Census conducted by the United States Census Bureau, approximately 90% of firms within the County have fewer than 20 employees; additionally, approximately 150 businesses have corporate, division, or regional headquarters in the County. The table below shows the principal employers in the County for 2013.

Company	Employees
Broward County School Board	26,000
Broward County Government	11,360
Memorial Healthcare System	10,900
Broward Health	8,190
Nova Southeastern University	4,013
American Express	3,000
The Answer Group	2,800
Kaplan Higher Education	2,500
City of Fort Lauderdale	2,425
BrandsMart USA	2,000

Source: Broward County, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2013 citing Broward County Planning and Redevelopment Division

Per Capita Personal Income⁽¹⁾

Broward County, Florida, and United States

Year Ended December 31	Broward County	Percent of Florida	Percent of U.S.	State of Florida	Percent of U.S.	United States
2002	\$31,785	106.8%	102.8%	\$29,758	96.3%	\$30,906
2003	32,844	109.1	104.3	30,116	95.6	31,487
2004	34,008	108.0	103.0	31,469	95.2	33,050
2005	36,595	107.6	106.2	34,001	98.6	34,471
2006	39,743	108.2	108.2	36,720	100.0	36,714
2007	41,169	107.2	106.6	38,417	99.5	38,615
2008	41,974	107.5	104.5	39,064	97.3	40,166
2009	41,185	106.0	104.0	38,965	104.0	39,635
2010	41,511	108.0	104.0	38,345	104.0	39,791
2011	42,768	108.0	103.0	39,636	95.0	41,560
2012	43,351	106.0	99.0	41,012	94.0	43,735

⁽¹⁾ Stated in current dollars (i.e., actual dollars for each year with no adjustment for inflation).
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

Taxable Sales for the County

The following table shows the taxable sales within the County for the calendar years 2003-2013 and the percentage increase in such sales for each year.

Taxable Sales (\$ in Thousands)

<u>Year Ended December 31</u>	<u>Taxable Sales</u>	<u>Percent Change from Prior Year</u>
2003	\$25,122,603	(0.28)%
2004	27,608,938	9.90
2005	31,941,903	15.70
2006	34,759,141	8.82
2007	30,678,853	(11.70)
2008	29,523,345	(3.77)
2009	26,261,882	(11.10)
2010	26,898,615	2.42
2011	28,008,981	4.11
2012	29,692,094	6.01
2013	31,631,500	6.13

Source: State of Florida, Department of Revenue.

Tourism

Tourism is an important component of the County's economy. The combination of favorable climate (Fort Lauderdale has a mean temperature of 75.5 degrees Fahrenheit), together with diverse recreational opportunities, including theaters, parks, public beaches, yacht basins, fishing, golf, tennis, restaurants, thoroughbred racing, jai alai, casino gambling and water recreational facilities, have made the County a tourist center. The County's multipurpose convention center expansion was completed in 2002 giving the facility a total of 600,000 gross square feet of space. The three level, 180,000 square foot expansion is mainly comprised of a 50,000 square foot exhibit hall, a 33,000 square foot ballroom and 15,000 square feet of meeting room space. Connecting corridors were built at all levels in order to provide convenient access between the original building and the expansion as well as from the original building to the adjacent parking garage.

Tourists now visit the County over the entire year instead of merely during winter months and the tourism industry is currently drawing from a worldwide market. Preliminary numbers from the Greater Fort Lauderdale Convention and Visitors Bureau report that more than 13 million people visited Broward County in calendar year 2013, and had an economic impact of \$10 billion. The County's 2013 hotel occupancy rate was 74%, an increase of 1% over the previous year and the Average Daily Rate (ADR) was \$115, an increase of 4% over the previous year.

Building Permits

In the late 1980's, the construction of multi-family units exceeded the construction of single family homes. In contrast, the number of permits issued in the 1990's for single family homes exceeded the number of permits issued for multi-family units. The gap between the two has narrowed significantly in the recent past due to a number of factors including the very limited availability of vacant land and continued population growth, both of which have contributed to increased housing density. The yearly data for building permits is presented in the following table:

Building Permits Issued in Broward County (\$ in Thousands)

Calendar Year	Single Family Units	Multi- Family Units	Total Residential Units	Total Residential Valuation	Permit Valuation
2003	3,931	4,432	8,363	\$1,080,166	\$1,080,166
2004	4,811	3,980	8,791	1,077,816	1,077,816
2005	3,353	2,817	6,170	1,112,104	1,112,104
2006	3,308	3,378	6,686	991,153	991,153
2007	1,754	2,179	3,933	617,307	617,307
2008	967	1,205	2,172	346,893	346,893
2009	563	486	1,049	159,077	159,077
2010	979	189	1,168	222,589	222,589
2011	1,442	998	2,440	278,805	278,805
2012	1,062	110	1,172	414,263	414,263

Education

Broward County Public Schools is the sixth largest public school district and the largest, fully accredited public school district in the nation with approximately 262,000 students currently enrolled and a fiscal year ending June 30, 2014 budget of approximately \$3 million. The system consists of 324 schools: 229 traditional schools and centers, and 95 charter schools. Broward County Public Schools is an independent operating and taxing entity, meaning that it is separate from the County.

There are three four-year colleges and universities in the County: Florida Atlantic University and Florida International University, which are public, and Nova Southeastern University, which is private. Florida Atlantic University and Florida International University are two of the nine universities in the State of Florida University system. Broward College, Prospect Hall College, City College, Fort Lauderdale College, the Art Institute of Fort Lauderdale, and

Keiser Institute of Technology are two-year colleges located in the County. There are also seven educational institutions in the County with degree or certificate programs providing vocational and technical education.

Transportation

Surface Transportation. The County is served by three bus lines, two railroads (Florida East Coast Railway and CSX), and major freight carriers. The road system within the County, totaling approximately 4,800 miles, contains over 140 miles of interstate and other expressways (including I-95, I-75, I-595, the Florida Turnpike, and the Sawgrass Expressway) and approximately 375 miles of divided highways. The County-operated bus system, with an active fleet of 292 fixed route busses, 28 express busses and 78 community busses, serviced 38.2 million passengers in fiscal year 2013. TRI-Rail, a commuter rail system, provides service along a 66 mile corridor from Palm Beach County to Miami-Dade County.

Sea Transportation. Port Everglades, Florida's deepest harbor and one of the top three cruise ports in the world, is located in the County – less than two miles from Fort Lauderdale-Hollywood International Airport. Port Everglades is served by major motor freight carriers and two railroads. All functions, assets, and liabilities of Port Everglades passed over to the County in November, 1994 as the result of a local bill which dissolved the separate governing body of the Port and transferred all related duties and powers to the Board. In fiscal year 2013, Port Everglades handled 108.4 million barrels of petroleum and 6 million tons of containerized cargo. A total of 3,600,636 cruise ship passengers went through Port Everglades on 772 sailings in fiscal year 2013.

A portion of Port Everglades has been designated a Foreign Trade Zone ("FTZ"), where foreign components can be assembled, packaged, and shipped without usual customs duties. The FTZ at Port Everglades was the first such operating zone established in Florida. The general-purpose FTZ now includes twelve sites within and outside of the Port's boundaries on a total of 388 acres. In calendar year 2013, cargo valued at more than \$329 million was received and more than \$322 million was shipped from all active general-purpose FTZ areas combined. Additionally, the five special-purpose subzones at Port Everglades received cargo valued at more than \$4.3 billion and shipped cargo more than \$4.3 billion.

Air Transportation. Four airports are located in the County. There are three general aviation airports and the Fort Lauderdale-Hollywood International Airport (the "Airport"), which is used by most major national commercial airlines and several foreign commercial airlines. For fiscal year 2013, enplaned passengers totaled 11,794,271 – an increase of 0.4% over fiscal year 2012. Approximately 84,132 total tons of cargo was handled at the Airport in fiscal year 2013.

APPENDIX B

[BASIC FINANCIAL STATEMENTS OF THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2014]

APPENDIX C

FORMS OF CERTAIN LEGAL DOCUMENTS

Form of Master Trust Agreement

Form of Series 2015A Supplemental Trust Agreement

Form of Master Lease Purchase Agreement

Form of Amended and Restated Schedule 2005A-1

Form of Amended and Restated Schedule 2006-1

Form of Amended and Restated Schedule 2006-2

Form of Amended and Restated Schedule 2007A-1

Form of Amended and Restated Schedule 2007A-2

Form of Series 2005A-1 Ground Lease

Form of Series 2006 Ground Lease

Form of Series 2007A Ground Lease

Form of Series 2005A Assignment Agreement

Form of Series 2006 Assignment Agreement

Form of Series 2007A Assignment Agreement

APPENDIX D

PROPOSED FORM OF OPINION OF CO-SPECIAL TAX COUNSEL

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE