

**PRELIMINARY OFFERING STATEMENT DATED JUNE \_\_, 2019**

**NEW ISSUE - BOOK-ENTRY ONLY**

**RATINGS: See "RATINGS" herein**

*In the opinion of Greenberg Traurig, P.A. and Edwards & Feanny, P.A., Co-Special Tax Counsel, assuming continuing compliance with certain tax covenants and the accuracy of certain representations of the School Board, under existing statutes, regulations, rulings and court decisions, the portion of the Basic Lease Payments designated and paid as interest to the Series 2019A 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 2019A Certificate holders will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. No opinion is expressed with respect to the federal income tax consequences of any payments received with respect to the Series 2019A Certificates following termination of the Master Lease as a result of non-appropriation of funds or the occurrence of an event of default thereunder. See "TAX TREATMENT" herein for a description of certain other federal tax consequences of ownership of the Series 2019A Certificates. Co-Special Tax Counsel is further of the opinion that the Series 2019A Certificates and the portion of the Basic Lease Payments designated and paid as interest to the owners of the Series 2019A 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 2019A Certificates following termination of the Master Lease as a result of non-appropriation of funds or the occurrence of an event of default thereunder.*

\$ \_\_\_\_\_ \*

[SCHOOL  
DISTRICT  
LOGO]

**CERTIFICATES OF PARTICIPATION, SERIES 2019A**  
**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 the inside cover**

The Certificates of Participation, Series 2019A (the "Series 2019A Certificates") offered hereby evidence undivided proportionate interests in a portion of the Basic Lease Payments (as defined herein) to be made by The School Board of 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 (the "Master Lease") with the Broward School Board Leasing Corp. (the "Corporation"), as amended and supplemented by Schedule 2004-1, as amended and restated as of July 1, 2019 (together with the Master Lease, the "Series 2004-1 Lease"), providing for the lease purchase financing and refinancing of certain educational facilities by the School Board, as described herein.

**Concurrently with the issuance of the Series 2019A Certificates and subject to the satisfaction of certain conditions precedent, the School Board also expects to cause the issuance of \$ \_\_\_\_\_ aggregate principal amount of Certificates of Participation, Series 2019B (the "Series 2019B Certificates") in order to refund certain outstanding Certificates of Participation of the School Board and finance the termination payment with respect to the interest rate exchange agreement related thereto. A separate Offering Statement describing the Series 2019B Certificates has been prepared and disseminated in connection therewith.**

**The School Board and the Corporation have authorized certain amendments to the Master Lease and the Series 2004-1 Lease that will only become effective upon the receipt by the School Board of certain consents to such amendments, as described herein. By purchasing the Series 2019A Certificates, the initial Beneficial Owners of the Series 2019A Certificates shall be deemed to have consented to such amendments. See "CERTAIN AMENDMENTS TO THE MASTER LEASE AND SERIES 2004-1 LEASE" herein and "APPENDIX C - CERTAIN LEGAL DOCUMENTS - Form of Amendment to Master Lease" and "- Form of Schedule 2004A-1" hereto.**

The Series 2019A Certificates are being issued as fully registered Certificates pursuant to the provisions of a Master Trust Agreement, dated as of July 1, 1990, as amended (the "Master Trust Agreement"), as supplemented by a Series 2019A Supplemental Trust Agreement, dated as of July 1, 2019 (together with the Master Trust Agreement, the "Trust Agreement"), each between the Corporation and U.S. Bank National Association (successor in interest to First Union National Bank of Florida), Miami, Florida, as trustee (the "Trustee"). The interest portion of the Basic Lease Payments represented by the Series 2019A Certificates is payable on January 1 and July 1 of each year, commencing [January 1, 2020] (each an "Interest Payment Date") by check or draft of the Trustee mailed to the Series 2019A Certificate owner of record at the address shown on the registration records maintained by the Trustee as of the fifteenth day of the month (whether or not a business day) next preceding each Interest Payment Date. The Series 2019A Certificates are being issued in denominations of \$5,000 or any integral multiple thereof and will initially be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). Purchasers of the Series 2019A Certificates (the "Beneficial Owners") will not receive physical delivery of the Series 2019A Certificates. Ownership by the Beneficial Owners of the Series 2019A Certificates will be evidenced through a book-entry only system of registration. As long as Cede & Co. is the registered owner as nominee of DTC, payment of the principal portion and interest portion of the Basic Lease Payments represented by the Series 2019A Certificates will be made directly to Cede & Co., which will in turn remit such payments to the DTC Participants for subsequent disbursement to the Beneficial Owners. See "BOOK-ENTRY ONLY SYSTEM" herein.

[The Series 2019A Certificates are not subject to optional prepayment, but are subject to extraordinary prepayment prior to maturity, as described herein.] See "THE SERIES 2019A CERTIFICATES – Prepayment" herein.

**THE SCHOOL BOARD IS NOT LEGALLY REQUIRED TO APPROPRIATE MONEYS TO MAKE LEASE PAYMENTS. LEASE PAYMENTS ARE PAYABLE FROM FUNDS APPROPRIATED BY THE SCHOOL BOARD FOR SUCH PURPOSE FROM CURRENT OR OTHER FUNDS AUTHORIZED BY LAW AND REGULATIONS OF THE STATE OF FLORIDA DEPARTMENT OF EDUCATION. NONE OF THE DISTRICT, THE**

SCHOOL BOARD, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS OBLIGATED TO PAY, EXCEPT FROM SCHOOL BOARD APPROPRIATED FUNDS, ANY SUMS DUE UNDER THE SERIES 2004-1 LEASE FROM ANY SOURCE OF TAXATION, AND THE FULL FAITH AND CREDIT OF THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS NOT PLEDGED FOR PAYMENT OF SUCH SUMS DUE THEREUNDER, AND SUCH SUMS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS OR LIMITATION. NONE OF THE CORPORATION, THE TRUSTEE OR ANY CERTIFICATE HOLDER MAY COMPEL THE LEVY OF ANY AD VALOREM TAXES BY THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF TO PAY ANY SUMS, INCLUDING THE BASIC LEASE PAYMENTS, DUE UNDER THE SERIES 2004-1 LEASE. SEE "RISK FACTORS" HEREIN.

SEE THE INSIDE COVER FOR CERTAIN ADDITIONAL INFORMATION RELATING TO THE SERIES 2004-1 LEASE AND THE SERIES 2019A CERTIFICATES.

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

*The Series 2019A Certificates are offered when, as and if delivered and received by the Underwriters, subject to the approving legal opinion of Greenberg Traurig, P.A., Miami, Florida, and Edwards & Feanny, P.A., Miami, Florida, Co-Special Tax Counsel, and certain other conditions. Certain legal matters will be passed upon for the School Board by Nabors, Giblin & Nickerson, P.A., Tampa, Florida and D. Seaton and Associates, P.A., Davie, Florida, Co-Disclosure Counsel. Certain legal matters will be passed upon for the School Board and the Corporation by their General Counsel, Barbara J. Myrick, Esq. Moskowitz, Mandell, Salim & Simowitz, P.A., Fort Lauderdale, Florida, and Virtus LLP, Orlando, Florida, are serving as Co-Counsel to the Underwriters. PFM Financial Advisors LLC, Orlando, Florida, is acting as Financial Advisor to the District. It is expected that the Series 2019A Certificates will be available for delivery in New York, New York through the offices of DTC on or about July [18], 2019.*

**BofA Merrill Lynch**

**J.P. Morgan**

**Morgan Stanley**

**Citigroup**

**PNC Capital Markets LLC**

Dated: \_\_\_\_\_, 2019

**[DAC Logo]**

\* Preliminary, subject to change.

## ADDITIONAL INFORMATION

The Series 2019A Certificates are being issued to provide funds for the purposes of (i) providing funds sufficient to prepay all of the School Board's outstanding Certificates of Participation, Series 2014A (the "Refunded Certificates"), (ii) paying a termination payment and other amounts due under the interest rate exchange agreement related to the Refunded Certificates and (iii) paying certain costs of issuance with respect to the Series 2019A Certificates.

The initial term of the Series 2004-1 Lease commenced on [June 1, 2004] and continued through and including June 30, 2004, has been automatically renewed annually to date and is automatically renewable annually through June 30, 2029, unless sooner terminated as described herein.

In addition to the Series 2004-1 Lease, the School Board (i) has heretofore entered into the Prior Leases (as described herein) under the Master Lease, and (ii) expects to enter into other Leases under the Master Lease in the future. **For Fiscal Year 2018-19, of the District's 234 total operational schools, there were approximately [96 schools and 80] additions to schools and related improvements leased under the Master Lease. Based on the District's Pre-K through 12 pupil enrollment of approximately 224,631 students (excluding charter school enrollment) for Fiscal Year 2018-19, approximately [59%] of the District's students attended classes in, or otherwise utilized, Facilities leased under the Master Lease during the Fiscal Year ended June 30, 2019 (see "THE MASTER LEASE FACILITIES" and "THE SERIES 2004-1 FACILITIES" herein).** *To determine the above percentage, the number of students attending each facility was calculated as follows: for schools that are built and operating, the number of students for the Fiscal Year 2018-19 was used; for the additions, the number of student stations attributable to each specific classroom or facility for Fiscal Year 2018-19 based on the type of school (elementary, middle or high) or facility (cafeteria, auditorium, gymnasium, etc.) was used.* When the School Board appropriates Lease Payments for any of its Facilities leased under the Master Lease, it must appropriate Lease Payments for all other Facilities leased under the Master Lease. Failure to appropriate funds to pay Lease Payments under any such Lease, or an event of default under any such Lease, will result in the termination of all Leases, including the Series 2004-1 Lease. The proceeds of the disposition of the Facilities leased under the Series 2004-1 Lease will be applied to the payment of the Series 2019A Certificates, equally and ratably with the Series 2012A Certificates (as defined herein) allocable to the Series 2004-1 Lease, after payment of the expenses of the Trustee and then as described in the Series 2004-1 Lease. In addition, holders of the Series 2019A Certificates will share in the proceeds of the disposition of the Series 2004-1 Facilities (as defined herein) that are Overlapping Facilities (as defined in the Series 2004-1 Lease) with holders of other Certificates representing an interest in such Overlapping Facilities upon termination of the Master Lease. **The School Board may not be dispossessed of any personal property financed or refinanced, in whole or in part, with proceeds of Series 2019A Certificates. See "THE SERIES 2004-1 FACILITIES" herein.**

Co-Special Tax Counsel will express no opinion as to the tax exemption or the effect of securities laws with respect to the Series 2019A Certificates following non-appropriation of funds or an event of default under the Master Lease which results in termination of the Lease Terms of the Series 2004-1 Lease. Transfers of the Series 2019A Certificates may be subject to compliance with the registration provisions of state and federal securities laws following non-

appropriation of funds or an event of default under the Master Lease which results in termination of the Lease Term of all Leases. See "TAX TREATMENT" and "RISK FACTORS" herein.

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

\$\_\_\_\_\_ \* Serial Series 2019A Certificates

<b>Maturity (July 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>Initial CUSIP No.<sup>(1)</sup></b>
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\* Preliminary, subject to change.

<sup>(1)</sup> CUSIP is a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, operated by S&P Global Market Intelligence, a division of S&P Global Inc. CUSIP data herein is provided for convenience of reference only. The School Board, the Financial Advisor and the Underwriters and their agents take no responsibility for the accuracy of such data.

**THE SCHOOL DISTRICT OF BROWARD COUNTY, FLORIDA**

**BOARD MEMBERS**

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

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**DISTRICT OFFICIALS**

**Superintendent of Schools**  
Robert W. Runcie

**Chief Financial Officer**  
Judith M. Marte

**Task Assigned Chief Facilities Officer**  
MaryAnn May, Ph.D.

**Treasurer**  
Ivan Perrone

**Director of Capital Budget**  
Omar Shim

**General Counsel**  
Barbara J. Myrick, Esq.

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**CO-SPECIAL TAX COUNSEL**

Greenberg Traurig, P.A.  
Miami, Florida

Edwards & Feanny, P.A.  
Miami, Florida

**CO-DISCLOSURE COUNSEL**

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

D. Seaton and Associates, P.A.  
Davie, Florida

**FINANCIAL ADVISOR**

PFM Financial Advisors LLC  
Orlando, Florida

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

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2019A CERTIFICATES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

UPON ISSUANCE, THE SERIES 2019A 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 2019A CERTIFICATES FOR SALE. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFERING STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE SCHOOL BOARD OR THE DISTRICT AND ANY ONE OR MORE OF THE OWNERS OF THE SERIES 2019A CERTIFICATES.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFERING STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS



OFFERING STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE CAPTIONS AND HEADINGS IN THIS OFFERING STATEMENT ARE FOR CONVENIENCE ONLY AND IN NO WAY DEFINE, LIMIT OR DESCRIBE THE SCOPE OR INTENT, OR AFFECT THE MEANING OR CONSTRUCTION, OF ANY PROVISIONS OR SECTIONS IN THIS OFFERING STATEMENT. THE OFFERING OF THE SERIES 2019A CERTIFICATES IS MADE ONLY BY MEANS OF THIS ENTIRE OFFERING STATEMENT.

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

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2019A Certificates are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

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

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	Form of Schedule 2004-1
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	 The Series 2004A Assignment
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APPENDIX E	FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

## OFFERING STATEMENT

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**CERTIFICATES OF PARTICIPATION, SERIES 2019A**  
**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

This Offering Statement, including the cover page, the inside cover page and appendices hereto, is provided to furnish information in connection with the sale and delivery of \$ \_\_\_\_\_ \* aggregate principal amount of Certificates of Participation, Series 2019A (the "Series 2019A Certificates").

The Series 2019A Certificates evidence undivided proportionate interests of the owners thereof in a portion of the Basic Lease Payments to be made by The School Board of Broward County, Florida (the "School Board") under the Series 2004-1 Lease (as such term is defined below). The Series 2019A Certificates are being executed and delivered pursuant to a Master Trust Agreement, dated as of July 1, 1990, as amended (the "Master Trust Agreement"), as supplemented by a Series 2019A Supplemental Trust Agreement, dated as of July 1, 2019 (together with the Master Trust Agreement, the "Trust Agreement"), each between the Broward School Board Leasing Corp., a Florida not-for-profit corporation (the "Corporation"), and U.S. Bank National Association (as successor in interest to First Union National Bank of Florida), Miami, Florida, as trustee (the "Trustee").

The School Board and the Corporation have authorized certain amendments to the Master Lease and the Series 2004-1 Lease (each as described herein) that will only become effective upon the receipt by the School Board of certain consents to such amendments, as described herein. By purchasing the Series 2019A Certificates, the initial Beneficial Owners (as defined herein) of the Series 2019A Certificates shall be deemed to have consented to such amendments. See "CERTAIN AMENDMENTS TO THE MASTER LEASE AND SERIES 2004-1 LEASE" and "APPENDIX C - CERTAIN LEGAL DOCUMENTS - Form of Amendment to Master Lease" and "- Form of Schedule 2004-1" herein.

The School Board, as the governing body of the School District of Broward County, Florida (the "District"), entered into a Master Lease Purchase Agreement dated as of July 1, 1990, as amended (the "Master Lease") between the Corporation, as lessor, and the School Board, as lessee, for the purpose of providing for the lease-purchase financing and refinancing from time to time of certain educational facilities, sites and equipment (the "Facilities") from the Corporation. Facilities to be leased from time to time are identified on

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\* Preliminary, subject to change.

separate schedules (each a "Schedule") attached to the Master Lease. Upon execution and delivery thereof, each Schedule, together with the provisions of the Master Lease, will constitute a separate lease agreement (individually a "Lease" and collectively the "Leases"). The Facilities subject to each such Lease are financed or refinanced with separate Series of Certificates issued under the Master Trust Agreement as supplemented by a Supplemental Trust Agreement related to each such Series of Certificates.

Contemporaneously with the issuance of the Series 2019A Certificates, the School Board also expects to cause the issuance of \$\_\_\_\_\_\* aggregate principal amount of Certificates of Participation, Series 2019B (the "Series 2019B Certificates") in order to refund all of the School Board's outstanding Certificates of Participation, Series 2015C and finance the termination payment with respect to the interest rate exchange agreement related thereto. See "EXPECTED ISSUANCE OF OTHER CERTIFICATES" herein.

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\* Preliminary, subject to change.

The following table provides a summary of the Leases expected to be in effect following delivery of the Series 2019A Certificates, the designation of the Facilities being lease-purchased by the School Board under each Lease, the related Series of Certificates, the final term of each Lease and the outstanding principal amount of each such related Series of Certificates.

Lease	Related Facilities	Related Series of Certificates	Final Lease Date	Principal Amount Outstanding Immediately Following Issuance of the Series 2019A Certificates
Series 2001A-1	Series 2001A-1	Series 2011A Certificates	June 30, 2026	\$64,450,000 <sup>(1)</sup>
		Series 2017C Certificates		94,150,000 <sup>(2)</sup>
Series 2001B-1	Series 2001B-1	Series 2011A Certificates	June 30, 2026	38,825,000 <sup>(1)</sup>
		Series 2017C Certificates		57,080,000 <sup>(2)</sup>
Series 2003A-1	Series 2003A-1	Series 2012A Certificates	June 30, 2028	121,240,000 <sup>(3)</sup>
Series 2003A-2	Series 2003A-2			
Series 2004-QZAB	Series 2004-QZAB	Series 2004 Certificates (QZAB)	December 22, 2020	212,248
Series 2004-1	Series 2004-1	Series 2012A Certificates	June 30, 2029	23,540,000 <sup>(3)</sup>
		Series 2019A Certificates		<sup>(4)</sup>
Series 2005A-1	Series 2005A-1	Series 2015A Certificates	June 30, 2031	112,390,000 <sup>(5)</sup>
Series 2005B	Series 2005B	Series 2017A Certificates	June 30, 2031	39,575,000
Series 2006-1	Series 2006-1	Series 2015A Certificates	June 30, 2031	139,970,000 <sup>(5)</sup>
		Series 2019B Certificates		<sup>(6)</sup>
Series 2006-2	Series 2006-2	Series 2015A Certificates	June 30, 2021	65,000,000 <sup>(5)</sup>
Series 2007A-1	Series 2007A-1	Series 2015B Certificates	June 30, 2032	170,805,000
Series 2008A-1	Series 2008A-1	Series 2016A Certificates	June 30, 2033	198,205,000
Series 2008A-2	Series 2008A-2		June 30, 2020	
Series 2009A-1 <sup>(7)</sup>	Series 2009A-1	Series 2009A Certificates (QSCB)	June 30, 2034	31,753,000
Series 2009A-2	Series 2009A-2	Series 2016B Certificates	June 30, 2029	18,735,000
		Series 2017B Certificates	June 17, 2024	56,300,000
Series 2010A <sup>(7)</sup>	Series 2010A	Series 2010A Certificates (QSCB)	June 30, 2027	51,645,000
Total Prior Certificates				\$ _____

Source: The District.

<sup>(1)</sup> The listed principal amount represents the approximate principal portion of the Series 2011A Certificates allocated between the Series 2001A-1 Lease and Series 2001B-1 Lease.

<sup>(2)</sup> The listed principal amount represents the approximate principal portion of the Series 2017C Certificates allocated among the Series 2001A-1 Lease and Series 2001B-1 Lease.

<sup>(3)</sup> The listed principal amount represents the approximate principal portion of the Series 2012A Certificates allocated among the Series 2003A Leases and Series 2004-1 Lease.

<sup>(4)</sup> Preliminary, subject to change. Assumes the refunding of the Refunded Certificates (as defined herein) with proceeds of the Series 2019A Certificates. See "PURPOSE OF SERIES 2019A CERTIFICATES" and "PLAN OF REFUNDING" herein.

<sup>(5)</sup> The listed principal amount represents the approximate principal portion of the Series 2015A Certificates allocated among the Series 2005A-1 Lease, Series 2006-1 Lease and Series 2006-2 Lease.

<sup>(6)</sup> Preliminary, subject to change. Assumes the refunding of the Series 2015C Certificates with proceeds of the Series 2019B Certificates, which Series 2019B Certificates are expected to be issued concurrently with the Series 2019A Certificates. See "EXPECTED ISSUANCE OF OTHER CERTIFICATES" herein.

<sup>(7)</sup> The School Board designated the Series 2009A-1 Lease and the Series 2010A Lease as "qualified school construction bonds" pursuant to Section 54F of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 6431 of the Code, the School Board made an election to qualify to receive federal subsidy payments from the United States Treasury pursuant to Section 6431(f) of the Code (the "Interest Subsidy") on each interest payment date for the Series 2009A Certificates (QSCB) and Series 2010A Certificates (QSCB). The expected Interest Subsidy will be in an amount equal to the lesser of the applicable amount of interest payable with respect to the Series 2009A Certificates (QSCB) and Series 2010A Certificates (QSCB) on such date or the applicable amount of interest which would have been payable with respect to the Series 2009A Certificates (QSCB) and Series 2010A Certificates (QSCB) if the interest were determined at the applicable tax credit rate for the Series 2009A Certificates (QSCB) and Series 2010A Certificates (QSCB) pursuant to Section 54A(b)(3) of the Code. See "RISK FACTORS - Effect of Sequestration on Lease Payments" herein.

The Series 2004-QZAB Certificates, the Series 2009A Certificates (QSCB), the Series 2010A Certificates (QSCB), the Series 2011A Certificates, the Series 2012A Certificates, the Series 2015A Certificates, the Series 2015B Certificates, the Series 2016A Certificates, the Series 2016B Certificates, the Series 2017A Certificates, the Series 2017B Certificates, the Series 2017C Certificates and the Series 2019B Certificates are collectively referred to herein as the "Prior Certificates." The Series 2001A-1 Lease, the Series 2001B-1 Lease, the Series 2003A-1 Lease, the Series 2003A-2 Lease, the Series 2004-QZAB Lease, the Series 2005A-1 Lease, the Series 2005B Lease, the Series 2006-1 Lease, the Series 2006-2 Lease, the Series 2007A-1 Lease, the Series 2008A-1 Lease, the Series 2008A-2 Lease, the Series 2009A-1 Lease, the Series 2009A-2 Lease and the Series 2010A Lease are collectively referred to herein as the "Prior Leases." In addition to the Prior Leases and the Series 2004-1 Lease the School Board may authorize other Leases in the future. See "THE MASTER LEASE FACILITIES," "THE PRIOR FACILITIES" and "THE MASTER LEASE PROGRAM" herein.

Pursuant to the applicable provisions of Florida law, including particularly Chapters 1001-1013, Florida Statutes, the School Board and Corporation have each duly adopted a Resolution on June 25, 2019, authorizing the execution and delivery of Schedule 2004-1, as amended and restated as of July 1, 2019 (together with the Master Lease, the "Series 2004-1 Lease"), providing for the lease purchase financing and refinancing of the Series 2004-1 Facilities (as defined herein) by the School Board, as described herein.

The initial term of the Series 2004-1 Lease commenced on June 30, 2004, has been automatically renewed annually to date and is automatically renewable annually through June 30, 2029, unless sooner terminated as described herein. Subject to the School Board's right to substitute facilities, the Facilities being lease purchased under the Series 2004-1 Lease include [two elementary schools, a middle school, renovation, remodeling and expansion of an elementary school, classroom additions at 14 schools and cafeteria replacements at five schools] (collectively, the "Series 2004-1 Facilities"). Certain of the Series 2004-1 Facilities constitute Overlapping Facilities, as more particularly described in the Series 2004-1 Lease. See "THE SERIES 2004-1 FACILITIES" herein.

The School Board currently holds title to all of the sites on which the Series 2004-1 Facilities are located (the "Series 2004-1 Facility Sites"). Pursuant to the Series 2004 Ground Lease, dated as of June 1, 2004, as amended (the "Series 2004 Ground Lease"), the School Board is leasing the Series 2004-1 Facility Sites to the Corporation for an initial term which commenced on June 30, 2004 and ends on [June 30, 2034,] subject to Permitted Encumbrances (as defined in the Series 2004 Ground Lease), and subject to earlier termination or extension as set forth therein. See "APPENDIX C - CERTAIN LEGAL DOCUMENTS - The Series 2004 Ground Lease" hereto.

Pursuant to the Series 2004 Assignment Agreement, dated as of June 1, 2004 (the "Series 2004 Assignment"), between the Corporation and the Trustee, the Corporation has irrevocably assigned to the Trustee for the benefit of the owners of the Series 2019A Certificates and any other Certificates representing an undivided proportionate interest in a portion of the Basic Lease Payments payable under the Series 2004-1 Lease (e.g., a Series of Certificates issued to refund the portion of the Series 2012A Certificates allocable to the Series 2004-1 Lease or Series 2019A

Certificates) substantially all of its right, title and interest in and to the Series 2004 Ground Lease and the Series 2004-1 Lease, including the right to receive the Basic Lease Payments and all other amounts due under the Series 2004-1 Lease, as herein described. See "APPENDIX C - CERTAIN LEGAL DOCUMENTS - The Series 2004 Assignment" hereto.

Brief descriptions of the District, the School Board, the Corporation and the Series 2004-1 Facilities are included in this Offering Statement together with summaries of certain provisions of the Series 2019A Certificates, the Master Lease, Schedule 2004-1, the Series 2004 Ground Lease, the Trust Agreement and the Series 2004 Assignment. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the Series 2004-1 Lease, the Trust Agreement, the Series 2004 Ground Lease and the Series 2004 Assignment are qualified in their entirety by reference to the respective complete documents. Copies of the documents may be obtained upon written request and payment of the costs of duplication to the Trustee at U.S. Bank National Association, 200 South Biscayne Boulevard, Suite 1870, Miami, Florida 33131, Attention: Corporate Trust Department. Capitalized terms used herein and not otherwise defined will have the meanings given them in "APPENDIX C - CERTAIN LEGAL DOCUMENTS" hereto.

### **PURPOSE OF THE SERIES 2019A CERTIFICATES**

The Series 2019A Certificates are being issued for the principal purposes of (i) providing funds sufficient to prepay all of the outstanding Series 2014A Certificates (the "Refunded Certificates") and thereby refinance a portion of the costs of the Series 2004-1 Facilities, (ii) paying a termination payment and other amounts due under the interest rate exchange agreement related to the Refunded Certificates and (iii) paying costs associated with the issuance of the Series 2019A Certificates. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

### **PLAN OF REFUNDING**

The Refunded Certificates are subject to optional prepayment on the date of delivery of the Series 2019A Certificates at a price equal to the par amount of the Refunded Certificates, plus accrued interest to the prepayment date. Upon the issuance of the Series 2019A Certificates, a portion of the proceeds of the Series 2019A Certificates will be applied to refund the Refunded Certificates.

### **EXPECTED ISSUANCE OF OTHER CERTIFICATES**

Subject to satisfaction of certain conditions, concurrently with the issuance of the Series 2019A Certificates, the School Board expects to cause the issuance of \$\_\_\_\_\_ aggregate principal amount of Certificates of Participation, Series 2019B (the "Series 2019B Certificates") in order to refund the School Board's outstanding Series 2015C Certificates and finance the termination payment with respect to the interest rate exchange agreement related thereto. The Series 2019B Certificates are being offered via a separate Offering Statement, dated June \_\_, 2019. The Series 2006-1 Lease will be further amended and restated in connection with



the issuance of the Series 2019B Certificates. Given the expected contemporaneous issuance of the Series 2019A Certificates and the Series 2019B Certificates, the expected issuance of such Series 2019B Certificates is reflected in this Offering Statement. For purposes of this Offering Statement, the Series 2019B Certificates are included as part of the Prior Certificates.

## **THE SERIES 2019A CERTIFICATES**

### **General**

The Series 2019A Certificates will be dated the date of delivery, will mature in the years and principal amounts and accrue interest at the fixed interest rates set forth on the inside cover page of this Offering Statement. The Series 2019A Certificates will initially be issued exclusively in "book-entry" form and ownership of one fully registered Series 2019A Certificate for each maturity as set forth on the inside cover page, each in the aggregate principal amount of such maturity, will be initially registered in the name of "Cede & Co." as nominee of The Depository Trust Company, New York, New York ("DTC"). The principal portion and interest portion of Basic Lease Payments represented by the Series 2019A Certificates are payable in the manner set forth under "BOOK-ENTRY ONLY SYSTEM" herein. Individual purchases of the Series 2019A Certificates will be made in increments of \$5,000 or integral multiples thereof.

The principal portion due on the Series 2019A Certificates at maturity or earlier prepayment represents an undivided proportionate interest in the principal portion of the Basic Lease Payments due on the applicable dates set forth in the Series 2004-1 Lease, equally and ratably with the Series 2012A Certificates allocable to the Series 2004-1 Lease. The interest portion due on the Series 2019A Certificates is payable on each Interest Payment Date, commencing on [January 1, 2020], to and including the date of maturity or earlier prepayment thereof. Such interest portion represents undivided proportionate interests in the interest portion of Basic Lease Payments due on the December 15 and June 15 prior to each Interest Payment Date, commencing [December 15, 2019], to and including the maturity or earlier prepayment of the Series 2019A Certificates, under the Series 2004-1 Lease, equally and ratably with the Series 2012A Certificates allocable to the Series 2004-1 Lease.

The interest portion of the Basic Lease Payments represented by the Series 2019A Certificates will be computed on the basis of a 360-day year based on twelve 30-day months. The principal portion or Prepayment Price of the Series 2019A Certificates is payable to the registered owner upon presentation at the designated corporate trust office of the Trustee. Except as otherwise provided in connection with the maintenance of a book-entry only system of registration of the Series 2019A Certificates, the interest portion of the Basic Lease Payments represented by the Series 2019A Certificates is payable to the registered owner at the address shown on the registration books maintained by the Trustee as of the 15th day of the month (whether or not a business day) preceding the Interest Payment Date or at the prior written request and expense of any registered owner of at least \$1,000,000 in aggregate principal amount of Series 2019A Certificates by bank wire transfer to a bank account in the United States designated in writing prior to the fifteenth day of the month next preceding each Interest Payment Date. Notwithstanding the above, reference is made to the book-entry system of registration described under "BOOK-ENTRY ONLY SYSTEM" below.

## Prepayment

No Optional Prepayment. The Series 2019A Certificates shall not be subject to prepayment at the option of the School Board.

Extraordinary Prepayment. The principal portion of Basic Lease Payments due under the Series 2004-1 Lease represented by the Series 2019A Certificates shall be subject to prepayment in the event the Series 2004-1 Lease terminates prior to payment in full of all of the Basic Lease Payments due thereunder to the extent the Trustee has moneys available for such purposes pursuant to the Trust Agreement and the Series 2004-1 Lease, subject to the limitations provided in the Master Lease.

No Extraordinary Prepayment in the Event of Damage, Destruction or Condemnation of the Series 2004-1 Facilities. The Series 2019A Certificates are **not** subject to extraordinary prepayment prior to maturity in the event of damage, destruction or condemnation of the Series 2004-1 Facilities. See "THE SERIES 2004-1 LEASE - Lease Payments" herein for information regarding the required use of any insurance or condemnation proceeds related to the Series 2004-1 Facilities allocated to the Series 2019A Certificates in the event of damage, destruction or condemnation of such Series 2004-1 Facilities.

Selection of Series 2019A Certificates for Prepayment. If less than all of the Series 2019A Certificates are called for prepayment, the particular Series 2019A Certificates, or portions thereof to be prepaid will be in multiples of \$5,000 and, except as otherwise provided in the Trust Agreement, the maturity of the Series 2019A Certificates to be prepaid will be determined by the Trustee. If less than all of the Series 2019A Certificates of like maturity are called for prepayment, the particular Series 2019A Certificates or portions thereof to be prepaid will be selected by lot by the Trustee in such manner as the Trustee deems fair and appropriate. The portion of any Series 2019A Certificate of a denomination of more than \$5,000 to be prepaid will be in the principal amount of \$5,000 or an integral multiple thereof, and, in selecting portions of such Series 2019A Certificates for prepayment, the Trustee will treat each such Series 2019A Certificate as representing that number of Series 2019A Certificates in \$5,000 denominations which is obtained by dividing the principal amount of such Series 2019A Certificate to be prepaid in part by \$5,000.

DTC Procedures. Investors should note that while DTC is the registered owner of the Series 2019A Certificates, partial prepayments of the Series 2019A 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 2019A Certificates be made in accordance with the method of selection of Series 2019A Certificates for a partial prepayment described above. However, the selection of the Series 2019A 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 2019A Certificates for a partial prepayment described above.

Notice of Prepayment. When prepayment of Series 2019A Certificates is required, the Trustee will mail a copy of the notice required by the Trust Agreement, postage prepaid, not less than five days before the Prepayment Date in the case of extraordinary prepayment resulting from termination of the Series 2004-1 Lease as a result of non-appropriation or default by the School Board, to the holders of any Series 2019A Certificates or portions thereof to be prepaid, at their last addresses appearing upon the Series 2019A Certificates registry books, but any defect in the notice to a particular Series 2019A Certificate holder will not affect the validity of the proceedings for the prepayment of Series 2019A Certificates.

Effect of Prepayment. If, on the Prepayment Date, moneys for the payment of the Prepayment Price of the Series 2019A 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 2019A 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 2019A Certificates or portions thereof will continue to bear interest until paid at the same rate as would have accrued had it not been called for prepayment.

### **BOOK-ENTRY ONLY SYSTEM**

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

The Depository Trust Company ("DTC") will act as securities depository for the Series 2019A Certificates. The Series 2019A Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2019A Certificates, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC

is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has a Standard and Poor's rating of "AA+." The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2019A Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2019A Certificates on DTC's records. The ownership interest of each actual purchaser of each Series 2019A Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019A Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2019A Certificates, except in the event that use of the book-entry system for the Series 2019A Certificates is discontinued.

To facilitate subsequent transfers, all Series 2019A 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 2019A 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 2019A Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019A Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping an account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements made among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2019A Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2019A Certificates, such as prepayments, defaults, and proposed amendments to the Series 2019A documents. For example, Beneficial Owners of Series 2019A Certificates may wish to ascertain that the nominee holding the Series 2019A 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 2019A Certificates are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Certificates to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2019A Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2019A Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Prepayment proceeds and other payments on the Series 2019A Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the School Board or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the School Board, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of prepayment proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School Board and/or the Trustee for the Series 2019A Certificates. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

None of the Corporation, the School Board or the Trustee can give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Series 2019A Certificates paid to DTC or its nominee, or any prepayment or other notices, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve or act in a manner described in this Offering Statement.

For every transfer and exchange of beneficial interests in the Series 2019A Certificates, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other government charge that may be imposed in relation thereto.

DTC may discontinue providing its services as securities depository with respect to the Series 2019A Certificates at any time by giving reasonable notice to the School Board. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2019A Certificates are required to be printed and delivered.

The School Board may decide to discontinue use of the book-entry transfers through DTC (or a successor securities depository). In that event, Series 2019A Certificates will be printed and delivered to Beneficial Owners.

## SECURITY FOR THE SERIES 2019A CERTIFICATES

### General

The Series 2019A Certificates evidence undivided proportionate interests in the principal portion and interest portion of Basic Lease Payments to be made by the School Board under the Series 2004-1 Lease, equally and ratably with the Series 2012A Certificates allocable to the Series 2004-1 Lease. The Series 2019A Certificates are secured by and payable from the Trust Estate established for the Series 2019A Certificates (the "Trust Estate") pursuant to the Trust Agreement. The Trust Estate consists of all estate, right, title and interest of the Trustee in and to the portion of Basic Lease Payments under the Series 2004-1 Lease allocable to the Series 2019A Certificates and all amounts held in the funds and accounts under the Trust Agreement in accordance with the provisions of the Series 2004-1 Lease and the Trust Agreement, including investment earnings thereon, and any and all monies allocable to the Series 2019A Certificates received by the Trustee pursuant to the Series 2004-1 Lease and the Trust Agreement which are not required to be remitted to the School Board or the Corporation pursuant to the Series 2004-1 Lease or the Trust Agreement.

Neither the Corporation nor the School Board will mortgage or grant a security interest in the Series 2004-1 Facilities to the Trustee. Upon termination of the Series 2004-1 Lease upon the occurrence of an event of non-appropriation or in the case of certain events of default, the Series 2004-1 Lease provides that the School Board must surrender possession of the Series 2004-1 Facilities to the Trustee as assignee of the Corporation for disposition by sale or re-letting of its interest in such Facilities as provided in the Trust Agreement. Any proceeds of the disposition of the Series 2004-1 Facilities will be applied to the payment of the Series 2019A Certificates, equally and ratably with the Series 2012A Certificates allocable to the Series 2004-1 Lease (and in the case of disposition of Overlapping Facilities, with holders of other Certificates representing an interest therein), after payment of the expenses of the Trustee, in accordance with the Series 2004-1 Lease. **The School Board may not be dispossessed of any personal property financed or refinanced, in whole or in part, with proceeds of Certificates.** See "THE SERIES 2004-1 FACILITIES" herein for a description of the Series 2004-1 Facilities (including the Overlapping Facilities) against which the Trustee may exercise rights on behalf of the Owners of the Series 2019A Certificates. See also "THE SERIES 2004-1 LEASE - Effect of Termination for Non-Appropriation or Default" herein.

### Lease Payments

All Lease Payments and all other amounts required to be paid by the School Board under the Series 2004-1 Lease and the Prior Leases and all other Leases will be made from funds authorized by law and regulations of the State of Florida Department of Education to be used for such purpose and budgeted and appropriated for such purpose by the School Board. Revenues available to the District for operational purposes and capital projects such as the Series 2004-1 Facilities are described under "OPERATING REVENUES OF THE DISTRICT" and "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS" herein. Such revenues are also used to pay other outstanding obligations of the District.

The Master Trust Agreement, as supplemented by the Series 2004 Supplemental Trust Agreement, dated as of June 1, 2004, as supplemented, provides for the establishment and maintenance of a Series 2004 Lease Payment Account for deposit of Basic Lease Payments appropriated and paid under the Series 2004-1 Lease. Separate Lease Payment Accounts are established for each new group of Facilities to be financed by a Series of Certificates issued under the Trust Agreement. Lease Payments due under the schedules to the Master Lease are subject to annual appropriation by the School Board on an all-or-none basis and are payable solely from legally available funds appropriated by the School Board for such purposes; provided that Lease Payments with respect to a particular schedule and Series of Certificates may be additionally and separately secured by a Credit Facility. Such additional Facilities may be financed through the sale of additional Series of Certificates under the Trust Agreement. THE SCHOOL BOARD MAY NOT BUDGET AND APPROPRIATE LEASE PAYMENTS DUE FOR A PORTION OF THE FACILITIES LEASED UNDER THE MASTER LEASE; IT MUST BUDGET AND APPROPRIATE LEASE PAYMENTS FOR ALL PROJECTS OR NONE OF THEM. THERE CAN BE NO ASSURANCE THAT SUFFICIENT FUNDS WILL BE APPROPRIATED OR OTHERWISE BE MADE AVAILABLE TO MAKE ALL OF THE LEASE PAYMENTS DUE UNDER THE MASTER LEASE.

#### **Limited Obligation of the School Board**

THE SCHOOL BOARD IS NOT LEGALLY REQUIRED TO APPROPRIATE MONEYS TO MAKE LEASE PAYMENTS. LEASE PAYMENTS ARE PAYABLE FROM FUNDS APPROPRIATED BY THE SCHOOL BOARD FOR SUCH PURPOSE FROM CURRENT OR OTHER FUNDS AUTHORIZED BY LAW AND REGULATIONS OF THE STATE OF FLORIDA DEPARTMENT OF EDUCATION. NONE OF THE DISTRICT, THE SCHOOL BOARD, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS OBLIGATED TO PAY, EXCEPT FROM SCHOOL BOARD APPROPRIATED FUNDS, ANY SUMS DUE UNDER THE SERIES 2004-1 LEASE FROM ANY SOURCE OF TAXATION, AND THE FULL FAITH AND CREDIT OF THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS NOT PLEDGED FOR PAYMENT OF SUCH SUMS DUE THEREUNDER, AND SUCH SUMS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. NONE OF THE CORPORATION, THE TRUSTEE OR ANY CERTIFICATE HOLDER MAY COMPEL THE LEVY OF ANY AD VALOREM TAXES BY THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF TO PAY ANY SUMS, INCLUDING THE BASIC LEASE PAYMENTS, DUE UNDER THE SERIES 2004-1 LEASE. SEE "RISK FACTORS" HEREIN.

#### **Prior Leases and Additional Leases**

As noted above, the School Board has entered into the Prior Leases and may enter into other Leases under the Master Lease in addition to the Series 2004-1 Lease and the Prior Leases. See "INTRODUCTION" and "THE MASTER LEASE PROGRAM" herein. Failure to appropriate funds to make Lease Payments under any Lease will, and certain events of default

under a Lease may result in the termination of the Lease Term of all Leases, including the Series 2004-1 Lease. Upon any such termination of the Lease Term of all Leases, the School Board must surrender all Facilities, including the Series 2004-1 Facilities (except for certain designated Facilities) to the Trustee for sale or re-letting of the Trustee's interest. The proceeds of the disposition of the Series 2004-1 Facilities will be applied to the payment of the Series 2019A Certificates, equally and ratably with the Series 2012A Certificates allocable to the Series 2004-1 Lease (and in the case of disposition of Overlapping Facilities, with other Certificates representing an interest therein), after payment of the expenses of the Trustee, in accordance with the Series 2004-1 Lease. **The School Board may not be dispossessed of any personal property financed, in whole or in part, with proceeds of Certificates.** Except as described herein, in no event will owners of the Series 2019A Certificates have any interest in or right to the proceeds of the disposition of Facilities financed or refinanced with the proceeds of another Series of Certificates. There can be no assurance that the remedies available to the Trustee upon any such termination of the Lease Term of all Leases and the disposition of the Series 2004-1 Facilities against which the Trustee has rights will produce sufficient amounts to pay the outstanding Series 2019A Certificates.

For a discussion of remedies available to the Trustee upon the occurrence of an event of the non-appropriation of funds to pay Lease Payments or upon the occurrence of an event of default, see "THE SERIES 2004-1 LEASE - Termination of Lease Term" and "- Effect of Termination for Non-Appropriation or Default" herein and "APPENDIX C - CERTAIN LEGAL DOCUMENTS - The Master Lease" hereto.

### **Prior Certificates and Additional Certificates**

As noted above, the School Board has multiple Series of Prior Certificates outstanding relating to the Prior Leases. See "INTRODUCTION" herein. With respect to any Additional Lease, one or more series of Additional Certificates may be authorized by the Corporation at the request of the School Board and executed and delivered by the Trustee for the purpose of: (a) financing the cost of acquisition, construction, installation and equipping of any Facilities; (b) financing the cost of completing the acquisition, construction, installation and equipping of any Facilities; (c) financing the cost of increasing, improving, modifying, expanding or replacing any Facilities; 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 (as described under "SECURITY FOR THE SERIES 2019A CERTIFICATES - Optional Prepayment Price" below) of, all or a portion of the Facilities financed from the proceeds of any series of Certificates previously executed and delivered. The aggregate principal amount of Additional Certificates which may be executed and delivered under the provisions of the Master Trust Agreement is not limited, except as may be provided with respect to a particular series of Additional Certificates in any Supplemental Trust Agreement creating such series.

Unless otherwise set forth in a Supplemental Trust Agreement authorizing the issuance of more than one series of Certificates, each Certificate within a Series of Certificates executed and delivered pursuant to the Trust Agreement shall rank *pari passu* and be equally and ratably secured under the Trust Agreement with each other Certificate of such series, but not with any Certificates of any other series, without preference, priority, or distinction of any such Certificate over any other such Certificate, except that to the extent that Basic Lease Payments available for



payment to all Certificate holders are less than all amounts owed with respect to all Series of Certificates on any Interest Payment Date, such amounts available shall be applied on a pro rata basis to Certificate holders of all Series in accordance with the ratio that the principal balance of each Series of Certificates outstanding bears to the total amount of Certificates Outstanding under the Trust Agreement.

### **Optional Prepayment Price**

The School Board has the right to prepay all or a portion of the Basic Lease Payments represented by the Series 2019A Certificates and in connection therewith remove all or a portion of the Series 2004-1 Facilities from the Series 2004-1 Lease and from the lien of the Series 2004 Ground Lease by paying the Purchase Option Price for the specific Series 2004-1 Facilities being purchased or, to the extent permitted by law, by substituting other Facilities for the Series 2004-1 Facilities to be released. In such event, Series 2019A Certificates representing an interest in the prepaid Basic Lease Payments would be paid on the next available date for paying the Series 2019A Certificates. The Purchase Option Price, as of each Lease Payment Date, is: (i) the Basic Lease Payment then due plus the amount designated in the Series 2004-1 Lease; (ii) minus any credits pursuant to the provisions of the Series 2004-1 Lease; (iii) plus an amount equal to the interest to accrue with respect to the Series 2019A Certificates and any other Certificates representing an interest in the Series 2004-1 Lease to be paid from such Lease Payment Date to the next available date for paying the Series 2019A Certificates; (iv) plus an amount equal to any other amounts then due and owing under the Series 2004-1 Lease.

### **Non-Appropriation Risk**

THE SCHOOL BOARD IS NOT LEGALLY REQUIRED TO APPROPRIATE MONEYS FOR THE PURPOSE OF MAKING LEASE PAYMENTS. UNDER THE MASTER LEASE THE SCHOOL BOARD MAY NOT BUDGET AND APPROPRIATE AVAILABLE REVENUES TO MAKE LEASE PAYMENTS SELECTIVELY ON A LEASE BY LEASE BASIS, BUT MUST APPROPRIATE SUCH REVENUES FOR ALL LEASES OR NONE OF THEM. FOR A DISCUSSION OF REMEDIES AVAILABLE TO THE TRUSTEE IN THE EVENT OF THE NON-APPROPRIATION OF FUNDS TO PAY LEASE PAYMENTS, SEE "THE SERIES 2004-1 LEASE - TERMINATION OF LEASE TERM" AND "- EFFECT OF TERMINATION FOR NON-APPROPRIATION OR DEFAULT." THERE CAN BE NO ASSURANCE THAT THE REMEDIES AVAILABLE TO THE TRUSTEE IN THE EVENT OF NON-APPROPRIATION WILL PRODUCE SUFFICIENT AMOUNTS TO FULLY PAY THE PRIOR CERTIFICATES FOR PAYING SUCH CLAIMS.

### **No Reserve Account for Series 2019A Certificates**

THERE IS NO RESERVE ACCOUNT ESTABLISHED FOR THE SERIES 2019A CERTIFICATES. Pursuant to a Supplemental Trust Agreement authorizing the issuance of any Series of Certificates, there may be established and maintained a separate Reserve Account to secure the payment of the principal and/or interest portion of the Basic Lease Payments related to such Series of Certificates. Each such Reserve Account shall secure only the Series of Certificates for which it has been established. See "APPENDIX C - CERTAIN LEGAL DOCUMENTS – The Master Trust Agreement" hereto.

**CERTAIN AMENDMENTS TO THE MASTER LEASE  
AND SERIES 2004-1 LEASE**

Pursuant to separate Resolutions, adopted by each of the School Board and the Corporation, respectively, on March 1, 2016, the School Board and the Corporation have authorized an Amendment to Master Lease Agreement (the "Amendment to Master Lease"), among the School Board, the Corporation and the Trustee. The Amendment to Master Lease generally provides for certain amendments to the Master Lease which (i) revise the property insurance requirements for the Facilities in order to reflect the current insurance market in Florida (see "RISK FACTORS - Property Insurance" herein) and (ii) provides that except in certain enumerated circumstances, the terms of the Master Lease or any Schedule thereto shall not be waived, altered, modified, supplemented or amended except upon receipt of the consent of the holders of a majority of the principal amount of Certificates Outstanding who are affected thereby (or in the case of insured Certificates, the related Credit Facility Issuer in lieu of the holders of the Certificates it insures). See "APPENDIX C - CERTAIN LEGAL DOCUMENTS - Form of Amendment to Master Lease" hereto for the specific amendments to the Master Lease. Upon receipt of consents to such amendments from holders of not less than a majority in principal amount of Certificates then Outstanding under the Trust Agreement, together with required consents, if any, of municipal bond insurers, such amendments will become effective.

**At the time of issuance of the Series 2019A Certificates, the initial Beneficial Owners of the Series 2019A Certificates, through their purchase of the Series 2019A Certificates, shall be deemed to have consented to the amendments set forth in the Amendment to Master Lease. Upon their issuance, the Series 2019A Certificates will represent approximately \_\_\_\_% of the Certificates Outstanding for purposes of the consent to the Amendment to the Master Lease. The School Board has previously received consent from Beneficial Owners of certain of the Prior Certificates constituting approximately [32.98%] of all Certificates Outstanding for purposes of the consent to the Amendment to the Master Lease and also expects to receive consent from the initial Beneficial Owners of the Series 2019B Certificates which will represent approximately \_\_\_\_% of the Certificates Outstanding for purposes of the consent to the Amendment to the Master Lease. [The School Board is also seeking consent to the amendment set forth in the Amendment to Master Lease from a certain Credit Facility Issuer that represents approximately 2.59% of all Certificates Outstanding for purposes of the Amendment to Master Lease.] At this time, the School Board cannot predict, if or when, the amendments contained in the Amendment to Master Lease will become effective. Purchasers of the Series 2019A Certificates should carefully review the proposed amendments. See "APPENDIX C - CERTAIN LEGAL DOCUMENTS - Form of Amendment to Master Lease Purchase Agreement" hereto.**

Schedule 2004-1 contains certain amendments intended to (i) allow for the release of a Series 2004-1 Facility at such time as the total construction cost of the remaining Series 2004-1 Facilities exceeds the remaining principal portion of the Basic Lease Payments payable under the Series 2004-1 Lease, (ii) allow for the substitution of Facilities upon meeting certain conditions (see "THE SERIES 2004-1 FACILITIES - Substitution of the Facilities" herein for the requirements for such substitution as contemplated in the amendment provision) and (iii) allow for the amendment of Schedule 2004-1 without consent of the holders of the affected Certificates

for the purpose of (a) adding a legal description and/or the permitted encumbrances for a Facility Site which has already been designated in such Schedule, (b) adding additional Facilities to be financed under such Schedule, (c) substituting Facilities in accordance with Section 6.4 of the Master Lease, or (d) releasing a Facility and/or Facility Site or portion thereof if such Facility and/or Facility Site or portion thereof has been released from the lien of the Master Lease in accordance with the provisions thereof. Upon receipt of consent to such amendments to Schedule 2004-1 from holders of not less than a majority in principal amount of Certificates then Outstanding under Schedule 2004-1, such amendments will become effective. See "APPENDIX C - CERTAIN LEGAL DOCUMENTS - Form of Schedule 2004-1" hereto for the specific amendments.

**At the time of issuance of the Series 2019A Certificates, the initial Beneficial Owners of the Series 2019A Certificates, through their purchase of the Series 2019A Certificates, shall be deemed to have consented to the amendments set forth in the Series 2004-1 Lease. The Series 2019A Certificates will represent approximately \_\_% of the Certificates Outstanding for purposes of the consent to Schedule 2004-1. As such, the amendments contained in Schedule 2004-1 will become effective upon issuance of the Series 2019A Certificates.**

**Purchasers of the Series 2019A Certificates should carefully review the proposed amendments. See "APPENDIX C - CERTAIN LEGAL DOCUMENTS - Form of Amendment to Master Lease Purchase Agreement" and "- Form of Schedule 2004-1." Notwithstanding the foregoing, the consent of a majority of Certificate holders evidencing an interest in a Lease will not be required for the release of any Facilities against which the Trustee does not have the right to exercise remedies upon an event of default or event of non-appropriation by the School Board.**

*The Underwriters are not providing consent to or approval of the herein described amendments and the School Board will not deem such amendments to have been consented to or approved by the Underwriters as a result of the Underwriters' purchase of the Series 2019A Certificates in their capacity as underwriters as defined in Section 2(a)(11) of the Securities Act of 1933, as amended.*

## **THE MASTER LEASE FACILITIES**

The Series 2004-1 Facilities are being financed and refinanced under the School Board's existing Master Lease as part of the School Board's master lease purchase program (the "Master Lease Program") with the Corporation. The Facilities financed or refinanced by the School Board under the Master Lease Program are subject to annual appropriation on an all or none basis. **For Fiscal Year 2018-19, of the District's 234 total operational schools, there were approximately [96 schools and 80] additions to schools and related improvements leased under the Master Lease. Based on the District's Pre-K through 12 pupil enrollment of approximately 224,631 students (excluding charter school enrollment) for Fiscal Year 2018-19, approximately [59%] of the District's students attended classes in, or otherwise utilized, Facilities leased under the Master Lease during the Fiscal Year ended June 30, 2019. To determine the above percentage, the number of students attending each**

*facility was calculated as follows: for schools that are built and operating, the number of students for the Fiscal Year 2018-19 was used; for the additions, the number of student stations attributable to each specific classroom or facility for Fiscal Year 2018-19 based on the type of school (elementary, middle or high) or facility (cafeteria, auditorium, gymnasium, etc.) was used. For a complete description of the Facilities under the Master Lease Program see "THE SERIES 2004-1 FACILITIES" and "THE PRIOR FACILITIES" herein.*

Pursuant to the Master Lease, the School Board does not have the ability to appropriate funds to make Lease Payments on one Facility or some combination of Facilities only. The School Board's annual appropriation for Basic Lease Payments must be for all Facilities under the Master Lease Program. In the event the School Board does not appropriate funds in its annual budget for all of such financed Facilities, the School Board would, at the Trustee's option, be required to surrender such Facilities, including the Series 2004-1 Facilities (other than certain designated Facilities), to the Trustee for the benefit of the Owners of the Certificates which financed or refinanced such Facilities.

### **THE SERIES 2004-1 FACILITIES**

The Series 2004-1 Project consists of the lease purchase financing and refinancing of the acquisition and construction of the Series 2004-1 Facilities, the lease of the Series 2004-1 Facility Sites by the School Board to the Corporation pursuant to the Series 2004 Ground Lease and the sublease of the Series 2004-1 Facility Sites back to the School Board. All of the Series 2004-1 Facilities are located within the District. The School Board holds title to all of the Series 2004-1 Facility Sites. Set forth below is a brief, general description of the Series 2004-1 Facilities. See also, "- Substitution of Series 2004-1 Facilities" below.

Apollo Middle School<sup>(1)</sup> - A 14 classroom addition at the existing middle school located at 6800 Arthur Street in the City of Hollywood. This addition added approximately 20,255 gross square feet of permanent building to the campus and houses grades 6-8 students. This addition provided 14 general classrooms, teacher planning, custodial closets and restrooms and added approximately 392 student stations to the school's capacity.

Boulevard Heights Elementary School - A cafeteria replacement at the existing elementary school located at 7201 Johnson Street in the City of Hollywood. This replacement totaled approximately 19,155 gross square feet. This cafeteria space serves the 977 students attending this elementary school. It also provided a student and teacher dining area, a multipurpose/dining/meeting area, kitchen, stage and support spaces, custodial areas and student/staff restrooms.

Broadview Elementary School - An eight classroom addition at the existing elementary school located at 1800 Southwest 62nd Avenue in the City of Pompano Beach. This addition added approximately 30,249 gross square feet of permanent building to the campus and houses K-5 students. This addition provided four primary and four intermediate classrooms, custodial

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<sup>(1)</sup> Overlapping Facility under the Series 2004-1 Lease and Series 2008A-1 Lease.

areas and student/staff/public restrooms, and added approximately 212 student stations to the school's capacity.

Central Park Elementary School – [An eight] classroom addition at the existing elementary school located at 777 North Nob Hill Road in the City of Plantation. This addition added approximately 11,639 gross square feet of permanent building to the campus and houses K-5 students. This addition provided four primary and four intermediate classrooms, custodial closets and student/staff/public restrooms and added approximately 212 student stations to the school's capacity.

Cooper City Elementary School - A cafeteria replacement at the existing elementary school located at 5080 Southwest 92nd Avenue in the City of Cooper City. This replacement totaled approximately 18,956 gross square feet and serves the 1,016 students attending this elementary school. It also provided a student and teacher dining area, a multipurpose/dining/meeting area, kitchen, stage and support spaces, custodial areas and student/staff restrooms.

Dolphin Bay Elementary School - This school located at 16450 Miramar Parkway in the City of Miramar has approximately 117,000 gross square feet and a student capacity of 830. It houses grades K-5 and has 28 primary classrooms, 14 intermediate classrooms, three skills development labs, a music lab, an art lab, physical education, administration, custodial and food service facilities, a multipurpose room, a stage, textbook storage, a media center and student/staff/public restrooms.

Elementary School "Y" - This school located in the City of Miramar has 122,215 gross square feet and a student capacity of 1,092. It houses grades K-5 and has seven kindergarten classrooms, 21 primary classrooms, 14 intermediate classrooms, two skills development labs, music lab, art lab, physical education, administration, custodial, food service, multipurpose room, stage, textbook storage, media center and student/staff/public restrooms.

Fox Trail Elementary School - A 20 modular classroom addition at the existing elementary school located at 1250 Nob Hill Road in the Town of Davie. This addition added approximately 20,000 square feet of permanent building to the campus and houses K-5 students. This addition also provided ten primary and ten intermediate classrooms and student restrooms and added approximately 380 student stations to the school's capacity.

Glades Middle School - This school, located at 201 Southwest 172nd Avenue in the City of Pembroke Pines, has approximately 221,200 gross square feet and a student capacity of 1,789 and houses grade 6-8 students. This school has 44 general classrooms, six resource rooms, three skills development labs, 12 science labs, vocal and band music, two art labs, physical education, five technical labs, administration and guidance, custodial, food service, media center, multipurpose/stage, student, staff and public restrooms.

Harbordale Elementary School - A cafeteria replacement at the existing elementary school located at 900 Southeast 15th Street in the City of Fort Lauderdale. This replacement totaled approximately 16,335 gross square feet and serves some 460 students currently attending this elementary school. It also provided a student and teacher dining area, a

multipurpose/dining/meeting area, kitchen, stage and support spaces, and student/staff/public restrooms. The existing administration building was also remodeled and expanded to include approximately 2,496 additional gross square feet.

Meadowbrook Elementary School - A cafeteria replacement at the existing elementary school located at 2400 Southwest 46th Avenue in the City of Fort Lauderdale. This replacement totaled approximately 18,956 gross square feet and serves the 658 students attending this elementary school. It also provided a student and teacher dining area, a multipurpose/dining/meeting area, kitchen, stage and support spaces, custodial areas and student/staff restrooms.

Nob Hill Elementary School - A 12 classroom addition at the existing elementary school located at 2100 Northwest 104th Avenue in the City of Sunrise added approximately 17,000 gross square feet of permanent building to the school and houses K-5 students. This addition provided two kindergarten, five primary and five intermediate classrooms, custodial closets and student/staff/public restrooms and added approximately 228 student stations to the school's capacity.

North Fork Elementary School - A four classroom addition at the existing elementary school located at 101 Northwest 15th Avenue in the City of Fort Lauderdale. This addition added approximately 5,579 gross square feet of permanent building to the campus and houses K-5 students. This addition also provided four skills development labs, custodial closets and student restrooms.

Palm Cove Elementary School - A 12 classroom addition at the existing elementary school located at 11601 Washington Street in the City of Pembroke Pines. This addition added approximately 20,398 gross square feet of permanent building to the school and houses K-5 students. This addition provided six primary and six intermediate classrooms, custodial closets and student/staff/public restrooms and added approximately 318 student stations to the school's capacity.

Pasadena Lakes Elementary School - A six classroom addition at the existing elementary school located at 8801 Pasadena Boulevard in the City of Pembroke Pines, this addition added approximately 6,000 gross square feet of permanent building to the campus and houses K-5 students. This addition provided six primary classrooms, custodial closets and student/staff/public restrooms and added approximately 114 student stations to the school's capacity.

Annabel C. Perry Elementary School - A classroom addition and cafeteria replacement at the existing school located at 6850 Southwest 34th Street in the City of Miramar, this addition added approximately 38,700 gross square feet of permanent building to the school. The cafeteria space serves some 716 students currently attending this elementary school and provided four primary classrooms, a music lab, physical education storage, a student and teacher dining area, a multipurpose/dining/meeting area, kitchen, stage and support spaces, and student/staff/public restrooms. It added approximately 318 student stations to the school's capacity.

Pompano Beach Middle School<sup>(2)</sup> - An eight classroom addition and a cafeteria/kitchen/multipurpose/stage project at the existing school located at 310 Northeast 6th Street in the City of Pompano Beach. This addition added approximately 53,030 gross square feet of permanent building to the school and houses grades 6-8 students. This addition provided eight general classrooms, custodial closets and student/public restrooms and added approximately 224 student stations to the school's capacity.

Quiet Waters Elementary School - A 14 modular classroom addition at the existing elementary school located at 4150 West Hillsboro Boulevard in the City of Deerfield Beach, this addition added approximately 14,000 square feet of permanent building to the campus and houses K-5 students. This addition provided seven primary and seven intermediate classrooms and student restrooms and added approximately 266 student stations to the school's capacity.

Sheridan Park Elementary School - A five classroom addition and cafeteria replacement at the existing school located at 2310 North 70th Terrace in the City of Hollywood. This addition added approximately 34,389 gross square feet of permanent building to the school. The cafeteria space serves some 846 students attending this elementary school and provided four primary classrooms, a music lab, physical education storage, a student and teacher dining area, a multipurpose/dining/meeting area, kitchen, stage and support spaces, and student/staff/public restrooms. It added approximately 240 student stations to the school's capacity.

Stirling Elementary School - A six classroom addition at the existing elementary school located at 5500 Stirling Road in the City of Hollywood. This addition added approximately 6,000 gross square feet of permanent building to the campus and houses K-5 students. This addition provided six primary classrooms, custodial closets and student/staff/public restrooms and added approximately 114 student stations to the school's capacity.

Tropical Elementary School - A cafeteria replacement at the existing elementary school located at 1500 Southwest 66th Avenue in the City of Plantation. This replacement totaled approximately 18,956 gross square feet and serves the 959 students currently attending this elementary school. It provided a student and teacher dining area, a multipurpose/dining/meeting area, kitchen, stage and support spaces, custodial areas and student/staff restrooms.

Village Elementary School - A remodel, renovation and expansion of the existing school located at 2100 Northwest 70th Avenue in the City of Sunrise. The expansion includes a cafeteria replacement totaling approximately 19,897 gross square feet. This cafeteria space serves some 1,014 students attending this elementary school and provided a student and teacher dining area, a multipurpose/dining/meeting area, kitchen, stage and support spaces, custodial closets, teacher lounge and student/public restrooms. The existing cafeteria building of approximately 4,888 square feet was remodeled into four intermediate classrooms.

Westchester Elementary School - A 16 modular classroom addition at the existing elementary school located at 12405 Royal Palm Boulevard in the City of Coral Springs, this addition added approximately 16,000 square feet of permanent building to the campus and

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<sup>(2)</sup> Overlapping Facility under the Series 2004-1 Lease and Series 2008A-1 Lease.

houses K-5 students. This addition provided eight primary and eight intermediate classrooms and student restrooms. It added approximately 304 student stations to the school's capacity.

Winston Park Elementary School - A 20 modular classroom addition at the existing elementary school located at 4000 Winston Park Boulevard in the City of Coconut Creek. This addition added approximately 20,000 square feet of permanent building to the campus and houses K-5 students. This addition provided ten primary and ten intermediate classrooms and student restrooms. It added approximately 380 student stations to the school's capacity.

### **Overlapping Facilities**

The Overlapping Facilities described above under "- The Series 2004-1 Facilities" are the result of the financing of certain Facilities (or more than one Facility) under more than one Lease on the same Facility Site. Accordingly, the disposition of the proceeds, if any, of these Overlapping Facilities upon the termination of the Lease Term of the Series 2004-1 Lease, as described herein, will be shared with the owners of the other Series of Certificates, as described in the footnotes under "- The Series 2004-1 Facilities" above.

In connection with the financing of new Facilities, the School Board may seek to amend the Series 2004 Ground Lease to include such new Facilities as Overlapping Facilities, however, such amendment would require the prior consent of the owners of the Certificates representing greater than 50% of the principal portion of the Basic Lease Payments allocable to the Facilities subject to the Series 2004 Ground Lease sought to be amended (or a Credit Facility Issuer, if any, that insures such Certificates in lieu of such owners).

### **Substitution of Series 2004-1 Facilities**

The following reflects the amendments to Section 6.4 of the Master Lease set forth in Schedule 2004-1. See "APPENDIX C - CERTAIN LEGAL DOCUMENTS – Master Lease" for the current provision and "APPENDIX C - CERTAIN LEGAL DOCUMENTS – Form of Schedule 2004-1" for the amended provision. To the extent permitted by law, on or after the Completion Date, the School Board may substitute for any Facilities other facilities owned by the School Board provided such substituted facilities (a) have the same or 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, (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 addition, to the extent permitted by law, prior to the Completion Date the School Board may release and/or substitute for any Facilities to be acquired, constructed and installed under a particular Schedule other facilities to be acquired, constructed and installed, provided that (1) any substituted facilities satisfy the requirements of clauses (a), (c), (d) and (e) above and (2) following such substitution and/or release, the sum of (x) with respect to Facilities for which a Certificate of Acceptance has not been delivered, the Cost of the acquisition, construction and installation of the Facilities plus (y) with respect to Facilities for which a Certificate of Acceptance has been delivered, the fair market value of the Facilities, financed under the Schedule from which the Facilities are to be substituted and/or released is greater than or equal to the remaining principal portion of Basic Lease Payments due under such Schedule.



In order to effect such substitution, the Facilities to be replaced will be released from the encumbrance of the related Lease and the related Ground Lease, and the facilities to be substituted shall be incorporated into the related Lease and the related 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. The foregoing conditions with respect to substitution only apply to Facilities to which the Trustee has rights such as the Series 2004-1 Facilities.

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

### **THE PRIOR FACILITIES**

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

#### **Series 2001A-1 Facilities**

Coconut Creek Elementary School  
Dillard High School Replacement and Art Center  
Endeavor Primary Learning Center  
Manatee Bay Elementary School  
Miramar High School  
South Broward High School Replacement  
Technology and Support Services Annex  
Westglades Middle School

#### **Series 2001B-1 Facilities**

Atlantic Technical Center Addition  
Broward Estates Elementary School Cafeteria Replacement  
Castle Hill Elementary School Cafeteria Replacement  
Deerfield Beach High School Addition  
Driftwood Elementary School Additions  
Fort Lauderdale High School Addition  
Martin Luther King Elementary School Cafeteria Replacement  
Robert Markham Elementary School Cafeteria Replacement  
Monarch High School  
Pompano Beach High School Institute of International Studies  
Silver Shores Elementary School

Southwest Bus Parking/Maintenance Facility  
Dave Thomas Educational Center – West Campus

**Series 2003A-1 Facilities**

Mary M. Bethune Elementary School Additions  
Broward Fire Academy School Renovation/Replacement  
Cooper City High School Additions  
Blanche Ely High School Additions  
Hallandale High School Remodel  
High School "JJJ"  
Lake Forest Elementary School Replacement  
Lauderdale Manors Elementary School Cafeteria Replacement  
McArthur High School Additions  
Miramar High School Addition  
Plantation High School Renovation/Addition  
Royal Palm Elementary School Addition  
South Plantation High School Addition  
Tedder Elementary School Additions  
Walker Elementary School Addition  
Whiddon-Rogers Education Center Additions

**Series 2003A-2 Facilities\***

District Wide Indoor Environmental Quality Improvements  
District Wide Modular Buildings  
J.P. Taravella High School

**Series 2004-QZAB Facilities\***

Equipment for designated Qualified Zone Academies

**Series 2005A-1 Facilities**

Atlantic West Elementary School Addition  
Challenger Elementary School Addition  
Coral Springs High School Additions  
Coral Springs Middle School Additions  
Cypress Bay High School Addition  
Cypress Elementary School Addition  
Discovery Elementary School  
Forest Glen Middle School Addition  
Hallandale High School Renovations/Remodel  
Hollywood Hills High School Addition  
Indian Ridge Middle School Additions  
Lloyd Estates Elementary School Cafeteria Replacement  
Margate Elementary School Addition  
Northeast High School Addition  
Nova High/Middle School Additions  
Oakland Park Elementary School Addition

Pines Middle School Replacement  
Ramblewood Middle School Addition  
Rickards Middle School Addition  
Sandpiper Elementary School Addition  
Seagull School Addition  
Stranahan High School Addition  
Tamarac Elementary School Addition  
Walker Elementary School Addition  
Western High School Addition

**Series 2005B Facilities**

Comprehensive Needs Facilities\*  
Coral Glades High School Addition  
Country Isles Elementary School Addition  
Heron Heights Elementary School

**Series 2006-1 Facilities**

Coral Springs Elementary School Addition  
Fort Lauderdale High School Addition  
Norcrest Elementary School Replacement  
North Andrews Gardens Elementary School Addition  
Orange Brook Elementary School Replacement  
Palmview Elementary School Kitchen/Cafeteria  
Peters Elementary School Kitchen/Cafeteria  
J.P. Taravella High School Addition  
West Broward High School

**Series 2006-2 Facilities\***

Attucks Middle School Air Handler  
Cooper City High School Additions  
District Wide Modulars/HVAC/Other Repairs  
Elementary Site Acquisition  
Flamingo Elementary School Roofing and Various Repairs  
Sandpiper Elementary School Additions  
Seminole Middle School Repairs  
Silver Lakes Middle School Air Handler  
South Plantation School Additions  
Southwest Ranches Site Acquisition

**Series 2007A-1 Facilities**

Beachside Montessori Village School  
Bennett Elementary School Cafeteria Replacement  
Bethune Elementary School Cafeteria Replacement  
Colbert Elementary School Replacement  
Cypress Elementary School Cafeteria Replacement  
Dania Elementary School Cafeteria Replacement

Deerfield Beach Elementary School Cafeteria Replacement  
Blanche Ely High School Replacement  
Hollywood Hills School Addition  
Lanier James Education Center Replacement  
Margate Elementary School Cafeteria Replacement  
Mirror Lake Elementary School Cafeteria Replacement  
Pembroke Pines Elementary School Cafeteria Replacement and Expansion  
Pines Lake Elementary School Media Center  
Stoneman Douglas High School Addition  
Tradewinds Land and Addition

**Series 2007A-2 Facilities\***

District Wide Projects  
Flamingo Elementary School Roofing  
Tropical Elementary School Kitchen/Cafeteria

**Series 2008A-1 Facilities**

Apollo Middle School Addition  
Boyd Anderson High School Addition  
Coconut Creek High School Addition  
Comprehensive Needs Facilities\*  
Cooper City High School Addition  
Cypress Run Education Center  
Discovery Elementary School  
Stephen Foster Elementary School Addition  
Harbordale Elementary School Addition  
Heron Heights Elementary School  
Lauderdale Manors Elementary School Addition  
Northeast High School Addition  
Nova High School Addition  
Peters Elementary School Addition  
Pompano Beach Middle School Addition  
Southwest Bus Parking Facilities  
Tropical Elementary Addition  
Western High School Addition

**Series 2008A-2 Facilities\***

District Wide Brite Project - Financial Software System  
District Wide Indoor Environmental Quality Improvements  
District Wide Modular Buildings/Relocatables  
District Wide Roofing Hurricane Repair Projects

**Series 2009A-1 Facilities**

Banyan Elementary School Addition  
Comprehensive Needs Facilities\*  
Blanche Ely High School Addition

Fort Lauderdale High School Pool Replacement  
Harbordale Elementary School Addition  
Northeast High School Addition  
Palmview Elementary School Addition  
Parkway Middle School Addition  
Seagull Center Addition  
Walker Elementary School Addition

**Series 2009A-2 Facilities\***

District Wide ADA Improvements  
District Wide Brite Project - Enterprise Resource Planning (ERP) System  
District Wide Indoor Environmental Quality Improvements  
District Wide ITV Towers  
District Wide Modular Buildings/Relocatables  
District Wide Roofing Hurricane Repair Projects  
Regional Athletic Facility at Deerfield Beach High School

**Series 2010 Facilities**

Cooper City High School Phase Replacement  
Ft. Lauderdale High School Phase Replacement

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

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**ESTIMATED SOURCES AND USES OF FUNDS**

It is estimated that proceeds received from the sale and delivery of the Series 2019A Certificates are expected to be used as follows:

**Estimated Sources:**

Aggregate Principal Amount  
Plus/Less Net Bond Premium/Original Issue  
Discount

Total Sources of Funds

=====

**Estimated Uses:**

Refunding of Refunded Certificates<sup>(1)</sup>  
Payment of Termination Payment<sup>(2)</sup>  
Cost of Issuance Subaccount<sup>(3)</sup>

\_\_\_\_\_

Total Uses of Funds

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- 
- <sup>(1)</sup> To be applied to refund the Refunded Certificates. See "PLAN OF REFUNDING" herein.
  - <sup>(2)</sup> To be applied to pay the termination payment and other amounts due under the 2004D Swap Agreement. See "RISK FACTORS – Interest Rate Exchange Agreements – 2004D Floating-to-Fixed Swap" herein.
  - <sup>(3)</sup> Includes, without limitation, printing costs, legal, accounting and financial advisory fees, Underwriters' discount and other costs associated with the issuance of the Series 2019A Certificates.

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## CERTIFICATE PAYMENT SCHEDULE I FOR PRIOR CERTIFICATES

Estimated payment requirements on the Outstanding Series 2004-QZAB, Series 2009A-QSCB, Series 2010A-QSCB, Series 2011A, Series 2012A, Series 2014A, Series 2015A and Series 2015B Certificates are as follows.

Period Ending (July 1)	Series 2004-QZAB Certificates	Series 2009A- QSCB Certificates <sup>(1)</sup>	Series 2010A- QSCB Certificates <sup>(1)(2)</sup>	Series 2011A Certificates	Series 2012A Certificates	Series 2014A Certificates <sup>(3)</sup>	Series 2015A Certificates	Series 2015B Certificates
2019	\$53,062	\$4,540,000	\$5,785,273	\$29,077,725	\$24,305,500	\$4,950,913	\$22,173,000	\$13,490,250
2020	53,062	4,540,000	5,785,273	29,078,750	20,348,500	—	24,015,250	17,657,750
2021	53,062	4,540,000	5,785,273	29,085,000	14,405,000	0	24,011,500	17,659,500
2022	0	4,540,000	5,785,273	0	14,411,000	0	34,828,250	17,657,750
2023	0	4,540,000	5,785,273	0	14,407,000	0	34,828,000	17,656,500
2024	0	4,513,000	5,785,273	0	14,412,250	0	34,823,000	17,659,500
2025	0	0	5,785,273	0	14,410,000	0	34,825,500	17,655,250
2026	0	0	5,785,273	0	14,409,250	0	34,827,000	17,657,750
2027	0	0	5,785,273	0	14,408,950	0	34,824,250	17,655,250
2028	0	0	0	0	14,409,200	0	27,609,000	17,651,500
2029	0	0	0	0	0	0	16,708,250	17,655,000
2030	0	0	0	0	0	0	16,705,500	17,653,750
2031	0	0	0	0	0	0	0	17,651,250
2032	0	0	0	0	0	0	0	17,655,750
2033	0	0	0	0	0	0	0	0
2034	0	0	0	0	0	0	0	0
<b>TOTAL<sup>(4)</sup></b>	<b>\$159,186</b>	<b>\$27,213,000</b>	<b>\$52,067,456</b>	<b>\$87,241,475</b>	<b>\$159,926,650</b>	<b>\$_____</b>	<b>\$340,178,500</b>	<b>\$243,016,750</b>

<sup>(1)</sup> Debt Service does not take into account actual and potential reductions in interest subsidies with respect to the Outstanding Series 2009A-QSCB and 2010A-QSCB Certificates discussed under "RISK FACTORS - Effect of Sequestration on Lease Payments."

<sup>(2)</sup> Debt service shown is net of interest subsidy of 5.25%.

<sup>(3)</sup> Assumes the refunding of the Refunded Certificates with proceeds of the Series 2019A Certificates. 2020 figure reflects estimated debt service to the date of prepayment. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

<sup>(4)</sup> Totals may not add due to rounding.

## CERTIFICATE PAYMENT SCHEDULE II FOR PRIOR CERTIFICATES

Estimated payment requirements on the Outstanding Series 2015C, Series 2016A, Series 2016B, Series 2017A, Series 2017B, Series 2017C and Series 2019B Certificates are as follows:

Period Ending (July 1)	Series 2015C Certificates <sup>(1)</sup>	Series 2016A Certificates	Series 2016B Certificates	Series 2017A Certificates	Series 2017B Certificates	Series 2017C Certificates	Series 2019B Certificates <sup>(2)</sup>	Aggregate Debt Service
2019	\$2,972,874	\$18,658,538	\$936,750	\$10,160,842	\$2,815,000	\$7,561,500		
2020	—	18,663,788	936,750	10,419,494	2,815,000	7,561,500		
2021	0	18,660,788	936,750	10,685,620	2,815,000	7,561,500		
2022	0	18,658,788	936,750	0	2,815,000	35,906,500		
2023	0	18,661,538	936,750	0	2,815,000	35,124,250		
2024	0	18,662,538	936,750	0	2,815,000	35,135,250		
2025	0	18,665,538	6,706,750	0	2,815,000	34,138,250		
2026	0	18,659,038	6,733,250	0	2,815,000	34,125,000		
2027	0	18,662,038	7,224,000	0	2,815,000	0		
2028	0	18,657,538	0	0	9,125,000	0		
2029	0	18,659,288	0	0	9,319,500	0		
2030	0	18,660,288	0	0	9,523,500	0		
2031	0	18,663,788	0	0	9,745,250	0		
2032	0	18,663,188	0	0	9,982,500	0		
2033	0	18,662,438	0	0	10,228,000	0		
2034	0	0	0	0	10,494,750	0		
<b>TOTAL<sup>(3)</sup></b>	<b>\$</b>	<b>\$279,919,111</b>	<b>\$26,284,500</b>	<b>\$31,265,956</b>	<b>\$93,753,500</b>	<b>\$197,113,750</b>		

<sup>(1)</sup> Assumes the refunding of the Series 2015C Certificates with proceeds of the Series 2019B Certificates. 2020 figure reflects estimated debt service to the date of prepayment. See "EXPECTED ISSUANCE OF OTHER CERTIFICATES" herein.

<sup>(2)</sup> Expected to be issued concurrently with the Series 2019B Certificates. See "EXPECTED ISSUANCE OF OTHER CERTIFICATES" herein.

<sup>(3)</sup> Totals may not add due to rounding.



## COMBINED CERTIFICATE PAYMENT SCHEDULE

The estimated combined payment requirements on the Series 2019A Certificates and the Prior Certificates are as follows:

Period Ending July 1	Prior Certificates <sup>(1)</sup>	Series 2019A Certificates			Aggregate Total <sup>(2)</sup>
		Principal Portion	Interest Portion	Annual Basic Lease Payment	
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
<b>Total</b>					

<sup>(1)</sup> See "CERTIFICATE PAYMENT SCHEDULES I & II FOR PRIOR CERTIFICATES."

<sup>(2)</sup> Totals may not add due to rounding.

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## **THE MASTER LEASE PROGRAM**

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

The Series 2004-1 Lease is one of the Leases entered into under the Master Lease and provided for the leasing of the Series 2004-1 Facilities by the Corporation to the School Board. See "THE SERIES 2004-1 LEASE" and "THE SERIES 2004-1 FACILITIES" herein. As noted above, the School Board has previously leased certain facilities pursuant to the Prior Leases which were funded from the proceeds of the Prior Certificates. See "THE PRIOR FACILITIES" herein. The School Board may arrange for one or more lease purchase financings of additional educational facilities under the Master Lease in future Fiscal Years. See "SECURITY FOR THE SERIES 2019A CERTIFICATES - Additional Leases" and "- Additional Certificates" herein.

In addition, the School Board may, in the future, also enter into lease purchase arrangements upon terms and conditions other than those in the Master Lease. Failure to make payments under any such lease agreement, or an event of default under any such lease agreement, will not affect the Lease Term or cause the termination of the Series 2004-1 Lease or any other Leases. See "FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT – Obligations Under Unrelated Lease Purchase Agreements" herein.

## **THE SERIES 2004-1 LEASE**

The following is a brief summary of certain provisions of the Series 2004-1 Lease, which is not intended to be definitive. Reference is made to "APPENDIX C - CERTAIN LEGAL DOCUMENTS - The Master Lease" and "-Form of Schedule 2004-1" hereto.

### **Authority**

The Series 2004-1 Lease is being entered into pursuant to the authority granted under Chapters 1001-1013, Florida Statutes, for the purpose of providing for the acquisition, construction and lease purchase financing and refinancing of the Series 2004-1 Facilities.

### **Lease Term**

Under the Series 2004-1 Lease, the Corporation is leasing to the School Board, and the School Board is leasing from the Corporation, the Series 2004-1 Facilities. The initial term of the Series 2004-1 Lease commenced on June 30, 2004, has been automatically renewed annually to date and is automatically renewable annually through June 30, 2029, unless sooner terminated as described herein.

## Lease Payments

Subject to the conditions stated in the Series 2004-1 Lease, the School Board has expressed its current intent to make all Lease Payments due under the Series 2004-1 Lease; PROVIDED, HOWEVER, THAT NONE OF THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, IS OBLIGATED TO PAY, EXCEPT FROM APPROPRIATED FUNDS, ANY SUMS DUE UNDER THE SERIES 2004-1 LEASE FROM ANY SOURCE OF TAXATION, AND THE FULL FAITH AND CREDIT OF THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS NOT PLEDGED FOR PAYMENT OF SUCH SUMS DUE UNDER THE SERIES 2004-1 LEASE, AND THE SUMS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. All Lease Payments due under the Series 2004-1 Lease will be made from current or other funds authorized by law and regulations of the State of Florida Department of Education and appropriated for such purpose by the School Board.

On December 15, 2019, and thereafter on June 15 and December 15 of each year, the Lease Payment Dates preceding each Series 2019A Certificate Payment Date, the School Board is required to pay to the Trustee the Basic Lease Payment allocable to the Series 2019A Certificates due on such date, which amount corresponds to the amount due to Series 2019A Certificate holders on the next succeeding Series 2019A Certificate Payment Date. The School Board is also required to pay, when due, Additional Lease Payments, consisting of, among other things, payments under interest rate exchange agreements (See "RISK FACTORS - Interest Rate Exchange Agreements" herein), the fees and expenses of the Trustee and the Corporation. Lease Payments due under the Series 2004-1 Lease may be reduced, when applicable, by amounts credited as follows:

(a) The Trustee will deposit into the Lease Payment Account established with respect to the Series 2004-1 Lease interest income in accordance with the Trust Agreement and apply such interest income as a credit against the next ensuing Lease Payment to the extent provided in the Trust Agreement.

*The following reflects the amendments to Section 5.4(b) of the Master Lease as set forth in Schedule 2004-1. See "APPENDIX C - CERTAIN LEGAL DOCUMENTS - Master Lease" hereto for the current provision.*

(b) The Trustee will deposit in the Series 2004 Lease Payment Account or Acquisition Account, Net Proceeds realized in the event of damage, destruction or condemnation of Series 2004-1 Facilities to be applied to the prompt repair, restoration or replacement of such Series 2004-1 Facilities; provided, however, if the School Board has determined that its operations have not been materially affected and that it is not in the best interest of the School Board to repair, restore or replace that portion of the Series 2004-1 Facilities damaged, destroyed or condemned, then the School Board shall not be required to comply with the provisions of the preceding clause. In such case, if the Net Proceeds are (a) less than ten percent (10%) of the

Remaining Principal Portion of the Basic Lease Payments relating to such Series 2004-1 Facilities and (b) equal or less than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year under such Series 2004-1 Lease, then such Net Proceeds may, at the option of the School Board, (i) be deposited into the Lease Payment Account for the Certificates relating to such Series 2004-1 Facilities to be credited against Basic Lease Payments next coming due in accordance with the Master Lease or (ii) deposited in the Acquisition Account for the Series of Certificates relating to such Series 2004-1 Facilities and applied to pay costs of other Facilities, in which case such other Facilities shall become subject to the provisions of the Series 2004-1 Lease as fully as if they were originally leased Facilities. If the Net Proceeds are (1) equal or greater than ten percent (10%) of the Remaining Principal Portion of the Basic Lease Payments relating to such Series 2004-1 Facilities or (2) greater than the amount of Basic Lease Payments coming due in the immediately following Fiscal Year under such Series 2004-1 Lease, then the pro rata portion of such Net Proceeds allocable to the Series 2019A Certificates shall be deposited to the Acquisition Account and applied to pay the Costs of other Facilities, in which case such other Facilities shall become subject to the provisions of the Series 2004-1 Lease as fully as if they were the originally leased Facilities; provided, however, at the direction of the School Board, upon delivery to the Trustee of a Favorable Opinion, such Net Proceeds shall be deposited in the related Lease Payment Account to be credited against Basic Lease Payments next coming due under the Series 2004-1 Lease.

### **Assignment of Lease to Trustee**

Pursuant to the Series 2004 Assignment, substantially all right, title and interest of the Corporation in and to the Series 2004 Ground Lease and in and to the Series 2004-1 Lease, including the right to receive Basic Lease Payments thereunder, has been absolutely and unconditionally assigned by the Corporation to the Trustee for the benefit of the owners of the Series 2019A Certificates and any other Certificates representing an undivided proportionate interest in a portion of the Basic Lease Payments payable under the Series 2004-1 Lease. The School Board has consented to such assignment.

### **Lease Covenants**

Under the Series 2004-1 Lease, the School Board was responsible for the acquisition, construction and installation of the Series 2004-1 Facilities pursuant to the specifications of the School Board, including the letting of all contracts for the acquisition, construction and installation of the Series 2004-1 Facilities. In the Series 2004-1 Lease, the School Board covenants that it will: (i) maintain the Series 2004-1 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 Series 2004-1 Lease.

### **Budget and Appropriation**

The cost and expense of the performance by the School Board of its obligations under the Series 2004-1 Lease, under the Prior Leases and any Additional Leases and the incurrence of any liabilities of the School Board under the Series 2004-1 Lease, the Prior Leases and any

Additional Leases including without limitation, the payment of all Lease Payments and all other amounts required to be paid by the School Board under all Leases, are subject to and dependent on appropriations being duly made from time to time by the School Board for such purposes. The School Board may not budget and appropriate available revenues to make Lease Payments selectively on a Lease by Lease basis, but must appropriate such revenues for all Leases or none of them. Under no circumstances will the failure of the School Board to appropriate sufficient funds in any Fiscal Year constitute a default or require payment of a penalty, or in any way limit the right of the School Board to purchase or utilize educational facilities similar in function to those leased under any Lease including the Series 2004-1 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, in a separate line item, the funds necessary to make such Lease Payments, and all Leases will be automatically renewed on June 30 of the current Fiscal Year, for the following Fiscal Year, subject to appropriation being made by the School Board in the final adopted budget. If Lease Payments are due during the period prior to the adoption of the School Board's final official budget for an ensuing Fiscal Year, the Lease Term of all Leases shall be deemed extended only if the tentative budget or extension of the prior budget (whether by School Board action or operation of law) makes available to the School Board monies which may be legally used to make the Lease Payments due under all Leases during such period. If no such appropriation is made in the budget as finally adopted or if no official budget is adopted as of the last day on which a final budget is required to have been adopted under applicable law and regulations, all Leases will terminate as of the date of adoption of the final official budget or the last date on which a final budget is required to have been adopted, whichever is earlier, and under which no appropriation has been made.

If the School Board declares its intent at such public meeting prior to the end of the then current Fiscal Year not to appropriate the funds necessary to make Lease Payments under all Leases, no Leases will be automatically renewed for the following Fiscal Year, but will terminate on June 30 of the current Fiscal Year. For a discussion of the effect of termination of the Lease Term of the Leases, see "THE SERIES 2004-1 LEASE - Effect of Termination for Non-Appropriation or Default."

### **Termination of Lease Term**

The Lease Term of each Lease, including the Series 2004-1 Lease, will terminate upon the earliest of any of the following events:

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

(c) All Leases will terminate upon a default by the School Board with respect to any Lease and the termination of the Lease Term of all Leases by the Trustee pursuant to the Master Lease; and

(d) A particular Lease will terminate upon payment by the School Board of the Purchase Option Price of the particular Facilities leased under such Lease by the School Board or upon provision for such payment pursuant to the Master Lease.

### **Effect of Termination for Non-Appropriation or Default**

Upon termination of the Lease Term for the reasons referred to in (b) or (c) under "THE SERIES 2004-1 LEASE - Termination of Lease Term" above, the School Board is required to immediately surrender and deliver possession of all the Facilities financed under all Leases (except for certain designated Facilities) to the Trustee in the condition, state of repair and appearance required under the Leases and in accordance with the Trustee's instructions. Upon such surrender, the Trustee (or other transferee) will attempt to sell or re-let its interest in such facilities in such manner and to such person or persons for any lawful purpose or purposes as it, in its sole discretion, determines to be appropriate. The Trustee will pursue such rights and remedies as directed by the Holders of a majority in aggregate principal amount of the Series 2019A Certificates and any other Certificates evidencing an interest in the Series 2004-1 Lease. The proceeds derived from any such sale or reletting of the School Board's leasehold interest in such Facilities, if any, will be applied first to the payment of the fees and expenses of the Trustee, second to payment in full of the Series of Certificates relating to such Facilities and then to the payment of other outstanding amounts as described in said Lease(s). The proceeds of the disposition of the Series 2004-1 Facilities will be applied to the payment of the Series 2019A Certificates, equally and ratably with the Series 2012A Certificates allocable to the Series 2004-1 Lease (and in the case of disposition of Overlapping Facilities, with other Certificates representing an interest therein), after payment of the expenses of the Trustee, in accordance with the Series 2004-1 Lease. **Under the Series 2004-1 Lease, the School Board may not be dispossessed of any personal property financed or refinanced, in whole or in part, with the proceeds of the Series 2019A Certificates.** See "RISK FACTORS - Limitation Upon Disposition; Ability to Sell or Relet" herein. EXCEPT AS DESCRIBED HEREIN, IN NO EVENT WILL OWNERS OF THE SERIES 2019A CERTIFICATES HAVE ANY INTEREST IN OR RIGHT TO ANY PROCEEDS OF THE DISPOSITION OF FACILITIES FINANCED OR REFINANCED WITH THE PROCEEDS OF ANOTHER SERIES OF CERTIFICATES. EXCEPT AS DESCRIBED HEREIN, IN NO EVENT WILL OWNERS OF THE SERIES 2019A CERTIFICATES HAVE ANY INTEREST IN OR RIGHT TO ANY PROCEEDS OF THE DISPOSITION OF FACILITIES FINANCED OR REFINANCED WITH THE PROCEEDS OF ANOTHER SERIES OF CERTIFICATES.

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

There can be no assurance that the remedies available to the Trustee upon any termination of the Lease Term of all Leases for non-appropriation or default and the disposition of the Series 2004-1 Facilities to which the Trustee has rights will produce sufficient amounts to

pay the Series 2019A Certificates. Federal income tax status of payments made to Series 2019A Certificate holders after such termination may also be adversely affected. See "TAX TREATMENT" herein. Further, after such termination of the Lease Term of all Leases, transfer of Series 2019A Certificates may be subject to the registration provisions of applicable federal and state securities laws. Accordingly, there is no assurance that liquidity of the Series 2019A Certificates will not be impaired following termination of the Lease Term of the Leases. See "RISK FACTORS."

## **THE CORPORATION**

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.

Pursuant to the Series 2004 Assignment, the Corporation made an absolute and unconditional assignment of substantially all its right, title and interest under the Series 2004-1 Lease and the Series 2004 Ground Lease to the Trustee, retaining its rights to indemnification and to receive notices under the Master Lease.

The Trustee will directly collect all of the Basic Lease Payments which are the primary source of and security for payment of each Series of Series 2019A Certificates. The credit of the Corporation is not material to any of the transactions contemplated in this Offering Statement. No financial information concerning the Corporation has been included herein, nor is it contemplated that any such financial information will be included in any future Offering Statement relating to the sale of any additional Certificates or other obligations of the School Board or the Corporation.

## **THE 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. 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. As of September 11, 2018, the District served 270,550 students (including charter school students) and approximately 175,000 adult students in 234 schools, education centers and technical colleges and 88 charter schools. The District is the County's largest single employer. As of December 5, 2018, the District had approximately 27,645 permanent employees, including over 15,477 classroom instructors.

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 "OPERATING REVENUES OF THE DISTRICT – Local Sources" and "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Sources" herein. The County Tax Collector collects ad valorem taxes for the District, but exercises no control over the District's tax receipts. Additional information concerning the County is contained in "APPENDIX A – INFORMATION REGARDING BROWARD COUNTY, FLORIDA" hereto.

### Statistical Data

The following tables present a statistical overview of the District's enrollment profiles and data regarding the District's public school facilities.

#### Profile of Student Enrollments<sup>(1)</sup>

	Fiscal Year <u>2014-15</u>	Fiscal Year <u>2015-16</u>	Fiscal Year <u>2016-17</u>	Fiscal Year <u>2017-18</u>	Fiscal Year <u>2018-19<sup>(2)</sup></u>
Pre-Kindergarten to Grade 3	70,562	69,619	69,812	68,952	68,154
Grades 4-8	80,064	80,192	80,330	81,696	81,672
Grades 9-12	69,393	70,468	70,404	70,686	70,358
Centers	5,330	5,275	5,194	5,090	4,447
Total	<u>225,349</u>	<u>225,554</u>	<u>225,740</u>	<u>226,424</u>	<u>224,631</u>

Source: The School Board of Broward County, Florida Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2018.

(1) Excludes charter school enrollment.

(2) Demographics and Student Assignments Department: September 11, 2018 student enrollment from TERMS.

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### School Facilities<sup>(1)</sup>

	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19
Elementary	137	137	136	136	136
Middle	40	40	38	37	37
High	33	33	33	33	33
Others <sup>(2)</sup>	28	28	29	28	28
Total	238	238	236	234	234

Source: Comprehensive Annual Financial Report of The School Board of Broward County, Florida for the Fiscal Year Ended June 30, 2018. Fiscal Year 2018-19 data provided by Broward County Public Schools Assessment and Research Department.

- (1) Excludes charter schools. There were 88 charter schools located within the District for Fiscal Year 2018-19.  
(2) Adult/vocational schools, exceptional centers and combination schools which serve multiple levels.

### Accreditation

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

### Honors and Awards

Sixteen District high schools are named on the list of Best High Schools in the nation for 2018 by U.S. News & World Report and 21 high school seniors were named winners of the National Merit College-Sponsorships by the National Merit Scholarship Corporation.

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 2017, the District was named a Great District for Great Teachers by the National Council on Teacher Quality.

In 2018, the District achieved its highest graduation rate in seven years, rising from 71.6 percent to 84.3 percent. Graduation rates for traditional District high schools (excluding centers and charter schools) reached the highest level in seven years, at 95.1 percent, which exceeds the 93.8 percent achieved in 2017.

The District is the first district in the United States to receive the Cambridge District of Year distinction. In the fall of 2018, the District was named District of Year by Cambridge International. The award recognizes school districts for having high academic achievements among students participating in Cambridge programs and for increasing Cambridge opportunities across the District. The District ranked highest among large districts for expanding Cambridge access and services and for student academic achievements.

## The School Board

The School Board is a public body corporate existing under the laws of the State of Florida, particularly Section 1001.40, Florida Statutes, and is the governing body of the District. The 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.

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

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

The 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:

Name/Office	Initial Term Commencing November	Current Term Expires November
Heather P. Brinkworth, Chair	2014	2020
Donna P. Korn, Vice Chair	2011	2022
Lori Alhadeff	2018	2022
Robin Bartleman	2004	2020
Patricia Good	2010	2020
Laurie Rich Levinson	2010	2022
Ann Murray	2008	2022
Dr. Rosalind Osgood	2012	2020
Nora Rupert	2010	2022

## 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 19<sup>th</sup> permanent leader in the history of the District. 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.

**Judith M. Marte** joined the District in June 2017 as Chief Financial Officer after serving in the same position at Miami-Dade Public Schools (MDPS) for three years. Over the course of her 15 year career with MDPS, Mrs. Marte held numerous positions including CFO, Deputy CFO and Chief Budget Officer. Prior to relocating to South Florida, she was the CFO for the Lawrence Public Schools in Massachusetts for 13 years. Mrs. Marte received a Master in Business Administration from the University of New Hampshire in 1990 and a Bachelor of Science from Merrimack College in North Andover, Massachusetts. In 2016, she was the recipient of the Bill Wise Award from the Council of Great City Schools for her dedication and contribution to Urban Education. Mrs. Marte is a mentor for the Executive Education Program with the Council of Great City Schools and has been a speaker/presenter at their annual CFO conference for over a decade. In addition, she is active with the Government Finance Officers Association and spoke at their annual conference in Denver in 2016.

**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 and to the position of Treasurer in May 2015, 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, South Florida Government Finance Officers and City Clerks Association and Association of Public Treasurers of the United States and Canada.

***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.

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## Employee Relations

### General

As of December 5, 2018, the School Board employed approximately 27,645 persons (full and part-time), the majority of which are represented by collective bargaining agents. The employee groups, bargaining agents/meet and confer groups and the current union contract expiration dates are set forth in the table below:

<u>Employee Group</u>	<u>Bargaining Agents/ Meet and Confer Groups</u>	<u>Contract Expiration<sup>(1)</sup></u>	<u>Status of Negotiations</u>
Teachers	Broward Teachers Union ("BTU") – Teachers Contract	August 15, 2022 <sup>(2)</sup>	Settled for 2018- 2019 School Year
Education Support Professionals	BTU – Educational Support Professionals	June 30, 2020 <sup>(2)</sup>	Negotiations Completed for 2018-2019 School Year
Technical Support Professionals	BTU – Technical Support Professionals	June 30, 2021 <sup>(2)</sup>	Negotiations Completed for 2018-2019 School Year
Clerical	Federation of Public Employees ("FOPE")	June 30, 2020 <sup>(2)</sup>	Negotiations Completed for 2018-2019 School Year
Maintenance, Facilities, Transportation, Security Specialists, Campus Monitors	FOPE	June 30, 2020 <sup>(2)</sup>	Negotiations Completed for 2018-2019 School Year
Food Service	FOPE	August 14, 2020 <sup>(2)</sup>	Negotiations Completed for 2018-2019 School Year
SIU Investigators	Police Benevolent Association	June 30, 2020 <sup>(2)</sup>	Negotiations Completed for 2018-2019 School Year
Clerical Confidential	Confidential Office Personnel Association	N/A	N/A
Assistant Principals and Principals	Broward Principals and Assistants Association	N/A	N/A
Educational Support and Management Administrators	Educational Support & Management Association of Broward, Inc.	N/A	N/A

<sup>(1)</sup> Note: When a contract has expired, Florida law requires operating under the expired contract until a new contract has been negotiated and approved.

<sup>(2)</sup> With re-openers each year.

Source: The District.

## **Budget 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 2018-2019 Fiscal Year on September 5, 2018. The tentative budget for the 2019-20 Fiscal Year is expected to be adopted by the School Board on July \_\_, 2019, with a final budget hearing on September \_\_, 2019.

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 "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Sources" herein. 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.

## **FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT**

The following briefly describes financial results of the District and certain District liabilities. For additional information concerning such matters see "APPENDIX B - EXCERPTED INFORMATION FROM THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

### **Financial Results**

The Association of School Business Officials International has awarded the District a Certificate of Excellence in Financial Reporting for the past 35 consecutive years and, for the last 22 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 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. Agency funds, accounted on the accrual basis, are purely custodial in nature (assets equal liabilities) and as such, do not have a measurement focus.

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 (as defined herein) 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 (as defined herein) distributions.

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## General Fund Operations

The following table summarizes the revenues, expenditures and changes in fund balances for the General Fund for the Fiscal Years ended June 30, 2015 through June 30, 2018 (audited) and June 30, 2019 (budgeted).

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

	Audited				Budgeted
	2015	2016	2017	2018	2019
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Ad Valorem Taxes	\$864,701	\$901,439	\$916,007	\$918,653	\$941,104
Interest Income And Other	53,647	57,533	68,238	76,970	66,059
Total Local Sources	<u>918,348</u>	<u>958,972</u>	<u>984,245</u>	<u>995,623</u>	<u>\$1,007,163</u>
<b>State Sources:</b>					
Florida Education Finance Program	628,202	655,072	688,328	703,547	732,096
Other	389,308	391,900	399,127	399,908	400,384
Total State Sources	<u>1,017,510</u>	<u>1,046,972</u>	<u>1,087,455</u>	<u>1,103,455</u>	<u>1,132,480</u>
<b>Federal Sources:</b>					
Other	15,781	17,159	22,189	23,890	20,450
Total Federal Sources	<u>15,781</u>	<u>17,159</u>	<u>22,189</u>	<u>23,890</u>	<u>20,450</u>
<b>Total Revenues</b>	<u>1,951,639</u>	<u>2,023,103</u>	<u>2,093,889</u>	<u>2,122,968</u>	<u>2,160,093</u>
<b>EXPENDITURES:</b>					
Instructional Services	1,310,145	1,372,810	1,419,048	1,465,218	1,491,648
Instructional Support Services	174,822	178,344	196,296	206,593	211,249
Pupil Transportation Services	80,650	83,255	87,644	91,950	83,604
Operation and Maintenance	233,692	241,991	246,242	245,021	240,757
School Administration	129,070	130,113	136,711	141,085	137,941
General Administration	64,656	80,767	88,436	96,267	112,923
Debt Service	124	276	1,480	952	1,480
<b>Total Expenditures</b>	<u>1,993,159</u>	<u>2,087,556</u>	<u>2,175,857</u>	<u>2,247,086</u>	<u>2,279,602</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(41,520)</u>	<u>( 64,493)</u>	<u>(81,968)</u>	<u>(124,118)</u>	<u>(119,509)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Loss Revenues	-	-	-		
Capital Lease	-	-	-		
Operating Transfers In	64,993	76,231	85,402	94,702	106,639
Operating Transfers Out	(6,821)	(5,287)	(5,065)	(40)	(40)
<b>Total Other Financing Sources (Uses)</b>	<u>58,172</u>	<u>70,944</u>	<u>80,337</u>	<u>94,662</u>	<u>106,599</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>16,652</u>	<u>6,451</u>	<u>(1,631)</u>	<u>(29,456)</u>	<u>(12,910)</u>
<b>Adjustment to conform with GAAP:</b>	<u>-</u>	<u>11,298</u>	<u>12,475</u>	<u>13,974</u>	<u>-</u>
<b>Fund Balances, Beginning of Year</b>	<u>144,780</u>	<u>161,432</u>	<u>179,181</u>	<u>190,025</u>	<u>160,568<sup>(1)</sup></u>
<b>Fund Balances, End of Year</b>	<u>\$161,432</u>	<u>\$ 179,181</u>	<u>\$190,025</u>	<u>\$160,569</u>	<u>\$147,658</u>

<sup>(1)</sup> Reflects 2018 ending fund balance and not beginning fund balance in 2019 budget. Due to timing differences, the actual 2019 beginning fund balance is not available at the time the budget is being prepared.

Source: Comprehensive Annual Financial Report of The School Board of Broward County, Florida for the Fiscal Year Ended June 30, 2018; Fiscal Year 2018-19 Budgeted figures provided by Broward County Public Schools Budget Office.



## **General Fund Balance Guidelines**

Section 1011.051, Florida Statutes, entitled "Guidelines for general funds" requires that if a school district's General Fund ending balance not classified as restricted, committed or nonspendable in the approved operating budget is projected to fall below three percent (3%) of projected General Fund revenues, the Superintendent shall provide written notification to the district school board and the Commissioner of Education. The section further requires that if the General Fund ending balance not classified as restricted, committed or nonspendable is projected to fall below two percent (2%) of projected General Fund revenues, the Superintendent shall provide written notification to the district school board and the Commissioner of Education. Within 14 days after receiving such notification of 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 2016-17, the District's General Fund ending balance not classified as restricted, committed or nonspendable was 4.42% of General Fund Revenues. In Fiscal Year 2017-18, the District's General Fund ending balance not classified as restricted, committed or nonspendable was 3.66% of General Fund Revenues and for Fiscal Year 2018-19 was budgeted to be 3.88% of General Fund Revenues.

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## Capital Projects Fund

The following table shows results for the Capital Projects Fund for the Fiscal Years ended June 30, 2015 through June 30, 2018 (audited) and June 30, 2019 (budgeted).

**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**

	Audited			Budget
	2015	2016	2017	2018
<b>REVENUES:</b>				
<b>Local Sources:</b>				
Ad Valorem Taxes	\$218,479	\$237,117	\$257,477	
Interest Income And Other	26,122	30,602	29,005	
Total Local Sources	244,601	267,719	\$286,482	
<b>State Sources:</b>				
Public Education Capital Outlay	4,530	4,845	7,188	
Categorical Programs And Other	16,901	12,660	19,244	
Total State Sources	21,431	17,505	26,432	
<b>Federal Sources:</b>				
Grants And Other	-	-	-	
Total Federal Sources	-	-	-	
Total Revenues	266,032	285,224	312,914	
<b>Expenditures:</b>				
Capital Outlay And Other	74,589	94,603	165,293	
Interest Charges And Other	6	8	30,780	
Total Expenditures	74,595	94,611	196,073	
Excess (Deficiency) Of Revenues Over (Under) Expenditures	191,437	190,613	116,841	
<b>OTHER FINANCING SOURCES (USES):</b>				
Bonds	155,055	-	-	
Certificates Of Participation	-	-	-	
Premium (Discount) On Long-Term Debt Issue	8,732	-	-	
Capital Lease	30,000	-	-	
Loans	-	3,310	28,777	
Sale Of Capital Assets	831	-	627	
Other Loss Recoveries	-	-	-	
Transfers In	1,764	8,000	8	
Transfers Out	(228,852)	(237,187)	(234,430)	
<b>Total Other Financing</b>	(32,470)	(225,877)	(205,016)	
Net Changes In Fund Balances	158,967	(35,264)	(11,000)	
<b>Fund Balances, Beginning of Year</b>	228,219	387,186	326,344	
<b>Fund Balances, End of Year</b>	\$387,186	\$351,922	\$315,343	

Source: Comprehensive Annual Financial Report of The School Board of Broward County, Florida for the Fiscal Year Ended June 30, 2018; Fiscal Year 2018-19 budgeted figures provided by Broward County Public Schools Budget Office.

## Long Term Debt

Set forth below is selected information regarding outstanding debt of the District and the County (the boundaries of which are coterminous with the District). For more detailed financial information concerning the District, see "APPENDIX B – EXCERPTED INFORMATION FROM THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2018" hereto.

**School District of Broward County, Florida**  
**Direct and Overlapping Debt**  
**June 30, 2018**  
**(in thousands)**

Direct Debt	
General Obligation <sup>(1)</sup>	\$ 144,430
Certificates of Participation	1,338,303
Special Obligation Bonds <sup>(2)</sup>	11,686
Capital Leases	62,745
Premium/Discount (net)	139,977
Interest Rate Swap	<u>28,518</u>
Total Direct Debt	<u>\$1,725,659</u>
Overlapping Debt <sup>(3)</sup>	
Broward County <sup>(4)</sup>	<u>\$ 207,550</u>
Total Direct and Overlapping Debt	<u>\$1,933,209</u>

<sup>(1)</sup> On February 13, 2019, the District also issued \$174,750,000 aggregate principal amount of its General Obligation School Bonds, Series 2019.

<sup>(2)</sup> Special obligation debt is payable from motor vehicle license and gross receipts taxes.

<sup>(3)</sup> Overlapping debt includes only general obligation debt secured by ad valorem taxes as of September 30, 2017.

<sup>(4)</sup> Because the County and the District coincide, the percentage of overlap is 100%.

Source: The School District of Broward County, Florida.

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**School District of Broward County, Florida - Outstanding Long-Term Debt  
As of June 30, 2018 (Unaudited)**

<u>Description</u>	<u>Principal Amount Outstanding</u> <sup>(4)</sup>
<b>Self-Supporting State Bonds:</b> <sup>(1)</sup>	
State Board of Education Capital Outlay Bonds, Series 2009-A (New Money)	\$ 825,000
State Board of Education Capital Outlay Bonds, Series 2009-A (Refunding)	330,000
State Board of Education Capital Outlay Bonds, Series 2010-A (Refunding)	3,380,000
State Board of Education Capital Outlay Bonds, Series 2011-A (Refunding)	3,690,000
State Board of Education Capital Outlay Bonds, Series 2014-B (Refunding)	115,000
State Board of Education Capital Outlay Bonds, Series 2017-A	3,346,000
Sub-Total State Board Bonds	\$ 11,686,000
<b>General Obligation Bonds</b> <sup>(2)</sup>	
Series 2015 Bonds	\$ 144,430,000
Sub-Total General Obligation Bonds	\$ 144,430,000
<b>Certificates of Participation:</b> <sup>(3)</sup>	
Series 2004 Certificates (QZAB)	\$ 160,000
Series 2009A Certificates (QSCB)	28,179,000
Series 2010A Certificates (QSCB)	46,481,000
Series 2011A Certificates	79,240,000
Series 2012A Certificates	127,490,000
Series 2014A Certificates	113,825,000
Series 2015A Certificates	252,360,000
Series 2015B Certificates	170,805,000
Series 2015C Certificates	65,000,000
Series 2016A Certificates	198,205,000
Series 2016B Certificates	18,735,000
Series 2017A Certificates	30,293,000
Series 2017B Certificates	56,300,000
Series 2017C Certificates	151,230,000
Sub-Total Certificates of Participation	\$1,338,303,000
<b>TOTAL LONG-TERM DEBT OUTSTANDING</b>	<b>\$1,494,419,000</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> The issuance of the general obligation bonds was approved by the qualified electors of the District at a referendum held on November 4, 2014. The bonds are secured by a lien and a pledge of proceeds of the levy and collection of ad valorem school district taxes on all taxable real and personal property, excluding homestead exemption as required by Florida law, without limitation as to rate or amount. On February 13, 2019, the District also issued \$174,750,000 aggregate principal amount of its General Obligation School Bonds, Series 2019.

<sup>(3)</sup> Subject to annual appropriation.

<sup>(4)</sup> Rounded to nearest thousand.

Source: The School District of Broward County, Florida.

General Obligation Debt. With the overwhelming support of 73.7% of the voters of the County, an \$800 million general obligation bond referendum was approved on the November 4, 2014 ballot. Proceeds from the general obligations bonds will be used to modernize and improve the safety of outdated educational facilities and upgrade instructional technology. Issuance 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 amended the District Educational Facilities Plan to include projects to be funded by the general obligation bonds, when issued. See "DISTRICT EDUCATIONAL FACILITIES PLAN" herein. The District issued its first series of new general obligation bonds in June 2015, its second series of new general obligation bonds in February 2019 and expects to issue additional series of general obligation bonds in several tranches over the next four to five years. Principal and interest on outstanding general obligation bonds will be paid from ad valorem school district taxes levied for such purposes on all taxable real and personal property within the District, excluding exempt property as required by Florida law. The voted millage to be collected by the District in connection with the issuance of general obligation bonds approved on the November 4, 2014 ballot is being levied in the current 2019-2020 Fiscal Year of the District and will continue through the final maturity of the general obligation bonds related thereto. The approval of the majority of the qualified electors of the County, voting in a new referendum, is required to issue additional general obligation debt for school construction and renovation.

### **Obligations Under Unrelated Lease Purchase Agreements**

The School Board has in the past and may, in the future, enter into lease purchase agreements upon terms and conditions other than those in the Master Lease. The School Board entered into certain annual appropriation master lease purchase agreements under which it has financed to date [\$167,113,000] of buses, vehicles, equipment, computer devices and software, [\$62,745,000 of which is presently outstanding.] The School Board expects to finance additional items from time to time under such leases. These leases are not part of the Master Lease. Unless otherwise expressly provided in this Offering Statement, failure to make payments under any such lease purchase agreements, or an event of default under any such lease purchase agreement, will not affect the Lease Terms or cause the termination of the Series 2004-1 Lease or any other Leases. Payments under such lease purchase agreements are expected to be made from Local Option Millage Levy revenues, which are the primary source of repayment for the Series 2019A Certificates. See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Sources – Local Option Millage Levy" herein.

### **Florida Retirement System**

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

choose to participate in the FRS; however, participation is generally irrevocable after the entity elects to participate.

*The information relating to the FRS contained herein has been obtained from the FRS Annual Report for the Fiscal Year ended June 30, 2018, which is available by writing to the Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000, by phoning (850) 488-5706 or visiting the following website: [www.dms.myflorida.com/workforce\\_operations/retirement/publications/annual\\_reports](http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports). No representation is made by the School Board as to the accuracy or adequacy of such information or that there has not been any material adverse change in such information subsequent to the date of such information.*

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

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

The SBA administers the FRS Investment Plan, a defined contribution plan available to eligible FRS members as an alternative to the FRS Pension Plan. Retirement benefits are based upon the value of the member's account upon retirement. Regardless of membership class, FRS Investment Plan contributions vest after one year of service. A member vests immediately in all employee contributions paid to the FRS Investment Plan. If a member elects to transfer amounts from the FRS Pension Plan to that member's FRS Investment Plan account, the member must meet the eight-year vesting requirement (or six-year vesting requirement if enrolled prior to July 1, 2011) for any such transferred funds and associated earnings. The FRS Investment Plan is funded by employer contributions that are based on salary. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Administration costs of the FRS Investment Plan are funded through a 0.06% employer contribution and forfeited benefits. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the FRS Investment Plan, receive a lump-sum distribution, or leave the funds invested for future distribution. Disability coverage is provided;

the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the FRS Investment Plan and rely upon that account balance for retirement income.

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

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

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

Additional legislative changes that only apply to employees who initially enroll on or after July 1, 2011, include: (1) the average final compensation upon which retirement benefits are calculated are based on the eight highest (formerly five highest) fiscal years of compensation prior to retirement; (2) the DROP (as defined herein) is maintained but the interest accrual rate is reduced from 6.5% to 1.3%; (3) the normal retirement age is increased from 62 to 65; and (4) the years of creditable service is increased from 30 to 33 and the vesting period is increased to eight years (formerly six).

Subject to provisions of Section 121.091, Florida Statutes, the Defined Retirement Option Program (the "DROP") permits employees eligible for normal retirement under the FRS to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months while the member's benefits accumulate in the FRS Trust Fund. Authorized instructional personnel may participate in the DROP for up to 36 additional months beyond their initial 60-month participation period. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. As of June 30, 2018, the FRS Trust Fund held \$2,432,971,600 in

accumulated benefits and interest for 36,001 DROP participants. Of those 36,001 DROP Participants, 34,173 were active in DROP with balances totaling \$2,185,360,679. The remaining participants were no longer active in the DROP and had balances totaling \$247,610,920 to be processed after June 30, 2018.

The Retiree Health Insurance Subsidy ("HIS") Program is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Department of Management Services. Beginning July 1, 2002, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

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

Participating employers must comply with the statutory contribution requirements. Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Florida Legislature as guidance for funding decisions. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and FRS Investment Plan rates) are recommended by the actuary but set by the Florida Legislature. Statutes require that any unfunded actuarial liability ("UAL") be amortized within 30 plan years and any surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-dollar basis. The balance of legally required reserves at June 30, 2018 was \$161,196,880,609. These funds were reserved to provide for total current and future benefits, refunds and administration of the FRS Pension Plan.

The District's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions for the Fiscal Years ended June 30, 2017 and June 30, 2018, totaled \$140.6 million and \$149.6 million, respectively, which were equal to the required contributions for each Fiscal Year. This includes the HIS Program and Investment Plan contributions.

As a participating employer in the FRS, the District implemented Government Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment to GASB Statement No. 68)*, effective for fiscal years beginning after June 15, 2014. The



implementation of these Statements requires the District to record a liability for its proportionate share of the net pension liabilities of the FRS plans.

The scope of GASB Statements Nos. 68 and 71 address accounting and financial reporting for pensions that are provided to employees of state and local governmental employers that meet certain characteristics. These Statements establish standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expense/expenditures. For defined benefit pensions such as the FRS plans, GASB Statements Nos. 68 and 71 identify methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Pursuant to these Statements, the District is required to record a liability for its proportionate share of pension liabilities as reported by the FRS plans. While these Statements require recognition and disclosure of the unfunded pension liability, there is no requirement that such liability be funded. Accordingly, a deficit in unrestricted net position should not be considered, solely, as evidence of financial difficulties. The adoption of GASB Statements Nos. 68 and 71 resulted in a material increase in the District's liabilities and a material decrease in the District's net position. As a result of GASB Statement No. 68, the District's proportionate share of the net pension liabilities of the FRS Pension Plan totaled \$860.6 million at June 30, 2018. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined an actuarial valuation as of that June 30, 2017. The District's proportionate share of the net pension liability was based on the District's fiscal year contributions relative to the fiscal year contributions of all participating members. At June 30, 2017, the District's proportion was 2.91%, which was an increase of 0.16% from its proportion measured as of June 30, 2016.

As of June 30, 2018, the District reported a net pension liability of \$442.5 million for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, with update procedures being used to determine liabilities as of June 30, 2017. The District's proportionate share of the net pension liability was based on the District's fiscal year contributions relative to the total fiscal year contributions of all participating members. As of June 30, 2017, the District's proportionate share was 4.14%, which was an increase of 0.18% from its proportionate share measured as of June 30, 2016. See APPENDIX B hereto, including the Management's Discussion and Analysis and Note 16 to the Basic Financial Statements and the Required Supplementary Information, for additional information relating to the District's implementation of GASB Statements Nos. 68 and 71.

### **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. In addition, retirees are eligible to continue the District-sponsored term life insurance policy provided by the District.

In June 2015, the Governmental Accounting Standards Board issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB No. 75"), which was adopted by the District for the year ended June 30, 2018. GASB No. 75 addresses accounting and financial reporting for OPEB provided to employees of state and local government employers; establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses; requires governments to report a liability, deferred outflows of resources, deferred inflows of resources, and expenses on the face of the financial statement for the OPEB that they provide; and requires more extensive note disclosures and supplementary information about their OPEB liability. The beginning net position of the District was decreased by \$93.8 million due to the implementation of GASB Statement No. 75. The District's total OPEB liability reported at June 30, 2017 increased by \$93.77 million to \$180.8 million as of July 1, 2017, due to the transition in the valuation methods under GASB Statement No. 45 to GASB Statement No. 75, and beginning balances for deferred outflows/inflows of resources were not restated.

The District has historically accounted for its OPEB contributions on a pay-as-you-go basis and the District currently plans to continue such pay-as-you-go funding of its OPEB contributions. As of the valuation date, January 1, 2017, there were approximately 25,190 active participants and 990 inactive participants (retirees and beneficiaries) of the District receiving post-employment benefits. The District provided required employer contributions toward the annual OPEB cost in the amount of \$7.3 million. The pay-as-you-go method of funding OPEB allows the District to continue to pay only the current OPEB costs each Fiscal Year, but will produce a growing unfunded actuarial liability for the future. The net OPEB obligation was \$174.2 million at the end of Fiscal Year 2017-18.

Below are the details regarding the total OPEB liability from June 30, 2017 to June 30, 2018 (in thousands):

	Total OPEB Liability
Balance Recognized at 06/30/2017, as Restated	\$ 180,753
Changes for the Fiscal Year:	
Service Cost	\$ 9,696
Interest on the Total OPEB Liability	5,454
Difference Between Expected and Actual Experience	-
Changes in Assumptions and Other Inputs	(14,423)
Benefit Payments	(7,298)
Net Changes	(6,571)
Balance at 06/30/2018	\$ 174,182

Changes of assumptions and other inputs include the change in the discount rate from 2.92 percent as of the beginning of the measurement period to 3.56 percent as of June 30, 2018.

Source: Comprehensive Annual Financial Report of The School Board of Broward County, Florida for the Fiscal Year Ended June 30, 2018.

For additional information, see Notes 1.P., 1.R., 15 and Required Supplemental Information of "APPENDIX B - EXCERPTED PAGES FROM THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2018" hereto.

## **OPERATING REVENUES OF THE DISTRICT**

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

### **State Sources**

Florida Education Finance Program. The major portion of State support is distributed under the provisions of the Florida Education Finance Program ("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. Program cost factors are determined by the State Legislature each year. The amount of FEFP funds disbursed by the State is adjusted four times during each year to reflect changes in FTE and in other variables comprising the formula, as well as to compensate for increases or decreases in ad valorem tax revenue resulting from adjustments to the valuation of non-exempt property in each county. To participate in FEFP funding, the District must levy a minimum millage for operating purposes, which is set by the State Department of Education. Based on the above formula, District's FEFP receipts for Fiscal Year 2016-17 were approximately \$1.5 billion, were approximately \$1.5 billion for Fiscal Year 2017-18 and were budgeted to be \$1.5 billion in Fiscal Year 2018-19, which amounts include the Required Local Effort (as described below under " - Local Sources").

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. In recent years, most categorical programs have been eliminated and the funds are now earmarked within the FEFP base student allocation. The only remaining categorical program is class size reduction. The allocation for class size reduction is based on a funding formula. The majority of funds available therefrom require actual appropriation by the School Board for the purposes for which they were provided.

Total State categorical aid for class size reduction was \$308.1 million for Fiscal Year 2016-17, \$307.8 million for Fiscal Year 2017-18 and was budgeted to be \$304.3 million for Fiscal Year 2018-19.

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 \$9.2 million in Florida School Recognition revenue for Fiscal Year 2016-17, \$13.9 million in Florida School Recognition revenue for Fiscal Year 2017-18 and was budgeted to receive \$12.4 million in Florida School Recognition revenue for Fiscal Year 2018-19. The District received \$0.5 million in Discretionary Lottery revenues in Fiscal Year 2017-18 and anticipated receiving \$0.95 million in Fiscal Year 2018-19.

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 \$70.8 million for Workforce Development in Fiscal Year 2016-17, received \$73.4 million for Fiscal Year 2017-18 and was budgeted to receive approximately \$74.6 million for Fiscal Year 2018-19.

## **Local Sources**

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

The Florida Constitution limits the non-voted millage rate that school boards may levy on an annual basis for operational funds to 10 mills (\$10 per \$1,000 of taxable real and personal property value). The millage limitation does not apply to taxes approved at referendum by qualified electors in the County for general obligation bonds and certain other short-term, voter approved levies. Chapter 1011, Florida Statutes, further limits the millage levy for operational purposes to an amount established each year by the State appropriations act and finally certified by the Commissioner of the State of Florida Department of Education. Within this operational limit, each school district desiring to participate in the State's allocation of FEFP funds for current operations must levy a non-voted millage rate that is determined annually by the State Legislature and certified by the Commissioner of the State of Florida Department of Education and is referred to as the district "Required Local Effort." For Fiscal Year ended June 30, 2019, the District's required local effort was 4.027 mills, inclusive of a Prior Period Funding Adjustment Millage of 0.030 mills as required by Section 1011.62(4)(e), Florida Statutes. Such Prior Period millage is levied when the preliminary taxable value for the prior year is greater than the final taxable value for such year, thereby resulting in lower than expected revenues from the required local effort millage.

In addition to the "Required Local Effort," school districts are entitled an additional non-voted current operating "discretionary millage" not to exceed an amount established annually by the Legislature and up to 1.5 mills for capital outlay and maintenance of school facilities. However, the District may levy up to 0.25 mills for capital outlay and maintenance of school facilities in lieu of operating discretionary millage. For Fiscal Year ended June 30, 2019, the District's discretionary operating millage was 0.748 mills. The District did not levy any capital outlay discretionary millage for the Fiscal Year ended June 30, 2019. See "AD VALOREM TAXATION - Millage Rates" and "- Historical Millages" herein.

The District, pursuant to authority granted in Section 1011.71(9), Florida Statutes, sought voter approval for the levy of an additional 0.50 mills for operating purposes for a period of four years, commencing with Fiscal Year 2019-20. The voters approved such levy at a special election held on August 28, 2018.

The following table sets forth the District's operating millage levies for Fiscal Year 2018-19:

<u>Operating Millage</u>	<u>District Levy</u>	<u>Description</u>	<u>Max</u>
Required Local Effort	4.027 mills	Each school district desiring to participate in the State's allocation of FEFP funds for current operations must levy a non-voted millage rate that is determined annually by the State Legislature	4.027 mills
Prior Period RLE Adjustment	0.030 mills	Non-voted; not to exceed amount established annually by the State	0.030 mills
Current Operating Discretionary Millage	0.748 mills	Non-voted; not to exceed amount established annually by the Legislature	0.748 mills

Ad Valorem Tax Revenue collections for operating levies for Fiscal Year 2016-17 were \$916.0 million, were \$923.8 million for Fiscal Year 2017-18 and budgeted revenues for Fiscal Year 2018-19 were \$941.1 million.

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

### **Federal Sources**

The District receives certain federal monies, both directly and through the State, substantially all of which are restricted for specific programs. Direct federal revenue sources were approximately \$2.3 million in Fiscal Year 2016-17, were \$2.2 million in Fiscal Year 2017-18 and were budgeted to be \$2.0 million in Fiscal Year 2018-19. Federal funds through the State

totaled \$19.9 million in Fiscal Year 2016-17, were \$21.7 million in Fiscal Year 2017-18 and were budgeted to be \$18.5 million in Fiscal Year 2018-19.

## **AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS**

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

### **State Sources**

PECO. A source of state educational funding contributions to the District's capital outlay requirements is the Florida Public Education Capital Outlay Program ("PECO"). The method of allocation of funds to the district school boards is provided by state law based upon a statutory formula, components of which are the number of students in various districts and the proposed uses of the funds by the various districts. The Commissioner of Education administers the PECO program and allocates or reallocates funds as authorized by law. The District received \$7.2 million PECO allocation in Fiscal Year 2016-17, \$4.8 million in Fiscal Year 2017-18 and was budgeted to receive \$4.6 million in PECO Funds for Fiscal Year 2018-19.

C.O. and D.S. 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. None of the Series 2004-1 Facilities appear on the project priority list. The District received \$6.1 million of CO&DS funds in Fiscal Year 2016-17, \$8.2 million in Fiscal Year 2017-18 and has budgeted receipt of \$8.2 million for Fiscal Year 2018-19.

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. See "FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT – Long Term Debt" herein.

### **Local Sources**

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. A portion of the educational impact fee revenues is available to pay debt service on the Series 2019A Certificates.

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 the 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**  
**(In thousands)**

<u>Fiscal Year</u>	<u>Revenues</u>
2013-14	\$ 6,326
2014-15	15,728
2015-16	13,599
2016-17	14,714
2017-18	14,985

Source: Comprehensive Annual Financial Report of The School Board of Broward County, Florida for the Fiscal Year Ended June 30, 2018.

The District budgeted impact fee revenues of approximately \$11.0 million for Fiscal Year 2018-19. However, based on current collections, the District now estimates receiving approximately \$14.0 million in impact fee revenues for Fiscal Year 2018-19. 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. See "APPENDIX A – INFORMATION CONCERNING BROWARD COUNTY, FLORIDA – Building Permits" hereto.

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

In addition to the millage levies for operating purposes, school boards may levy non-voted millage (the "Local Option Millage Levy") for capital outlay and maintenance purposes, pursuant to Section 1011.71(2), Florida Statutes. Revenues from the Local Option Millage Levy may be used to fund new construction and remodeling projects; maintenance, renovation and repair of existing school plants; purchase, lease-purchase or lease of school buses; purchase, lease-purchase or lease of new and replacement equipment and computer hardware and certain operating software; payment of costs directly related to compliance with state and federal environmental laws; payment of leasing relocatable educational facilities; payment of the cost of the opening day collection for the library media center of a new school; certain sick or annual leave accrued payments for former employees that transfer to charter schools; payments under lease purchase agreements and certain short-term loans. In 2008, the maximum amount of Local Option Millage Levy was reduced to 1.75 mills (previously 2.00 mills) and in 2009, it was further reduced from 1.75 mills to 1.50 mills. In the event that revenues generated from the Local Option Millage Levy are insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2008, an amount equal to the revenue generated from 0.50 mills of the operating levy may be used to make such Lease Payments. Additionally, if the revenue from 1.50 mills is insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2009 or to meet other critical capital needs, a school board may elect to levy up to 0.25 mills for capital purposes in lieu of a like amount of discretionary operating millage. Prior to July 1, 2012, payments from this millage for lease purchase agreements for educational facilities and sites were not permitted to exceed three-fourths of the proceeds of the Local Option Millage Levy. However, effective July 1, 2012, the three-fourths limitation was waived for lease-purchase agreements originally entered into prior to June 30, 2009. **The Local Option Millage Levy is the School Board's primary source of payment of Basic Lease Payments. The School Board is not required to levy any millage for capital outlay purposes in the future. Since revenues from the levy of the Local Option Millage Levy may be used for, but not pledged to, the payment of Lease Payments under the Leases, the failure of the School Board to levy all of the Local Option Millage Levy would have an adverse effect on Available Revenues from which the School Board may appropriate to make Lease Payments. SEE "AD VALOREM TAXATION" for information concerning recent legislation that may adversely affect the District's Local Option Millage Levy available to make Lease Payments.**

Local Option Millage Levy revenues for Fiscal Year 2016-17 were \$257.5 million, \$278.6 million for Fiscal Year 2017-18 and budgeted revenues for Fiscal Year 2018-19 were \$295.6 million.

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The following table sets forth the District's capital outlay levies for Fiscal Year 2018-19:

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

During the Florida Legislature's 2017 Regular Session, the Florida Legislature passed HB 7069 ("HB 7069") which, among other things, requires school districts to distribute local capital outlay funds from the Local Option Millage Levy to charter schools. HB 7069 established the calculation methodology to determine the amount of local capital outlay funds from the Local Option Millage Levy a school district must distribute to each eligible charter school. Such calculation provides that the amount of local capital outlay funds from the Local Option Millage Levy a school district must distribute to each eligible charter school will be reduced by the school district's annual debt service for obligations incurred as of March 1, 2017 that are paid with Local Option Millage Levy revenues, and requires the first payment to charter schools as of February 1 of each year, commencing February 1, 2018.

On March 11, 2018, then Governor Rick Scott approved Committee Substitute for House Bill 7055 ("CS/HB 7055"). CS/HB 7055, among other things, revises certain of the requirements of HB 7069 relating to the required sharing of the Local Option Millage Levy revenues with charter schools. CS/HB 7055, among other things, specifies that charter school capital outlay funds shall consist of State funds when such funds are appropriated. However, if in any given year, the amount of State funds is not equal to, or is less than, the average charter school capital outlay funds per unweighted FTE student for the Fiscal Year 2018-19, multiplied by the estimated number of charter school students for the applicable fiscal year and adjusted for inflation from the previous year, charter school capital outlay funds shall also consist of the Local Option Millage Levy revenue. CS/HB 7055 also seeks to clarify that the debt service obligation that can be reduced from the distribution to charter schools is the debt service obligation incurred as of March 1, 2017, which has not been subsequently retired, and also requires each school district to annually certify to the State of Florida Department of Education the amount of the debt service obligation that can be reduced from the distribution to charter schools. The provisions of HB 7069 are subject to lawsuits filed by certain affected school boards, including the School Board. To date, the provisions of HB 7069 have been upheld at the trial court in one of the lawsuits filed by the School Board and other plaintiff school boards.

That case has been appealed by the School Board and the other plaintiff school boards and consolidated with another case brought by many of the same plaintiff school boards, including the School Board. The other lawsuit challenging HB 7069 has been stayed by the trial court pending the appeal of the other case. The final outcome of those lawsuits cannot be determined at this time. At this time, the School Board cannot determine the long-term impact of HB 7069, as revised by CS/HB 7055, on the amount of revenues available to the School Board from the Local Option Millage Levy. For Fiscal Year 2017-18, the impact of HB 7069 on the District reduced its capital budget by \$11.5 million. For Fiscal Year 2018-19, there was no impact on the District as Fiscal Year 2018-19 provides the baseline State funding for determining whether charter schools receive any Local Option Millage Levy revenues in future years. The State 2019-20 education budget also provides for sufficient State charter capital outlay funds per FTE student such that the District will not be required to share any Local Option Millage Levy revenues with charter schools in the District in Fiscal Year 2019-20. However, no assurance can be given that the State will continue to allocate sufficient State funds in future years. Even if these provisions of HB 7069 are ultimately upheld, they are not expected to adversely affect the ability of the School Board to make Basic Lease Payments.

See the table under "AD VALOREM TAXATION - Historical Millages" herein for a schedule of the millage actually assessed by the School Board over the past ten years. The School Board's total millage for Fiscal Year 2018-19 was 6.4029 mills, inclusive of 0.1279 mills for debt service; the Florida Constitution imposes a cap of 10 mills, exclusive of certain voter approved millage levies.

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The following table sets forth the millage levy that would provide 1.00x coverage of the maximum annual Basic Lease Payments represented by the Prior Certificates and the Series 2019A Certificates based on current law, assuming a 96% collection of the taxes levied:

**Anticipated Local Option Millage Levy Required  
to Cover Lease Payments Represented by the Prior Certificates  
and the Series 2019A Certificates**

Net Taxable Assessed Valuation (FY 2019) <sup>(1)</sup>	\$205,307,398,982
Local Option Millage Levy	1.500
Assumed Tax Collection Rate	96.0%
<b>Total Revenue Generated by 1.50 mill Levy at 96% collection (FY 2018)</b>	<b>\$ _____</b>
<b><i>FY2019 Millage Levy Required to Satisfy Maximum Annual Basic Lease Payments Represented by the Prior Certificates and the Series 2019A Certificates</i></b>	
Maximum Annual Basic Lease Payments (FY 20__) <sup>(2)</sup>	\$ _____
Minimum FY 2018 Millage Needed to Satisfy Maximum Annual Basic Lease Payments <sup>(3)</sup>	_____ mills
<b><i>Sharing of the Local Option Millage Levy with Eligible District Charter Schools - Impact of HB 7069/CS/HB 7055</i></b>	
Annual Debt Service Obligation Incurred as of March 1, 2017	\$ _____ <sup>(4)(5)</sup>
Estimated Total Allocation of Local Option Millage Levy to Eligible District Charter Schools	\$ _____ <sup>(5)</sup>
Less Total Amount of State Charter School Capital Outlay Funding Allocated to Eligible District Charter Schools	\$ _____ <sup>(5)(6)</sup>
Maximum Local Option Millage Levy to be Shared with Eligible District Charter Schools	\$ _____
Maximum Local Option Millage Levy to be Shared with Eligible District Charter Schools	0.00 mills
Minimum Revenue Remaining from the Local Option Millage Levy After Charter School Payments	\$ _____
<b><i>Local Option Millage Levy Available After Basic Lease Payments and Charter School Payments</i></b>	
Minimum Remaining Millage Levy	_____ mills
Total Minimum Revenue Anticipated from Remaining Local Option Millage Levy	\$ _____

<sup>(1)</sup> Based on July 1, 2018 valuation of Broward County Property Appraiser prior to adjustments on appeal from taxpayers. See "AD VALOREM TAXATION – Property Assessment" herein.

<sup>(2)</sup> Assumes the Prior Certificates have the financial arrangements, assumptions and accounting practices described in footnotes under "CERTIFICATE PAYMENT SCHEDULE I FOR PRIOR CERTIFICATES" and "CERTIFICATE PAYMENT SCHEDULE II FOR PRIOR CERTIFICATES," which, among other things, takes into account the expected interest subsidies with respect to Direct-Pay Bonds (as defined herein) and the issuance of the Series 2019B Certificates. See "EXPECTED ISSUANCE OF OTHER CERTIFICATES" herein. Also reflects the refunding of the Refunded Certificates. In addition to the maximum annual payments represented by the Prior Certificates and the Series 2019A Certificates, the District also uses a maximum of approximately \_\_\_\_\_ mills to make debt service payments on the outstanding balance of its lease purchase agreements outside of the Master Lease, [\$62,745,000] principal amount of which is presently outstanding. These leases are not part of the Master Lease and, in the opinion of Co-Special Tax Counsel, are not included for purposes of calculating the maximum amount of lease payments which can be paid from Local Option Millage Levy revenues. See "FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT – Obligations under Unrelated Lease Purchase Agreements."

<sup>(3)</sup> During the 2012 regular session of the Florida legislature, legislation was enacted which waives the 75% limitation on use of the Local Option Millage revenues for lease-purchase agreements originally entered into prior to June 30, 2009. Such legislation became effective on July 1, 2012. See "AD VALOREM TAXATION – Millage Rates" herein. Following the effective date of such legislation, only the Lease Payments with respect to Leases originally entered into after June 30, 2009 are subject to the 75% limitation. Accordingly, as of the date of this Offering Statement, only the Lease Payments related to the Series 2010A Lease would be subject to such limitation.

<sup>(4)</sup> Reflects actual Fiscal Year 2018-19 debt service on obligations issued or incurred as of March 1, 2017 (including the Series 2004-1 Lease) that are paid from Local Option Millage Levy Revenues.

<sup>(5)</sup> Data provided by the Florida Department of Education.

<sup>(6)</sup> In future years, if the State does not appropriate an amount at least equal to the average charter school capital outlay per unweighted FTE student for Fiscal Year 2018-19, multiplied by the estimated number of charter school students for the applicable fiscal year and adjusted for inflation from the previous year, charter school capital outlay funds would also consist of Local Option Millage Levy revenue. If the State had not appropriated any funds for such purpose for Fiscal Year 2018-19, the District would have been required to pay \$ \_\_\_\_\_ million to charter schools. At this time, the amount of the Local Option Millage revenues to be shared with eligible charter schools in future years cannot be determined because the amount of State funds appropriated for the charter school capital outlay and future charter school enrollment is unknown. See "AD VALOREM TAXATION – Other Constitutional Amendments and Legislation Affecting Ad Valorem Taxes – Distribution of Local Option Millage Funds to Charter Schools."

Source: The School District of Broward County, Florida.

## DISTRICT EDUCATIONAL FACILITIES PLAN

Section 1013.35, Florida Statutes, requires the development of a continuous five-year District Educational Facilities Plan or 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 5, 2018 and provides for a facilities plan totaling approximately \$2.8 billion over the next five-year period ending June 30, 2023. The current DEFP includes projects expected to be funded from the issuance of general obligation bonds of the District. To date, the District has issued two series of general obligation bonds with a combined aggregate principal amount of \$329,805,000. See "FINANCIAL RESULTS AND LIABILITIES - Long Term Debt - General Obligation Bonds" herein.

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 and general obligation bonds. In previous 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. Recent and projected increases in the Local Option Millage Levy revenues have helped the District undertake a portion of the deferred maintenance and invest in classroom technology equipment and school buses. Additionally, proceeds of the District's approved general obligation bonds, will provide the funding necessary to meet the most critical life-safety, technology and facility needs. There will also be significant investment into music and arts programs as a result of the overall Safety, Music & Arts, Athletics, Renovation, and Technology (SMART) initiative.

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. Before implementing the SMART initiative, the District 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 2019-2020 through 2023-2024 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 annual benchmark day figures for the 2018-2019 school year.

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**The School District of Broward County, Florida  
Student Enrollment Projections**

	2018-2019 Annual Benchmark Day Enrollment	2019-2020 Annual Benchmark Day Enrollment	2019-2020 Increase (Decrease) to 2018-2019	2023-2024 Projected Annual Benchmark Day Enrollment	2023-2024 Increase (Decrease) to 2018-2019
Pre-Kindergarten	6,158	6,158 <sup>(1)</sup>	0	6,158 <sup>(1)</sup>	0
Elementary (K-5)	94,864	94,503	(361)	95,487	623
Middle	48,804	48,818	14	48,821	17
High	70,358	70,617	259	70,974	616
Centers	4,447	4,447 <sup>(1)</sup>	0	4,447 <sup>(1)</sup>	0
Charters	45,919	46,413	494	47,521	1,602
<b>Total<sup>(1)</sup></b>	<b>270,550</b>	<b>270,956</b>	<b>406</b>	<b>273,408</b>	<b>2,858</b>

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

Source: School District of Broward County, Florida - Demographic and Student Assignments Department as of September 2018.

Total District enrollment is projected to increase by 2,858 students, including those in centers and charter schools by the 2023-2024 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 623 students, middle school enrollment will increase by 17 students and high school enrollment will increase by 616 students.

Enrollment in charter schools was 45,919 in 88 charter schools in school year 2018-2019. 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 1,602.

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, the resulting impact on traditional public school enrollment cannot be determined at this time. See also, "RECENT GOVERNMENTAL ACTIONS AFFECTING DISTRICT REVENUES – Schools of Hope" herein.

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.

## **AD VALOREM TAXATION**

### **Property Assessment**

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

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

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

The Property Appraiser's office prepares the assessment roll and gives notice by mail to each taxpayer of the proposed property taxes and the assessed property value for the current year, and the dates, times and places at which budget hearings are scheduled to be held. If the individual property owner believes that his or her property has not been appraised at fair market

value, the owner may file a petition with the Clerk of the Broward County Value Adjustment Board (the "Adjustment Board"). The Adjustment Board currently consists of two members of the County Commission of the County, one member of the School Board, a citizen member who is a Homestead Property owner living in the County and a citizen member appointed by the School Board who owns a business within the District. Taxpayers appealing the assessed value or assigned classification of their property must make a required partial payment of taxes (generally equal to 75% of the ad valorem taxes due, less the applicable statutory discount, if any) with respect to properties that will have a petition pending on or after the delinquency date (normally April 1). 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. The Adjustment Board appoints independent special magistrates (real estate appraisers or attorneys) who hold public hearings on such petitions and determine whether adjustments to the valuations made by the Property Appraiser should be made, if such valuations were found not to be fair and at market value. The Adjustment Board must complete all required hearings and certify its decision with regard to all petitions and certify to the Property Appraiser the valuation to be used by June 1 following the tax year in which the assessments were made. These changes are then made to the final tax roll. The June 1 requirement shall be extended until December 1 in each year in which the number of petitions filed with the Adjustment Board increased by more than 10% over the previous year. The decision of the Adjustment Board may be appealed to the Circuit Court.

The Property Appraiser applies the final certified millage of each taxing body to the assessed valuation on each item of real and tangible personal property, and prepares the final tax roll which he certifies to the County Tax Collector by October 1. This permits the printing of tax bills for delivery on November 1 of each year. The tax bills contain all of the overlapping and underlying millages set by the various taxing bodies, so that all ad valorem taxes are collected by the County Tax Collector and distributed to the various taxing bodies. See "- Assessed Value of Taxable Property" below for a table of assessed valuations.

### **Property Tax Reform**

In 2007, the Florida Legislature enacted Chapter 2007-321, Laws of Florida (2007) (the "Rollback Law"). One component of the adopted legislation requires counties, cities and special districts to roll back their millage rates for the 2007-08 Fiscal Year to a level that, with certain adjustments and exceptions, will generate the same level of ad valorem tax revenue as in Fiscal Year 2006-07; provided, however, depending upon the relative growth of each local government's own ad valorem tax revenues from 2001 to 2006, such rolled back millage rates will be determined after first reducing 2006-07 ad valorem tax revenues by zero to nine percent (0% to 9%). In addition, the legislation limits how much the aggregate amount of ad valorem tax revenues may increase in future Fiscal Years. **School districts are not required to comply with the particular provisions of the legislation relating to limitations on increases in future years.**

Effective January 1, 2008, additional changes to Florida's property tax laws created a new formula for calculating assessed value of Homestead Property. "Assessed value" is the official value upon which real properties may be taxed in Florida. Under the new formula, if an owner of a Homestead purchases a new Homestead Property for greater value, the assessed value of the

new Homestead would equal the purchase price of the new Homestead minus the difference between the purchase price of the previous Homestead and the assessed value of the previous Homestead, or \$500,000, whichever is less. In addition, for Florida Homestead owners already receiving a property tax exemption of \$25,000 on the assessed value of their homes, the new law creates an additional \$25,000 exemption on the assessed value of Homestead Property greater than \$50,000 for all property tax levies except school taxes. Also effective January 1, 2008, the first \$25,000 of tangible personal property is exempt from taxation.

Additionally, effective January 1, 2009, increases in annual assessments on certain non-Homestead Property were capped at 10% annually (for a 10-year period) for all property tax levies other than school district levies. See also, "Other Constitutional Amendments and Legislation Affecting Ad Valorem Taxes - Extending the Limitation on Assessed Values of Non-Homestead Real Property" below for information concerning a recently passed constitutional amendment to extend the 10% cap on increases of non-homesteaded properties, other than school district levies.

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

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## Assessed Value of Taxable Property

The following table sets forth the assessed value of taxable property in the District for current and the last nine fiscal years:

**Broward County, Florida**  
**Net Assessed Value of Taxable Property**  
**Ten Fiscal Years Ending June 30, 2019**  
**(in Thousands)**

Fiscal Year Ended June 30	Assessed Value <sup>(1)</sup>		Exemptions <sup>(2)</sup>		Net Assessed Value
	Real Property	Personal Property	Real Property	Personal Property	
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
2015	198,141,803	7,700,685	51,306,429	996,305	153,539,754
2016	216,055,369	8,047,509	58,337,283	1,082,829	164,682,766
2017	234,894,131	8,503,953	63,484,062	1,110,211	178,803,811
2018	252,239,719	9,991,198	67,697,864	1,061,203	193,471,850
2019 <sup>(3)</sup>	N/A	N/A	N/A	N/A	205,307,399

N/A=Not Available.

<sup>(1)</sup> The basis of assessed value is approximately 100% of actual value.

<sup>(2)</sup> Exemptions allowed by Chapter 196, Florida Statutes.

<sup>(3)</sup> Based on July 1, 2018 valuation of Broward County Property Appraiser prior to adjustments on appeal from taxpayers. See "- Property Assessment" above.

Source: Comprehensive Annual Financial Report of The School Board of Broward County, Florida for the Fiscal Year Ended June 30, 2018, citing Broward County Property Appraiser. 2019 data provided by the Broward County Property Appraiser (DR-403V).

## 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). The millage limitation does not apply to taxes approved at referendum by qualified electors in the County for general obligation bonds and certain other short-term, voter approved levies. Section 1011.71, Florida Statutes, further limits the millage levy for operational purposes to an amount established each year by the State appropriations act and finally certified by the Commissioner of the State of Florida Department of Education. Within this operational limit, each school district desiring to participate in the State's appropriation of 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 the table below for information regarding the District's property tax levies in the current and prior 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 (i) reduce the maximum Local Option Millage Levy from 2.00 mills to 1.75 mills and (ii) 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 1.50 mills commencing in Fiscal Year 2009-10 for school districts and (ii) if the revenue from the 1.50 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 0.25 mills of Local Option Millage Levy in addition to the 1.50 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. See also, "Other Constitutional Amendments and Legislation Affecting Ad Valorem Taxes - Distribution of Local Option Millage Funds to Charter Schools" herein for information regarding recent legislation requiring school districts to share Local Option Millage Levy revenues with charter schools in such school districts.

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.

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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**

	2014-15	2015-16	2016-17	2017-18	2018-19
<b>General Fund:</b>					
Required Local Effort	5.1900	4.9550	4.5880	4.2260	4.0270
Discretionary Operating	0.7480	0.7480	0.7480	0.7480	0.7480
Sub Total	5.9380	5.7030	5.3360	4.9740	4.7750
Debt Service <sup>(1)</sup>	0.0000	0.0710	0.0703	0.0654	0.1279
Capital Improvement	1.5000	1.5000	1.5000	1.5000	1.5000
<b>Total</b>	<b>7.4380</b>	<b>7.2740</b>	<b>6.9063</b>	<b>6.5394</b>	<b>6.4029</b>

Source: The District.

<sup>(1)</sup> Levied to pay debt service on voter approved General Obligation Bonds. See "FINANCIAL RESULTS AND LIABILILTIES OF THE DISTRICT – Long Term Debt – General Obligation Debt" herein.

**Procedures for Tax Collection and Distribution**

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

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

County-held certificates may be purchased and any tax certificate may be prepaid, in whole or in part, by any person at any time before a tax deed is issued or the property is placed on the list of lands available for sale, at a price equal to the face amount of the certificate or portion thereof together with all interest, costs, charges and omitted taxes due. The proceeds of such a redemption are paid to the Tax Collector who transmits to the holder of the certificate

such proceeds less service charges, and the certificate is canceled. Any holder, other than the County, of a tax certificate that has not been prepaid has seven years from the date of issuance of the tax certificate during which to act against the land that is the subject of the tax certificate.

After an initial period ending two years from April 1 of the year of issuance of a certificate, during which period actions against the land are held in abeyance to allow for sales and redemptions of tax certificates and before the expiration of seven years from the date of issuance, the holder of a certificate may apply for a tax deed to the subject land. The applicant is required to pay to the Tax Collector at the time of application all amounts required to redeem or purchase all other outstanding tax certificates covering the land, plus interest, any omitted taxes or delinquent taxes and interest, and current taxes, if due. If the County holds a tax certificate on property valued at \$5,000 or more and has not succeeded in selling it, the county must apply for a tax deed two years after April 1 of the year of issuance. The County pays costs and fees to the Tax Collector but not any amount to redeem any other Prior 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.

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## Ad Valorem Tax Levies and Collections

The following table sets forth the amounts billed and the percent collected for ad valorem property taxes levied by the District:

### School District of Broward County, Florida Property Tax Levies and Collections (in Thousands)

Fiscal Year Ended June 30	Total Tax Levy	Less Adjustments		Net Tax Levy	Total Tax Collections Through June 30	Percent of Total Tax Collections To Net Tax Levy
		Deductions <sup>(1)</sup>	Discounts <sup>(2)</sup>			
2014 <sup>(3)</sup>	\$1,062,480	\$3,845	\$36,865	\$1,021,770	\$1,018,308	95.84%
2015 <sup>(3)</sup>	1,142,028	11,382	39,633	1,091,013	1,083,180	94.85
2016	1,197,902	7,644	41,445	1,148,813	1,148,144	95.85
2017	1,234,819	8,307	42,922	1,183,644	1,182,717	95.78
2018	1,265,190	12,734	44,124	1,208,332	1,206,362	95.35

<sup>(1)</sup> Deductions reflecting adjustments by Value Adjustment Board. See " – Procedures for Property Assessment" above.

<sup>(2)</sup> Reflects discounts for early payment. See " – Procedures for Tax Collection and Distribution" above.

<sup>(3)</sup> Prior year revenue in General Fund and Capital Funds were added here due to negative balances.

Source: Comprehensive Annual Financial Report of The School Board of Broward County, Florida for the Fiscal Year Ended June 30, 2018, citing Broward County Tax Collector.

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## Principal Taxpayers

The following table sets forth the Principal Property Taxpayers in Broward County, Florida in 2018 and 2009:

### Broward County, Florida Principal Taxpayers (in Thousands)

Taxpayer	2018			2009		
	Tax Levy <sup>(1)</sup>	Rank	Percent of Total Aggregate Tax Levy	Tax Levy <sup>(1)</sup>	Rank	Percent of Total Aggregate Tax Levy
Florida Power & Light Co	\$ 70,786	1	1.76%	\$ 31,226	1	0.86%
Sunrise Mills Ltd Prtnr	14,013	2	0.35	8,159	3	0.22
Diplomat Hotel Owner LLC	8,114	3	0.20	6,848	4	0.19
Wal-Mart Stores East LP	5,667	4	0.14	2,713	8	0.07
Bellsouth Telecommunications Inc	5,122	5	0.13	9,042	2	0.25
Arium Resort LLC	4,831	6	0.12	-	-	-
Harbor Beach Property LLC	4,183	7	0.10	-	-	-
TAF GG Las Olas LP	3,723	8	0.09	-	-	-
Camden Summit Partnership LP	3,310	9	0.08	-	-	-
RAR2 - Las Olas Centre LLC	3,304	10	0.08	-	-	-
WCI Communities Inc.	-	-	-	6,559	5	0.18
BF Las Olas LLC	-	-	-	3,312	6	0.09
Northwestern Mutual Life Ins CO	-	-	-	2,805	7	0.08
Fifth Avenue Partners Ltd	-	-	-	2,511	9	0.07
Pembroke Lakes Mall Ltd	-	-	-	2,405	10	0.07
<b>Total Principal Taxpayers</b>	<b>\$123,053</b>		<b>3.05%</b>	<b>\$75,580</b>		<b>2.08%</b>
<b>All Other Taxpayers</b>	<b>\$3,908,498</b>		<b>96.95%</b>	<b>\$3,573,495</b>		<b>97.92%</b>
<b>Total Aggregate Tax Levy</b>	<b>\$4,031,551</b>		<b>100.00%</b>	<b>\$3,649,075</b>		<b>100.00%</b>

<sup>(1)</sup> Includes tax levy from all taxing jurisdictions within Broward County.

Source: Comprehensive Annual Financial Report of The School Board of Broward County, Florida for the Fiscal Year Ended June 30, 2018.

## Other Constitutional Amendments and Legislation Affecting Ad Valorem Taxation

In addition to the various constitutional amendments and legislation relating to ad valorem taxation described above, the following constitutional amendments and legislation have become effective in recent years:

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

Exemption for Disabled Veterans. In the November 2012 General Election, voters approved a constitutional amendment which 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 took effect on January 1, 2013.

Exemption for Surviving Spouse of Veteran. In the November 2012 General Election, voters approved a constitutional amendment which allows the State Legislature to provide ad valorem tax relief to the surviving spouse of a veteran who died from service-connected causes while on active duty as a member of the United States Armed Forces and to the surviving spouse of a first responder who died in the line of duty. The amount of tax relief, to be defined by general law, can equal the total amount or a portion of the ad valorem tax otherwise owed on the homestead property. The amendment became effective on January 1, 2013.

Exemption for Low Income Seniors. In the November 2012 General Election, voters approved a constitutional amendment which allows 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 does not apply to school property taxes.

In the November 2016 General Election, voters approved a constitutional amendment changing the existing homestead tax exemption so that the value of property owned by eligible senior citizens with a household income of \$20,000 or less could be assessed when they first apply for the exemption. The measure was designed to ensure eligible seniors' ability to be able to keep their tax exemption even if their home value exceeded \$250,000 in the future. The amendment took effect on January 1, 2017 but is retroactive to January 1, 2013, meaning a senior who qualified for the exemption in 2013, but lost it, would regain the exemption.

At present, the impact of the above-described amendments on the District's finances has been minimal. However, there can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the District's finances.

Various Changes to Ad Valorem Assessments, Exemptions and Definitions. During its 2013 Regular Session, the Florida Legislature passed Senate Bill 1830 ("SB 1830"), which created a number of changes affecting ad valorem taxation which became effective as of July 1, 2013. First, SB 1830 provides long-term lessees the ability to retain their homestead exemption and related assessment limitations and exemptions in certain instances and extends the time for property owners to appeal value adjustment board decisions on transfers of assessment limitations to conform with general court filing time frames. Second, SB 1830 inserts the term "algaculture" in the definition of "agricultural purpose" and inserts the term "aquacultural crops" in the provision specifying the valuation of certain annual agricultural crops, nonbearing fruit

trees and nursery stock. Third, SB 1830 allows for an automatic renewal for assessment reductions related to certain additions to homestead properties used as living quarters for a parent or grandparent and aligns related appeal and penalty provisions to those for other homestead exemptions. Fourth, SB 1830 deletes a statutory requirement that the owner of Florida real property permanently reside upon such property in order to qualify for a homestead exemption. This change conforms the statute at issue with the Florida Constitution by allowing non-resident owners of property to claim a homestead exemption if a person legally or naturally dependent upon the owner permanently resides on such property. Fifth, SB 1830 clarifies a drafting error regarding the property tax exemptions counties and cities may provide for certain low income persons age 65 and older. Sixth, SB 1830 removes a residency requirement that a senior disabled veteran must have been a Florida resident at the time they entered the service to qualify for certain property tax exemptions. Seventh, SB 1830 repeals the ability for limited liability partnerships with a general partner that is a charitable 501(c)(3) organization to qualify for the affordable housing property tax exemption. Finally, SB 1830 exempts from property taxes property used exclusively for educational purposes when the entities that own the property and the educational facility are owned by the same natural persons.

Assessment of Renewable Energy Device Upon Residential Property. 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.

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

At present, the impact of the above-described legislation passed during the 2013 legislative session on the District's finances has been minimal. However, there can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the District's finances.

Exemption for Disabled First Responders. In the November 2016 General Election, voters approved a constitutional amendment authorizing first responders who are totally and permanently disabled as a result of injuries sustained in the line of duty to receive ad valorem tax relief on their homestead property. The amount of tax relief, to be defined by general law, can equal the total amount or a portion of the ad valorem tax otherwise owed on the homestead property. Florida defines first responders as law enforcement officers, correctional officers, firefighters, emergency medical technicians and paramedics. This amendment took effect on January 1, 2017.



At this time, the impact of the above-described constitutional amendment on the District has been minimal. 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.

Extending the Limitation on Assessed Values of Non-Homesteaded Real Property. In the November 2018 General Election, voters approved a constitutional amendment removing the scheduled January 1, 2019 repeal of the limitation prohibiting the increase in the assessed value of non-homestead property to 10% per year. The limitation does not apply to property taxes levied by school districts. This amendment took effect on January 1, 2019.

Exempting Assessed Value of a Renewable Energy Device. During the Florida Legislature's 2017 Regular Session, the Florida Legislature passed SB 90 ("SB 90") implementing Amendment 4, which was approved by the voters in August 2016. SB 90 exempts the assessed value of a renewable energy device from tangible personal property tax and the installation of those devices from determining the assessed value of real property, both residential and non-residential, for the purpose of ad valorem taxation. SB 90 also revises the definition of "renewable energy source device" to include power conditioning and storage devices, wiring, structural support and other components used as integral parts of such systems. The changes made by SB 90 expire on December 31, 2037.

Distribution of Local Option Millage Funds to Charter Schools. During the Florida Legislature's 2017 Regular Session, the Florida Legislature passed HB 7069 which, among other things, requires school districts to distribute local capital outlay funds from the Local Option Millage Levy to charter schools. HB 7069 establishes the calculation methodology to determine the amount of local capital outlay funds from the Local Option Millage Levy a school district must distribute to each eligible charter school. Such calculation provides that the amount of local capital outlay funds from the Local Option Millage Levy a school district must distribute to each eligible charter school will first be reduced by the school district's annual debt service for obligations issued or incurred as of March 1, 2017 (which does not include the Series 2004-1 Lease) that are being satisfied by Local Option Millage revenues.

On July 5, 2017, The School Board of Broward County, Florida (the "Broward School Board") voted to file suit against the Florida Department of Education alleging that various provisions of HB 7069, including the requirement to distribute local capital funds from the Local Option Millage Levy to charter schools, violate the Florida Constitution. Other school boards around the State have joined such lawsuit. On October 17, 2017, thirteen Florida district school boards, including the Broward School Board (collectively, the "Plaintiff School Boards"), filed their suit in the Circuit Court of the Second Judicial Circuit in and for Leon County, Florida, against the Florida Department of Education, the State Board of Education, and its Commissioner and Chair, challenging, among other things, the provisions of HB 7069 requiring school districts to distribute Local Option Millage Levy revenues to charter schools, and seeking declaratory and injunctive relief. In addition to challenges to other provisions of HB 7069, the complaint alleges that the provisions of HB 7069 which require the Plaintiff School Boards to distribute Local Option Millage Levy revenues to charter schools in their respective districts (1) constitutes an unconstitutional infringement on the Plaintiff School Boards' authority to control and supervise the use of Local Option Millage Levy revenues within their jurisdictions by

redirecting that authority to the unelected governing boards of charter schools, (2) are in effect an ad valorem tax levied by the State in violation of the Florida Constitution and (3) constitutes an unconstitutional diversion of the Plaintiff School Boards' locally levied and raised ad valorem tax revenues to a state purpose mandated by the Legislature.

On September 28, 2017, The School Board of Palm Beach County, Florida (the "Palm Beach School Board") filed its own lawsuit challenging the provisions of HB 7069 requiring school districts to distribute Local Option Millage Levy revenues to charter schools against the Florida State Board of Education, the Florida Department of Education, and its Commissioner, in the Circuit Court of the Second Judicial Circuit in and for Leon County, Florida, seeking declaratory and injunctive relief. The complaint alleges the provisions of HB 7069 requiring the Palm Beach School Board to distribute Local Option Millage Levy revenues to charter schools in the District (1) constitute an unlawful infringement on the Palm Beach School Board's constitutionally granted authority to operate, control and supervise all free public schools in the District, (2) place an unconstitutional constraint on the Palm Beach School Board's authority to levy ad valorem taxes for its own purposes and (3) are in effect an ad valorem tax levied by the State in violation of the Florida Constitution.

On November 13, 2017, nine Florida district school boards (the "Petitioner School Boards") filed petitions for writs of quo warranto and mandamus in the Supreme Court of Florida against the Speaker of the Florida House of Representatives, the President of the Florida Senate, the Florida House of Representatives, the Florida Senate, the Secretary State of Florida and the Florida Commissioner of Education (collectively, the "Respondents"). The petition requests the Florida Supreme Court exercise its discretion and accept original jurisdiction over the petition to prevent direct and immediate adverse effects on the functions of Florida school boards. Additionally, in the petition, the Petitioner School Boards seek (1) a writ of quo warranto finding that certain of the Respondents acted beyond their constitutional authority by enacting HB 7069 in violation of the single-subject requirement of the Florida Constitution, (2) a writ of mandamus directing those Respondents to comply with the single-subject requirement of the Florida Constitution and (3) a writ of mandamus directing the Secretary of State to expunge HB 7069 from the official records of the State of Florida as an unconstitutional law enacted in violation of the Florida Constitution and directing the Commissioner of Education to halt any and all implementation of HB 7069. On December 19, 2017, the Florida Supreme Court transferred the petitions for writs of quo warranto and mandamus to the Circuit Court of the Second Judicial Circuit in and for Leon County, Florida.

To date, the provisions of HB 7069 have been upheld at the trial court level in the suit brought by the Plaintiff School Boards. That case has been appealed by the Plaintiff School Boards and joined with the case brought by the Petitioner School Boards. The suit brought by the Palm Beach School Board has been stayed by the trial court pending the appeal of the other cases. At this time, the final outcome of such suits cannot be determined. Even if these provisions of HB 7069 are ultimately upheld, they are not expected to adversely affect the ability of the School Board to make Basic Lease Payments.

On March 11, 2018, then Governor Rick Scott approved CS/HB 7055. CS/HB 7055, among other things, revises certain of the requirements of HB 7069 relating to the required sharing of the Local Option Millage revenues with charter schools. CS/HB 7055, among other

things, specifies that charter school capital outlay funds shall consist of State funds when such funds are appropriated. However, if in any given year, the amount of State funds is not equal to, or is less than, the average charter school capital outlay funds per unweighted FTE student for the Fiscal Year 2018-19, multiplied by the estimated number of charter school students for the applicable fiscal year and adjusted for inflation from the previous year, charter school capital outlay funds shall also consist of the Local Option Millage revenue. CS/HB 7055 also seeks to clarify that the debt service obligation that can be reduced from the distribution to charter schools is the debt service obligation incurred as of March 1, 2017, which has not been subsequently retired, and also requires each school district to annually certify to the State of Florida Department of Education the amount of the debt service obligation that can be reduced from the distribution to charter schools. For Fiscal Year 2017-18, the impact of HB 7069 and CS/HB 7055 on the District reduced its capital budget by \$11.5 million. For Fiscal Year 2018-19, there was no impact on the District as Fiscal Year 2018-19 provides the baseline State funding for determining whether charter schools receive any Local Option Millage Levy revenues in future years. The State 2019-20 education budget also provides for sufficient State charter capital outlay funds per FTE student such that the District will not be required to share any Local Option Millage Levy revenues with charter schools in the District in Fiscal Year 2019-20. However, while HB 7069 and CS/HB 7055 may result in a reduction in the amount of Local Option Millage revenues, the School Board, at this time, does not expect the long-term impact of HB 7069 and CS/HB 7055 to materially adversely affect its ability to make Basic Lease Payments under the Master Lease.

## **RECENT GOVERNMENTAL ACTIONS AFFECTING DISTRICT REVENUES**

### **General**

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

Reference is also made to "AD VALOREM TAXATION – Other Constitutional Amendments and Legislation Affecting Ad Valorem Taxes" for a discussion of recent amendments to the Florida Constitution and other legislation affecting ad valorem tax revenues.

### **Legislative Changes Relating to School Choice**

During the State Legislature's 2016 Regular Session, the Florida Legislature enacted House Bill 7029 ("HB 7029"). Among other things, a parent whose child is not subject to a current expulsion or suspension order may seek enrollment in and transport his or her child to

any public school in the State, including a charter school, which has not reached capacity. The school district or charter school shall accept and report the student for purposes of funding through the FEFP. The school district or charter school may provide student transportation at their discretion. HB 7029 requires the capacity determinations of each school district and charter school to be current and identified on their respective school websites. Each school must provide preferential treatment in its controlled open enrollment process to: (1) dependent children of active duty military personnel who moved as a result of military orders, (2) children relocated due to foster care placement in a different school zone, (3) children relocated due to a court ordered change in custody as a result of separation or divorce, or the serious illness or death of a parent, and (4) students residing in the school district. Students residing in the school district may not be displaced by a student from another school district. A student who transfers may remain at the school until the student completes the highest grade level offered. This amendment took effect with the 2017-2018 school year. [At present, the impact of the school choice provisions of HB 7029 on the District's finances has been minimal.]

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

### **Schools of Hope**

In addition to requiring school districts to share the Local Option Millage Levy revenue with charter schools, HB 7069 also established the Schools of Hope Program to encourage traditional public schools within the State and charter operators throughout the country to replicate their model and service students from persistently low-performing schools. Those provisions of HB 7069, now codified in Section 1002.333, Florida Statutes, provide for the establishment of Schools of Hope, which are charter schools operated by a Hope Operator (as defined below) to service students from one or more persistently low-performing schools; are located within the attendance zone of the persistently low-performing school or within a five mile radius of such school, whichever is greater; and is a Title I eligible school. Section 1002.333, Florida Statutes, defines a "persistently low-performing school" as a school that has earned three consecutive school grades lower than a "C" pursuant to Section 1008.34, Florida Statutes, and a school that was closed pursuant to Section 1008.33(4), Florida Statutes, within two years of a notice of intent, defines "Hope Operator" as a nonprofit organization that operates three or more charter schools with a record of serving students from low-income families and receives such designation from the FDOE. Pursuant to Section 1002.333, Florida Statutes, the statutory requirements for the application, approval, and contract that apply to charter schools do not apply to Schools of Hope; instead, a Hope Operator submits a notice of intent to a school district in order to open a School of Hope and the school district is required to enter into a performance based agreement with a Hope Operator within 60 days of receiving a notice of intent.

During the 2019 Legislative Session, Senate Bill 7070 ("SB 7070") was passed by the State Legislature and signed into law by the Governor. SB 7070 amends Section 1002.333,

Florida Statutes, in various ways. SB 7070 defines "Florida Opportunity Zone" to mean a population census tract that has been designated by the United State Department of the Treasury as a Qualified Opportunity Zone pursuant to the Internal Revenue Code; revises the definitions of "persistently low-performing school" to mean a school that has earned three school grades lower than a "C" pursuant to Section 1008.34, Florida Statutes in at least three of the previous five years and has not earned a school grade of "B" or higher in the most recent two school years, and a school that was closed pursuant to Section 1008.33(4), Florida Statutes, within two years of a notice of intent; and amends various provisions of Section 1002.333, Florida Statutes, to allow schools of hope to operate in a Florida Opportunity Zone. These provisions of SB 7070 will become effective on July 1, 2019.

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

The District currently has one school identified as a "persistently low-performing school" under Section 1002.333, Florida Statutes. The establishment of the "schools of hope" provisions of HB 7069 is also subject to legal challenge by certain school boards in the State, including the School Board. At this time, the School Board cannot determine what impact HB 7069, if ultimately upheld, will have on the District and any "persistently low-performing schools" therein.

### **Public Safety Mandate**

In 2018, the Florida Legislature passed Senate Bill 7026 ("SB 7026") which, among other things, includes provisions designed to: enhance school safety policies, procedures, and personnel at the State and local level; improve and expand mental health services; and revise laws and empower law enforcement and the courts to limit access to firearms by young adults or by individuals exhibiting a risk of harming themselves or others. Specifically, SB 7026 requires each school board and superintendent to partner with law enforcement agencies to establish or assign one or more safe-school officers at each school facility within the district by implementing any combination of the following options: (a) establish school resource officer programs through cooperative agreements with law enforcement agencies; (b) commission one or more school safety officers for the protection and safety of school personnel, property, and students within the school district; and (c) at a school district's discretion, and if established by the sheriff's office, participate in the Guardian Program, which allows certain school employees

(but not employees who exclusively perform classroom duties as classroom teachers) to carry a firearm on school grounds if such employee volunteers and completes the statutorily required training. During the 2019 Legislative session, the State Legislature passed CS/CS/SB 7030 ("SB 7030") which among other things, removes the prohibition on individuals who perform exclusively classroom duties as a teacher from participating in the Guardian Program. However, the decision to allow teachers to be armed guardians remains with each individual school board. In 2018, the School Board adopted a resolution which prohibits arming teachers in the District. The Governor has signed SB 7030 into law. The School Board intends to comply with SB 7026 and SB 7030 through school resource officers and/or the Guardian Program. For Fiscal Year 2018-19, the School Board budgeted approximately \$15 million towards the cost of implementing SB 7026. For Fiscal Year 2019-20, the District expects to budget approximately \$17.6 million towards the cost of implementing SB 7026.

### **Construction Cost Maximums**

[Section 1013.64(6)(b), Florida Statutes, prohibits a district school board from using funds from any sources (including the Sales Tax Revenues) for new construction of educational plant space with a total cost per student station, including change orders, greater than the amounts set forth in Section 1013.64(6)(b)1., Florida Statutes, as adjusted. However, if a contract for architectural and design services or for construction management services has been executed before July 1, 2017, a district school board may use funds from any sources for the new construction of educational plant space and such educational plant space is exempt from the total cost per student station requirements. As of July 1, 2019, if the new construction of educational plant space is subject to a lease-purchase agreement entered into pursuant to Section 1011.71(2)(e), Florida Statutes, a district school board (i) may use certain local funding sources (including discretionary sales surtax and voter approved ad valorem taxes) to pay for the new construction of educational plant space, and (ii) may, but is not required to, use certain state funding sources (including nonvoted 1.5-mill levy of ad valorem property taxes) to pay for the portion of the cost for new construction of educational plant space which doesn't exceed the total cost per student station requirements. As the Series 2019A Certificates are not financing any new construction, the provisions of Section 1013.64(6)(b), Florida Statutes are not applicable. However, to the extent the School Board funds any new construction, or issues any indebtedness to finance new construction that is not subject to a lease-purchase agreement entered into pursuant to Section 1011.71(2)(e), Florida Statutes, the School Board will be required to comply with such construction cost maximums. As of the date hereof, the sanctions, if any, that may be levied against a school district for exceeding the construction costs maximums are not known.]

### **Constitutional Amendments Relating to Class Size Reduction**

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 (based on October student enrollment), the legislation provides that the State shall reduce the class size funding, which can be adjusted for good cause. For those school districts that are in compliance with the constitutional amendment, a reallocation bonus of up to 5% of the base student allocation shall be distributed. School districts not in compliance are required to submit to the Commissioner of Education a corrective action plan that describes specific actions the district will take in order to fully comply with the requirements by October of the following year. If the district submits the certified plan by the required deadline, 75% of the funds remaining after the reallocation to school districts will be reallocated based upon each school district's proportion of the total reduction.

The Class Size Legislation 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.

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

Through Fiscal Year 2009-10, the District complied with the requirements of the Class Size Legislation which was based on the average class size at all schools. Beginning in Fiscal Year 2010-11, the requirements were based on the number of students in each individual classroom and subsequently, schools that provided choice (e.g., charter, magnet, career and technical, etc.) continued to be required to meet average class size. Excluding charter schools, the District was at 100% compliance with class size requirements for Fiscal Years 2016-17, 2017-18 and 2018-19.

## **RISK FACTORS**

Each purchaser of Series 2019A Certificates is subject to certain risks and each prospective purchaser of Series 2019A 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 2019A Certificates to an extent that cannot be determined.

### **Annual Right of the School Board to Terminate the Series 2004-1 Lease**

Although the School Board has determined that the Series 2004-1 Facilities are necessary to its operations and currently intends to continue the Series 2004-1 Lease in force and effect for

their respective maximum Lease Terms and has covenanted in such Lease that the Superintendent will include a sufficient amount in the tentative budget to enable the School Board to make the Lease Payments due in each Fiscal Year, the School Board is not required to appropriate funds for Basic Lease Payments due in each Fiscal Year. If for any Fiscal Year the School Board does not approve a final budget which appropriates sufficient funds from legally available revenues in a line item specifically identified for payment of its obligations under the Series 2004-1 Lease or any other Leases, or if no final budget is adopted as of the last day upon which a final budget is required to have been adopted under Florida law for payment of its obligations under such Leases, the Master Lease shall terminate as of the date of adoption of the final official budget, or such last day, whichever is earlier.

**THE LIKELIHOOD THAT THE SERIES 2004-1 LEASE 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 2019A CERTIFICATE HOLDERS, INCLUDING THE CONTINUING FUTURE UTILITY OF THE SERIES 2004-1 FACILITIES AND OTHER FACILITIES OF THE SCHOOL BOARD AND CHANGES IN POPULATION OR DEMOGRAPHICS WITHIN THE DISTRICT.**

#### **Limitation Upon Disposition; Ability to Sell or Relet**

Following an event of default under the Series 2004-1 Lease or non-appropriation of funds, the Trustee as assignee of the Corporation may take possession of the Series 2004-1 Facilities and sell or re-let the leasehold interests therein. The Trustee's ability to actually achieve such a disposition of such Series 2004-1 Facilities is limited by its inability to convey fee simple title to the Series 2004-1 Facilities and by the governmental nature of the Series 2004-1 Facilities. Moreover, it is possible that a court of competent jurisdiction could enjoin the sale or re-letting of the Trustee's interest in such Series 2004-1 Facilities because of the essential governmental nature thereof. There can be no assurance that the remedies available to the Trustee upon any such termination of the Lease Term of all Leases and the disposition of such Series 2004-1 Facilities will produce sufficient amounts to make timely payments of the principal and interest portions due on the outstanding Series 2019A Certificates.

#### **Tax Effect Upon Termination of Series 2004-1 Lease**

Upon termination of the Series 2004-1 Lease there is no assurance that payments made by the Trustee with respect to the Series 2019A Certificates and designated as interest will be excludable from gross income for federal income tax purposes. See "TAX TREATMENT" herein.

#### **Applicability of Securities Laws**

After termination of the Series 2004-1 Lease, the transfer of a Series 2019A 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 2019A Certificates will not be impaired following termination of the Series 2004-1 Lease.



## **Local Option Millage Levy Revenue**

The amount which can be realized by the District derived from the Local Option Millage Levy can be affected by a variety of factors not within the control of the District or the School Board including, without limitation, fluctuations in the level of the assessed valuation of property within the District. See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS." Moreover, the School Board is not legally required to impose the Local Option Millage. See "SECURITY FOR THE SERIES 2019A CERTIFICATES – Limited Obligation of the School Board" and "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Sources" herein.

The maximum Local Option Millage Levy is also subject to change pursuant to changes in applicable law and may be subject to sharing with charter schools in the District in future years. See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Sources" and "AD VALOREM TAXATION– Other Constitutional Amendments and Legislation Affecting Ad Valorem Taxes" herein for information regarding legislation that reduced the maximum Local Option Millage levy and requires the School Board to share Local Option Millage Levy revenues with charter schools in the District.

## **State Revenues**

A large portion of the District's funding is derived from State sources. See "FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT." A significantly large percentage of such State revenues is generated from the levy of the State sales tax. The amounts budgeted for distribution from the State to the District are subject to change in the event that projected revenues are not realized.

On May 4, 2019, the Florida Legislature adopted a State education budget for State fiscal year 2019-20 providing for an approximately \$687.6 million or 4.20% increase in State and local FEFP funding for K-12 public schools over State fiscal year 2018-19 reflecting a per-pupil increase of approximately \$243 per student or 3.27% over fiscal year 2018-19. The estimated increase for the District is approximately \$53.9 million in State and local FEFP funds over fiscal year 2018-19. However, there can be no assurance that funding for K-12 public schools will increase exactly as provided for in the approved budget. See also, "RECENT GOVERNMENTAL ACTIONS AFFECTING DISTRICT REVENUES" herein.

## **Additional Leases**

Pursuant to the Master Lease, the School Board has previously entered into the Prior Leases and may enter into other Leases in addition to the Series 2004-1 Lease. Failure to appropriate funds to make Lease Payments under any such Lease will, and an event of default under any such Lease may, result in the termination of all Leases, including the Series 2004-1 Lease. Upon any such termination of all Leases, the School Board must surrender all Facilities (except certain designated facilities) to the Trustee for sale or lease. The proceeds of any such disposition of the Facilities will be applied to the payment of the applicable Series of Certificates. The proceeds derived from any such sale or reletting of the School Board's leasehold interest in such Facilities, if any, will be applied first to the payment of the fees and

expenses of the Trustee, second to payment in full of the Series of Certificates relating to such Facilities and then to the payment of other outstanding amounts as described in said Lease(s). The proceeds of the disposition of the Series 2004-1 Facilities will be applied to the payment of the Series 2019A Certificates, equally and ratably with the Series 2012A Certificates allocable to the Series 2004-1 Lease, after payment of the expenses of the Trustee, in accordance with the Series 2004-1 Lease. In no event will owners of the Series 2019A Certificates have any interest in or right to any proceeds of the disposition of Facilities other than the Series 2004-1 Facilities. There can be no assurance that the remedies available to the Trustee upon any such termination of all Leases and the disposition of such Facilities will produce sufficient amounts to pay the applicable outstanding Series 2019A Certificates.

### **Additional Indebtedness**

The School Board may issue additional indebtedness from time to time other than in connection with the Master Lease secured by or payable from available revenues without the consent of the Owners of the Series 2019A Certificates. Incurring such additional indebtedness may adversely affect the School Board's ability to make Lease Payments under the Master Lease.

### **Legislative Changes**

In recent years, legislation has been introduced that has reduced State funding for school districts, required that certain percentages of school district funding be spent on particular activities and imposed additional funding restrictions and other requirements on school districts. Other proposals have sought to provide for new or increased exemptions to ad valorem taxation, limit increases in assessed valuation of certain types of property or otherwise restrict the ability of local governments in the State to levy ad valorem taxes at historical levels. 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 "RECENT GOVERNMENTAL ACTIONS AFFECTING DISTRICT REVENUES" herein.

### **Effect of Sequestration on Lease Payments**

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

Payments to issuers of Direct-Pay Bonds from the budget accounts associated with these bonds were originally subject to an effective reduction of 8.7 percent of the amount budgeted for such payments on and after March 1, 2013 through September 30, 2013. For payments to issuers of Direct-Pay Bonds for federal fiscal year 2019, which ends September 30, 2019, the annual sequester rate is 6.2 percent. Unless otherwise resolved, sequestration may continue through the

end of federal fiscal year 2024, with reductions in subsidy payments expected to vary between 5.5 percent and 7.3 percent of what would otherwise be received.

For federal fiscal year 2018-19 (ending September 30, 2019), the School Board anticipates its aggregate expected QSCB Interest Subsidies (relating to the Series 2009A Certificates (QSCB) and the Series 2010A Certificates (QSCB)) of \$14,366,632 to be reduced by 6.2% (which equates to a [\$890,731] reduction), resulting in a corresponding increase in interest costs for the District that must be paid from other revenue sources. The sequestration rate for federal fiscal year 2019-20 has not been announced as of the date hereof.

## **Interest Rate Exchange Agreements**

### General

The School Board currently has two outstanding interest rate exchange agreements, both of which are expected to be terminated as part of the plans of finance for the Series 2019A Certificates and the Series 2019B Certificates. 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. In connection with the issuance of the Series 2019A Certificates, the School Board is financing the termination payment with respect to the Series 2004D Swap Agreement (defined below). In connection with the issuance of the Series 2019B Certificates, the School Board is financing the termination payment with respect to the Series 2006B Swap Agreement (defined below).

### 2004D Floating-to-Fixed Swap

In connection with the Certificates of Participation, Series 2004D (the "Series 2004D Certificates") (which were refunded by the Refunded 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"), effective June 30, 2004. In general, the 2004D Swap Agreement, as amended in connection with the issuance of the Refunded Certificates, provided, 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 upon a weekly floating rate equal to the USD-SIFMA Municipal Swap Index 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. The School Board has provided Citi with notice of its intent to terminate the 2004D Swap Agreement. In connection with the pricing of the Series 2019A Certificates, the 2004D Swap Agreement will be terminated on \_\_\_\_\_, 2019, effective \_\_\_\_\_, 2019 and the School Board is financing the termination payment from proceeds of the Series 2019A Certificates. See

"ESTIMATED SOURCES AND USES OF FUNDS" herein. For additional information on the 2004D Swap Agreement, see note 13 to "APPENDIX B – EXCERPTED INFORMATION FROM THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2018" hereto.

#### 2006B Floating-to-Fixed Swap

In connection with the Certificates of Participation, Series 2006B (the "Series 2006B Certificates") (which were refunded by the Series 2015C 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 J.P. Morgan Chase Bank, N.A. ("J.P. Morgan"), an affiliate of J.P. Morgan Securities LLC, one of the Underwriters of the Series 2019A Certificates. In general, the 2006B Swap Agreement provided, subject to the terms and conditions thereof, for payment by the School Board to J.P. Morgan of a fixed rate of interest of 4.131% and for payment by J.P. Morgan 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 J.P. Morgan. The School Board has provided J.P. Morgan with notice of its intent to terminate the 2006B Swap Agreement. In connection with the pricing of the Series 2019B Certificates, the 2006B Swap Agreement will be terminated on \_\_\_\_\_, 2019, effective \_\_\_\_\_, 2019 and the School Board is financing the termination payment from proceeds of the Series 2019B Certificates. For additional information on the 2006B Swap Agreement, see note 13 to "APPENDIX B– EXCERPTED INFORMATION FROM THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2018."]

#### **Failed Remarketing or Refunding of Certain Floating Rate Certificates**

[Market dislocation or other unusual market conditions could adversely impact the ability of the District to remarket or refund Series 2006B Certificates and/or Refunded Certificates (which bear interest at a floating rate per annum) on their respective mandatory tender dates. In the event the Series 2006B Certificates and/or Refunded Certificates or any Additional Certificates hereafter issued as floating rate certificates cannot be remarketed or refunded on their respective mandatory tender dates, the interest portion of the Basic Lease Payments represented by such Certificates will increase, which could adversely affect the financial position of the District if such Certificates are not able to be remarketed for a prolonged period of time. In addition, the District will be required to extend or replace the letters of credit relating to the Series 2006B Certificates and Refunded Certificates on their respective stated expiration dates and there is no assurance it will be able to do so.]

## **Climate Change and Natural Disasters**

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

## **Property Insurance**

Principally as a result of the substantial property damage caused by hurricanes and other storms in Florida and other parts of the United States over the last few years, property insurance premiums have risen dramatically for Florida property owners. It has become impossible or economically impracticable for many school districts within the State to obtain property insurance with the level of coverage they have historically secured. The property insurance requirements contained within the Master Lease provisions require the District to obtain property insurance coverage to the extent available at commercially reasonable rates. As described herein, the School Board and Corporation have authorized the Amendment to Master Lease to allow the amount of property insurance required to be maintained under the Master Lease to be determined annually by the Superintendent, in consultation with the Risk Management Department of the School Board. Such provision provides that the School Board shall follow the recommendation of the Superintendent so long as the recommended insurance is available at commercially reasonable costs and otherwise satisfies the requirements of the Master Lease. The School Board is also required to maintain eligibility for assistance by the Federal Emergency Management Agency ("FEMA"). See "CERTAIN AMENDMENTS TO THE MASTER LEASE AND SERIES 2004-1 LEASE" herein. In the event the District suffers substantial damage to its property that is not covered by its current insurance or it is not eligible for federal reimbursement, the District's financial condition could be adversely impacted.

## **LITIGATION**

There is no litigation now pending or threatened (i) to restrain or enjoin the issuance or sale of the Series 2019A Certificates; (ii) questioning or affecting the validity of the Series 2004-1 Lease 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 2019A Certificates, including the refunding of the Refunded Certificates or termination of the Series 2004D Swap Agreement.

The School Board is involved in certain litigation and disputes incidental to its operations. Upon the basis of information presently available, the General Counsel Office and Risk Management Administration 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.

## **RATINGS**

Moody's Investors Service, Inc. ("Moody's") and Fitch Ratings ("Fitch") have assigned ratings of "\_\_\_" (\_\_\_ outlook) and "\_\_\_" (\_\_\_ outlook), respectively, to the Series 2019A Certificates. Such ratings and outlooks reflect only the views of such organizations and any desired explanation of the significance of such ratings and outlooks should be obtained from the rating agency furnishing the same. An explanation of the ratings and outlook given by Moody's may be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, 23<sup>rd</sup> Floor, New York, New York 10007, (212) 553-0300. An explanation of the ratings and outlook given by Fitch may be obtained from Fitch at 33 Whitehall Street, New York, New York 10004, (212) 908-0500. There is no assurance that such ratings and outlooks 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 2019A Certificates.

The above ratings and outlooks are not recommendations to buy, sell or hold the Series 2019A Certificates.

## **DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS**

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

## **CERTAIN LEGAL MATTERS**

Legal matters incident to the authorization, execution, delivery and sale of the Series 2019A Certificates are subject to the approving legal opinion of Co-Special Tax Counsel, Greenberg Traurig, P.A., Miami, Florida, and Edwards & Feanny, P.A., Miami, Florida. The proposed form of such opinion is included herein as APPENDIX D. Certain legal matters will be passed upon for the School Board and the Corporation by Barbara J. Myrick, Esquire, General Counsel. Certain legal matters relating to disclosure will be passed upon for the School Board by Nabors, Giblin & Nickerson, P.A., Tampa, Florida and D. Seaton and Associates, P.A., Davie, Florida, Co-Disclosure Counsel. Moskowitz, Mandell, Salim & Simowitz, P.A., Fort Lauderdale, Florida and Virtus LLP, Orlando, Florida are serving as Co-Counsel to the Underwriters. Co-Special Tax Counsel, Co-Disclosure Counsel and Co-Counsel to the Underwriters will receive fees for services provided in connection with the issuance of the Series 2019A Certificates, which fees are contingent upon the issuance of the Series 2019A 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

### General

The Series 2019A Certificates are being purchased by BofA Securities, Inc., acting on behalf of itself and Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, and PNC Capital Markets LLC (collectively, the "Underwriters"), at an aggregate purchase price of \$\_\_\_\_\_ (which represents the \$\_\_\_\_\_ aggregate principal amount of the Series 2019A Certificates, plus a bond premium of \$\_\_\_\_\_ and minus an Underwriters' discount of \$\_\_\_\_\_).

The Underwriters will purchase all of the Series 2019A 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.

BofA Securities, Inc., one of the Underwriters of the Series 2019A Certificates, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for its selling efforts with respect to the Series 2019A Certificates.

Citigroup Global Markets Inc. ("Citigroup"), one of the Underwriters of the Series 2019A Certificates, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup will compensate Fidelity for its selling efforts with respect to the Series 2019A Certificates.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2019A Certificates, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase the Series 2019A Certificates from JPMS at

the original issue price less a negotiated portion of the selling concession applicable to any Series 2019A Certificates that such firm sells.

Morgan Stanley & Co. LLC, one of the Underwriters of the Series 2019A 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 2019A Certificates.

The Underwriters may offer and sell the Series 2019A 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.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the School Board. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of the Series 2019A Certificates or other offerings of the School Board.

### **Certain Other Relationships**

An affiliate of BofA Securities, Inc., one of the Underwriters of the Series 2019A Certificates, is the holder of a portion of the Refunded Certificates. Such affiliate will receive a portion of the proceeds of the Series 2019A Certificates in connection with the refunding of such Refunded Certificates.

## **TAX TREATMENT**

[To be reviewed by Co-Special Tax Counsel]

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 2019A Certificates in order that the interest portion of the Basic Lease Payments represented by the Series 2019A 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 2019A Certificate holders to be included in gross income for Federal income tax purposes



retroactively to the date of execution and delivery of the Series 2019A 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 2019A Certificate holders and not to take any actions that would adversely affect that excludability. Co-Special Tax Counsel expects to deliver opinions at the time of issuance of the Series 2019A 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 2019A Certificates will be excludable from gross income for Federal income tax purposes. The interest portion of the Basic Lease Payments represented by the Series 2019A Certificates will not be an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals. No opinion is expressed with respect to the Federal income tax consequences of any payments received with respect to the Series 2019A Certificates following termination of the Master Lease as a result of non-appropriation of funds or the occurrence of an event of default thereunder.

Co-Special Tax Counsel is further of the opinion that the Series 2019A Certificates and the portion of the Basic Lease Payments designated and paid as interest to the owners of the Series 2019A 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 2019A Certificates following termination of the Master Lease as a result of non-appropriation of funds or the occurrence of an event of default thereunder.

Except as described above, Co-Special Tax Counsel will express no opinion regarding the Federal or State income tax consequences resulting from the receipt or accrual of the interest portion of the Basic Lease Payments designated and paid as interest to the Series 2019A Certificate holders or the ownership or disposition of the Series 2019A Certificates. Prospective purchasers of Series 2019A Certificates should be aware that the ownership of Series 2019A 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 2019A 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 2019A 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 2019A Certificates, (iii) the inclusion of the interest portion of the Basic Lease Payments represented by the Series 2019A 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 2019A Certificates in the passive income subject to Federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year

and (v) the inclusion by recipients of certain Social Security and Railroad Retirement benefits of receipts and accrual of the interest portion of the Basic Lease Payments represented by the Series 2019A Certificates in determining whether a portion of such benefits are included in gross income for Federal income tax purposes.

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

### **Possibility of Future Changes in Tax Law**

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress or in the State legislature that, if enacted into law, could alter or amend one or more of the federal tax matters, or state tax matters, respectively, described above, including, without limitation, the excludability from gross income of interest on the Series 2019A Certificates, adversely affect the market price or marketability of the Series 2019A 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 2019A Certificates. If enacted into law, such legislative proposals could affect the market price or marketability of the Series 2019A Certificates. Prospective purchasers of the Series 2019A Certificates should consult their tax advisors as to the impact of any proposed or pending legislation.

### **Information Reporting and Backup Withholding**

Interest paid on tax-exempt bonds such as the Series 2019A Certificates is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Series 2019A Certificates from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Series 2019A Certificates, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the Series 2019A Certificates and proceeds from the sale of Series 2019A Certificates. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2019A Certificates. This withholding generally applies if the owner of Series 2019A Certificates (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2019A Certificates may also wish to consult

with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

### **ORIGINAL ISSUE DISCOUNT AND PREMIUM**

Certain of the Series 2019A Certificates ("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 determined under Code Section 1273 or 1274 (i.e., for obligations issued for money in a public offering, the initial offering price to the public (other than to bond houses and brokers) at which a substantial amount of the obligation 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 2016 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.

Certain of the Series 2019A Certificates ("Premium Certificates") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Certificate, based on the yield to maturity of that Premium Certificate (or, in the case of a Premium Certificate callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Certificate), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Certificate. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Certificate, the owner's tax basis in the Premium Certificate is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Certificate for an amount equal to or less than the amount paid by the owner for that Premium Certificate.

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

### **FINANCIAL ADVISOR**

The School Board has retained PFM Financial Advisors LLC, Orlando, Florida, as financial advisor with respect to the planning, structuring, execution and issuance of the Series

2019A Certificates. The financial advisor will receive fees for services provided in connection with the issuance of the Series 2019A Certificates, which fees are contingent upon the issuance of the Series 2019A Certificates. Fees may also be paid to PFM Asset Management LLC for bidding investments on behalf of the School Board. The financial advisor is 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.

PFM Financial Advisors LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

### **BASIC FINANCIAL STATEMENTS**

The Basic Financial Statements of The School Board of Broward County, Florida for the Fiscal Year ended June 30, 2018 and the report thereon of Moore Stephens Lovelace, P.A., independent certified public accountants, dated November 26, 2018, are included in APPENDIX B of this Offering Statement as part of the public records of the School Board. Moore Stephens Lovelace, P.A., has not participated in the preparation of this Offering Statement.

### **CONTINUING DISCLOSURE**

The School Board has covenanted for the benefit of Series 2019A 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 Disclosure Dissemination Agent Agreement to be executed by the School Board and Digital Assurance Certification, L.L.C. ("DAC") as of the date of issuance of the Series 2019A Certificates, as such Dissemination Agent Agreement may be amended from time to time in accordance with the terms thereof (the "Dissemination Agent Agreement"). Such covenant shall only apply so long as the Series 2019A 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, if any, with the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system described in the Dissemination Agent Agreement attached hereto as APPENDIX E hereto. The notices of material events will be filed by the School Board, or its dissemination agent, if any, with the MSRB. The specific nature of the information to be contained in the Annual Report and the notices of material events are described in "APPENDIX E – Form of Disclosure Dissemination Agent Agreement" hereto. Failure of the School Board to comply with the Dissemination Agent Agreement is not considered an event of default under the Series 2004-1 Lease, the Trust Agreement or the Series 2019A Certificates; however, any Series 2019A 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 Dissemination Agent Agreement.

The covenants of the School Board in the Dissemination Agent Agreement 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 2019A Certificates in order to comply with the Rule.

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**MISCELLANEOUS**

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

This Offering Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in this Offering Statement involving matters of opinion, whether or not expressly so stated are intended as such and not as representations of fact. This Offering Statement is not to be construed as a contract or agreement between the District and the purchasers or the holders of any of the Series 2019A 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: *Do not sign* \_\_\_\_\_  
Chair

By: *Do not sign* \_\_\_\_\_  
Superintendent of Schools

**APPENDIX A**  
**INFORMATION CONCERNING BROWARD COUNTY, FLORIDA**

**APPENDIX B**

**EXCERPTED INFORMATION FROM THE COMPREHENSIVE ANNUAL  
FINANCIAL REPORT OF THE SCHOOL BOARD OF BROWARD COUNTY,  
FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2018**



**APPENDIX C**

**CERTAIN LEGAL DOCUMENTS**

The Master Lease  
Form of Amendment to Master Lease

Form of Schedule 2004-1

The Series 2004 Ground Lease

The Master Trust Agreement

Form of Series 2019A Supplemental Trust Agreement

The Series 2004 Assignment

**APPENDIX D**

**FORM OF CO-SPECIAL TAX COUNSEL OPINION**

**APPENDIX E**

**FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT**