

In the opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Special Counsel, assuming continuing compliance by the Corporation and the Board with various covenants in the Trust Agreement and the Series 2007 Lease Agreement (each as defined herein), under existing statutes, regulations, and court decisions, the Interest Component of Basic Rent Payments (a) is excluded from gross income of the holders of the Series 2007 Certificates, except to the extent described under the caption “TAX EXEMPTION” herein, and (b) is not an item of preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, no opinion is expressed with respect to federal income tax consequences of any payments received with respect to the Series 2007 Certificates following termination of the Series 2007 Lease Agreement as a result of an Event of Non-Appropriation or Event of Default thereunder. See “TAX EXEMPTION” herein for a discussion of Special Counsel’s opinion.

\$84,685,000

**CERTIFICATES OF PARTICIPATION
(School Board of Hillsborough County, Florida Master Lease Program),
Series 2007**

**Evidencing An Undivided Proportionate Interest of
Owners thereof in Basic Rent Payments to be made under
a Master Lease-Purchase Agreement by the
School Board of Hillsborough County, Florida**

Dated: Date of Delivery

Due: July 1, as shown on the inside cover page

The Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2007 (the “Series 2007 Certificates”) evidence an undivided proportionate interest in Basic Rent Payments (as defined herein) to be made by the School Board of Hillsborough County, Florida (the “Board”) under a Master Lease-Purchase Agreement dated as of April 1, 1994, as amended and supplemented (the “Master Lease”) with the Hillsborough School Board Leasing Corporation, a Florida not-for-profit corporation (the “Corporation”), as amended and supplemented, particularly as supplemented by the Lease Schedule No. 2007, dated as of April 1, 2007 (“Schedule No. 2007,” and together with the Master Lease, the “Series 2007 Lease Agreement”) providing for the lease-purchase of the Series 2007 Project (as defined herein). Pursuant to a Twentieth Amendment to Assignment of Lease Agreement dated as of April 1, 2007, the Corporation has assigned by outright assignment to the Trustee for the benefit of the Owners of the Series 2007 Certificates all of its rights, title and interest in and to the Series 2007 Lease Agreement, respectively, except certain rights relating to indemnification, the right to enter into additional Lease Schedules and its obligation not to impair the tax status of the Series 2007 Certificates, but including the right of the Corporation to receive Lease Payments. The Series 2007 Certificates are subject to optional, mandatory and extraordinary prepayment prior to their stated maturities as set forth herein.

THE BOARD IS NOT LEGALLY REQUIRED TO APPROPRIATE MONEYS TO MAKE LEASE PAYMENTS, WHICH CONSIST OF BASIC RENT AND SUPPLEMENTAL RENT. THE BASIC RENT AND, CONSEQUENTLY, THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST ARE PAYABLE SOLELY FROM THE BOARD’S AVAILABLE REVENUES, AND NEITHER THE CORPORATION, THE BOARD, THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA (THE “DISTRICT”), HILLSBOROUGH COUNTY, FLORIDA (THE “COUNTY”), THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY ANY SUMS DUE UNDER THE SERIES 2007 LEASE AGREEMENT EXCEPT FROM AVAILABLE REVENUES APPROPRIATED FOR SUCH PURPOSE. BASIC RENT IS SUBJECT TO ANNUAL APPROPRIATION BY THE BOARD AND THE BOARD MUST BUDGET AND APPROPRIATE FOR ALL PROJECTS OR NONE OF THEM. THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST AND THE PAYMENTS DUE FROM THE BOARD UNDER THE SERIES 2007 LEASE AGREEMENT AND THE CONTRACTUAL OBLIGATIONS OF THE BOARD UNDER THE SERIES 2007 LEASE AGREEMENT DO NOT CONSTITUTE A GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE BOARD, THE DISTRICT, THE COUNTY, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. THE ISSUANCE OF THE SERIES 2007 CERTIFICATES WILL NOT DIRECTLY OR INDIRECTLY OBLIGATE THE BOARD, THE DISTRICT, THE COUNTY, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF TO LEVY OR TO PLEDGE ANY FORM OF AD VALOREM TAXATION WHATSOEVER THEREFOR AND THE OWNERS OF THE SERIES 2007 CERTIFICATES WILL HAVE NO RECOURSE TO THE POWER OF AD VALOREM TAXATION OF THE BOARD OR ANY OTHER GOVERNMENTAL ENTITY. SEE “RISK FACTORS” HEREIN.

Payment of the principal of and interest on the Series 2007 Certificates, when due, will be insured by an insurance policy to be issued by MBIA Insurance Corporation simultaneously with the delivery of the Series 2007 Certificates.



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

The Series 2007 Certificates are offered when, as and if delivered and received by the Underwriters, subject to approval of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Special Counsel, and certain other conditions. Certain legal matters will be passed upon for the Board by its Counsel, Thompson, Sizemore and Gonzalez P.A., Tampa, Florida and Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel and for the Corporation by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Special Counsel. Ford & Associates, Inc., Tampa, Florida will act as Financial Advisor to the Board. GrayRobinson, P.A., Tampa, Florida, is serving as counsel to the Underwriters. The Series 2007 Certificates are expected to be delivered to the Underwriters in New York, New York on or about April 24, 2007.

UBS INVESTMENT BANK

**A.G. Edwards
Raymond James & Associates, Inc.**

**Jackson Securities
RBC Capital Markets**

CITIGROUP

**Morgan Stanley & Co. Incorporated
Siebert Brandford Shank & Co., L.L.C.**

ADDITIONAL INFORMATION

The Series 2007 Certificates are being delivered by The Bank of New York Trust Company, N.A., Jacksonville, Florida, as Trustee (the "Trustee"), as fully registered certificates in denominations of \$5,000 or any integral multiple thereof, pursuant to the provisions of a Master Trust Agreement dated as of April 1, 1994, as supplemented, and particularly, as supplemented by a Series 2007 Supplemental Trust Agreement, dated as of April 1, 2007 (collectively, the "Trust Agreement"), each with the Board, the Trustee and the Corporation. The Interest Component of Basic Rent Payments represented by the Series 2007 Certificates is payable on January 1 and July 1 of each year, commencing July 1, 2007 (each a "Payment Date"). Interest will be paid by check or draft of the Trustee, as Paying Agent and Registrar, mailed on each Payment Date to Owners listed in the registration books maintained by the Trustee on the 15th day of the month (whether or not a business day) next preceding each Payment Date. When issued, the Series 2007 Certificates 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 2007 Certificates (the "Beneficial Owners") will not receive physical delivery of Series 2007 Certificates. Ownership by the Beneficial Owners of the Series 2007 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 Component and Interest Component of the Basic Rent Payments represented by the Series 2007 Certificates will be made directly to Cede & Co., which will in turn remit such payments to the DTC Participants for subsequent disbursement to the Beneficial Owners. Individuals may purchase beneficial interests in the Series 2007 Certificates in the amount of \$5,000 or integral multiples thereof. The Principal Component of Basic Rent Payments represented by the Series 2007 Certificates is payable to Owners upon presentation, when due, at maturity or earlier prepayment, at the designated corporate trust office of the Trustee in Jacksonville, Florida.

The initial term of the Series 2007 Lease Agreement will commence as of the date of delivery of the Series 2007 Certificates, through and including June 30, 2007, and is automatically renewable annually thereafter through June 30, 2031, unless sooner terminated as described herein. In addition to the Series 2007 Lease Agreement, the Board has previously entered into a Series 1996 Lease Agreement, a Series 1999 Lease Agreement, a Series 2000 Lease Agreement, a Series 2000-QZAB Lease Agreement, a Series 2001B Lease Agreement, a Series 2001-QZAB Lease Agreement, a Series 2002 Lease Agreement, a Series 2003B Lease Agreement, a Series 2004B Lease Agreement, a Series 2004-QZAB Lease Agreement, a Series 2004C Lease Agreement, a Series 2005-QZAB Lease Agreement and a Series 2006A Lease Agreement (each as defined herein), and may enter into other lease schedules under the Master Lease. Upon completion of certain Prior Projects not yet completed and the Series 2007 Project (as defined herein), there are expected to be approximately 51 schools and 38 additions to schools leased under the Master Lease. Based on the District's full time equivalent enrollment as of February 13, 2007 of approximately 190,207 students, approximately 33% of the District's students will attend classes in facilities leased under the Master Lease (including the Series 2007 Project) upon their completion (see "THE MASTER LEASED PROJECTS" herein for a description of how such percentage is calculated and see "RISK FACTORS" herein for a description of risks related to class size and enrollment). *When the School Board appropriates lease payments for any of its Projects leased under the Master Lease, it must appropriate lease payments for all other Projects 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 2007 Lease Agreement. Upon any such termination, any proceeds of the disposition of leased facilities (other than Designated Equipment) will be applied to payment of the related Series of Certificates, all as further described herein. In no event will owners of the Series 2007 Certificates have any interest in or right to any proceeds of the disposition of facilities leased under any lease other than the Series 2007 Lease Agreement; provided, however, that certain portions of the facilities leased under the Series 2007 Lease Agreement are also secured, on a proportionate basis, by the Series 2004C Lease Agreement and/or the Series 2006A Lease Agreement as described herein. In the event of a disposition of such facilities, the proceeds thereof shall be applied, on a proportionate basis (based on the dollar amount of such facilities financed under each such lease agreement) to payment to the holders of the then outstanding Series 2004A Certificates, Series 2006A Certificates and Series 2007 Certificates as more particularly described herein. The proceeds of any disposition of the facilities leased under the Series 2007 Lease Agreement that are not also secured by the Series 2004C Lease Agreement and/or the Series 2006A Lease Agreement shall be applied only to the payment of the outstanding Series 2007 Certificates. Should termination of the Master Lease occur, the Series 2007 Certificates will not be prepaid except at the option of MBIA Insurance Corporation (the "Insurer") or to the extent the Trustee has moneys available therefor. Special Counsel will express no opinion as to tax exemption or the effect of securities laws with respect to the Series 2007 Certificates following an event of non-appropriation or an event of default under the Master Lease which results in termination of the Lease Term. Transfers of the Series 2007 Certificates may be subject to compliance with the registration provisions of state and federal securities laws following an event of non-appropriation or an event of default under the Master Lease which results in termination of the Lease Term (see "TAX EXEMPTION" and "RISK FACTORS" herein). An event of non-appropriation or an event of default under the Master Lease which results in termination of the Lease Term will not result in termination of the insurance policy issued by the Insurer.

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

\$84,685,000 Series 2007 Serial Certificates

<u>Maturity (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Initial CUSIP Number</u>
2008	\$2,025,000	4.000%	3.600%	100.456	43232VPX3
2009	2,105,000	4.000	3.610	100.808	43232VPY1
2010	2,190,000	4.000	3.630	101.099	43232VPZ8
2011	2,275,000	4.000	3.650	101.343	43232VQA2
2012	2,370,000	4.000	3.700	101.399	43232VQB0
2013	1,245,000	3.750	3.790	99.777	43232VQC8
2013	1,215,000	4.000	3.790	101.144	43232VQD6
2014	2,560,000	4.000	3.840	100.992	43232VQE4
2015	2,660,000	4.000	3.920	100.551	43232VQF1
2016	2,765,000	4.000	3.990	100.071	43232VQG9
2017	2,875,000	4.000	4.050	99.581	43232VQH7
2018	2,995,000	4.000	4.110	99.016	43232VQJ3
2019	3,115,000	4.125	4.200	99.285	43232VQK0
2020	3,235,000	4.125	4.250	98.742	43232VQL8
2021	25,000	4.250	4.340	99.048	43232VQM6
2021*	3,350,000	5.000	4.230	106.312	43232VQN4
2022	1,300,000	4.250	4.420	98.128	43232VQP9
2022*	2,245,000	5.000	4.260	106.057	43232VQQ7
2023	485,000	4.300	4.450	98.276	43232VQR5
2023*	3,220,000	5.000	4.290	105.803	43232VQS3
2024	640,000	4.375	4.500	98.509	43232VQT1
2024*	3,255,000	5.000	4.310	105.634	43232VQU8
2025*	4,080,000	5.000	4.330	105.465	43232VQV6
2026	2,275,000	4.375	4.530	98.021	43232VQX2
2026	2,010,000	4.500	4.530	99.612	43232VQW4
2027	2,500,000	4.375	4.540	97.828	43232VQY0
2027	1,775,000	4.500	4.540	99.469	43232VQZ7
2031	900,000	4.500	4.570	98.975	43232VRA1

\$22,995,000 4.750% Term Series 2007 Certificates, Due July 1, 2031*, Yield 4.500%, Price 102.018
Initial CUSIP No. 43232VRB9

*Callable premium certificates; yield and price calculated to first optional call date of July 1, 2017.

PARTICIPANTS IN THE FINANCING

LESSOR

Hillsborough School Board Leasing Corporation
Tampa, Florida

LESSEE

School Board of Hillsborough County, Florida
Tampa, Florida

BOARD MEMBERS

Jack R. Lamb, Ed.D., Chair
Jennifer Faliero, Vice Chair
Doretha W. Edgecomb, Member
April Griffin, Member
Carol W. Kurdell, Member
Candy Olson, Member
Susan L. Valdes, Member

DISTRICT OFFICIALS

MaryEllen Elia, Superintendent of Schools
Gretchen Saunders, Chief Business Officer

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Tampa, Florida

TRUSTEE

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

This Offering Statement does not constitute an offer to sell the Series 2007 Certificates in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, sales representative or other person has been authorized to give any information or make any representations other than as contained in this Offering Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Offering Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of the Series 2007 Certificates by any person in any jurisdiction to which it is unlawful for such person to make such offer, solicitation or sale.

The information contained in this Offering Statement has been obtained from the Board, the Insurer, DTC and other sources that are considered to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct. However, information related to DTC, its book-entry only system of registration, the Insurer or its insurance policy is not to be construed as a representation of the Board, the Corporation, the Trustee, the Financial Advisor or the Underwriters. Any statements in this Offering Statement involving estimates, assumptions and matters of opinion, whether or not so expressly stated, are intended as such and not as representations of fact, and the Board, the Corporation, the Trustee, the Financial Advisor and the Underwriters expressly make no representations that such estimates, assumptions and opinions will be realized or fulfilled. Any information, estimates, assumptions and matters of opinion contained in this Offering Statement are subject to change without notice, and neither the delivery of this Offering Statement, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in the affairs of the Board since the date hereof or the earliest date as of which such information was given.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFERING STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFERING STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

Other than with respect to information concerning the Insurer contained under the caption "CERTIFICATE INSURANCE" herein and "APPENDIX I: SPECIMEN BOND INSURANCE POLICY" attached hereto, none of the information in this Offering Statement has been supplied or verified by the Insurer and the Insurer makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Series 2007 Certificates; or (iii) the tax exempt status of the interest in respect of the Series 2007 Certificates.

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

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 2007 Certificates are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2007 CERTIFICATES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE BOARD, THE CORPORATION AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2007 CERTIFICATES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSION OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFERING STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE BOARD OR THE UNDERWRITERS AND ANY ONE OR MORE HOLDERS OF THE SERIES 2007 CERTIFICATES.

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OFFERING STATEMENT

related to

\$84,685,000

CERTIFICATES OF PARTICIPATION

(School Board of Hillsborough County, Florida Master Lease Program),
Series 2007

Evidencing An Undivided Proportionate Interest of Owners thereof in
Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the
School Board of Hillsborough County, Florida

INTRODUCTION

This Offering Statement, including the cover page, inside cover page and appendices hereto, is provided to furnish information with respect to the School Board of Hillsborough County, Florida (the "Board"), and the sale and delivery of the Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2007 (the "Series 2007 Certificates"), which are being issued in the aggregate principal amount of \$84,685,000 pursuant to a Master Trust Agreement dated as of April 1, 1994, as supplemented, and particularly as supplemented by the Series 2007 Supplemental Trust Agreement dated as of April 1, 2007 (collectively, the "Trust Agreement"), each by and among the Board, the Hillsborough School Board Leasing Corporation, a Florida not-for-profit corporation, as lessor thereunder (the "Corporation"), and The Bank of New York Trust Company, N.A., Jacksonville, Florida, as successor to NationsBank of Florida, N.A., Tampa, Florida (the "Trustee"), who is also serving as Paying Agent and Registrar. The Series 2007 Certificates represent an undivided proportionate interest of the owners thereof in the right to receive Basic Rent Payments (herein defined) payable under a Master Lease-Purchase Agreement dated as of April 1, 1994, as amended and supplemented (the "Master Lease"), by and between the Corporation and the Board, as supplemented by the Lease Schedule No. 2007 annexed thereto ("Schedule No. 2007" and together with the Master Lease, the "Series 2007 Lease Agreement").

In March 1998, the Board entered into the Amended and Restated Lease Schedule No. 1998 to the Master Lease (the "Original Series 1998 Lease Agreement") and leased certain educational and related facilities (the "Series 1994 Project," the "Series 1995 Project," and the "Series 1998 Project"), which Amended and Restated Lease Schedule No. 1998 was amended and restated by the Second Amended and Restated Lease Schedule No. 1998 in January 2007 (the "Series 1998 Lease Agreement"), in connection with the issuance of the Series 2006B Certificates. See "THE PRIOR PROJECTS" herein. In connection with the execution and delivery of the Original Series 1998 Lease Agreement, the Trustee executed and delivered \$336,930,000 aggregate principal amount of the Certificates of Participation, Series 1998 (the "Series 1998 Certificates"), in two subseries, the Subseries 1998A Certificates and the Subseries 1998B Certificates. The Subseries 1998A and the Subseries 1998B Certificates are currently outstanding in the principal amount of \$230,015,000 and \$1,800,000, respectively. The Series 2006B Certificates refunded a portion of the Subseries 1998B Certificates and are currently outstanding in the principal amount of \$77,900,000, \$21,030,000 of

which has been allocated to the Series 1998 Lease Agreement and which are secured on a parity with the Subseries 1999A and the Subseries 1998B Certificates.

In October 1999, the Board entered into a Lease Schedule No. 1999 to the Master Lease (the "Original Series 1999 Lease Agreement") and leased certain educational and related facilities (the "Series 1999 Project"). See "THE PRIOR PROJECTS" herein. In connection with the execution and delivery of the Original Series 1999 Lease Agreement, the Trustee executed and delivered \$111,700,000 aggregate principal amount of the Certificates of Participation, Series 1999 (the "Series 1999 Certificates"), \$4,840,000 of which are currently outstanding (the "Outstanding Series 1999 Certificates").

In April 2000, the Board entered into a Lease Schedule No. 2000-QZAB to the Master Lease (the "Series 2000-QZAB Lease Agreement") and leased certain educational and related facilities (the "Series 2000-QZAB Project"), which Series 2000-QZAB Lease Agreement is automatically renewable annually through March 31, 2012. See "THE PRIOR PROJECTS" herein. In connection with the execution and delivery of the Series 2000-QZAB Lease Agreement, the Trustee executed and delivered \$7,088,000 aggregate principal amount of the Certificates of Participation, Series 2000-QZAB (the "Series 2000-QZAB Certificates"), all of which are currently outstanding with \$1,770,000 on deposit in a sinking fund related thereto.

In November 2000, the Board entered into Lease Schedule No. 2000, as amended, to the Master Lease (the "Series 2000 Lease Agreement") and leased certain educational and related facilities (the "Series 2000 Project"), which Series 2000 Lease Agreement is automatically renewable annually through June 20, 2026. See "THE SERIES 2000 PROJECT" herein. In connection with the execution and delivery of the Series 2000 Lease Agreement, the Trustee executed and delivered \$48,860,000 aggregate principal amount of Certificates of Participation, Series 2000 (the "Series 2000 Certificates"), \$1,350,000 of which are currently outstanding and \$45,625,000 of which were refunded by the Certificates of Participation, Series 2005A (the "Series 2005A Certificates"). The Series 2005A Certificates are currently outstanding in the principal amount of \$48,135,000. The Series 2000 Certificates and the Series 2005A Certificates are secured, on a pro rata basis, by the Series 2000 Lease Agreement.

In January 2001, the Board issued \$103,770,000 Certificates of Participation, Series 2001A (the "Series 2001A Certificates") \$102,190,000 of which are currently outstanding. A portion of the proceeds from the sale of the Series 2001A Certificates were used to provide funds to advance refund a portion of the Series 1999 Certificates and in connection therewith the Original Series 1999 Lease Agreement was amended (the "Series 1999 Lease Agreement"), which Series 1999 Lease Agreement is automatically renewable annually through June 30, 2025. The Basic Rent Payments to be made under the Series 1999 Lease Agreement are represented by the Outstanding Series 1999 Certificates as well as the Series 2001A Certificates.

In July 2001, the Board entered into Lease Schedule No. 2001B to the Master Lease (the "Original Series 2001B Lease Agreement") and leased certain educational and related facilities (the "Series 2001B Project"), which Original Series 2001B Lease Agreement was amended and restated by the Amended and Restated Lease Schedule No. 2001B in January 2007 (the "Series 2001B Lease

Agreement"), in connection with the issuance of the Series 2006B Certificates. See "THE PRIOR PROJECTS" herein. In connection with the issuance and delivery of the Original Series 2001B Lease Agreement, the Trustee executed and delivered \$69,265,000 aggregate principal amount of Certificates of Participation, Series 2001B (the "Series 2001B Certificates"), a portion of which were refunded with a portion of the proceeds of the Series 2006B Certificates. The Series 2001B Certificates are currently outstanding in the principal amount of \$7,835,000. The Series 2006B Certificates are currently outstanding in the principal amount of \$77,900,000, \$56,870,000 of which have been allocated to the Series 2001B Lease Agreement and which are secured on a parity with the Series 2001B Certificates.

In November 2001, the Board entered into the Lease Schedule No. 2001-QZAB to the Master Lease (the "Series 2001-QZAB Lease Agreement") and leased certain educational and related facilities (the "Series 2001-QZAB Project"), which Series 2001-QZAB Lease Agreement is automatically renewable annually through November 6, 2015. See "THE PRIOR PROJECTS" herein. In connection with the execution and delivery of the Series 2001-QZAB Lease Agreement, the Trustee executed and delivered \$9,600,000 aggregate principal amount of the Certificates of Participation, Series 2001-QZAB (the "Series 2001-QZAB Certificates"), all of which are currently outstanding with \$4,428,000 on deposit in a sinking fund related thereto.

In September 2002, the Board entered into the Lease Schedule No. 2002, as amended, to the Master Lease (the "Series 2002 Lease Agreement") and leased certain educational and related facilities (the "Series 2002 Project"), which Series 2002 Lease Agreement is automatically renewable annually through June 30, 2028. See "THE PRIOR PROJECTS" herein. In connection with the execution and delivery of the Series 2002 Lease Agreement, the Trustee executed and delivered \$64,010,000 aggregate principal amount of Certificates of Participation, Series 2002 (the "Series 2002 Certificates"), \$63,425,000 of which are currently outstanding.

In September 2003, the Board entered into the Lease Schedule No. 2003B, as amended, to the Master Lease (the "Series 2003B Lease Agreement") and leased certain educational and related facilities (the "Series 2003B Project"), which Series 2003B Lease Agreement is automatically renewable annually through June 30, 2029. See "THE PRIOR PROJECTS" herein. In connection with the execution and delivery of the Series 2003B Lease Agreement, the Trustee executed and delivered \$72,065,000 aggregate principal amount of Certificates of Participation, Series 2003B (the "Series 2003B Certificates"), all of which are currently outstanding.

In February, 2004, the Board entered into the Fourth Amended and First Restated Lease Schedule No. 1996, as amended, to the Master Lease (the "Amended and Restated 1996 Lease Agreement") and leased certain educational and related facilities (the "Series 1996 Project"), which Amended and Restated 1996 Lease Agreement is automatically renewable annually through June 30, 2017. See "THE PRIOR PROJECTS" herein. In connection with the execution and delivery of the Amended and Restated 1996 Lease Agreement, the Trustee executed and delivered \$27,305,000 aggregate principal amount of Certificates of Participation, Series 2004A (the "Series 2004A Certificates"), all of which are currently outstanding.

In February, 2004, the Board entered into the Lease Schedule No. 2004B, as amended, to the Master Lease (the "Series 2004B Lease Agreement") and leased certain educational and related facilities (the "Series 2004B Project"), which Series 2004B Lease Agreement is automatically renewable annually through June 30, 2026. See "THE PRIOR PROJECTS" herein. In connection with the execution and delivery of the Series 2004B Lease Agreement, the Trustee executed and delivered \$56,715,000 aggregate principal amount of Certificates of Participation, Series 2004B (the "Series 2004B Certificates"), \$53,270,000 of which are currently outstanding.

In June, 2004, the Board entered into the Lease Schedule No. 2004-QZAB to the Master Lease (the "Series 2004-QZAB Lease Agreement") and leased certain educational and related facilities (the "Series 2004-QZAB Project"), which Series 2004-QZAB Lease Agreement is automatically renewable annually through June 3, 2020. See "THE PRIOR PROJECTS" herein. In connection with the execution and delivery of the Series 2004-QZAB Lease Agreement, the Trustee executed and delivered \$6,131,000 aggregate principal amount of the Certificates of Participation, Series 2004-QZAB (the "Series 2004-QZAB Certificates"), all of which are currently outstanding with \$3,793,275 on deposit in a sinking fund related thereto.

In November, 2004, the Board entered into the Lease Schedule No. 2004C to the Master Lease (as amended, the "Series 2004C Lease Agreement") and leased certain educational and related facilities (the "Series 2004C Project"), which Series 2004C Lease Agreement is automatically renewable annually through June 30, 2030. In connection with the issuance of the Series 2007 Certificates, the Series 2004C Lease Agreement is being amended by the First Amendment to Lease Schedule No. 2004C dated as of April 1, 2007 to provide that certain educational facilities constituting a portion of the Series 2007 Project are secured on a proportionate basis under the Series 2004C Lease Agreement, the Series 2006A Lease Agreement and the Series 2007 Lease Agreement. See "THE SERIES 2007 LEASE AGREEMENT" and "THE PRIOR PROJECTS" herein. In connection with the execution and delivery of the Series 2004C Lease Agreement, the Trustee executed and delivered \$89,750,000 aggregate principal amount of the Certificates of Participation, Series 2004C (the "Series 2004C Certificates"), \$86,825,000 of which are currently outstanding.

In December, 2005 the Board entered into the Lease Schedule No. 2005-QZAB to the Master Lease (the "Series 2005-QZAB Lease Agreement") and leased certain educational and related facilities (the "Series 2005-QZAB Project"), which Series 2005-QZAB Lease Agreement is automatically renewable annually through December 20, 2020. See "THE PRIOR PROJECTS" herein. In connection with the execution and delivery of the Series 2005-QZAB Lease Agreement, the Trustee executed and delivered \$3,002,000 aggregate principal amount of Certificates of Participation, Series 2005-QZAB (the "Series 2005-QZAB Certificates"), all of which are currently outstanding.

In January, 2006, the Board entered into the Lease Schedule No. 2006A to the Master Lease (as amended, the "Series 2006A Lease Agreement") and leased certain educational and related facilities (the "Series 2006A Project"), which Series 2006A Lease Agreement is automatically renewable annually through June 30, 2031. In connection with the issuance of the Series 2007 Certificates, the Series 2006A Lease Agreement is being amended by the First Amendment to Lease

Schedule No. 2006A dated as of April 1, 2007 to provide that certain educational facilities constituting a portion of the Series 2007 Project are secured on a proportionate basis under the Series 2004C Lease Agreement and/or the Series 2006A Lease Agreement and the Series 2007 Lease Agreement. See "THE SERIES 2007 LEASE AGREEMENT" and "THE PRIOR PROJECTS" herein. In connection with the execution and delivery of the Series 2006A Lease Agreement, the Trustee executed and delivered \$86,435,000 aggregate principal amount of the Certificates of Participation, Series 2006A (the "Series 2006A Certificates"), all of which are currently outstanding.

The Subseries 1998A Certificates, the Subseries 1998B Certificates, the Series 1999 Certificates, the Series 2000-QZAB Certificates, the Series 2001-QZAB Certificates, the Series 2001A Certificates, the Series 2001B Certificates, the Series 2002 Certificates, the Series 2003B Certificates, the Series 2004A Certificates, the Series 2004B Certificates, the Series 2004-QZAB Certificates, the Series 2004C Certificates, the Series 2005A Certificates, the Series 2005-QZAB Certificates, the Series 2006A Certificates and the Series 2006B Certificates are collectively referred to herein as the "Prior Certificates". Similarly, the Series 1996 Project, the Series 1999 Project, the Series 2000 Project, the Series 2000-QZAB Project, the Series 2001-QZAB Project, the Series 2002 Project, the Series 2003B Project, the Series 2004B Project, the Series 2004-QZAB Project, the Series 2004C Project, the Series 2005-QZAB Project and the Series 2006A Project are collectively referred to herein as the "Prior Projects".

Upon the issuance of the Series 2007 Certificates, the Board will enter into the Series 2007 Lease Agreement which provides for the financing of the Series 2007 Project. The Series 2007 Lease Agreement also provides that certain of the educational facilities leased thereunder are secured, on a proportionate basis, by the Series 2007 Lease Agreement, the Series 2004C Lease Agreement and/or the Series 2006A Lease Agreement. See "THE SERIES 2007 PROJECT" herein. Subject to the Board's right of non-appropriation, the Series 2007 Lease Agreement will be automatically renewable annually through June 30, 2031.

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The following table presents a summary of the existing Lease Schedules, the related projects financed, the final termination date of each Lease Schedule, the related Series of Certificates and the outstanding principal amount of such Certificates.

<u>Lease Schedule</u>	<u>Projects Financed</u>	<u>Final Termination Date of Lease</u>	<u>Related Series of Certificates</u>	<u>Outstanding Principal</u>
Series 1996 Lease	Series 1996 Project	06/30/2017	Series 2004A	\$ 27,305,000
Series 1998 Lease ⁽¹⁾	Series 1994 Project	06/30/2023	Subseries 1998A	230,015,000
	Series 1995 Project		Subseries 1998B	1,800,000
	Series 1998 Project		Series 2006B ⁽¹⁾	21,030,000
Series 1999 Lease	Series 1999 Project	06/30/2025	Series 1999	4,840,000
			Series 2001A	102,190,000
Series 2000-QZAB Lease	Series 2000-QZAB Project	03/31/2012	Series 2000-QZAB	5,318,000
Series 2000 Lease	Series 2000 Project	06/30/2026	Series 2000	1,350,000
			Series 2005A	48,185,000
Series 2001B Lease ⁽¹⁾	Series 2001B Project	06/30/2026	Series 2001B	7,835,000
			Series 2006B ⁽¹⁾	56,870,000
Series 2001-QZAB Lease	Series 2001-QZAB Project	11/06/2015	Series 2001-QZAB	5,172,100
Series 2002 Lease	Series 2002 Project	06/30/2028	Series 2002	63,425,000
Series 2003B Lease	Series 2003B Project	06/30/2029	Series 2003B	72,065,000
Series 2004B Lease	Series 2004B Project	06/30/2026	Series 2004B	53,270,000
Series 2004-QZAB Lease	Series 2004-QZAB Project	06/30/2020	Series 2004-QZAB	3,793,275
Series 2004C Lease	Series 2004C Project	06/30/2030	Series 2004C	86,825,000
Series 2005-QZAB Lease	Series 2005-QZAB Project	12/20/2020	Series 2005-QZAB	2,052,568
Series 2006A Lease	Series 2006A Project	06/30/2031	Series 2006A	86,435,000
Series 2007 Lease	Series 2007 Project	06/30/2031	Series 2007	<u>84,685,000</u>
			Total	\$964,460,943

(1) The Series 2006B Certificates were allocated to the Series 1998 Lease and the Series 2001B Lease.

The rights, title and interest of the Corporation in the Series 2007 Lease Agreement, including the right of the Corporation to receive Basic Rent (herein defined), to use, sell and relet projects and to exercise remedies thereunder, other than its rights to indemnification, its right to enter into additional Lease Schedules and its obligation not to impair the tax status of the Series 2007 Certificates, have been irrevocably assigned by outright assignment to the Trustee pursuant to an Assignment Agreement dated as of April 1, 1994, as amended, and particularly as amended pursuant to a Twentieth Amendment to Assignment of Lease Agreement, dated as of April 1, 2007 (the "Assignment").

The scheduled payment of the principal of and interest on the Series 2007 Certificates, when due, will be insured by an insurance policy to be issued by MBIA Insurance Corporation (the "Insurer") simultaneously with the delivery of the Series 2007 Certificates. See "CERTIFICATE INSURANCE" herein.

The Series 2007 Certificates are being issued to provide funds for the purposes of (i) financing the Series 2007 Project, and (ii) paying certain costs of issuance with respect to the Series 2007 Certificates.

Brief descriptions of the Series 2007 Certificates, the Board, the Corporation, the Series 2007 Lease Agreement, the Trust Agreement, the Assignment and the Ground Lease (as defined herein) are included in this Offering Statement. All references herein to the Series 2007 Certificates, the Board, the Corporation, the Series 2007 Lease Agreement, the Trust Agreement, the Assignment and the Ground Lease are qualified in their entirety by reference to the respective complete documents. Copies of forms of the Trust Agreement, the Series 2007 Lease Agreement, the Assignment and the Ground Lease are attached hereto as Appendices D, E, F and G, respectively. This Offering Statement speaks only as of its date and the information contained herein is subject to change. This Offering Statement is intended to be made available through the office of the Board's Chief Business Officer, 901 East Kennedy Boulevard, 3rd Floor, Tampa, Florida 33602.

The Board has agreed to undertake, for the benefit of Series 2007 Certificate Owners, to provide certain annual financial information and operating data and certain material event notices when and if they occur relating to the District and the Series 2007 Certificates pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended. See "CONTINUING DISCLOSURE" herein.

Unless otherwise indicated, capitalized terms used in this Offering Statement shall have the same meaning established in the documents referenced in the foregoing paragraph. See "Appendix C-DEFINITIONS APPLICABLE TO THE BASIC DOCUMENTS" attached hereto.

AUTHORIZATION

Pursuant to the applicable provisions of Florida law, including particularly Florida Statutes, Chapters 1001, 1010 and 1013, as amended, the Board has the power and authority to enter into transactions such as that contemplated by the Series 2007 Lease Agreement, the Ground Lease, and the Trust Agreement. The Board authorized doing so pursuant to a resolution adopted by the Board on March 13, 2007.

THE SERIES 2007 CERTIFICATES

Form and Denomination

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

The interest component of Basic Rent Payments represented by the Series 2007 Certificates is payable on January 1 and July 1 of each year, commencing July 1, 2007 (each a "Payment Date"). Said interest component shall represent an undivided proportionate interest in a portion of the

Interest Component of Basic Rent Payments due on December 15 and June 15 of each year as set forth in the Series 2007 Lease Agreement, to and including the maturity date of each Series 2007 Certificate, at the rates set forth on the inside cover page hereof. Interest will be paid by check or draft of the Trustee, as Paying Agent and Registrar, mailed on each Payment Date to the Owners of the Series 2007 Certificates listed in the registration books maintained by the Trustee on the fifteenth day of the month (whether or not a business day) next preceding each Payment Date. At the written request and expense of any Owner of at least \$1,000,000 in principal amount of Series 2007 Certificates, interest shall be paid by wire transfer to a bank account located in the continental United States and specified in writing by the Owner thereof at least five (5) days prior to a Payment Date.

The principal amount of the Series 2007 Certificates payable at maturity or upon earlier prepayment thereof shall represent an undivided proportionate interest in a portion of the Principal Component of Basic Rent Payments on each of the dates set forth in the Series 2007 Lease Agreement. The Principal Component of Basic Rent Payments represented by the Series 2007 Certificates is payable to the Owner thereof upon presentation, when due, at maturity or upon earlier prepayment, at the designated corporate trust office of the Trustee in Jacksonville, Florida.

Optional Prepayment

The Series 2007 Certificates maturing on and before July 1, 2017 shall not be subject to prepayment at the option of the Board. The Series 2007 Certificates maturing after July 1, 2017 may be prepaid at the option of the Board from prepayments of Basic Rent made by the Board pursuant to the Series 2007 Lease Agreement, in whole or in part on July 1, 2017 or any date thereafter, and if in part, by lot within a maturity in such manner as may be designated by the Trustee, at a Prepayment Price equal to 100% of the principal amount of the Series 2007 Certificates or portion thereof to be paid, plus accrued and unpaid interest thereon to the optional prepayment date, without premium.

Mandatory Prepayment

The Series 2007 Certificates maturing on July 1, 2031 with an interest rate of 4.75%, are subject to mandatory prepayment prior to maturity in part, from payments of the principal portion of Basic Rent Payments on each July 1 in the years and in the following amounts set forth below at a Prepayment Price of par plus the interest accrued to the Prepayment Date.

<u>July 1 of the Year</u>	<u>Principal Amount</u>
2028	\$4,465,000
2029	4,680,000
2030	4,900,000
2031*	8,950,000

*Final maturity

Extraordinary Prepayment

The Series 2007 Certificates are subject to extraordinary prepayment, in whole or in part, on any Mandatory Prepayment Date (if in part, in any order of maturity as directed by the Board or, in the absence of such direction, in inverse order of maturity and by lot within maturities), without prepayment premium, at the principal amount, together with accrued interest to the Mandatory Prepayment Date, from the Net Proceeds of insurance or condemnation deposited with the Trustee, together with any Supplemental Rent contributed by the Board for such purpose in the event that the Series 2007 Project or any portion thereof has been destroyed, damaged or condemned and the Board has elected not to repair, restore or replace the Series 2007 Project or portion thereof, in an amount equal to (i) in the event that all of the Series 2007 Project has suffered such a loss, damage or destruction, the Principal Component of Basic Rent Payments represented by the Series 2007 Certificates, together with the Interest Component of Basic Rent Payments represented by the Series 2007 Certificates accrued to the Prepayment Date, or (ii) in the event that less than all of the Series 2007 Project has suffered such a loss, damage or destruction, the amount calculated in clause (i) above multiplied by a fraction, the numerator of which is the original Cost of such lost, damaged or destroyed portion of the Series 2007 Project and the denominator of which is the aggregate original Cost of the Series 2007 Project then subject to the Series 2007 Lease Agreement including those items suffering such loss, damage or destruction.

Subsequent to an Event of Non-Appropriation and termination of the Lease Agreement, as provided therein, the Series 2007 Certificates are also subject to extraordinary mandatory prepayment, in whole or in part, on any Mandatory Prepayment Date (if in part, with the prior written consent of the Insurer and, if consented to, in such order of maturities as directed by the Insurer and by lot within a maturity), without redemption premium, at the principal amount, together with accrued interest to the Mandatory Prepayment Date, if and to the extent requested by the Insurer.

With respect to extraordinary prepayments of the Series 2007 Certificates, the Mandatory Prepayment Date shall be the next succeeding Payment Date; provided, however, if such Payment Date occurs within forty (40) days of receipt by the Trustee of the moneys to be used for such prepayment, the Mandatory Prepayment Date shall be the second succeeding Payment Date.

Notice of Prepayment

Notice of prepayment of the Principal Component of Basic Rent Payments represented by any of the Series 2007 Certificates and of prepayment of such Series 2007 Certificates shall be

mailed, postage prepaid, not more than sixty (60) days nor fewer than thirty (30) days prior to the date of prepayment, to the Owners of such Series 2007 Certificates to be prepaid. Such mailing shall not be a condition precedent to such prepayment, and failure to mail any such notice, or any defect in such notice as mailed, shall not affect the validity of the proceeding for the prepayment of Basic Rent Payments represented by any of the Series 2007 Certificates or the prepayment of such Series 2007 Certificates.

Each such notice shall state: (i) the CUSIP numbers of all Series 2007 Certificates being prepaid, (ii) the original issue date of such Series 2007 Certificates, (iii) the maturity date, series and rate of interest borne by each Series 2007 Certificate being prepaid, (iv) the prepayment date, (v) the Prepayment Price, (vi) the date on which such notice is mailed, (vii) if less than all Outstanding Series 2007 Certificates are to be prepaid, the certificate number (and, in the case of a partial prepayment of any Series 2007 Certificate, the principal amount) of each Series 2007 Certificate to be prepaid, (viii) that on such prepayment date, there shall become due and payable upon each Series 2007 Certificate to be prepaid the prepayment price thereof, or the prepayment price of the specified portions of the principal thereof in the case of Series 2007 Certificates to be prepaid in part only, together with interest accrued thereon to the prepayment date, and that from and after such date, interest thereon shall cease to accrue and be payable, (ix) that the Series 2007 Certificates to be prepaid, whether as a whole or in part, are to be surrendered for payment of the Prepayment Price at the designated corporate trust office of the Trustee at an address specified, and (x) the name and telephone number of a person designated by the Trustee to be responsible for such prepayment.

Book-Entry Only System

THE FOLLOWING INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CORPORATION, THE BOARD AND THE UNDERWRITERS BELIEVE TO BE RELIABLE, BUT THE CORPORATION, THE BOARD AND THE UNDERWRITERS TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

DTC will act as securities depository for the Series 2007 Certificates. The Series 2007 Certificates will be registered in the name of Cede & Co. (DTC's partnership nominee). Purchases of beneficial ownership interests in the Series 2007 Certificates will be made in book-entry only form, in the denominations hereinbefore described. Purchasers of beneficial ownership interests in the Series 2007 Certificates ("Beneficial Owners") will not receive Series 2007 Certificate representing their ownership interests in the Series 2007 Certificates, except in the event that use of the book-entry only system for the Series 2007 Certificates is discontinued. One fully registered certificate will be issued for each maturity of the Series 2007 Certificates, and deposited with DTC.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2007 CERTIFICATES, AS NOMINEE OF DTC, REFERENCES IN THIS OFFERING STATEMENT TO THE SERIES 2007 CERTIFICATEHOLDERS OR REGISTERED OWNERS OF THE SERIES 2007 CERTIFICATES SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2007 CERTIFICATES. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP

INTERESTS IN THE SERIES 2007 CERTIFICATES, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2007 CERTIFICATES TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2007 CERTIFICATES, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2007 CERTIFICATES, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2007 CERTIFICATES IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE BOARD NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of 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 and Clearing Corporation ("DTCC"). DTCC, in turn is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers, 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 Standard and Poor's highest rating: AAA. The DTC rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2007 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2007 Certificates on DTC's records. The ownership interest of each actual purchaser of each Series 2007 Certificate (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2007 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 beneficial interests in the Series 2007 Certificates, except in the event that use of the book-entry system for the Series 2007 Certificates is discontinued.

To facilitate subsequent transfers, all Series 2007 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 2007 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 2007 Certificates. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2007 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. Redemption notices shall be sent to DTC. If less than all of the Series 2007 Certificates are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series 2007 Certificates, as the case may be, to be redeemed.

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

Principal and interest payments on the Series 2007 Certificates will be made to DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct or Indirect 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 Direct or Indirect Participants and not of DTC or the Trustee, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Trustee for the Series 2007 Certificates. Disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2007 Certificates at any time by giving reasonable notice to the Board. Under such

circumstances, in the event that a successor securities depository is not obtained, certificates are required to be printed and delivered.

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

Refunding Certificates

Refunding Certificates may be issued under and secured by the Trust Agreement, at any time or times, for the purposes of (i) providing funds for refunding part or all of the Series 2007 Certificates at or prior to their maturity or maturities, including the payment of any Prepayment Premium thereon and interest which will accrue on such Certificates to their date of payment, (ii) making a deposit, as necessary, to the subaccount of the Reserve Account which shall secure such Refunding Certificates, and (iii) paying the Costs of Issuance relating to said Refunding Certificates.

In order to issue Refunding Certificates, the Trustee must have received, among other items, a report of a certified public accountant or firm of certified public accountants verifying the mathematical accuracy of calculations supplied by the Board, or its designee, that the proceeds of such Refunding Certificates plus any other moneys available for such purpose, including investment earnings, shall be not less than an amount sufficient to pay the principal of and the Prepayment Premium, if any, on the Series 2007 Certificates to be refunded and the Interest Component of the Basic Rent represented by such Certificates which will accrue thereon to the prepayment date or maturity dates applicable thereto.

Other than for amounts required to pay Costs of Issuance or to make deposits to the appropriate subaccount of the Reserve Account, the proceeds of such Refunding Certificates and any other moneys received by the Trustee for such purpose, shall be held by the Trustee or other designated fiduciary in a special fund appropriately designated, to be held in trust for the sole and exclusive purpose of paying the principal of and Prepayment Premium, if any, on the Series 2007 Certificates to be refunded and the Interest Component of the Basic Rent represented by such Certificates, all as provided in the Trust Agreement. The Refunding Certificates shall be secured in the same manner and from the same Pledged Accounts as the Certificates to be refunded in accordance with the terms of the Trust Agreement.

Additional Certificates and Other Indebtedness

Additional Certificates may be issued under the Trust Agreement, in addition to the Series 2007 Certificates and the Prior Certificates, to finance additional Projects under the Master Lease. See "SECURITY FOR THE SERIES 2007 CERTIFICATES - Additional Series of Certificates" herein. The Series 2007 Certificates constitute Additional Certificates under the Trust Agreement.

In addition to Additional Certificates issued under the Master Lease, the Board may also issue indebtedness or other obligations which are not in connection with the Master Lease secured by any of its Available Revenues without the consent of the Owners of the Series 2007 Certificates. The incurrence of such indebtedness or other obligations may affect the Board's obligations to make

Lease Payments under the Master Lease. Failure of the Board to appropriate Available Revenues for all Lease Payments under the Master Lease would not necessarily impair the Board's right to appropriate revenues to make payments for obligations which are not connected to the Master Lease.

SECURITY FOR THE SERIES 2007 CERTIFICATES

Master-Lease Aspects

The Master Lease contemplates that the relationship between the Board and the Corporation will be a continuing one, that Projects in addition to the Prior Projects and the Series 2007 Project may be added to the Master Lease from time to time, and that Additional Certificates in addition to the Series 2007 Certificates will be issued under the Trust Agreement in connection with such Projects. The Board has previously entered into the Prior Leases as described under the heading "INTRODUCTION".

The owners of the Series 2007 Certificates shall have no claim against, nor receive any benefits from, any portion of the Trust Estate derived from the sale, reletting or other disposition of Projects, other than the Series 2007 Project (except for Designated Equipment) or any cash, securities or investments in the Pledged Accounts, other than the Series 2007 Pledged Accounts; provided, however that certain portions of the facilities constituting the Series 2007 Project leased under the Series 2007 Lease Agreement are also secured, on a proportionate basis by the Series 2004C Lease Agreement and/or the Series 2006A Lease Agreement. Any proceeds from the sale, reletting or other disposition of such facilities shall be applied, on a proportionate basis (based on the dollar amount of such facilities financed under each such lease) to the payment of the then outstanding Series 2004C Certificates, the Series 2006A Certificate and the Series 2007 Certificates. See "SECURITY FOR THE SERIES 2007 CERTIFICATES - Lease Payment Fund" and "-Additional Series of Certificates."

Limited Obligation of the Board

The obligation of the Board to make Lease Payments, which includes Basic Rent and Supplemental Rent under the Series 2007 Lease Agreement, is a limited and special obligation, payable solely from moneys specifically appropriated by the Board for such purpose from the Board's Available Revenues (hereinafter defined). There shall be credited, against such obligation, moneys, if any, on deposit with the Trustee in certain accounts pledged under the Trust Agreement and from amounts, if any, realized from the exercise of remedies with respect to the Series 2007 Project (other than Designated Equipment) by the Trustee on behalf of Certificate Owners. Such Basic Rent is subject to annual appropriation by the Board and the Series 2007 Lease Agreement shall be terminated upon the occurrence of an Event of Non-Appropriation. An "Event of Non-Appropriation" will occur if the Board does not approve a tentative Budget and a final Budget in accordance with State law which appropriates sufficient funds from Available Revenues to continue paying Basic Rent in full for all Projects (including the Prior Projects and the Series 2007 Project) leased under the Master Lease beyond the end of such Initial Lease Term or Renewal Lease Term for the following Renewal Lease Term. The Lease Term shall be deemed renewed pending

the enactment of the final Budget and the Board shall be liable for any Basic Rent and other obligations under the Master Lease coming due during such period but only if the tentative Budget and the final Budget makes available to the Board moneys which may be legally used to pay the Basic Rent and pay such other obligations coming due during such period. Upon the occurrence of an Event of Non-Appropriation, the Board will not be obligated to pay Basic Rent for the Series 2007 Lease Agreement and any other obligations accruing beyond the then current Fiscal Year.

While the Board is not legally obligated to do so, it has represented in the Master Lease that it is its present intent to continue the Series 2007 Lease Agreement with respect to the Series 2007 Project for the Maximum Lease Term (ending June 30, 2031). Subject to the right of non-appropriation, the Board has agreed in the Master Lease to take such action as may be necessary to include all Basic Rent due under the Master Lease as a separately stated line item in its Budget and to appropriate in each Fiscal Year from Available Revenues an amount necessary to pay the Basic Rent due in such Fiscal Year.

"Available Revenues" means the moneys and revenues of the Board legally available under the Act to pay the Basic Rent. Available Revenues may include, but are not limited to, Capital Outlay Millage, Florida Public Education Capital Outlay ("PECO") funds (but only for the Principal Component of Basic Rent), and Florida Education Finance Program ("FEFP") funds as each is further described below. See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS" herein.

The Board may issue indebtedness which is not in connection with the Master Lease secured by any of its Available Revenues without the consent of the Owners of the Series 2007 Certificates. The incurrence of such indebtedness by the Board may adversely affect the Board's ability to pay Basic Rent under the Master Lease.

BASIC RENT AND, CONSEQUENTLY, THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST ARE PAYABLE SOLELY FROM THE BOARD'S AVAILABLE REVENUES, AND NEITHER THE CORPORATION, THE BOARD, THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA (THE "DISTRICT"), HILLSBOROUGH COUNTY, FLORIDA (THE "COUNTY"), THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY ANY SUMS DUE UNDER THE SERIES 2007 LEASE AGREEMENT EXCEPT FROM AVAILABLE REVENUES APPROPRIATED FOR SUCH PURPOSE. BASIC RENT IS SUBJECT TO ANNUAL APPROPRIATION BY THE BOARD AND THE BOARD MUST BUDGET AND APPROPRIATE FOR ALL PROJECTS OR NONE OF THEM. THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST AND THE PAYMENTS DUE FROM THE BOARD UNDER THE SERIES 2007 LEASE AGREEMENT AND THE CONTRACTUAL OBLIGATIONS OF THE BOARD UNDER THE SERIES 2007 LEASE AGREEMENT DO NOT CONSTITUTE A GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE CORPORATION, THE BOARD, THE DISTRICT, THE COUNTY, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. THE ISSUANCE OF THE SERIES 2007

CERTIFICATES WILL NOT DIRECTLY OR INDIRECTLY OBLIGATE THE CORPORATION, THE BOARD, THE DISTRICT, THE COUNTY, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, TO LEVY OR TO PLEDGE ANY FORM OF AD VALOREM TAXATION WHATSOEVER THEREFOR AND THE OWNERS OF THE SERIES 2007 CERTIFICATES WILL HAVE NO RECOURSE TO THE POWER OF AD VALOREM TAXATION OF THE BOARD OR ANY OTHER GOVERNMENTAL ENTITY.

THE BOARD IS NOT OBLIGATED TO APPROPRIATE AVAILABLE REVENUES TO PAY BASIC RENT. IF, FOR ANY FISCAL YEAR, THE BOARD DOES NOT APPROVE A BUDGET WHICH APPROPRIATES SUFFICIENT AVAILABLE REVENUES (WITHOUT REGARD TO ANY CREDITS FROM EARNINGS ON AMOUNTS HELD IN THE FUNDS AND ACCOUNTS ESTABLISHED UNDER THE TRUST AGREEMENT) IN A LINE ITEM SPECIFICALLY IDENTIFIED FOR PAYMENT OF ITS OBLIGATIONS UNDER THE MASTER LEASE, SUCH FAILURE SHALL CONSTITUTE AN EVENT OF NON-APPROPRIATION AND THE MASTER LEASE SHALL TERMINATE AS OF THE LAST DAY OF THE THEN INITIAL LEASE TERM OR THE LAST RENEWAL LEASE TERM FOR WHICH AVAILABLE REVENUES HAVE BEEN BUDGETED AND APPROPRIATED AND THE BOARD WILL NOT BE OBLIGATED TO PAY ANY BASIC RENT ACCRUING OR ARISING BEYOND SUCH LAST DAY. IN SUCH EVENT, THE BOARD IS REQUIRED TO SURRENDER USE, POSSESSION AND CONTROL OF ALL PROJECTS (OTHER THAN DESIGNATED EQUIPMENT) LEASED UNDER THE MASTER LEASE, INCLUDING THE PRIOR PROJECTS AND THE SERIES 2007 PROJECT, TO THE TRUSTEE.

Uniform Commercial Code

The Series 2007 Certificates will have all the qualities and incidents of an investment security under the Uniform Commercial Code-Investment Securities Law of the State and are exempt from the provisions of the uniform commercial code relating to secured transactions.

Lease Payment Fund

The Trust Agreement provides for the establishment and maintenance of a single Lease Payment Fund, with a Principal Account and an Interest Account for deposit of Basic Rent Payments appropriated and paid under the Master Lease. With certain limited exceptions, separate subaccounts within the Principal Account and the Interest Account will be established upon the issuance of each additional series of Certificates under the Trust Agreement. Basic Rent due under all Lease Schedules to the Master Lease is subject to annual appropriation by the Board on an all-or-none basis and is payable on a parity basis solely from Available Revenues; provided that (i) Basic Rent with respect to a particular Lease Schedule and Series of Certificates may be additionally and separately secured by a Credit Facility or insurance policy, and (ii) Owners of various Series of Certificates are not on a parity as to the amounts in the separate subaccounts established in the Lease Payment Fund with respect to a particular series. The Series 2007 Project is just one of a series of Projects financed under the Master Lease. There is no limit on the number of additional Projects that may be financed thereunder. The Board may enter into additional schedules from

time to time, without limitation, for the lease purchase financing of additional Projects. Such additional Projects may be financed through the sale of additional series of Certificates under the Trust Agreement. THE BOARD MAY NOT BUDGET AND APPROPRIATE BASIC RENT FOR A PORTION OF THE PROJECTS LEASED UNDER THE MASTER LEASE; IT MUST BUDGET AND APPROPRIATE 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.

Certificate Insurance

The scheduled payment of the principal of and interest on the Series 2007 Certificates, when due, will be insured by an insurance policy (the "Bond Insurance Policy") to be issued by the Insurer simultaneously with the delivery of the Series 2007 Certificates. See "CERTIFICATE INSURANCE" herein.

Flow of Funds

Pursuant to the Trust Agreement, the following funds and accounts were established:

- (1) the "School Board of Hillsborough County, Florida Master Lease Project Fund" (the "Project Fund"), which shall consist of a Project Account and a Costs of Issuance Account;
- (2) the "School Board of Hillsborough County, Florida Master Lease Payment Fund" (the "Lease Payment Fund"), which shall consist of a Principal Account and an Interest Account;
- (3) the "School Board of Hillsborough County, Florida Master Lease Prepayment Fund" (the "Prepayment Fund"); and
- (4) the "School Board of Hillsborough County, Florida Master Lease Rebate Fund" (the "Rebate Fund").

Series subaccounts have been or will be established within the Principal Account, Interest Account, Project Account, Costs of Issuance Account and Prepayment Fund for each Series of Certificates.

Basic Rent Payments paid to the Trustee, as assignee of the Corporation pursuant to the Master Lease and the Assignment, shall be deposited as received by the Trustee in the Lease Payment Fund and applied by the Trustee in the following manner and in the following order of priority:

- (i) There shall be deposited to the subaccount of the Interest Account established for the payment of each Series of Certificates the Interest Component of Basic Rent made with respect to such Series of Certificates. Moneys in each subaccount of the Interest Account shall be used to pay the interest on the Series of Certificates for which it was established as and when the same become due, whether by prepayment or otherwise, and for no other purpose. The deposits to be made to the subaccount of the Interest Account established for the payment of each Series of Certificates

shall be sufficient to accumulate moneys therein equal to the interest coming due on such Series of Certificates on the next succeeding Payment Date. Thereafter, no further deposit need be made.

(ii) There shall be deposited to the subaccount of the Principal Account established for the payment of each Series of Certificates the Principal Component of Basic Rent made with respect to such Series of Certificates. Moneys in each subaccount of the Principal Account shall be used to pay the principal and Amortization Installments on the Series of Certificates for which it was established as and when the same become due, whether by prepayment or otherwise, and for no other purpose. The deposits to be made to the subaccount of the Principal Account established for the payment of each Series of Certificates shall be sufficient to accumulate moneys therein equal to the principal and Amortization Installments coming due on such Series of Certificates on the next succeeding principal Payment Date. Thereafter, no further deposit need be made.

Defaults and Remedies

Upon the occurrence of an Event of Default under the Trust Agreement (which includes the occurrence of an "Event of Default" or "Event of Non-Appropriation" under the Master Lease unless the Master Lease "Event of Default" has been remedied or waived), the Trustee is entitled to and, upon direction of the Owners of not less than a majority in aggregate principal of the Certificates then Outstanding and the Insurer of such Certificates (if such Insurer is not in payment default under its municipal bond insurance policy), or, in lieu thereof, the Insurer of such Certificates is required to, exercise a variety of remedies including, without limitation, any one or more of the following: (1) declare the principal of all Certificates of a Series due and payable (but only if the Master Lease has been terminated); (2) protect and enforce its rights and the rights of the Owners under the Trust Agreement, Master Lease or Ground Lease(s); and (3) take possession of the Projects, including the Series 2007 Project (other than Designated Equipment), and sell, re-let or otherwise dispose of the leasehold estate of the Corporation in the Projects, or any portion thereof.

Additional Series of Certificates

Additional Series of Certificates, in addition to the Series 2007 Certificates and the Prior Certificates, may be issued under the Trust Agreement without the consent of the Owners of the Series 2007 Certificates for the purpose of funding the costs of new or additional Projects. Proceeds of an additional Series of Certificates may also be used for the purpose of capitalizing interest on such Series of Certificates, and paying the costs of issuance applicable thereto. The number of Series of Certificates that may be created under the Trust Agreement is not limited. The aggregate principal amount of each Series of Certificates which may be issued, authenticated and delivered under the Trust Agreement is not limited except as set forth in the related Lease Schedule specifying the details of such Series.

Completion Certificates and Refunding Certificates may also be issued under the Trust Agreement without the consent of the Owners of the Series 2007 Certificates. See "THE SERIES 2007 CERTIFICATES OF PARTICIPATION - Refunding Certificates" herein.

Interest Rate Exchange Agreements

In connection with the issuance of the Subseries 1998A Certificates, the Board entered into an ISDA Master Agreement between UBS AG ("UBS") and the Board (together with all schedules and confirmations thereto, the "1998 Interest Rate Exchange Agreement"), dated February 19, 2003 as amended pursuant to an Amendment to Interest Rate Swaption dated April 19, 2005. In exchange for an upfront payment from UBS to the Board, the Board granted UBS the option to put the District into a synthetic fixed payer swap. If the option is exercised and the swap commences, the Board will pay UBS a fixed rate of interest on an amortizing notional amount of \$109,830,000. In return, UBS will pay the Board a variable rate based on The Bond Market Association Municipal Swap Index ("BMA Index"), provided by Municipal Market Data, a Thompson Financial Company. The 1998 Interest Rate Exchange Agreement contains five dates on which the option may be exercised.

In addition the Board entered into an ISDA Master Agreement with Royal Bank of Canada, New York ("RBC") (together with all schedules and confirmations thereto, the "2004 Interest Rate Exchange Agreement"), dated November 29, 2004. Pursuant to the terms of the 2004 Interest Rate Agreement, the Board has agreed to make a fixed rate payment equal to 3.736% per annum on a notional amount of \$29,750,000 and RBC will pay a variable rate based on the BMA Index. The termination date for the 2004 Interest Rate Exchange Agreement is December 7, 2014.

Payments made by the Board under the 1998 Interest Rate Exchange Agreement and the 2004 Interest Rate Exchange Agreement, together with payments due under any similar agreement entered into by the Board in the future, constitute or would constitute Additional Lease Payments under the Master Lease secured by the Lease to which the notional amount relates (i.e. in the case of the 1998 Interest Rate Exchange Agreement, the Series 1998 Lease Agreement and in the case of the 2004 Interest Rate Exchange Agreement, the Series 2004C Lease). If a termination event were to occur under such agreements the Board may be confronted with the need to appropriate a significant termination payment or payments within a single fiscal year. Such an obligation could have a material adverse effect on the Board's ability to make Lease Payments.

CERTIFICATE INSURANCE

The following information has been furnished by MBIA Insurance Corporation for use in this Offering Statement. Reference is made to APPENDIX I attached hereto for a specimen of the Certificate Insurance Policy.

The Insurer does not accept any responsibility for the accuracy or completeness of this Offering Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Policy and the Insurer set forth under the heading "CERTIFICATE INSURANCE". Additionally, the Insurer makes no representation regarding the Series 2007 Certificates or the advisability of investing in the Series 2007 Certificates.

The Insurer's Certificate Insurance Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Board to the Trustee or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Series 2007 Certificates as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional prepayment or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Insurer's Certificate Insurance Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration unless the Insurer elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Series 2007 Certificates pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

The Insurer's Certificate Insurance Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Series 2007 Certificate. The Insurer's Certificate Insurance Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory prepayments (other than mandatory sinking fund prepayments); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Series 2007 Certificates upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Insurer's Certificate Insurance Policy also does not insure against nonpayment of principal of or interest on the Series 2007 Certificates resulting from the insolvency, negligence or any other act or omission of the Trustee or any other paying agent for the Series 2007 Certificates.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Trustee or any owner of a Series 2007 Certificate the payment of an insured amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Series 2007 Certificates or presentment of such other proof of ownership of the Series 2007 Certificates, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Series 2007 Certificates as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Series 2007 Certificates in any legal proceeding related to payment of insured amounts on the Series 2007 Certificates, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Trustee payment of the insured amounts due on such Series 2007 Certificates, less any amount held by the Trustee for the payment of such insured amounts and legally available therefor.

MBIA Insurance Corporation

The Insurer is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against the Insurer. The Insurer is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. The Insurer has three branches, one in the Republic of France, one in the Republic of Singapore and one in the Kingdom of Spain.

The principal executive offices of the Insurer are located at 113 King Street, Armonk, New York 10504 and the main telephone number at that address is (914) 273-4545.

Regulation

As a financial guaranty insurance company licensed to do business in the State of New York, the Insurer is subject to the New York Insurance Law which, among other things, prescribes minimum capital requirements and contingency reserves against liabilities for the Insurer, limits the classes and concentrations of investments that are made by the Insurer and requires the approval of policy rates and forms that are employed by the Insurer. State law also regulates the amount of both the aggregate and individual risks that may be insured by the Insurer, the payment of dividends by the Insurer, changes in control with respect to the Insurer and transactions among the Insurer and its affiliates.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Strength Ratings of MBIA

Moody's Investors Service, Inc. rates the financial strength of the Insurer "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of the Insurer "AAA."

Fitch Ratings rates the financial strength of the Insurer "AAA."

Each rating of the Insurer should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of the Insurer and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Series 2007 Certificates, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Series 2007 Certificates. The Insurer does not guaranty the market price of the

Series 2007 Certificates nor does it guaranty that the ratings on the Series 2007 Certificates will not be revised or withdrawn.

MBIA Financial Information

As of December 31, 2005, MBIA had admitted assets of \$11.0 billion (audited), total liabilities of \$7.2 billion (audited), and total capital and surplus of \$3.8 billion (audited), each as determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of December 31, 2006, MBIA had admitted assets of \$10.9 billion (unaudited), total liabilities of \$6.9 billion (unaudited), and total capital and surplus of \$4.0 billion (unaudited), each as determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

For further information concerning MBIA, see the consolidated financial statements of MBIA and its subsidiaries as of December 31, 2006 and December 31, 2005 and for each of the three years in the period ended December 31, 2006, prepared in accordance with generally accepted accounting principles, included in the Annual Report on Form 10-K of the Company for the year ended December 31, 2005 and the consolidated financial statements of MBIA and its subsidiaries as of December 31, 2006, which are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Copies of the statutory financial statements filed by the Insurer with the State of New York Insurance Department are available over the Internet at the Company's web site at <http://www.mbia.com> and at no cost, upon request to the Insurer at its principal executive offices.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the Securities and Exchange Commission (the "SEC") are incorporated by reference into this Offering Statement:

- (1) The Company's Annual Report on Form 10-K for the year ended December 31, 2006.

Any documents, including any financial statements of the Insurer and its subsidiaries that are included therein or attached as exhibits thereto, filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the Company's most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K/A, and prior to the termination of the offering of the Series 2007 Certificates offered hereby shall be deemed to be incorporated by reference in this Offering Statement and to be a part hereof from the respective dates of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Offering Statement, shall be deemed to be modified or superseded for purposes of this Offering Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or

superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the Company's SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2006, and (2) the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2006, June 30, 2006 and September 30, 2006 are available (i) over the Internet at the SEC's web site at <http://www.sec.gov>; (ii) at the SEC's public reference room in Washington, D.C.; (iii) over the Internet at the Company's web site at <http://www.mbia.com>; and (iv) at no cost, upon request to MBIA at its principal executive offices.

The insurance provided by this policy is not covered by the Florida Insurance Guaranty Association created under chapter 631, Florida Statutes.

There can be no assurances that payments made by the Insurer representing interest on the Series 2007 Certificates will be excluded from gross income, for federal tax purposes, in the event of nonappropriation by the Board.

THE INFORMATION RELATING TO THE INSURER CONTAINED ABOVE HAS BEEN FURNISHED BY THE INSURER. NO REPRESENTATION IS MADE BY THE BOARD OR THE UNDERWRITER 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. NEITHER THE BOARD NOR THE UNDERWRITER HAS MADE ANY INVESTIGATION INTO THE FINANCIAL CONDITION OF THE INSURER, AND NO REPRESENTATION IS MADE AS TO THE ABILITY OF THE INSURER TO MEET ITS OBLIGATIONS UNDER THE CERTIFICATE INSURANCE POLICY.

RISK FACTORS

The purchaser of the Series 2007 Certificates is subject to certain risks. Each prospective investor in the Series 2007 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 2007 Certificates to an extent that cannot be determined.

Annual Right of the Board to Terminate the Lease Agreement

Although the Board has determined in the Master Lease that the Series 2007 Project is necessary to its operations and currently intends to continue the Series 2007 Lease Agreement with respect to the Series 2007 Project for the Maximum Lease Term thereof and has covenanted in the Series 2007 Lease Agreement that the Superintendent will include a sufficient amount in the tentative Budget and final Budget to enable the Board to make the Basic Rent due in each Fiscal Year, the Board is not required to appropriate funds to pay Basic Rent. If for any Fiscal Year the Board does not approve a tentative Budget and a final Budget which appropriates sufficient funds from Available Revenues in a line item specifically identified for payment of its obligations under

the Master Lease, the Master Lease shall terminate as of the last day of the then Initial Lease Term or last Renewal Lease Term for which moneys have been budgeted and appropriated with respect to the Series 2007 Project and all other Projects financed thereunder, and the Board will not be obligated to make Basic Rent accruing or arising thereafter, and the Board shall be required to surrender use, possession and control of the Series 2007 Project (other than the Designated Equipment) and all other Projects to the Trustee within sixty (60) Business Days.

The likelihood that the Series 2007 Lease Agreement will be terminated as the result of an Event of Non-Appropriation is dependent upon certain factors that are beyond the control of the Certificate Owners, including the continuing future utility of the Series 2007 Project and Prior Projects to the Board and changes in population or demographics within the County.

No Right of Certificate Owners to Direct Remedies

Termination of the Master Lease will not result in termination of the insurance policy issued by the Insurer. Unless the Insurer is in default of its payment obligations under such policy, the Insurer is entitled to control and direct any of the rights or remedies of the Trustee including the right to direct the Trustee as to whether or not to re-let or sell the Series 2007 Project. The Insurer may elect, subsequent to the termination of the Series 2007 Lease Agreement, to accelerate the maturity of all of the outstanding Series 2007 Certificates then outstanding, in which case the Principal Component and the Interest Component of the Basic Rent Payments represented by the Series 2007 Certificates shall become due and payable immediately. If the Insurer does not elect to accelerate the maturity of all Series 2007 Certificates outstanding, it has an obligation to continue to make payments to Certificate Owners in accordance with the original schedule of Basic Rent Payments represented by the Series 2007 Certificates. However, the Insurer has no fiduciary responsibility to the Certificate Owners with respect to the direction of such remedies and has no obligation to preserve the exclusion from gross income for federal income tax purposes of amounts paid to Certificate Owners by the Insurer and designated as interest.

Limitation Disposition; Ability to Sell or Relet

Following an Event of Default under the Trust Agreement (which includes an Event of Non-Appropriation or Event of Default under the Master Lease), the Trustee may take possession of all or a portion of the Series 2007 Project (other than Designated Equipment). However, due to the governmental nature of the Series 2007 Project, it is not certain whether a court would permit the exercise of the remedies to sell, relet or dispose of the Series 2007 Project. Also, there is no assurance that the Trustee will be able to sell, relet or dispose of the components of the Series 2007 Project or that the Owners of the Series 2007 Certificates will obtain payment of all or any portion of the Principal Component or Interest Component thereof upon an Event of Default under the Trust Agreement.

Tax Exempt Status

Upon termination of the Master Lease, there is no assurance that payments made by the Trustee or the Insurer with respect to the Series 2007 Certificates and designated as interest will be

excludable from gross income for federal income tax purposes or that the ownership or disposition of the Series 2007 Certificates will not be subject to Florida's intangible personal property tax. See "TAX EXEMPTION" herein.

Applicability of Securities Laws

In the event of the termination of the Master Lease, the transfer of a 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 2007 Certificates will not be impaired following termination of the Master Lease.

Capital Outlay Millage

The amount which can be realized by the Board derived from the levy of the Capital Outlay Millage (hereinafter described), the Board's primary source of repayment of the Series 2007 Certificates, can be affected by a variety of factors not within the Board's control including, without limitation, fluctuations in the assessed valuation of the property within the County and the amount of general business activity, growth and new construction which occurs within the County. There can, therefore, be no assurances that such revenues will not decrease in the event that such growth and new construction, for whatever reason, decreases or ceases altogether within the County. See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS" herein and "APPENDIX A--GENERAL INFORMATION RELATING TO HILLSBOROUGH COUNTY, FLORIDA" attached hereto.

Additional Lease Schedules

The Board may enter into other Lease Schedules in addition to Amended and Restated 1996 Lease Schedule, Second Amended and Restated Lease Schedule No. 1998, Amended Lease Schedule No. 1999, Lease Schedule 2000-QZAB, Amended and Restated Lease Schedule No. 2000, Amended and Restated Lease Schedule No. 2001B, Lease Schedule No. 2001-QZAB, Lease Schedule No. 2002, Lease Schedule No. 2003B, Lease Schedule No. 2004B, Lease Schedule No. 2004-QZAB, Lease Schedule No. 2004C, Lease Schedule No. 2005-QZAB, Lease Schedule No. 2006A and Lease Schedule No. 2007. Failure to appropriate funds to pay Basic Rent under any such Lease Schedules will, or an event of default under any such Lease Schedules, may result in the termination of all Lease Schedules, including Lease Schedule No. 2007. Upon any such termination of all Lease Schedules, the Board must surrender all Projects (other than Designated Equipment), including the Series 2007 Project, to the Trustee for sale or lease. The proceeds of any such disposition of Projects will be applied to the payment of the applicable Certificates. In no event will owners of the Series 2007 Certificates have any interest in or right to any proceeds of the disposition of facilities financed with the proceeds of another Series of Certificates, except for the Series 2007 Project, provided, however, that certain portions of the facilities leased under the Series 2007 Lease Agreement are also secured, on a proportionate basis, by the Series 2004C Lease Agreement and/or the Series 2006A Lease Agreement as described herein. In the event of a disposition of such facilities, the proceeds thereof shall be applied, on a proportionate basis (based on the dollar amount of such facilities financed under each such lease agreement) to payment to the holders of the then

outstanding Series 2004A Certificates, Series 2006A Certificates and Series 2007 Certificates. In no event will Series 2007 Certificate holders have any interest in or rights to Designated Equipment. There can be no assurance that the remedies available to the Trustee upon any such termination of all Lease Schedules and the disposition of the Series 2007 Project will produce sufficient amounts to pay the Series 2007 Certificates.

Additional Indebtedness

The Board may issue additional indebtedness other than in connection with the Master Lease secured by or payable from available revenues without the consent of the Owners of the Series 2007 Certificates. Incurring such additional indebtedness may adversely affect the Board's ability to make Lease Payments under the Master Lease.

Constitutional Amendments

In the November 5, 2002 general election, the voters of the State of Florida approved two amendments to the State Constitution that may affect the District's operations. Amendment 9 to the State Constitution requires that the State Legislature provide funding for sufficient classrooms so that class sizes can be reduced to certain constitutionally mandated class size maximums by the beginning of the 2010 school year. Senate Bill 0030-A relating to the implementation of Amendment 9 was passed by the Florida Legislature during the 2003 special legislative session and signed into law on June 9, 2003. Amendment 9 and Section 1003.03, Florida Statutes, which implements Amendment 9, 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. These maximums must be implemented by the beginning of the 2010 school year. School districts that presently exceed these class size maximums are required to reduce the average number of students per class in each of these grade groupings by at least two students each year, beginning with the 2003-2004 fiscal year.

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

The Class Size Legislation requires each school board to consider implementing various policies and methods to meet these constitutional class sizes, including encouraging dual enrollment courses, encouraging the Florida Virtual School, maximizing instructional staff, reducing construction costs, using joint-use facilities, implementing alternative class scheduling, redrawing attendance zones, implementing evening and multiple sessions and implementing year-round and non-traditional calendars. Failure to reduce class sizes by at least two students each year until the constitutional maximum is met may result in transfer of class size reduction operating funds to fixed capital outlay appropriations, required implementation of year-round schools,

double sessions, extended school year or rezoning, implementation of a state-mandated constitutional compliance plan or withholding of various State funds.

The District currently complies with the constitutional class size maximums for the fiscal year ending June 30, 2007. There can be no assurances that the District will be able to further reduce its class size in the manner and at the times mandated by the Class Size Legislation. While the Class Size Legislation suggests that the State Legislature, and not local school districts, is generally responsible for the cost of compliance, it is uncertain what effect implementation might have upon the District. There can be no assurance that the State Legislature will provide funds sufficient to meet the capital and facility needs of the District required by the Class Size Legislation. Further, there can be no assurance that the District will have funds sufficient to meet the capital and facility needs of the District required by the Class Size Legislation or that compliance therewith will not adversely affect other capital needs and operating costs of the District.

In the November 5, 2002 general election, the voters of the State of Florida also approved Amendment 8 to the State Constitution which provides that every 4-year old child in the State shall be offered a free, high quality pre-kindergarten learning opportunity by the State no later than the 2005 school year. In furtherance thereof, Part V, Chapter 1002, Florida Statutes, created a voluntary universal pre-kindergarten education program for four-year olds. Such statutes provide State funding for the pre-kindergarten programs. There can be no assurance that the State Legislature will provide funds sufficient to meet the capital and facility needs of the District required by Amendment 8 and Part V, Chapter 1002, Florida Statutes. Further, there can be no assurance that the District will have funds sufficient to meet the capital and facility needs of the District required by Amendment 8 and Part V, Chapter 1002, Florida Statutes or that compliance therewith will not adversely affect other capital needs and operating costs of the District.

Recent Legislative Initiatives

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

Several legislative bills regarding ad valorem taxation have been filed for the 2007 Florida Legislative Session. The provisions of certain of these bills would increase the homestead exemption from \$25,000 to \$50,000, extend the Save Our Homes assessment cap of three percent (3%) on homestead properties to certain non-homestead properties, change assessment methods for non-residential properties, cap local government expenditures and/or permit homeowners to transfer all or a portion of their existing Save Our Homes assessment cap to a new homesteaded property (also known as "portability"). The filed portability proposals include a variety of limitations, such as seniors only, one-time portability, or intra-county portability. The Governor's Tax Reform Plan includes full portability, extension of Save Our Homes to all non-residential property, doubling the homestead exemption and exempting small business from tangible personal

property taxes. Several of the introduced bills include portions of the Governor's Tax Reform Plan. It is anticipated that amendments to such bills will be introduced that could include other portions of the Governor's Plan.

The leadership in the Florida House of Representatives filed its ad valorem tax reform proposals early in this legislative session. The reform plan is two-part: (1) roll back ad valorem tax rates to the 2001 rates, adjusting for the Consumer Price Index to account for inflation; and (2) a constitutional amendment allowing local option repeal of property tax on homestead properties replaced by a 2.5 percent sales tax increase. While the second part has stalled in the House, the rollback provisions have passed three committees and are expected to be heard by the full House during the week of March 18, 2007. Ad valorem levies to support school districts are currently omitted from the bill and would not be rolled back. Portions of the proposed legislation, if adopted, would also require amendment of the State Constitution through approval of the voters of the State.

It is impossible to predict whether all or any of such legislation will be enacted during this legislative session or in the future or whether certain of the amendments will be approved by voters and what effect, if any, such legislation or approval will have on the District's finances.

No Reserve Account

No reserve account has been established for the Series 2007 Certificates.

Budget Constraints

As discussed under "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS," the District receives a substantial portion of its operational and capital revenues from State sources.

Severe constraints may be placed on the District's budget due to diminishing revenues being derived from current sources. The Florida Legislature has been reluctant to create new sources of revenues through the levy of new taxes or the elimination of certain exemptions from the payment of sales taxes, the primary source of State revenues.

Property and Casualty Insurance

Many governmental entities including school districts in the State of Florida are facing substantial increases in property and casualty insurance premiums for insurance policies which include substantial increases in deductibles and limitations on coverage. No assurances can be given that property and casualty insurance coverage may be obtained which will insure for the full replacement value of the Board's facilities including the facilities leased under its Lease Agreement Program. The Board is currently unable to insure such full replacement value.

The Board has covenanted in the Lease Agreement, subject to the requirements of State law, to procure and maintain insurance against loss or damage to any part of the Projects by fire or lightning, with extended coverage and vandalism and malicious mischief insurance. Such extended coverage insurance will, as nearly as practicable, also cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered

by such insurance. The Lease Agreement requires that such insurance be in an amount equal to the lesser of (i) one hundred percent (100%) of the replacement cost of the Projects, (ii) the Principal Component of the Basic Rent Payments then remaining unpaid, (iii) the amount of \$75,000,000 per occurrence or, (iv) such lesser amount as is available at commercially reasonable costs, as set forth in a Certificate of an Insurance Consultant filed with the Board, the Trustee and the Credit Enhancer. Such insurance may be subject to deductible clauses not to exceed \$250,000 in the aggregate for any one loss or, in the case of windstorm damage, two percent (2%) of the replacement cost.

THE MASTER LEASED PROJECTS

The Series 2007 Project will be financed under the Board's existing Master Lease Purchase Program (the "Master Lease Program") with the Corporation pursuant to the Master Lease. The Projects financed by the Board under the Master Lease Program are subject to annual appropriation on an all or none basis. Upon completion of certain Prior Projects not yet completed and the Series 2007 Project, the District will have 225 schools of which 51 complete schools and classroom additions to 39 schools and certain related facilities are expected to be subject to the Master Lease Program. Based on the District's full time equivalent enrollment as of February 13, 2007 of approximately 190,207 students, approximately 33% of the District's students will attend classes in facilities leased under the Master Lease (including the Series 2007 Project) upon their completion (see "RISK FACTORS" herein for a description of risks related to class size and enrollment). Under certain conditions set forth in the Master Lease, the Board may substitute or add components to any of the Prior Projects and modify the Plans and Specifications thereof. For a complete description of the facilities see "THE SERIES 2007 PROJECT" and "THE PRIOR PROJECTS" herein. To calculate the above percentage, the number of students attending each facility was calculated as follows: for schools that are built and operating, the actual number of students enrolled on February 13, 2007 was used; for the additions, the number of student stations attributable to each specific classroom for the fiscal year ending June 30, 2007 based on the type of school (elementary, middle or high) was used; for the schools where construction is not yet complete (including the Series 2007 Project), the number of student stations approved for such schools was used. Such attendance levels may change at any time based on an increase or reduction in actual enrollment or further State of Florida legislative or constitutional requirements. See "RISK FACTORS" above for a further description of the current Florida Constitutional requirements related to class size and for other risks related to school enrollment and attendance.

Pursuant to the Master Lease, the Board does not have the ability to appropriate Basic Rent for payment of one Project or some combination of Projects only. The Board's annual appropriation for lease payments must be for all Projects under the Master Lease Program or it must terminate all Projects under the Master Lease Program. In the event the Board decides not to appropriate funds in its annual budget for all of such financed Projects, the Board would, at the Trustee's option, have to surrender such Projects (except for Designated Equipment), including the Series 2007 Project, to the Trustee for the benefit of the Owners of the Certificates which financed or refinanced such Project.

THE SERIES 2007 PROJECT

The following are general descriptions of the Series 2007 Project. Under certain conditions set forth in the Master Lease, the School Board may substitute or add components to the Series 2007 Project and modify the Plans and Specifications thereof.

New High School "UUU" will be constructed on approximately 43 acres to be located in Plant City, Florida. The new school will be approximately 260,972 square feet and will accommodate approximately 2,468 student stations for grades 9 through 12. It is expected to open in August 2008. This portion of the Series 2007 Project is secured under the Series 2007 Lease Agreement.

Completion of High School "SSS" will be constructed on approximately 50 acres to be located at Lutz Lake Fern Road and Suncoast Parkway. The new school will be approximately 247,748 square feet and will accommodate approximately 2,501 student stations for grades 9 through 12. It is scheduled to open in August 2008. This portion of the Series 2007 Project is secured, on a proportionate basis, under the Series 2004C Lease Agreement, the Series 2006A Lease Agreement and the Series 2007 Lease Agreement. This school is expected to be constructed at a total cost of approximately \$87,154,303. Of such amount approximately \$40,410,435 was financed under the Series 2004C Lease Agreement, \$36,586,782 was financed under the Series 2006A Lease Agreement and \$10,157,086 will be financed under the Series 2007 Lease Agreement.

Completion of Middle School "RR" will be constructed on the Citrus Park Elementary school grounds. The new school will be approximately 135,874 square feet and will accommodate approximately 1,511 student stations for grades 6 through 8. It is scheduled to open in August 2008. This portion of the Series 2007 Project is secured, on a proportionate basis, under the Series 2004C Lease Agreement, the Series 2006A Lease Agreement and the Series 2007 Lease Agreement. This school is expected to be constructed at a total cost of approximately \$42,541,734. Of such amount, approximately \$18,150,899 was financed under the Series 2004C Lease Agreement, \$21,347,883 was financed under the Series 2006A Lease Agreement and approximately \$3,042,952 will be financed under the Series 2007 Lease Agreement.

Completion of Middle School "SS" currently under the Series 2006A Lease. The school will be constructed on approximately 26 acres to be located in the Lake Hutto area. The new school will be approximately 136,580 square feet and will accommodate approximately 1,511 student stations for grades 6 through 8. It is scheduled to open in August 2008. This portion of the Series 2007 Project is secured, on a proportionate basis, under the Series 2006A Lease Agreement and the Series 2007 Lease Agreement. This school is expected to be constructed at a total cost of approximately \$26,766,540. Of such amount approximately \$22,000,000 was financed under the Series 2006A Lease Agreement and \$4,766,540 will be financed under the Series 2007 Lease Agreement.

Completion of Elementary School "N" currently under the Series 2006A Lease. The school will be constructed on approximately 15 acres to be located in the DG Farms area. The new school

will be approximately 88,400 square feet and will accommodate approximately 1,094 student stations for grades K through 5. It is scheduled to open in August 2008. This portion of the Series 2007 Project is secured, on a proportionate basis, under the Series 2006A Lease Agreement and the Series 2007 Lease Agreement. This school is expected to be constructed at a total cost of approximately \$15,283,407. Of such amount, approximately \$7,461,025 was financed under the Series 2006A Lease Agreement and approximately \$7,822,382 will be financed under the Series 2007 Lease Agreement.

List of Components of the Series 2007 Project

High School "UUU":	Building & Site Preparation	\$54,762,988
	Furniture, Fixtures & Equipment	<u>4,448,052</u>
		\$59,211,040
High School "SSS":	Building & Site Preparation	\$ 9,141,377
	Furniture, Fixtures & Equipment	<u>1,015,709</u>
		\$10,157,086
Middle School "RR":	Building & Site Preparation	\$2,738,657
	Furniture, Fixtures & Equipment	<u>304,295</u>
		\$3,042,952
Middle School "SS":	Building & Site Preparation	\$4,289,886
	Furniture, Fixtures & Equipment	<u>476,654</u>
		\$4,766,540
Elementary School "N":	Building & Site Preparation	\$7,040,144
	Furniture, Fixtures & Equipment	<u>782,238</u>
		\$7,822,382
2007 PROJECT TOTAL		<u><u>\$85,000,000</u></u>

THE PRIOR PROJECTS

The following descriptions of other projects are general descriptions of the projects currently subject to the Master Lease. Under certain conditions set forth in the Master Lease, the School Board may substitute components of the respective Projects and modify the Plans and Specifications thereof.

Series 1994 Project

The following educational facilities comprise the principal components of the Series 1994 Project, as of March 1, 2007:

Benito Middle School
Walker Middle School
Burnett Middle School
Sickles High School
Wharton High School
Durant High School
Blake High School

Series 1995 Project

The following educational facilities comprise the principal components of the Series 1995 Project, as of March 1, 2007:

Witter Elementary School
Sulphur Springs Elementary
Clark Elementary School
Pizzo Elementary School
Valrico Elementary School
Twin Lakes Elementary School
Crestwood Elementary School
Gibson Elementary School
Williams Middle School
Portable Classrooms
Sulphur Springs Elementary School Addition

Series 1996 Project

The following educational facilities comprise the principal components of the Series 1996 Project, as of March 1, 2007:

Westchase Middle School
Rodgers Middle School

Series 1998 Project

The following educational facilities comprise the principal components of the Series 1998 Project, as of March 1, 2007:

Davidson Middle School	Middleton High School and land for site
Springhead Elementary School	Baycrest Elementary School
Wilson Elementary School	Woodbridge Elementary School
Media Centers at 15 elementary schools	Completion of Blake High School

Completion of Series 1995 Project
Riverview High School Classrooms
Durant High School Classrooms
Freedom Athletic Facility

Franklin Middle School Classrooms
Lake Magdalene Elementary Classrooms
Alonso Athletic Facility

Series 1999 Project

The following educational facilities comprise the principal components of the Series 1999 Project, as of March 1, 2007:

Middleton High School "GGG"
Freedom High School and land for site
Liberty Middle School and land for site
Mulrennan Middle School
Sheehy Elementary School
Newsome Athletic Facility

Series 2000 Project

The following educational facilities comprise the principal components of the Series 2000 Project, as of March 1, 2007:

Farnell Middle School "MM"	Cimino Elementary "P"
Lewis Elementary School addition	Claywell Elementary School addition
Essrig Elementary School addition	Mabry Elementary School addition
Morgan Woods Elem. School addition	Riverview Elementary School addition
Ferrell Middle School addition	Dover ESE addition
Gorrie Elementary School	Lopez ESE addition
West Tampa Elementary School addition	Westshore Elementary School addition

Series 2000-QZAB Project

The Series 2000-QZAB Project consists of the complete renovation of the D.W. Waters Training Center to provide a High School Vocational Educational Program, as well as office space for the Jefferson High & Hillsborough High Museum, ROTC programs and Florida Diagnostic and Learning Resource System program.

Series 2001B Project

The following educational facilities comprise the principal components of the Series 2001B Project, as of March 1, 2007:

Jennings Middle School	Ippolito Elementary School
East County Career Center	Grady Elementary
Broward Elementary	Heritage Elementary School

Nelson Elementary School
Plant City ESE/East County Career Center
MacFarlane Center Food Service/Media
Center

Sessums Elementary School
Kingswood Elementary School Classrooms

Series 2001-QZAB Project

The Series 2001-QZAB Project consists of renovations of Van Buren Middle School Academy and Cahoon Elementary School Academy. All of the components of the Series 2001-QZAB Project constitute Designated Equipment for purposes of the Master Lease.

Series 2002 Project

The following educational facilities comprise the principal components of the Series 2002 Project, as of March 1, 2007:

Corr Elementary School	Just Early Childhood Center
Elementary School "W"	Stewart Middle School (Classroom additions)
Middle School "OO"	Woodbridge Elementary School (Classroom
Elementary School "F"	additions)
Middleton High School Athletic Facility	

Series 2003B Project

The following educational facilities comprise the principal components of the Series 2003B Project, as of March 1, 2007:

High School "PPP"
Fishhawk Elementary School
Elementary School "Z"
Rampello Downtown Partnership School

Series 2004B Project

The following educational facilities comprise the principal components of the Series 2004B Project, as of March 1, 2007:

New High School "RRR"
New Elementary School "I"
New parking facility serving Rampello Downtown Partnership School

Series 2004-QZAB Project

The Series 2004-QZAB Project consists of the complete renovation of Just Elementary School, Cleveland Elementary School, Foster Elementary School and Desoto Elementary School. All of the

components of the Series 2004-QZAB Project constitute Designated Equipment for purposes of the Master Lease.

Series 2004C Project

The following educational facilities comprise the principal components of the Series 2004C Project, as of March 1, 2007:

- New High School "SSS" (site acquisition, preliminary costs, FF&E and Athletic Facility only)*
- Earl J. Lennard High School "RRR" Athletic Facility
- Nancy Bartels Middle School "OO"
- Middle School "RR"*
- Summerfield Crossing Elementary School "H"
- Elementary School "I"
- Elementary School "L"
- Oak Park Elementary School "G"
- Gary Adult School

*Also comprises a portion of the Series 2006A Project and the Series 2007 Project. See "THE SERIES 2007 PROJECT" herein

Series 2005-QZAB Project

The Series 2005-QZAB Project consist of certain renovations to Wimauma Elementary School. All the components with the Series 2005-QZAB Project constitute Designated Equipment for purposes of the Master Lease.

Series 2006A Project

The following educational facilities comprise the principal components of the Series 2006A Project, as of March 1, 2007:

New High School "SSS" will be constructed on approximately 50 acres to be located at Lutz Lake Fern Rd. and Suncoast Parkway. The new school will be approximately 247,748 square feet and will accommodate approximately 2,501 student stations for grades 9 through 12. It is expected to open in August 2008. This school also comprises a portion of the Series 2004C Project and the Series 2007 Project, respectively. See "THE SERIES 2007 PROJECT" herein.

New Middle School "RR" will be constructed on approximately 15-20 acres to be located at a to be determined location. The new school will be approximately 135,874 square feet and will accommodate approximately 1,511 student stations for grades 6 through 8. It is expected to open in August 2008. This school also comprises a portion of the Series 2004C Project and the Series 2007 Project. See "THE SERIES 2007 PROJECT" herein.

New Middle School "SS" will be constructed on approximately 26 acres to be located in the Lake Hutto area. The new school will be approximately 136,580 square feet and will accommodate

approximately 1,511 student stations for grades 6 through 8. It is expected to open in August 2008. This school also comprises a portion of the Series 2007 Project. See "THE SERIES 2007 PROJECT" herein

New Elementary School "N" will be constructed on approximately 15 acres to be located in the DG Farms area. The new school will be approximately 88,400 square feet and will accommodate approximately 1,094 student stations for grades K through 5. It is expected to open in August 2008. This school also comprises a portion of the Series 2007 Project. See "THE SERIES 2007 PROJECT" herein

Under certain conditions set forth in the Master Lease, the Board may substitute or add components to any of the Prior Projects and modify the Plans and Specifications thereof.

Designated Equipment

Each of the Projects includes Designated Equipment which consists of equipment components not constituting fixtures of the educational facilities described above. Upon the occurrence of an Event of Non-Appropriation or an Event of Default, neither the holders of the Series 2007 Certificates nor the holders of the Prior Certificates will have rights to the Series 2007 Project Components or any Prior Projects, respectively, constituting Designated Equipment.

THE MASTER LEASE PROGRAM

The Ground Lease

The Board, as Ground Lessor, granted to the Corporation, as Ground Lessee, a leasehold estate in the Series 2007 Project and the real estate on which the Series 2007 Project are located (the "Land"). The Land is also subject to a Ground Lease dated as of November 1, 2004 which was entered in connection with the Series 2004C Certificates. The initial term of the Ground Lease commences as of April 1, 2007 and ends on the earlier of (a) the date on which the Series 2007 Certificates (and any Completion Certificates related to the Series 2007 Project and any Series of Certificates refunding the foregoing) have been paid in full, or (b) July 1, 2036 (both dates inclusive). So long as no Event of Default or Event of Non-Appropriation under the Series 2007 Lease Agreement has occurred, the Land shall be used by the Board with respect to the Series 2007 Project. The leasehold interest in the Series 2007 Project and the Land granted to the Corporation by the Board shall remain vested in the Corporation until the earlier of (A) the date the Series 2007 Certificates (and any Completion Certificates related to the Series 2007 Project and any Series of Certificates refunding the foregoing) no longer remain outstanding, or (B) the end of the Ground Lease Term. Upon termination of the Master Lease, the rental of the Land shall be increased to fair market value in accordance with the terms of the Ground Lease. The payment of such increased rent is subordinate to the obligation to pay the Principal Component and the Interest Component of the Series 2007 Certificates. Pursuant to an Assignment of Ground Lease, dated as of April 1, 2007, the Corporation has assigned its rights in and to the Ground Lease to the Trustee for the benefit of the Owners of the Series 2007 Certificates.

The foregoing does not attempt to completely summarize the provisions of the Ground Lease. See "APPENDIX G - FORM OF GROUND LEASE" attached hereto for more information regarding the Ground Lease.

The Master Lease and the Series 2007 Lease Agreement

The Master Lease provides for the lease-purchase financing by the Board from time to time of various real and/or personal property projects ("Projects"), including the Series 1994 Project, the Series 1995 Project, the Series 1996 Project, the Series 1998 Project, the Series 1999 Project, the Series 2000-QZAB Project, the Series 2000 Project, the Series 2001B Project, the Series 2001-QZAB Project, the Series 2002 Project, the Series 2003B Project, the Series 2004B Project, the Series 2004-QZAB Project, the Series 2004C Project, the Series 2005-QZAB Project, the Series 2006A Project and the Series 2007 Project, that are described in various Lease Schedules to be attached to the Master Lease. The Master Lease provides the terms and conditions governing the lease of Projects, and the framework under which the Board is obligated to pay rent ("Basic Rent") to the Corporation for the particular Project described on a particular Lease Schedule. Lease Payments consist of Basic Rent, the principal and interest components of which are set forth in each Lease Schedule, and Supplemental Rent set forth on each such Lease Schedule, consisting of Trustee and Corporation fees and expenses, prepayment premiums and other financing expenses. Each Lease Schedule describes the particular Project to be lease-purchased by the Board and the details governing the particular lease transaction, including the obligation to pay Basic Rent for such Project and to pay Supplemental Rent.

Under the Trust Agreement, one or more Series of Certificates may be issued to obtain funds to be used to pay the costs of acquisition, construction and installation of Projects. The proceeds of sale of the Certificates of each Series is deposited with the Trustee and is requisitioned by the Board, acting as agent for the Corporation, to pay the costs of one or more related Projects. The Corporation has assigned its rights under the Master Lease, including its right to receive Basic Rent Payments from the Board under all Lease Schedules, other than its right to indemnification, its right to enter into additional Lease Schedules and its obligation not to impair the tax status of the Series 2007 Certificates, to the Trustee for the benefit of owners of the Certificates of all Series in order to secure such Certificates; provided, however, that once monies are deposited into a specific subaccount under the Trust Agreement for payment of a particular Series of Certificates, the Certificates of other Series are not collateralized by such monies. Failure to appropriate any Basic Rent results in an Event of Non-Appropriation with respect to all Basic Rent set forth on all Lease Schedules to the Master Lease, and a default with respect to any obligation under the Master Lease or any Lease Schedule results in an Event of Default with respect to the entire Master Lease and all Lease Schedules thereto. See "SECURITY FOR THE SERIES 2007 CERTIFICATES" herein.

The Series 2007 Certificates are being issued, in part, to provide funds for the purposes of financing the lease purchase of the Series 2007 Project.

The Principal Component of the Basic Rent Payments under the Series 2007 Lease Agreement represented by the Series 2007 Certificates is payable in accordance with the debt service schedule set forth herein, subject to prepayment as provided herein.

The foregoing does not attempt to completely summarize the provisions of the Master Lease. See "APPENDIX E - FORM OF MASTER LEASE AND THE SERIES 2007 LEASE AGREEMENT" attached hereto.

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ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds:

Par Amount of Series 2007 Certificates	\$84,685,000.00
Net Original Issue Premium	<u>1,299,109.60</u>
TOTAL SOURCES	\$85,984,109.60

Uses of Funds:

Deposit to Project Fund	\$85,000,000.00
Deposit to Series 2007 Subaccount of Costs of Issuance Account ⁽¹⁾	<u>984,109.60</u>
TOTAL USES	\$85,984,109.60

- ⁽¹⁾ Includes, without limitation, financial guaranty insurance premium, legal, accounting and financial advisory fees, printing costs, underwriters' discount and other costs associated with the issuance of the Series 2007 Certificates.

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COMBINED CERTIFICATE PAYMENT SCHEDULE FOR CERTIFICATES

Lease Payment requirements of the Prior Certificates (excluding the Series 2004B Certificates⁽¹⁾) and the Series 2007 Certificates are as follows⁽²⁾:

Maturity as of	Series 1998A	Series 1998B	Series 1999	Series 2000	Series 2000 QZAB	Series 2001A	Series 2001B	Series 2001 QZAB	Series 2002	Series 2003B	Series 2004A	Series 2004 QZAB	Series 2004C
<u>July 1</u>	<u>Certificates</u>	<u>Certificates</u>	<u>Certificates</u>	<u>Certificates</u>	<u>Certificates</u>	<u>Certificates</u>	<u>Certificates</u>	<u>Certificates</u>	<u>Certificates</u>	<u>Certificates</u>	<u>Certificates</u>	<u>Certificates</u>	<u>Certificates</u> ^{(3) (4)}
2007	\$22,851,019	\$597,250	\$1,772,470	\$ 491,455	\$885,000	\$5,335,233	\$3,150,544	\$517,210	\$2,877,200	\$3,603,250	\$1,433,513	\$270,948	\$ 4,175,154
2008	22,855,644	82,800	1,770,090	492,105	885,000	5,337,883	1,770,190	517,210	2,877,200	3,603,250	1,433,513	270,948	4,159,877
2009	21,053,444	1,882,800	1,772,810	491,855	885,000	5,339,623	1,770,190	517,210	2,877,200	3,603,250	1,433,513	270,948	4,184,723
2010	19,596,144	-	-	-	885,000	7,105,423	1,774,670	517,210	2,877,200	3,603,250	1,433,513	270,948	4,182,416
2011	22,804,169	-	-	-	889,000	7,107,888	1,769,580	517,210	2,877,200	3,603,250	1,433,513	270,948	4,187,565
2012	20,178,694	-	-	-	889,000	7,108,325	-	517,210	2,877,200	3,603,250	1,433,513	270,948	4,159,279
2013	21,729,369	-	-	-	-	7,106,825	-	517,210	2,877,200	3,603,250	1,433,513	270,948	4,190,592
2014	21,277,344	-	-	-	-	7,110,950	-	517,210	2,877,200	3,603,250	1,433,513	270,948	4,159,132
2015	20,331,294	-	-	-	-	7,107,100	-	517,210	2,877,200	3,603,250	1,433,513	270,948	4,124,016
2016	8,297,619	-	-	-	-	7,105,000	-	517,210	2,877,200	3,603,250	14,733,513	270,948	4,394,787
2017	6,831,819	-	-	-	-	7,112,000	-	-	3,392,200	3,603,250	14,740,263	270,948	4,387,811
2018	22,591,919	-	-	-	-	7,106,750	-	-	3,391,600	3,603,250	-	270,948	4,027,566
2019	25,434,669	-	-	-	-	7,109,500	-	-	3,394,665	3,603,250	-	270,948	4,029,401
2020	25,432,406	-	-	-	-	7,109,500	-	-	3,396,145	3,603,250	-	270,948	4,025,865
2021	25,433,438	-	-	-	-	7,111,500	-	-	3,395,990	3,603,250	-	-	4,282,506
2022	25,434,538	-	-	-	-	7,110,000	-	-	3,394,150	3,603,250	-	-	4,289,910
2023	25,436,250	-	-	-	-	7,109,750	-	-	3,395,575	3,603,250	-	-	4,296,042
2024	-	-	-	-	-	32,540,250	-	-	3,395,650	3,603,250	-	-	4,283,151
2025	-	-	-	-	-	32,539,500	-	-	3,394,375	3,603,250	-	-	4,282,001
2026	-	-	-	-	-	-	-	-	3,396,750	3,603,250	-	-	4,291,375
2027	-	-	-	-	-	-	-	-	17,397,550	30,483,250	-	-	4,298,326
2028	-	-	-	-	-	-	-	-	44,281,775	3,599,250	-	-	4,301,493
2029	-	-	-	-	-	-	-	-	-	46,037,250	-	-	6,131,880
2030	-	-	-	-	-	-	-	-	-	-	-	-	52,184,994
2031	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$357,569,775	\$2,562,850	\$5,315,370	\$1,475,415	\$5,318,000	\$180,612,998	\$10,235,174	\$5,172,100	\$124,398,425	\$152,184,750	\$42,375,388	\$3,793,275	\$151,029,860

(1) The Series 2004B Certificates are expected to be paid from a portion of the Board’s Sales Tax Revenues (as defined herein) and payment requirements thereof have been omitted from this schedule, provided, however, that this is subject in all respects to the prior lien on Sales Tax Revenues that the holders of the presently outstanding or hereinafter issued Sales Tax Revenue Bonds have.

(2) Numbers may not add due to rounding.

(3) As calculated by the Financial Advisor assuming a true interest cost of 3.83% on the Series 2004C Certificates. Actual rates may vary depending on future market conditions.

(4) Includes estimated ongoing broker dealer and auction agent fees.

Source: The School Board of Hillsborough County

[Table continues on following page]

COMBINED CERTIFICATE PAYMENT SCHEDULE

Lease Payment requirements of the Prior Certificates (excluding the Series 2004B Certificates⁽¹⁾) and the Series 2007 Certificates are as follows⁽²⁾:

Maturity as of July 1	Series 2005A Certificates	Series 2007 Certificates							
		Series 2005 QZAB Certificates	Series 2006A Certificates	Series 2006B Certificates	Prior Certificates ⁽¹⁾⁽²⁾	Principal Amount	Interest Amount	Total Annual Certificates	Combined Annual Certificates
2007	\$2,337,029	146,612	\$5,562,853	\$1,802,994	\$57,809,732	-	\$ 702,511	\$ 702,511	\$ 58,512,243
2008	2,338,259	146,612	5,578,178	3,577,083	57,695,842	\$2,025,000	3,774,686	5,799,686	63,495,525
2009	2,338,759	146,612	5,550,878	3,578,333	57,697,148	2,105,000	3,693,686	5,798,686	63,495,831
2010	2,834,109	146,612	5,552,353	6,919,233	57,698,081	2,190,000	3,609,486	5,799,486	63,497,564
2011	2,829,459	146,612	5,551,553	3,710,723	57,698,670	2,275,000	3,521,886	5,796,886	63,495,553
2012	2,828,521	146,612	5,578,478	8,106,643	57,697,673	2,370,000	3,430,886	5,800,886	63,498,557
2013	2,835,234	146,612	5,546,978	7,443,643	57,701,374	2,460,000	3,336,086	5,796,086	63,497,458
2014	2,830,034	146,612	5,578,790	7,893,511	57,698,494	2,560,000	3,240,799	5,800,799	63,499,292
2015	2,828,394	146,612	5,616,478	8,842,735	57,698,750	2,660,000	3,138,399	5,798,399	63,497,147
2016	2,834,706	146,612	5,683,878	7,237,048	57,701,771	2,765,000	3,031,999	5,796,999	63,498,768
2017	2,829,706	146,612	5,684,878	8,699,235	57,698,722	2,875,000	2,921,399	5,796,399	63,495,119
2018	2,826,706	146,612	5,671,878	8,057,954	57,695,183	2,995,000	2,806,399	5,801,399	63,496,581
2019	2,827,506	146,612	5,670,278	5,210,904	57,697,733	3,115,000	2,686,599	5,801,599	63,499,331
2020	2,831,906	146,612	5,674,478	5,211,904	57,703,014	3,235,000	2,558,105	5,793,105	63,496,118
2021	2,824,706	146,612	5,690,471	5,209,229	57,697,702	3,375,000	2,424,661	5,799,661	63,497,363
2022	2,830,106	-	5,829,205	5,207,229	57,698,388	3,545,000	2,256,099	5,801,099	63,499,486
2023	2,827,394	-	5,819,955	5,214,198	57,702,414	3,705,000	2,088,599	5,793,599	63,496,012
2024	2,827,981	-	5,833,655	5,213,198	57,697,135	3,895,000	1,906,744	5,801,744	63,498,879
2025	2,831,656	-	5,828,775	5,213,188	57,702,745	4,080,000	1,715,994	5,795,994	63,498,739
2026	35,596,781	-	5,828,525	4,983,725	57,700,406	4,285,000	1,511,994	5,796,994	63,497,400
2027	-	-	5,719,275	-	57,898,401	4,275,000	1,322,013	5,597,013	63,495,414
2028	-	-	5,715,525	-	57,898,043	4,465,000	1,132,763	5,597,763	63,495,806
2029	-	-	5,726,775	-	57,895,905	4,680,000	920,675	5,600,675	63,496,580
2030	-	-	5,711,775	-	57,896,769	4,900,000	698,375	5,598,375	63,495,144
2031	-	-	17,351,275	-	17,351,275	9,850,000	465,625	10,315,625	27,666,900
Total	\$87,888,953	\$2,199,175	\$153,567,134	\$117,332,704	\$1,403,031,345	\$84,685,000	\$58,896,466	\$143,581,466	\$1,546,612,810

(1) The Series 2004B Certificates are expected to be paid from a portion of the Board's Sales Tax Revenues and payment requirements thereof have been omitted from this schedule, provided, however, that this is subject in all respects to the prior lien on Sales Tax Revenues that the holders of the presently outstanding or hereinafter issued Sales Tax Revenue Bonds have.

(2) Numbers may not add due to rounding.

Source: The School Board of Hillsborough County

THE CORPORATION

The Hillsborough School Board Leasing Corporation is a Florida not-for-profit corporation formed for the purpose of acting as lessor in connection with "lease-purchase" capital financings for the Board. The Corporation may in the future initiate additional Lease Schedules under the Master Lease, enter into other lease-purchase agreements with the Board and cause certificates of participation to be issued which represent lease payments to be made under one or more lease-purchase agreements with the Board. The members of the Corporation are the members of the Board. The Chair of the Board serves as Chair of the Board of Directors and President of the Corporation; the Vice Chair of the Board serves as Vice Chair of the Board of Directors and Vice President of the Corporation; and the Superintendent of the Board serves as ex-officio Secretary/Treasurer of the Corporation. The financing of the Series 1994 Project constituted the initial activity of the Corporation. There is no litigation pending against the Corporation.

The Corporation has assigned all of its right, title and interest in and to the Master Lease (except certain indemnification rights, the right to initiate additional Lease Schedules from time to time and its obligation not to impair the tax status of the Series 2007 Certificates), including its right to receive Lease Payments from the Board, its right, title and interest in and to the Ground Lease, and its right to use, sell and relet Projects, to the Trustee. The Trustee directly collects from the Board all of the Basic Rent Payments which are the source of and security for payment of the Series 2007 Certificates. Therefore, 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 Series of Certificates or other obligations of the Board or the Corporation.

SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

The Board is organized under Section 4, Article IX, of the Constitution of Florida and Chapter 1001, Florida Statutes, as amended, and is the governing body of the School District of Hillsborough County, Florida (the "District"). The geographic boundaries of the District are coterminous with those of the County. The District operated 228 schools with 190,207 students (FTE) as of February 13, 2007, and, as of February 2, 2007, had approximately 31,846 employees of which 19,254 were instructional. Management of the schools within the District is independent of the County and any city governments. The Board is authorized by State law to levy property taxes for school district operations, capital improvements and debt service. Property taxes are assessed by the Hillsborough County Property Appraiser. The Hillsborough County Tax Collector collects taxes for the Board, but exercises no control over expenditures by the Board.

The Organization and Powers of the Board

The Board is a body corporate existing under the laws of the State of Florida. The Board is the governing body of the District, consisting of members elected by districts for four year terms. Under existing law, the Board's duties and powers include, but are not limited to, the development of policies and rules for the efficient operation of the District; 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; the establishment and operation of programs for gifted students and for 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/from school or school-related activities.

The Board also has broad financial responsibilities, including, but not limited to, the approval of the annual budget, adoption of the school tax levy and the establishment of a system of accounting and budgetary controls. The annual budget and accounting reports must be filed with the State Department of Education.

The present members of the Board and the expiration of their respective terms are as follows:

<u>Name</u>	<u>District</u>	<u>Term Expires</u>
Jack R. Lamb, Chair	Board District No. 3	November, 2008
Jennifer Faliero, Vice Chair	Board District No. 4	November, 2010
Doretha W. Edgecomb, Member	Board District No. 5	November, 2008
April Griffin, Member	Board District No. 6*	November, 2010
Carol W. Kurdell, Member	Board District No. 7*	November, 2008
Candy Olson, Member	Board District No. 2	November, 2010
Susan L. Valdes, Member	Board District No. 1	November, 2008

*At large districts.

Superintendent of Schools

The Superintendent of Schools is appointed by the Board and serves as ex-officio Secretary of the Board. The Superintendent's powers include, but are not limited to, keeping the records of the 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 Board in the area of child welfare, public 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. The Superintendent is appointed by the Board for one year terms. Her present term expires June 30, 2007.

Administration

Ms. MaryEllen Elia Superintendent, has been Superintendent of the District since July 1, 2005. Ms. Elia received her B.A. degree from Daeman College and her M.Ed. degree from the University of Buffalo. In 1983, she added a Masters of Professional Studies degree in Reading from State University of New York at Buffalo, and received certification in Educational Leadership in 1989.

Ms. Elia worked as a social studies teacher in the state of New York from September 1970 through June 1986. In August 1986, she was employed by the School District of Hillsborough County in Tampa, Florida as a reading resource specialist at Plant High School. She served as the county's secondary reading supervisor from 1989 through 1991. With the advent of magnet schools

in 1991, Ms. Elia became the county's first magnet school supervisor. From January 1997 through September 2002, she served as Director of Non-Traditional Programs which included magnet schools as well the ESOL program, alternative schools and dropout prevention programs.

On September 4, 2002, Ms. Elia was appointed to the General Director of Secondary Education, and on June 3, 2003, she was appointed the Hillsborough County School District's Chief Facilities Officer where she was responsible for all new construction for over 200 schools/educational facilities and district maintenance and custodial operations. On May 19, 2005, Ms. Elia was appointed Superintendent of Schools. Her tenure began July 1, 2005.

Ms. Gretchen Saunders, Chief Business Officer, has been Chief Business Officer for the District since January 1, 2005. In this capacity, Ms. Saunders is responsible for the management of 13 departments containing 160 employees. Departments under her control include Budget, Payroll, Debt Management, Cash Management, and Purchasing. Ms. Saunders oversees a total budget of more than \$2.1 billion and a debt portfolio of nearly \$1 billion. Debt instruments under Ms. Saunders control include Certificates of Participation, Sales Tax Revenue Bonds, General Obligation Bonds, and Qualified Zone Academy Bonds. In managing the District's debt program, Ms. Saunders has employed the use of both fixed and variable debt, long-dated swaps and swaptions, and medium term swaps. Prior to her appointment as Chief Business Officer, Ms. Saunders served as Manager of Budget and Cash Management for the Board.

Ms. Saunders holds a B.S. in Business from Ferris State University and an M.S. in Public Administration from Central Michigan University. She is a past president of the Florida School Finance Officers Association and was elected a member of the Florida School Finance Council in June, 2004. The School Finance Council is a senior policy advisory board that assists the Florida Commissioner of Education. Its limited membership is by invitation only.

Academics

As of February 13, 2007, the District operates 133 elementary schools comprised of students in kindergarten through fifth grade. Students in the sixth, seventh and eighth grades comprise the District's 44 middle schools and three K-8 Schools. The District operates 25 high schools which include ninth through twelfth grades as well as the vocational programs. In addition, there are six alternative educational schools, eleven Special School Centers and nine adult centers conducted at the various locations within the District.

The elementary school program emphasizes basic skills including reading, writing, language arts, and mathematics. The balanced curriculum includes instruction in science, computer literacy, health, social studies, art, music and physical education. These programs are designed to build a strong foundation and each child is required to attain very specific levels of achievement before promotion to the next grade.

The secondary school program begins with middle school curriculum centering on English, math, science, computer literacy, and social studies. Students are encouraged to begin developing their strengths and interests through electives such as art, music, foreign languages, and vocational exploratory programs.

High school programs are designed to meet the needs of the college bound as well as vocational students. All of the high schools are fully accredited by the Southern Association of Colleges and Schools. Students who plan to continue their education into college may take a broad range of college preparatory courses as well as advanced placement and honors courses.

In addition to the above programs, the District currently operates 27 "magnet programs." Magnet programs operate at the elementary, middle and high school levels, offering unique opportunities and challenges for students. These magnet schools offer specialized programs including: Academy of Health Professionals, Academy of Engineering, Visual/Performing/Communication Arts, Environmental Studies, International Studies Preparatory Academy/High Technology Program and the International Baccalaureate Program. Applications for each program are distributed annually through the District in December.

Historical Growth

The following table presents a summary of general statistical data regarding the District.

Summary of Statistical Data Ten Year History

<u>School Year</u>	<u>Number of Schools</u>	<u>Number of Instructors</u>	<u>F.T.E.⁽¹⁾ Enrollment</u>	<u>Average Expenditure per F.T.E. Student ⁽²⁾</u>
2005/06	224	14,517	190,523	\$7,309.31
2004/05	221	14,351	187,239	7,150.13
2003/04	218	12,866	179,933	7,044.97
2002/03	197	12,340	172,039	6,991.26
2001/02	193	11,172	165,241	6,745.42
2000/01	188	11,604	159,533	6,739.16
1999/00	183	11,457	160,624	6,232.96
1998/99	175	11,209	167,922	5,813.48
1997/98	172	10,768	164,231	5,443.19
1996/97	167	10,255	159,949	5,130.47

- (1) Full-time equivalent enrollment, inclusive of adult education until 1999/00 when adult education students were changed from F.T.E. funding to categorical funding.
- (2) Expenditures include General Fund and Special Revenue Fund only.

Source: School District of Hillsborough County, Florida

Growth Projections for F.T.E.

The Board has estimated the following Full Time Equivalent (F.T.E.) Enrollment for School Years 2006/07 through 2007/08:

<u>School Year</u>	<u>F.T.E. Enrollment</u>	<u>Percentage Change</u>
2006/07 ⁽¹⁾	191,400	0.46%
2007/08 ⁽²⁾	191,619	0.11%

⁽¹⁾ Budgeted. Actual F.T.E. Enrollment as of February 13, 2007 was 190,207.

⁽²⁾ Projected.

Source: School District of Hillsborough County, Florida.

School District of Hillsborough County, Florida Profile of Enrollments Full-Time Equivalent Students⁽¹⁾ 2002-2006

	<u>2005/06</u>	<u>2004/05</u>	<u>2003/04</u>	<u>2002/03</u>	<u>2001/02</u>
Pre-K/Kindergarten	13,388	10,834	10,256	9,715	11,522
Grades 1-3	37,085	44,627	42,753	40,267	32,880
Grades 4-8	57,563	52,283	50,274	47,283	51,220
Grades 9-12	37,766	34,924	32,935	31,254	29,649
Exceptional Ed.	36,907	36,983	36,497	34,895	32,280
Vocational Ed.	7,814	7,588	7,218	8,625	7,690
Total	190,523	187,239	179,933	172,039	165,241 ⁽²⁾

(1) Enrollments are calculated on a full-time equivalent defined as 900 hours of instruction time.

Source: School District of Hillsborough County, Florida.

Charter District Pilot Program

The Board is participating in a pilot program authorized by Chapter 1013, Florida Statutes, to establish the District as a charter school district. The intent of the pilot program is to examine new relationships between the State Board of Education (the "SBE") and school districts that may produce significant improvements in student achievement and school management, while complying with constitutional requirements. While it is a goal of the pilot program to eliminate or reduce the work required to comply with burdensome laws and regulations, to foster operating efficiencies, thus accelerating student educational process, the District's participation in the pilot program will not reduce any financial resources it would otherwise lawfully receive. The District was one of two school districts included in the pilot program. The District submitted its charter district proposal and a management plan that was accepted by the SBE and the parties entered into

a charter school district contract that was effective October 1, 2000. The initial pilot program was for three years. The District's contract was extended for an additional five years. The contract currently will expire on June 30, 2008. Upon expiration of the contract the District's performance will be evaluated. As a charter school district, the District is exempt from a number of state statutes and SBE regulatory rules. As part of the management plan submitted by the District, the District was granted exemption from a number of laws and rules including: eliminating the requirement that categorical program funds be spent strictly on those programs; exempting the Board from the requirement of 135 hours of class time per high school credit; exempting the Board from the current rules for determining student performance; exempting the Board from the requirements related to from which vendor the Board must acquire its instructional materials; exempting the Board from the existing certification requirements related to field of study, for qualified instructional personnel; exempting the District from the educational plant survey requirements with respect to facilities to be constructed; and other requirements related to school and student progress management. The Board is required to submit an annual report to the SBE on the implementation of the Board's program. The achievement of the goals under the program are based on student performance in state and national standardized tests administered state-wide, levels of student attendance and suspensions, student, teacher and parental ratings of the program and certain financial performance criteria.

Employee Relations and Retirement Program

As of February 2, 2007, the Board employed 31,846 persons representing the following groups:

Teachers	Hillsborough Classroom Teachers Association
Paraprofessionals	Hillsborough Classroom Teachers Association
Clerical and Bus Attendants	Hillsborough Classroom Teachers Association
Custodial, Maintenance and Mechanics	Hillsborough Schools Employee Federation
Bus Drivers	Hillsborough Schools Employee Federation

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

Teachers	June 30, 2007
Paraprofessionals	June 30, 2009
Clerical	June 30, 2009
Custodial, Maintenance and Mechanics	June 30, 2008
Bus Drivers	June 30, 2008
Bus Attendants	June 30, 2009

The Board does not administer a separate retirement plan for its officers and employees. However, pursuant to law, all full-time employees are, with minor exceptions, members of defined retirement plans of the State administered by its Department of Administration, Division of Retirement. The retirement plans of the State consist of contributory and non-contributory benefit plans. The plans provide for retirement, death, and disability benefits and require contributions by employees and/or participating agencies as stated percentages of compensation set by law as determined from time to time by the State Legislature. The combined contributions to the plans for the fiscal year ended June 30, 2006 totaled \$67,164,376. The plans accounting and funding policies, actuarial present value of accumulated plan benefits, net assets available for benefits, and other

plan related matters are the responsibility of the State Department of Administration, Division of Retirement, and are not computed on an individual agency basis.

Accounting and Funds

Pursuant to Section 11.45, Florida Statutes, as amended, the financial operations of the District are subject to audit by independent auditors of the District at least two out of every three fiscal years with the Auditor General's office auditing the financial operations of the District once every three fiscal years. The District retained the independent accounting firm of KPMG LLP for a five-year period beginning with Fiscal Year 1999/00 and extended through the fiscal year ended June 30, 2006, to audit its financial operations, whose report for the Fiscal Year ended June 30, 2006 is attached hereto as "APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE SCHOOL DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2006" attached hereto.

Accounting policies conform with generally accepted accounting principles applicable to state and local governmental units. The fund financial statements provide information about the Board's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – government and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. Because the focus of the governmental fund financial statements differs from the focus of the government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

Governmental Fund Types

The District reports the following major governmental funds:

General Fund – to account for all financial resources not required to be accounted for in another fund and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

Contracted Services – to account for financial resources of certain federal grant program resources.

Food Services – accounts for and reports on the activities of the food service program.

Certificates of Participation – Accounts for and reports on the revenues generated from the issuance of Certificates of Participation.

Sales Tax Bond Revenue – Accounts for and reports on the revenues generated from the issuance of construction bonds backed by sales tax revenue.

Other Capital Projects Funds – Accounts for and reports on other miscellaneous funds from various sources.

Other Fund Types

Additionally, the District reports the following fund types:

Internal Service Funds – to account for the District’s workers’ compensation, general and automobile liability self-insurance programs and the employee health insurance program.

Pension Trust Fund – to account for resources used to finance the early retirement program.

Agency Funds – to account for resources held by the District as custodian for others, primarily for the benefit of various schools and their activity funds.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-Wide Statements - The government-wide statements are presented using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows have taken place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Government Fund Financial Statements - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues, other than grant funds, reported in the governmental funds to be available if the revenues are collected within sixty days after year end. Grant funds are considered available if collection is expected in the upcoming fiscal year. Property taxes, sales taxes, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost reimbursement grant resources to such program, followed by categorical block grants, and then by general revenues.

Budget Process

State law requires the Board to advertise its intent to adopt a tentative budget, including a capital outlay budget, within 25 days following the Hillsborough County Property Appraiser's official certification of taxable property, which usually occurs on or about July 1. The Board holds a public hearing on the tentative budget and the proposed tax rates within five days of its advertisement, and officially adopts the tentative budget and tax rates at the hearing. Thereafter, the Hillsborough County Property Appraiser prepares tax millage notices for property owners within the District. The final budget and tax rate are fixed on or before September 18th of each year, following a final public hearing. On September 7, 2006, the Board adopted the Budget for the 2006/2007 Fiscal Year.

The Superintendent of Schools is responsible for presenting the preliminary and tentative budgets for recommendation to the Board. Florida law requires the 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 Board's hiring plans and materials purchases have been determined before the tentative budget is adopted.

Auditing System

In addition to local internal audits, other budget reviews are conducted. The State Department of Education conducts regular financial compliance reviews of each school district to ensure that local school districts comply with state regulations. In conjunction with this review, the Financial Management Section of the State Department of Education reviews the cost reporting system of each school district to ensure that the Financial and Program Costs Accounting and Reporting for Florida Schools is being properly implemented by the Board.

General Fund Operations

The Board's general fund revenues are derived from federal and state appropriations and local sources. The following table summarizes the audited results of operations for the general fund for the Fiscal Years ended June 30, 2002 through June 30, 2006.

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School District of Hillsborough County, Florida
Summary of Revenues and Expenses - General Fund
(in thousands)

	Audited Fiscal Years Ending 6/30				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues					
Federal	\$ 1,068	\$ 877	\$ 1,571	\$ 1,471	\$ 1,979
Federal through State	5,705	3,923	4,863	5,863	6,148
State Sources	617,267	651,127	714,637	762,503	846,003
Local	288,692	314,145	329,830	367,358	418,708
Non Revenue and Transfers	<u>10,699</u>	<u>12,771</u>	<u>394</u>	<u>481</u>	<u> </u>
Total Revenues	\$923,431	\$982,843	\$1,051,295	\$ 1,137,676	\$ 1,272,838
Expenditures					
Current - Education:					
Instruction	\$569,275	\$593,962	\$652,011	\$669,729	\$761,630
Pupil Personnel	42,344	42,645	43,383	45,671	49,991
Instructional Media	18,604	19,389	20,191	20,400	34,499
Instruction & Curriculum					
Development	20,074	18,360	17,954	17,710	17,030
Instructional Staff					
Training	3,502	3,829	3,039	3,396	4,704
Board of Education	4,170	4,686	2,701	4,227	1,659
Gen. Administration	7,205	5,058	14,844	7,071	7,223
School Administration	64,195	69,931	72,871	77,042	81,212
Fiscal Services	4,668	4,664	4,609	4,829	6,519
Food Services	244	438	423	381	26
Central Services	27,120	22,910	22,843	22,240	15,941
Pupil Transportation	46,871	49,533	51,248	55,026	59,982
Operation of Plant	64,935	78,762	79,706	84,637	96,747
Maintenance of Plant	22,791	22,940	23,281	27,267	27,404
Community Services	8,407	7,515	6,557	7,438	21,627
Facilities Acquisition and					
Construction and Capital Outlay	11,645	9,202	9,368	4,888	8,109
Remittance and Transfers to					
Other Funds	<u>1,544</u>	<u>1,074</u>	<u>1,061</u>	<u>2,940</u>	<u>3,101</u>
Total Expenditures & Other					
Uses	<u>917,594</u>	<u>954,898</u>	<u>1,026,090</u>	<u>1,084,892</u>	<u>1,197,404</u>
Ending Fund Balance					
Designated (1)	24,561	26,097	46,043	54,809	77,173
Undesignated	<u>19,018</u>	<u>45,427</u>	<u>50,686</u>	<u>94,704</u>	<u>147,774</u>
TOTAL ENDING FUND					
BALANCE	<u>\$43,579</u>	<u>\$ 71,524</u>	<u>\$ 96,729</u>	<u>\$ 149,513</u>	<u>\$ 224,947</u>

(1) Amounts set aside to meet obligations created by the School district in a prior year.

Sources: Comprehensive Annual Financial Reports, School District of Hillsborough County, Florida, Fiscal Years ended June 30, 2002 through June 30, 2006.

School District of Hillsborough County, Florida
Summary of Revenues and Expenses - Capital Projects Funds
(in thousands)

	Audited Fiscal Years Ending 6/30				
	FY <u>2002</u>	FY <u>2003</u>	FY <u>2004</u>	FY <u>2005</u>	FY <u>2006</u>
Revenue					
State Sources	\$ 37,200	\$ 41,190	\$ 118,087	\$27,717	\$30,391
Local Sources	<u>114,565</u>	<u>104,661</u>	<u>104,829</u>	<u>128,561</u>	<u>148,117</u>
Total Revenues	\$ 151,765	\$ 145,851	\$222,916	\$156,278	\$178,508
Expenditures					
Fixed Capital Outlay:					
Facilities Acquisition & Construction	<u>\$246,256</u>	<u>\$245,585</u>	<u>\$272,919</u>	<u>\$253,383</u>	<u>\$274,606</u>
Total Expenditures	\$246,256	\$245,585	\$272,919	\$253,383	\$274,606
Excess (Deficiency) Revenues Over Expenditures	(94,491)	(99,734)	(50,003)	(97,105)	(96,698)
Other Financing Sources (Uses)					
Operating Transfers In (Out)	(63,604)	(54,116)	(49,366)	(52,643)	(56,539)
Nonrevenue Sources	<u>192,476</u>	<u>70,687</u>	<u>137,714</u>	<u>97,712</u>	<u>151,853</u>
Total Other Financing Sources (Uses)	\$ 256,080	\$ 16,571	\$88,348	\$45,069	\$95,314
Excess (Deficit) of Revenues and Other Sources over Expenditures & Other Uses	\$ 161,589	(\$ 83,163)	\$ 38,345	(\$52,036)	(\$784)
Beginning Fund Balance	<u>370,308</u>	<u>531,897</u>	<u>448,734</u>	<u>487,079</u>	<u>435,044</u>
Fund Balance at End of Year	\$ 531,897	\$ 448,734	\$487,079	\$435,043	\$434,260

Sources: Comprehensive Annual Financial Reports of the Hillsborough County District School Board for the Fiscal Years ended June 30, 2002 through June 30, 2006.

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SELECTED FINANCIAL INFORMATION
SCHOOL DISTRICT
OF HILLSBOROUGH COUNTY, FLORIDA
Debt Statement

Unaudited

DIRECT AND OVERLAPPING DEBT	General Obligation <u>Debt</u>	Non-Self Supporting <u>Debt</u>	Self- Supporting <u>Debt</u>
DIRECT DEBT OF DISTRICT⁽¹⁾			
State of Florida:			
Series 1996-B		\$ 175,000	
Series 1998-A		5,080,000	
Series 1999-A		5,785,000	
Series 2000-A		265,000	
Series 2002-A		1,450,000	
Series 2003-A		2,700,000	
Series 2004-A		3,195,000	
Series 2005-A		1,110,000	
Series 2005-W		37,170,000	
Series 2006-A		2,650,000	
District Bonds:			
Sales Tax Revenue Bonds, Series 2002			\$ 86,475,000
Sales Tax Revenue Refunding Bonds, Series 2005			127,975,000
Sales Tax Revenue Refunding Bonds, Series 2006			54,860,000
Sales Tax Revenue Refunding Bonds, Series 2007 ⁽²⁾			47,515,000
Capital Improvement Revenue Bonds, Series 1998		3,258,000	
Total Direct Debt		\$59,580,000	\$320,083,000
OVERLAPPING DEBT			
<u>Board of County Commissioners:</u>			
1998 ELAPP Bonds ⁽³⁾	\$ 19,065,000		
2002 Parks and Recreation Refunding	16,640,000		
2003 ELAPP Bonds ⁽³⁾	7,885,000		
Total Overlapping Debt	\$43,590,000	\$ 0	\$ 0
TOTAL DIRECT AND OVERLAPPING DEBT	\$ 43,590,000⁽¹⁾	\$59,580,000	\$320,083,000

(1) Constitutes total county-wide debt payable from ad valorem tax revenues. No other governmental entity in Hillsborough County has General Obligation Debt.

(2) The School District expects to deliver these bonds on April 2, 2007.

(3) ELAPP Bonds are for the County's Environmental Lands Acquisition and Protection Program.

Source: School District of Hillsborough County, Florida, Comprehensive Annual Financial Report Fiscal Year ended June 30, 2006, except for the Sales Tax Refunding Revenue Bonds, Series 2007 which were delivered April 2, 2007.

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**Hillsborough County, Florida
Comparative Ratios of Bonded Debt
And Certificates of Participation
To Taxable Assessed Valuation and
Per Capita Indebtedness
As of June 30, 2006**

1. Population (Fiscal Year) ⁽¹⁾	1,164,022
2. Total Taxable Valuation (2006 Tax Year) ⁽²⁾	\$78,793,903,491
3. Direct General Obligation Debt	\$0
(a) As a Percent of Taxable Valuation	0%
(b) Per Capita	\$0
4. Direct and Overlapping General Obligation Debt	\$43,590,000
(a) As a Percent of Taxable Valuation	0.055%
(b) Per Capita	\$37.45
5. Direct Non-Self Supporting Revenue and Direct General Obligation Debt	\$59,580,000
(a) As a Percent of Taxable Valuation	0.076%
(b) Per Capita	\$51.18
6. Direct and Overlapping General Obligation and Direct Non- Self Supporting Revenue Debt	\$103,170,000
(a) As a Percent of Taxable Valuation	0.129%
(b) Per Capita	\$88.63
7. Direct and Overlapping General Obligation, Direct Non-Self Supporting Revenue Debt and Certificates of Participation ⁽³⁾	\$1,067,630,943
(a) As a Percent of Taxable Valuation	1.35%
(b) Per Capita	\$917.19

(1) Source: School District of Hillsborough County, Florida, Comprehensive Annual Financial Report Fiscal Year ended June 30, 2006.

(4) Certification of Final Taxable Value (DR-422), The School Board of Hillsborough County, Florida.

(3) As of June 30, 2006, except for the Certificates of Participation which include the Series 2006B Certificates and the Series 2007 Certificates, both of which have been or will be issued after June 30, 2006.

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
BONDS, NOTES AND CERTIFICATES OF PARTICIPATION
OUTSTANDING AS OF JUNE 30, 2006 (except as described below)**

STATE BOARD OF EDUCATION BONDS
(District Share)

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount Issued</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
Capital Outlay Bond Issue 1996-B	12/1/96	\$ 1,375,000	1/1/2007	\$ 175,000
Capital Outlay Bond Issue 1998-A	2/1/98	57,865,000	1/1/2018	5,080,000
Capital Outlay Bond Issue 1999-A	3/1/99	9,150,000	1/1/2019	5,785,000
Capital Outlay Bond Issue 2000-A		1,250,000	1/1/2020	265,000
Capital Outlay Bond Issue 2002-A	4/15/02	1,655,000	1/1/2022	1,450,000
Capital Outlay Bond Issue 2003-A			1/1/2023	2,700,000
Capital Outlay Bond Issue 2004-A	8/25/04		1/1/2024	3,195,000
Capital Outlay Bond Issue 2005-A	6/1/05		1/1/2025	1,110,000
Capital Outlay Bond Issue 2005-Q			1/1/2020	37,170,000
Capital Outlay Bond Issue 2006-A			1/1/2026	<u>2,650,000</u>
Total State Board of Education Bonds				\$59,580,000

LOCAL REVENUE BONDS

Sales Tax Revenue Refunding Bonds, Series 2007	4/2/07	\$ 47,515,000	10/1/2026	\$ 47,515,000
Sales Tax Revenue Bonds, Series 2006	3/27/06	54,860,000	10/1/2026	54,860,000
Sales Tax Refunding Revenue Bonds, Series 2005	3/1/05	127,975,000	10/1/2025	127,975,000
Sales Tax Revenue Bonds, Series 2002	1/1/02	235,585,000	10/1/2026	86,475,000
Capital Improvement Revenue Bonds, Series 1998	3/1/98	5,998,224	8/1/2028	<u>3,258,000</u>
Total Local Revenue Bonds				<u>\$272,568,000</u>
TOTAL BONDED DEBT				\$332,148,000

CERTIFICATES OF PARTICIPATION

Certificates of Participation, Series 2007	4/24/07	\$84,685,000	7/1/2031	\$84,685,000
Certificates of Participation, Series 2006B	1/26/07	77,900,000	7/1/2026	77,900,000
Certificates of Participation, Series 2006A	1/31/06	86,435,000	7/1/2031	86,435,000
Certificates of Participation, Series 2005-QZAB	12/20/05	3,002,000	12/20/2020	2,052,568
Certificates of Participation, Series 2005A	3/22/05	48,915,000	7/1/2026	48,185,000
Certificates of Participation, Series 2004C	11/24/04	89,750,000	7/1/2030	86,825,000
Certificates of Participation, Series 2004-QZAB	6/8/04	6,131,000	6/8/2020	3,793,275
Certificates of Participation, Series 2004B	2/19/04	56,715,000	7/1/2026	53,270,000
Certificates of Participation, Series 2004A	2/19/04	27,305,000	7/1/2017	27,305,000
Certificates of Participation, Series 2003B	9/9/03	72,065,000	7/1/2029	72,065,000
Certificates of Participation, Series 2002	9/26/02	64,010,000	7/1/2028	63,425,000
Certificates of Participation, Series 2001B	8/1/01	69,265,000	7/1/2026	7,835,000
Certificates of Participation, Series 2001-QZAB	11/6/01	9,600,000	11/6/2015	5,172,100
Certificates of Participation, Series 2001A	1/31/01	103,770,000	7/1/2025	102,190,000
Certificates of Participation, Series 2000	11/1/00	48,860,000	7/1/2026	1,350,000
Certificates of Participation, Series 2000-QZAB	4/20/00	10,628,000	4/10/2012	5,318,000
Certificates of Participation, Series 1999	10/1/99	111,700,000	7/1/2025	4,840,000
Certificates of Participation, Series 1998	3/1/98	336,930,000	7/1/2023	<u>231,815,000</u>
TOTAL				\$964,460,943

Source: School District of Hillsborough County, Florida, Comprehensive Annual Financial Report Fiscal Year ended June 30, 2006, except for the Sales Tax Refunding Revenue Bonds, Series 2007, the Series 2006B Certificates and the Series 2007 Certificates, all of which have been or will be issued after June 30, 2006.

AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS

The Board derives its revenues for capital outlay projects from certain State and local sources. The major categories of these revenue services are briefly described below. In Fiscal Year 2006-07, excluding proceeds from the issuance of any series of Certificates of Participation and existing fund balances, approximately 51%⁽¹⁾ of the annual revenues for capital improvements are expected to be provided by State revenues, approximately 45%⁽¹⁾ are expected to be provided by local millage and approximately 4%⁽¹⁾, are expected to be provided by investment earnings and other sources.

State Sources

Capital Outlay. The primary source of State educational funding contributions to the Board's capital outlay requirements is the 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, a component of which is the number of full-time equivalent students in the school system. The State Commissioner of Education administers the PECO program and allocates or reallocates funds as authorized by law. PECO funds allocated by the Office of Education Facilities of the State Department of Education to the Board were \$20,559,560 for Fiscal Year 2005-06 and \$42,556,677 is budgeted to be received for Fiscal Year 2006-07. PECO funds may be used to make the principal portion of lease-purchase payments on a new construction project, but only to the extent that the project otherwise qualifies for PECO funding.

The State Capital Outlay and Debt Service Funds ("CO&DS") also provide funds for the Board's capital outlay requirements. CO&DS funds are derived from a portion of the revenues collected from motor vehicle license charges. The Board received CO&DS funds of \$900,684 in Fiscal Year 2003-04, \$1,021,154 in Fiscal Year 2004-05 and \$1,105,725.56 in Fiscal Year 2005-06.

On November 24, 1997, the Governor of the State signed into law a bill creating the "Public School Capital Outlay Program Act". It established several programs including the "Classrooms First Program," which provides for the issuance by the State of revenue bonds, the proceeds of which will be distributed to the various school districts based upon a formula similar to the formula used in allocating PECO funds. The proceeds of such revenue bonds must be applied by a school district for new construction, remodeling, renovation or major repairs. If a school district certifies that it has no unmet need for permanent classroom facilities or if its unmet needs are less than its proposed allocation of the revenue bond proceeds, it may choose to receive an annual distribution of State lottery revenues in lieu of all or a portion of its allocation of State bond proceeds. Such annual distribution must be used to construct, renovate, remodel, repair or maintain educational facilities. Such funds, whether in the form of State revenue bond proceeds or annual distributions of State lottery revenues, may not be used to make lease purchase payments. In addition, in order

(1) Unaudited

to receive any of such State funds, a school district must fully bond all of its CO&DS funds allocation.

During Fiscal Year 1997-98, the District participated in a State Board of Education (SBE) bond issue that utilizes a portion of its CO&DS funds allocation for the repaying of debt. The District received net proceeds of \$57,608,188. The District participated in additional SBE bond issues in Fiscal Year 1998-99 in which it received net proceeds of \$8,979,292, in Fiscal Year 1999-00 in which it received net proceeds of \$1,220,881.93, in Fiscal Year 2001-02 in which it received net proceeds of \$1,640,339.08 and in Fiscal Year 2003-04 in which it received net proceeds of approximately \$2,990,000. The District received \$3,383,764.82 and \$1,185,161.42 in Fiscal Year 2004-05. The District received \$3,602,416.98 in Fiscal Year 2005-06.

The District is also participating in the State's Classrooms First Program which pledges lottery revenues to pay the debt service on bonds issued by the State. The proceeds shall be expended first for providing permanent classroom facilities and shall not be expended for any other facilities until all unmet needs for permanent classrooms and core facilities are met. The District is entitled to receive a total of \$139,682,849 during a 20-year period that began with fiscal year 1998-99.

Under the Act, the District may be entitled to receive other State revenues pursuant to other programs if the District achieves certain standards relating to its capital outlay efforts. Some of such revenues may be used to make lease purchase payments. It is not possible at this time to determine or estimate the amount of such State revenues, if any, that the District may receive in the future.

Operating Revenue. The three primary sources of educational funding from the State are (i) basic Florida Educational Finance Program ("FEFP") receipts, (ii) FEFP categorical program receipts, and (iii) certain other specified revenue sources.

The major portion of State support is distributed under the provisions of FEFP, which was enacted by the State Legislature in 1973. Basic FEFP funds are provided on a weighted full-time equivalent student ("FTE") basis using a formula that takes into account varying program cost factors and school district cost differentials. The program cost factors which are used to determine the level of each school district's FEFP funding are determined by the State Legislature. The amount of FEFP funds disbursed by the State are adjusted four times during each year to reflect changes in FTE and in variables comprising the weighting formula. In addition, the level of State funding is adjusted during each year to compensate for increases or decreases in ad valorem tax revenue resulting from adjustments to the valuation of non-exempt property in each county.

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, and are not available to make lease purchase payments. Among the larger categorical programs are the programs for school bus transportation and instructional

materials. Allocations for these categorical appropriations are based on funding formulae and discretionary State Department of Education grants. The majority of the funds available require actual appropriation by the Board for the purposes for which they were provided. Total State categorical aid is expected to increase from \$109,290,152 in the 2005-06 fiscal year to a projected \$157,949,717 for the 2006-07 fiscal year due to the receipt of moneys intended to facilitate the Constitutional class size reduction requirements.

The Board also receives State educational funding from a variety of miscellaneous State programs. These sources include State Racing Commission funds, State mobile home license tax revenues, and the Florida State Lottery.

Local Sources

Local revenue for school district support is derived almost entirely from real and tangible personal property taxes. There are no local non-property taxes levied specifically for schools. In addition, the Board earns interest on cash invested and collects other miscellaneous revenues. The Board is permitted by State law and the State Constitution to assess property tax through any of five provisions, which are briefly described below.

(1) For operational purposes, the Florida Legislature requires each school board desiring to participate in the allocation of State funds available to school districts to levy a non-voted millage rate. The millage rate is determined annually by the State Legislature and is referred to as the "district required local effort." The District's required local effort is set forth in the table entitled "DISTRICT LEVIES" in the section entitled "SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA--Historical Millages" herein.

(2) School boards are also authorized to levy an additional non-voted "discretionary millage" for operations, not to exceed an amount established annually by the State Legislature. The District's discretionary millage is set forth in the table entitled "DISTRICT LEVIES" in the section entitled "SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA--Historical Millages" herein.

(3) School boards may levy an additional non-voted millage (the "Capital Outlay Millage Levy") for capital outlay and maintenance purposes, pursuant to Section 1011.71(2), Florida Statutes, as amended. The Capital Millage Levy may be up to 2 mills and may be used to fund new construction, remodeling, site acquisition and improvement; maintenance and repair; school bus purchases; payments under lease purchase agreements and certain short-term loans. Payments from this millage for lease purchase agreements for educational facilities and sites currently may not exceed three-fourths of the proceeds of the Capital Outlay Millage Levy. Such portion of the Capital Outlay Millage Levy is referred to herein as the Capital Outlay Millage. The Board is not required to levy any millage for capital outlay purposes in the future. Since revenues from the levy of the Capital Outlay Millage may be used for, but not pledged to, the payment of Lease Payments under the Series 2007 Lease Agreement, the failure of the Board to levy all or a portion of the

Capital Outlay Millage would have an adverse effect on Available Revenues from which the Board may appropriate to make Lease Payments.

(4) The Board, with the approval of the qualified electorate of the District, may levy an additional millage for current operations and/or capital outlay purposes for a period of not to exceed two years.

(5) Tax levies for debt service on general obligation bonds may be assessed, with the approval of the qualified electorate of the District.

The Board assessed a Capital Outlay Millage of 2.000 mills for the 2006-07 fiscal year. See the table entitled "Hillsborough County, Florida Property Tax Historical Millages" in the section entitled "SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA" herein for a schedule of the millage actually assessed by the Board over the past ten years. The Board's total non-voted millage for fiscal year 2006-07 is 5.823 mills; the State Constitution imposes a cap of 10 mills, exclusive of millage levied for the purposes described in paragraphs (4) and (5) above.

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**ANTICIPATED CAPITAL OUTLAY MILLAGE LEVY
REQUIRED TO COVER MAXIMUM ANNUAL PAYMENTS
ON THE SERIES 2007 CERTIFICATES AND THE PRIOR CERTIFICATES**

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

Taxable Assessed Valuation (Fiscal Year 2006-2007)	\$78,793,903,491
Funds Generated from 1 Millage Levy ⁽¹⁾	\$74,854,208
Maximum Annual Payments on the Series 2007 Certificates and the Prior Certificates but omitting the Series 2004B Certificates ⁽²⁾⁽³⁾⁽⁴⁾	\$63,499,486
Millage Levy Which Equals 1.00x Coverage of Maximum Annual Payments on the Series 2007 Certificates and the Prior Certificates but omitting the Series 2004B Certificates ⁽²⁾	0.848 mills
Maximum Annual Payments on the Series 2007 Certificates and the Prior Certificates including the Series 2004B Certificates ⁽²⁾⁽³⁾⁽⁴⁾	\$67,614,994
Millage Levy Which Equals 1.00x Coverage of Maximum Annual Payments on the Series 2007 Certificates and the Prior Certificates including the Series 2004B Certificates ⁽²⁾⁽³⁾	0.903 mills

-
- (1) This number calculated using 95% of the preliminary taxable assessed valuation.
 - (2) The Series 2004B Certificates are expected to be paid from a portion of the Board's sales tax revenues collected pursuant to Chapter 212, Part I, Florida Statutes (the "Sales Tax Revenues"), provided, however, that this is subject in all respects to the prior lien on Sales Tax Revenues that the holders of the presently outstanding or hereinafter issued Sales Tax Revenue Bonds have.
 - (3) Includes estimated ongoing broker dealer and auction agent fees.

The Board has assessed a Capital Outlay Millage Levy of 2 mills for each of its fiscal years since 1990. Pursuant to State statute, the Board may not use more than 1.5 mills of its current Capital Outlay Millage Levy, or three-fourths of the actual levy, whichever is less, for the purposes of making lease payments on lease purchase obligations such as the Prior Leases and the Series 2007 Lease Agreement. See the table entitled "DISTRICT LEVIES" in the section entitled "AD VALOREM TAXATION--Historical Millages" herein for a schedule of the millage actually assessed by the Board over the past ten years.

Accounting and Auditing System

Generally accepted accounting principles are used in the financial accounting and reporting of the Board. These generally accepted accounting principles are promulgated and published by the Governmental Accounting Standards Board (an independent nongovernmental body). The Governmental Accounting Standards Board is the recognized authority on specific application of generally accepted accounting principles to governmental agencies.

The Board uses an account classification system specified in a manual entitled *Financial and Program Cost Accounting and Reporting for Florida Schools*. Specific accounting forms and instructions and data collection instruments must be submitted to the Commissioner of Education of the State at designated intervals. Staff within the Financial Management Section of the State Department of Education review and the Commissioner of Education approves the Board's annual budget prior to implementation.

The State Department of Education conducts regular financial compliance reviews of the Board to ensure that the Board complies with state regulations. In conjunction with this, the Financial Management Section of the Department of Education reviews the cost reporting system of each district to ensure that the Financial and Program Cost Accounting and Reporting for Florida Schools is being properly implemented by the Board.

The Office of the Florida Auditor General conducts a financial audit of the Board on an annual basis and may conduct a performance audit as well. This audit includes all federal and State programs within the Board. The Department of Education offers technical assistance to the Board to remedy any problems identified by the Auditor General.

AD VALOREM TAXATION

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

Local ad valorem property taxes are levied by the application of the millage rate to the assessed valuation of non-exempt property within the County. Under the laws of the State, the assessment of all properties and the collection of all county, municipal and school district property taxes are consolidated in the office of the County Property Appraiser and County Tax Collector.

Property Assessment Procedure

The laws of the State require that all taxable real and tangible personal property must be assessed at fair market value, with some exceptions. Real and personal property valuations are determined each year as of January 1 by the County Property Appraiser. The County Property Appraiser submits the tax roll to the State Department of Revenue for review and determination of, among other things, whether the tax roll meets the requirements of State law regarding just

valuation. Each taxpayer is given notice by mail of the proposed property taxes and the assessed property value for the current year, and the dates, times and places at which budget hearings are scheduled to be held.

The property owner has the right to file an appeal of the determination of assessed value with the Value Adjustment Board, which considers petitions relating to assessments and exemptions. The Value Adjustment Board is composed of members of the Board and the Board of County Commissioners. The decision of the Value Adjustment Board may be appealed to the Circuit Court. The Property Appraisal Adjustment Board certifies the assessment roll upon completion of the hearing of appeals. Millage rates are then computed by the various taxing authorities and certified to the Property Appraiser, who applies the millage rates to the assessment roll. This procedure creates the tax roll, which is then certified and turned over to the County Tax Collector.

Pursuant to Article VII, Section 6 of the State Constitution and Section 196.031, Florida Statutes, as amended, the first \$25,000 of the assessed valuation of a homestead is exempt from taxation for any person who has title to a residence in such homestead on a permanent basis. See "RISK FACTORS – Recent Legislative Initiatives" herein for a description of proposed amendments to homestead exemption.

Truth in Millage Bill

The Florida Legislature enacted the Truth in Millage Bill (the "Trim Bill") requiring that only governing bodies of taxing authorities fix the millage rate and requiring that all property be assessed at one hundred percent (100%) of just value. Sections 200.071 and 200.091, Florida Statutes, prohibit the millage for taxing authorities from being set by referendum, except as provided in the Constitution of the State.

Constitutional Amendment

By voter referendum held on November 2, 1992, Article VII, Section 4 of the Florida Constitution was amended by adding thereto a subsection which, in effect, limits the increases in assessed just value of homestead property to the lesser of (1) three percent of the assessment for the prior year or (2) the percentage change in the Consumer Price Index for all urban consumers, U. S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics. Further, the amendment provides that (1) no assessment shall exceed just value, (2) after any change of ownership of homestead property or upon termination of homestead status such property shall be reassessed at just value as of January 1 of the year following the year of sale or change of status, (3) new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead, and (4) changes, additions, reductions or improvements to homestead shall initially be assessed as provided for by general law, and thereafter as provided in the amendment. The effective date of the amendment was January 5, 1993 and, pursuant to a ruling by the Supreme Court of the State of Florida, it began to affect homestead property

valuations commencing January 1, 1995, with 1994 assessed values being the base year for determining compliance. See "RISK FACTORS – Recent Legislative Initiatives" herein for a description of proposed amendments to homestead property valuations.

Collection of Taxes

Ad valorem taxes become payable on November 1 of each year, and become delinquent on the following April 1. Discounts are allowed for early payment, 4% if paid in November, 3% if paid in December, 2% if paid in January and 1% if paid in February. The County Tax Collector advertises and sells tax certificates on those lands on which taxes have not been paid to pay the taxes, interest, costs and charges on the parcel described in the certificate. If there are no bidders, the certificate is issued to the County. Real property taxes bear interest at a rate not to exceed 18% per year from the date of delinquency until a certificate is sold, except that the minimum charge for delinquent taxes paid prior to the sale of a tax certificate is 3%.

School District of Hillsborough County Tax Levies and Tax Collections For the Fiscal Years 1996/97 through 2005/06

Fiscal Year	Taxable Value For Millages ⁽¹⁾	Base Millage ⁽²⁾	Taxes Levied	Discounts Allowed	Taxes Collected	% of Tax Collections and Discounts to Taxes Levied ⁽³⁾
2005-06	\$64,575,391,405	5.928%	\$382,802,920	\$13,227,248	\$368,786,642	99.79%
2004-05	56,122,473,628	6.177	344,707,666	11,957,411	332,009,938	99.79
2003-04	50,374,394,070	6.270	315,847,451	10,544,518	303,824,989	99.53
2002-03	46,355,925,135	6.385	295,982,582	9,759,605	283,650,249	99.10
2001-02	42,891,979,683	6.376	273,479,262	9,242,432	262,305,780	99.27
2000-01	37,965,047,068	6.465	245,444,029	8,273,771	234,005,931	98.67
1999-00	34,671,753,793	6.771	234,762,445	7,933,541	218,145,700	97.13
1998-99	31,893,302,579	7.208	229,886,925	7,842,260	215,446,681	97.13
1997-98	29,349,684,182	7.152	209,908,941	7,172,313	201,667,762	99.49
1996-97	27,154,169,011	7.518	204,145,043	6,964,607	196,119,407	99.46

(1) Gross assessed valuation less exemptions.

(2) Excludes Capital Improvement and Debt Service Levies.

(3) The District is limited by statute to budget 95% of the tax levy for its revenue estimate.

Source: School District of Hillsborough County, Florida, Comprehensive Annual Financial Report Fiscal Year ended June 30, 2006.

Delinquent taxes are subject to a 3% monthly interest charge on real property and a 1.5% monthly charge for tangible personal property. The property owner is also assessed advertising, court and other charges incurred to collect the taxes.

The property owner may redeem a tax certificate by paying the County Tax Collector the face value of the certificate and accrued interest, plus a redemption fee of \$5. The redeemer must pay a minimum of 5% interest unless the certificate was bid at no interest.

The County Tax Collector notifies the certificate holder of the redemption and makes the arrangements to obtain the certificate and to process the payment. In some instances, the County itself acquires the tax certificates as a lien against the property.

After two years from the date of purchase, a private holder of any unredeemed tax certificate may apply for a tax deed to the property. The County also has a two-year minimum wait for purchase of a tax deed, but such period begins with November 1 of the year the taxes were due. Such procedures are governed by State law applicable to all Florida counties.

The request for a tax deed is referred to the Clerk of the Circuit Court of the County who will hold an auction after the proposed sale of the tax deed has been advertised for four consecutive weeks in a newspaper as prescribed by law. Auctions are generally held on the last three days during the last full week of May. The minimum acceptable bid for a tax deed must cover the face value of the certificate, accrued interest, \$60 for a title search and all court and advertising costs.

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Historical and Current Millages

The following table contains historical and current millage levels for the Board:

DISTRICT LEVIES

<u>TAX LEVY</u>	<u>Fiscal Year Ending June 30</u>									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund										
Nonvoted School Tax:										
State - Required Local Effort	6.392	6.448	6.011	5.746	5.664	5.680	5.577	5.493	5.168	5.063
Local - Discretionary	0.510	0.510	0.510	0.510	0.510	0.510	0.510	0.510	0.510	0.510
Local - Supplemental	0.250	0.250	0.250	0.209	0.202	0.195	0.183	0.174	0.250	0.250
<u>Capital Projects Fund</u>										
Nonvoted School Tax:										
Local Capital Improvements	<u>2.000</u>	<u>2.000</u>	<u>2.000</u>	<u>2.000</u>	<u>2.000</u>	<u>2.000</u>	<u>2.000</u>	<u>2.000</u>	<u>2.000</u>	<u>2.000</u>
Total Nonvoted millage	9.152	9.208	8.771	8.465	8.376	8.385	8.270	8.177	7.928	7.823
<u>Debt Service Fund</u>										
Voted School Tax:										
Debt Service	<u>0.436</u>	<u>0.323</u>	<u>0.300</u>	<u>0.250</u>	<u>0.210</u>	<u>0.210</u>	<u>0.210</u>	<u>0.184</u>	<u>0.009</u>	<u>-0-</u>
Total District Millage Levy	9.588	9.531	9.071	8.715	8.586	8.595	8.480	8.361	7.937	7.823

Sources: School District of Hillsborough County Budget Department.

Pursuant to Article VII of the State Constitution, the Board may not levy ad valorem taxes, exclusive of voted taxes levied for the payment of debt service, in excess of 10 mills.

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Assessed Valuation

The following table shows the assessed value and taxable value for operating millages in each of the past ten years.

Hillsborough County, Florida
School Taxable Value
Assessed Value of Taxable Property
1996-2006
(In Thousands)

<u>Tax Year</u>	<u>Total Assessed Value</u>	<u>Net Assessed Value</u>	<u>Taxable Assessed Valuation</u>	<u>% Taxable Value For Operating Millages</u>
2006	\$119,776,510	\$105,717,074	\$78,793,903	65.7%
2005	96,036,951	83,476,837	64,575,391	67.0
2004	81,135,780	70,713,903	56,122,474	68.9
2003	72,263,339	62,672,589	50,374,394	69.8
2002	66,579,217	57,365,174	46,355,925	69.4
2001	60,706,431	52,459,281	42,891,980	70.4
2000	53,356,474	46,012,223	37,965,047	71.2
1999	49,254,441	41,494,770	34,671,754	70.4
1998	45,885,695	38,160,923	31,893,303	69.5
1997	42,519,275	35,013,993	29,349,684	69.0
1996	39,905,926	32,445,065	27,154,169	68.0

Note: Net Taxable Values are net Assessed Values after deducting allowable statutory exemption.

Source: School District of Hillsborough County, Florida.

Principal Taxpayers

The following table contains the list of the County's ten largest taxpayers. No single taxpayer in the County pays more than 2.53% of the total ad valorem taxes levied.

**List of 10 Highest Ad Valorem
Taxpayers in Hillsborough County, Florida
Fiscal Year 2006
(in thousands)**

<u>Taxpayer</u>	<u>2005 Taxes Levied*</u>	<u>% of Total Assessed Value*</u>
Tampa Electric Company	\$40,917	2.53%
Verizon	22,010	1.36
Hillsborough Aviation Authority	11,161	0.69
Mosaic Phosphates	6,876	0.43
Camden Property Trust	5,060	0.31
Wal-Mart	4,657	0.29
Post Apartments Home	4,597	0.28
Glimcher LTD Partnership	4,279	0.26
Busch Entertainment	2,901	0.18
Teachers Insurance & Annuity	2,788	0.17
Total of Top 10	<u>\$105,246</u>	<u>6.50%*</u>

*Variance, due to rounding

Source: School District of Hillsborough County, Florida, Comprehensive Annual Financial Report For The Fiscal Year ended June 30, 2006.

PENSION AND OTHER POSTEMPLOYMENT BENEFIT PLANS

All regular employees of the District are covered by the Florida Retirement System (the "FRS"), a State-administered, cost-sharing, multiple-employer, public employee defined benefit retirement plan (the "Plan"). Plan provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein Plan eligibility, contributions, and benefits are defined and described in detail. Essentially, all regular employees of participating employers are eligible and must enroll as members of the FRS. Benefits in the defined benefit plan vest at six years of service. The defined benefit plan also includes an early retirement provision but imposes a penalty for each year a member retires before his or her normal retirement

age. The defined benefit plan provides retirement, disability, and death benefit, and annual cost-of-living adjustments.

The District's liability for participation in the Plan is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions (including employee contributions) for the fiscal years ending June 30, 2004, June 30, 2005 and June 30, 2006, totaled \$56,048,722, \$59,393,345 and \$67,164,376, respectively, which were equal to the required contributions for each fiscal year.

As authorized by Section 1012.985, Florida Statutes, the Board implemented an Early Retirement Plan (the "Early Retirement Plan") effective August 1, 1984. The Early Retirement Plan is a single-employer defined benefit plan. The purpose of the Early Retirement Plan is to provide eligible District employees, who elect to retire under the early retirement provisions of the Florida Retirement System, with a monthly benefit equal to the statutory reduction of the normal retirement benefits when early retirement precedes the normal retirement age of 62. Pursuant to the Early Retirement Plan Agreement, no contribution shall be required or permitted from any member. Board contributions shall be sufficient to meet the annual pension cost of the Early Retirement Plan and to amortize the un-funded actuarial accrued liability within 30 years based on an actuarial study. There are no long-term contracts to the plan. Periodic employer contributions to the Early Retirement Plan are determined on an actuarial basis using the "Entry Age Actuarial Cost Method". Annual pension cost is funded on a current basis. Pursuant to Section 112.64, Florida Statutes, the un-funded actuarial accrued liability is funded over a 40-year period. Periodic contributions for both normal cost and the amortization of the un-funded actuarial liability are based on the level percentage of payroll method.

Significant actuarial assumptions used to compute annual required contributions are the same as those used to determine the actuarial accrued liability.

Total contributions to the Early Retirement Plan in fiscal years 2004, 2005 and 2006 amounted to \$2,100,014, \$1,932,629 and \$1,988,592, respectively. The actuarially determined contribution for fiscal years 2004, 2005 and 2006 were \$1,885,854, \$1,990,860 and \$2,283,533, respectively, which were determined through actuarial valuations performed at February 28, 2003, May 4, 2004 and November 9, 2004, respectively. The total annual pension costs for fiscal years 2004, 2005 and 2006 were \$1,882,002, \$1,988,508 and \$2,278,659, respectively.

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 both an implicit rate subsidy, by providing access to health insurance plans requiring the use of a single "blended" or "common" rate for both active and retired employees, as well as a small co-payment of premiums on a quarterly basis. The offering of this health insurance coverage is required by Section 112.0801, Florida Statutes. The employer contribution rate from July 2005 through June 2006 was 1.11 percent of eligible wages. Total District contributions for the fiscal year

ended June 30, 2006 were \$9,307,126. See "APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE SCHOOL DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2006" attached hereto, and specifically, Note 22 in the Notes to Financial Statements, therein.

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Series 2007 Certificates are subject to an approving legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Special Counsel, whose approving opinion (a form of which is attached hereto as Appendix H) will be available at the time of delivery of the Series 2007 Certificates. Certain legal matters will be passed upon for the Board by its Counsel, Thompson, Sizemore and Gonzalez P.A., Tampa, Florida and Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel and for the Corporation by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Special Counsel. GrayRobinson, P.A., Tampa, Florida, is serving as counsel to the Underwriters.

Special Counsel has not been engaged to, nor has it undertaken to, review the accuracy, completeness or sufficiency of this Offering Statement or any other offering material relating to the Series 2007 Certificates; provided, however, that Special Counsel shall render an opinion to the Underwriters (as to which only they may rely) of the Series 2007 Certificates relating to the accuracy of certain statements contained herein under the heading "TAX EXEMPTION" and certain statements which summarize provisions of the Master Lease, the Series 2007 Lease Agreement, the Trust Agreement, the Assignment, the Ground Lease and the Series 2007 Certificates.

INVESTMENT POLICY

Assets of the District are governed by an investment policy adopted by the Board in September, 2001 under the provisions of Sections 1001.42, Florida Statutes, as amended. Furthermore, the investment of certain assets held under the Trust Agreement such as the Lease Payment Fund, the Project Fund, the Prepayment Fund and the Rebate Fund, is also governed by the terms and provisions of the Trust Agreement.

Pursuant to the District's investment policy, the Superintendent or designee shall invest temporarily idle excess funds with the State Board of Administration (the "SBA") in the Local Government Surplus Trust Fund or with an intergovernmental pool. Funds made available through issuance of long-term debt will be invested with an approved national investment firm, or banking institution selected through a request for proposal process and under the terms and conditions contained therein to include permitted securities as authorized by Florida statute. Principals will invest temporarily idle internal account funds in qualified depositories or securities as defined in Florida statute or the SBA through the School Internal Account Investment Program.

The investment policy described above may be revised by the Board from time to time.

LITIGATION

Concurrently with the delivery of the Series 2007 Certificates, Counsel to the Board will deliver an opinion which states, among other things, that there is no litigation or other proceedings pending or, to the best knowledge of the Board, threatened against the Board (i) that seeks to restrain or enjoin the issuance or delivery of the Series 2007 Certificates, the Master Lease or the Series 2007 Lease Agreement or (ii) questioning or affecting the validity of the Series 2007 Certificates, the Master Lease or the Series 2007 Lease Agreement or any proceedings of the Board or actions of the Trustee with respect to the authorization, sale, execution or issuance of the Series 2007 Certificates or the transactions contemplated by this Offering Statement or the Master Lease, the Trust Agreement, the Series 2007 Lease Agreement or any other agreement or instrument to which the Board is a party in connection therewith and which is used or contemplated for use in the transactions contemplated by this Offering Statement or (iii) questioning or affecting the creation, organization or existence of the Board and which would have an adverse effect on the actions taken by the Board with respect to the issuance of the Series 2007 Certificates.

The Board experiences claims, litigation, and various legal proceedings which individually are not expected to have a material adverse effect on its operations or financial condition, but may, in the aggregate, have a material impact thereon. In the opinion of the Counsel to the Board, however, the Board will either successfully defend such actions or otherwise resolve such matters without any material adverse consequences on the Board's financial condition.

TAX EXEMPTION

Opinion of Special Counsel

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2007 Certificates in order that the Interest Component of the Basic Rent Payments received by the Owners of the Series 2007 Certificates be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause such Interest Component to be included in federal gross income retroactive to the date of issuance of the Series 2007 Certificates, regardless of the date on which such non-compliance occurs or is ascertained. The Board and the Corporation have covenanted in the Lease Agreement to comply with such requirements in order to maintain the exclusion from federal gross income of the Interest Component.

In the opinion of Special Counsel, the form of which is attached hereto as APPENDIX H, assuming compliance with the aforementioned covenants, prior to the termination of the Lease Agreement resulting from an Event of Non-Appropriation or Event of Default thereunder, the Interest Component of the Basic Rent Payments is excludable from gross income and is not a specific item of tax preference for federal income tax purposes under existing statutes, regulations, rulings and court decisions. However, the Interest Component of the Basic Rent Payments is taken

into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations pursuant to the Code.

Internal Revenue Code of 1986

The Code contains a number of provisions that apply to the Series 2007 Certificates, including among other things, restrictions relating to the use of investment of the proceeds of the Series 2007 Certificates and the payment of certain arbitrage earnings in excess of the "yield" on the Series 2007 Certificates to the Treasury of the United States. Noncompliance with such provisions may result in the Interest Component of the Basic Rent Payments being included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2007 Certificates.

Collateral Tax Consequences

Except as described above, Special Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the Series 2007 Certificates. Prospective purchasers of Certificates should be aware that the ownership of Certificates may result in collateral tax consequences to various types of corporations relating to (1) the branch profits tax, (2) the denial of interest deductions to purchase or carry such Certificates, and (3) the inclusion of the Interest Component of the Basic Rent Payments in passive income for certain Subchapter S corporations. In addition, the Interest Component may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2007 CERTIFICATES AND THE RECEIPT OR ACCRUAL OF THE INTEREST COMPONENT OF THE BASIC RENT PAYMENTS MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE CERTIFICATE HOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE CERTIFICATE HOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Other Tax Matters

The Interest Component of the Basic Rent Payments may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Series 2007 Certificates should consult their own tax advisors as to the income tax status of such Interest Component in their particular state or local jurisdictions.

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2007 Certificates. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alterations of federal tax consequences may have affected the market value of obligations similar to the Series

2007 Certificates. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2007 Certificates and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Series 2007 Certificates.

NOTWITHSTANDING THE FOREGOING, SPECIAL COUNSEL EXPRESSES NO OPINION REGARDING THE FEDERAL INCOME TAX OR FLORIDA TAX CONSEQUENCES RESULTING FROM THE OWNERSHIP OF THE SERIES 2007 CERTIFICATES OR THE RECEIPT BY THE OWNERS THEREOF OF PAYMENTS ON THE SERIES 2007 CERTIFICATES FOLLOWING THE TERMINATION OF THE LEASE AGREEMENT RESULTING FROM AN EVENT OF NON-APPROPRIATION OR EVENT OF DEFAULT THEREUNDER.

Original Issue Discount

Under the Code, the difference between the principal amount of the Series 2007 Certificates maturing July 1 in the years 2013 (with an interest rate of 3.750%), 2017 through 2020, inclusive, 2021 (with an interest rate of 4.250%), 2022 (with an interest rate of 4.250%), 2023 (with an interest rate of 4.300%), 2024 (with an interest rate of 4.375%), 2026, 2027 and 2031 (with an interest rate of 4.500%) (collectively, the "Discount Certificates") and the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount Certificates of the same maturity was sold, is "original issue discount". Original issue discount represents interest which is excluded from gross income for federal income tax purposes; however, such interest is taken into account for purposes of determining the alternative minimum tax imposed on corporations and may result in the collateral federal tax consequences in the year of accrual, referred to above. Original issue discount will accrue over the term of a Discount Certificate at a constant interest rate compounded semi-annually. A purchaser who acquires a Discount Certificate at the initial offering price thereof to the public will be treated as receiving, prior to the termination of the Series 2007 Lease Agreement resulting from an Event of Non-Appropriation or Event of Default thereunder, an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he holds such Discount Certificates and will increase its adjusted basis in such Discount Certificates by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Certificates. The federal income tax consequences of the purchase, ownership and prepayment, sale or other disposition of Discount Certificates which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Owners of Certificates should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, prepayment or other disposition of such Discount Certificates and with respect to the state and local tax consequences of owning and disposing of such Discount Certificates.

Special Counsel expresses no opinion regarding the federal income tax consequences resulting from the accrual of original issue discount following the termination of the Series 2007 Lease Agreement resulting from an Event of Non-Appropriation or Event of Default thereunder.

Original Issue Premium

The difference between the principal amount of the Series 2007 Certificates maturing July 1 in the years 2008 through 2012, inclusive, 2013 (with an interest rate of 4.000%), 2014 through 2016, inclusive, 2021 (with an interest rate of 5.000%), 2022 (with an interest rate of 5.000%), 2023 (with an interest rate of 5.000%), 2024 (with an interest rate of 5.000%), 2025 and 2031 (with an interest rate of 4.750%) (collectively, the "Premium Certificates") and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Certificates of the same maturity was sold constitutes to an initial purchaser amortizable certificate premium which is not deductible from gross income for Federal income tax purposes. The amount of amortizable certificate premium for a taxable year is determined actuarially on a constant interest rate basis over the term of the Premium Certificates which term ends on the earlier of the maturity or call date for each Premium Certificate which minimizes the yield on said Premium Certificates to the Purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Certificate, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Certificate annually by the amount of amortizable certificate premium for the taxable year. The amortization of certificate premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Certificates. Owners of the Premium Certificates are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Certificates.

Special Counsel expresses no opinion regarding the federal income tax consequences resulting from the accrual of original issue premium following the termination of the Series 2007 Lease Agreement resulting from an Event of Non-Appropriation or Event of Default thereunder.

RATINGS

Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Services ("S&P") and Fitch Ratings ("Fitch") are expected to assign ratings of "Aaa", "AAA" and "AAA" respectively, to the Series 2007 Certificates, with the expectation that the insurance policy will be issued simultaneously with the Series 2007 Certificates. In addition, Moody's, Fitch and S&P have assigned underlying ratings of "Aa3", "A+" and "AA-", respectively, to the Series 2007 Certificates assuming such insurance were not to be obtained. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007; Standard & Poor's Ratings Services, 25

Broadway, New York, New York 10004; and Fitch Ratings, One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2007 Certificates.

FINANCIAL ADVISOR

The Board has retained Ford & Associates, Inc., Tampa, Florida, as financial advisor in connection with the Board's financing plans and with respect to the issuance of the Series 2007 Certificates. Fees paid to Ford & Associates, Inc. may include fees for bidding investments on behalf of the Board. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Offering Statement. The Financial Advisor did not participate in the underwriting of the Series 2007 Certificates.

UNDERWRITING

The Series 2007 Certificates are being purchased by UBS Securities LLC on behalf of itself and Citigroup Global Markets Inc., Morgan Stanley & Co. Incorporated, A.G. Edwards & Sons, Inc., Raymond James & Associates, Inc., Jackson Securities, RBC Capital Markets and Siebert Brandford Shank & Co., L.L.C. (collectively, the "Underwriters"). The Series 2007 Certificates are being purchased by the Underwriters at a price of \$85,580,826.08 (which represents the par amount of the Series 2007 Certificates plus net original issue premium of \$1,299,109.60 and less an Underwriters' discount of \$403,283.52). The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the Series 2007 Certificates if any Certificates are purchased. The Series 2007 Certificates may be offered and sold to certain dealers (including dealers depositing such Certificates into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

RBC Capital Markets is the name under which RBC Dain Rauscher Inc., a broker-dealer, conducts investment banking business.

GENERAL PURPOSE FINANCIAL STATEMENTS

The general purpose financial statements of the District for the Fiscal Year ended June 30, 2006, included in this Offering Statement have been audited by KPMG LLP, independent certified public accountants, as stated in their report appearing in Appendix B. Such report is included as a public record and KPMG LLP was not requested to and has not performed any services in connection with the issuance of the Series 2007 Certificates.

CONTINGENT FEES

The Board has retained Special Counsel, Counsel to the Board, Disclosure Counsel, the Financial Advisor, the Underwriters (who in turn retained Underwriters' Counsel), the Trustee, Trustee's Counsel, and the Corporation has retained Counsel to the Corporation, with respect to the authorization, sale, execution and delivery of the Series 2007 Certificates. Payment of each fee of such professionals is each contingent upon the issuance of the Series 2007 Certificates.

CONTINUING DISCLOSURE

The Board has agreed and undertaken for the benefit of Certificate holders and in order to assist the Underwriters in complying with the continuing disclosure requirements of Rule 15c12-12 of the Securities Exchange Commission (the "Rule"), to provide certain financial information and operating data relating to the Board and the Series 2007 Certificates in each year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. Such undertaking shall only apply so long as the Series 2007 Certificates remain outstanding under the Trust Agreement. The Annual Report and audited financial statements will be filed annually by the dissemination agent pursuant to the undertaking with each Nationally Recognized Municipal Securities Information Repository ("NRMSIRS") described in the form of the Continuing Disclosure Certificate attached hereto as APPENDIX J, as well as any state information depository that is subsequently established in the State of Florida (the "SID"). The notices of material events will be filed by the dissemination agent with the Municipal Securities Rulemaking Board or the NRMSIRS and with the SID. The specific nature of the information to be contained in the Annual Report and the notices of material events are described in APPENDIX J attached hereto.

With respect to the Series 2007 Certificates, no party other than the Board is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the aforementioned Rule. The Board fully anticipates satisfying all obligations in connection therewith.

ACCURACY AND COMPLETENESS OF OFFERING STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the Board and the Series 2007 Project and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Series 2007 Certificates, the security for the payment of the Series 2007 Certificates and the rights and obligations of the owners thereof and to each such statute, report or instrument.

Any statements made in this Offering Statement involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Offering

Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Series 2007 Certificates.

The Appendices attached hereto are integral parts of this Offering Statement and must be read in their entirety together with all foregoing statements.

AUTHORIZATION OF OFFERING STATEMENT

The execution and delivery of this Offering Statement has been duly authorized and approved by the School Board of Hillsborough County, Florida. At the time of delivery of the Series 2007 Certificates, the undersigned will furnish a certificate to the effect that nothing has come to their attention which would lead them to believe that the Offering Statement (except for the information related to the Insurer, its Certificate Insurance Policy and DTC and its book-entry only system of registration, as to all of which no opinion will be expressed), as of its date and as of the date of delivery of the Series 2007 Certificates, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Offering Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

SCHOOL BOARD OF HILLSBOROUGH
COUNTY, FLORIDA

By: /s/ Jack R. Lamb, Ed.D
Chair

By: /s/ MaryEllen Elia
Superintendent

APPENDIX A

GENERAL INFORMATION RELATING TO HILLSBOROUGH COUNTY

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Appendix A

General Information Regarding Hillsborough County

The County

Hillsborough County (the "County") is located along Tampa Bay on the west coast of Florida. The County covers 1,068 square miles, 41.9 square miles of which are water areas. In area, it is the sixth largest county in the State of Florida.

The County includes three incorporated cities: Tampa, Plant City, and Temple Terrace. Tampa, the largest incorporated city, is the County seat and also a center of international, national, and intrastate commerce. The Tampa International Airport and the Port of Tampa connect Hillsborough County to other major cities in the nation and major markets throughout the world. Target growth industries in the County include business/financial services, biomedical research, tourism and recreation, information industries, agriculture, and aquaculture.

Sources: The Hillsborough County City County Planning Commission; Florida Statistical Abstract 2005; US Department of Commerce, Bureau of the Census, Geography Division, unpublished data.

Government

Hillsborough County operates under a home-rule charter enacted by the voters on September 20, 1983. Under the charter, the Board of County Commissioners (the "BOCC") consists of seven Commissioners; three elected county-wide and four elected from single member districts. As a result of this charter, each voter has a chance to influence the election of a majority of board members. The BOCC is restricted to performing the legislative functions of government and developing policy for the management of Hillsborough County. The County Administrator, appointed by the BOCC, and his staff are responsible for the implementation of these policies throughout the County.

In addition to the members of the BOCC, there are five elected Constitutional Officers: the Clerk of Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector.

The County provides a variety of services characteristic of local multi-purpose governments including law enforcement, maintenance of roads and bridges, animal services, social services programs, planning and growth management, environmental protection, fire protection and emergency rescue, consumer protection, parks and recreation programs, mosquito control, employment services, emergency disaster preparedness, traffic control, water/wastewater utilities, solid waste disposal, medical examiner services, agricultural cooperative extension services, children's services, indigent health care, public assistance programs, aging services programs, emergency medical services, and library services.

In addition to their legislative duties, members of the BOCC serve as the County's Environmental Protection Commission. Individual members of the BOCC also take turns serving on various boards, authorities and commissions such as the Children's Board, Tampa Bay Regional Planning Council, Metropolitan Planning Organization, Hillsborough County Tourist Development Council, Tampa Bay Water, Tampa Port Authority, Hillsborough County Aviation Authority, Hillsborough Area Regional Transit Authority, Hillsborough County Public Transportation Commission, Tampa-Hillsborough County Expressway Authority, Tampa Sports Authority, Arts Council of Hillsborough County, Value Adjustment Board, Hillsborough County Hospital Authority, Council of Governments, and the Committee of 100 of the Greater Tampa Chamber of Commerce.

Source: Hillsborough County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2005.

Population

Hillsborough County's population represents 6.3% of Florida's population making it the fourth most populated county in the State of Florida. Between 2000 and 2004, the County's population increased by 11.7%. The County is expected to sustain this growth reaching a projected population of nearly 1,332,540 by the year 2015.

	Population	Increase
1950	249,894	-
1960	397,788	59.2%
1970	490,265	23.2%
1980	646,939	32.0%
1990	834,054	28.9%
1998	939,070	12.6%
1999	958,050	2.0%
2000	998,948	4.3%
2001	1,027,436	2.9%
2002	1,055,807	2.8%
2003	1,083,520	2.6%
2004	1,115,960	3.0%

Hillsborough County's population in the year 2004 exceeded the population of each of the following states: Alaska, Delaware, Montana, North Dakota, South Dakota, Vermont, and Wyoming.

Sources: Florida Statistical Abstracts 1999 through 2005, Bureau of Economic and Business Research, University of Florida; Florida Estimates of Population 2003, Bureau of Economic and Business Research, University of Florida; 2004 population figure from 2004 Hillsborough County-City Planning Commission and Bureaus of Economic and Business University of Florida.

Hillsborough County, State of Florida, United States Population by Age 1990 and 2000

<u>Age</u>	<u>Hillsborough County</u>		<u>Florida</u>		<u>United States</u>	
	<u>1990</u>	<u>2000</u>	<u>1990</u>	<u>2000</u>	<u>1990</u>	<u>2000</u>
0 - 14	179,480	212,554	2,412,069	3,034,565	53,567,871	60,253,375
15 - 24	120,985	133,655	1,669,825	1,942,377	36,774,327	39,183,891
25 - 44	284,369	316,603	3,927,400	4,569,347	80,754,835	85,040,251
45 - 64	156,087	216,463	2,559,201	3,628,492	46,371,009	61,952,636
65 and over	<u>102,133</u>	<u>119,673</u>	<u>2,369,431</u>	<u>2,807,597</u>	<u>31,241,831</u>	<u>34,991,753</u>
Total	843,054	998,948	12,937,926	15,982,378	248,709,873	281,421,906

Source: Bureau of the Census.

Property Taxes - General Information

Tax Rate Limits. The constitutional limit on municipal, county and school district ad valorem taxes is ten mills each; and for special districts as provided by law and approved at referendum. A county providing municipal services may levy additional taxes within the limits fixed for municipal purposes (10 mills). The constitutional limit may be exceeded for periods not in excess of two years only by approval of voters in a tax referendum. The constitutional limit shall not apply to the millage rate levied for the payment of principal of and the interest on any debt service secured by the full faith and credit of the County, and

such taxes shall be in addition to all other taxes authorized or limited by law. A referendum is required for the County to pledge its full faith and credit.

Exemptions. Property tax exemptions, applicable only to State residents who meet the requirement, may be obtained by homesteaders, senior citizens, widows and disabled persons. The homestead exemption is fixed at \$25,000. At the November 3, 1998 general election ballot, the voters approved an amendment proposed by the Constitutional Revision Commission permitting counties and municipalities to grant an additional homestead exemption not to exceed \$25,000 to persons who have attained the age of 65, who hold title to the real property, and who maintain a permanent residence thereon and whose incomes do not exceed \$20,000 (subject to adjustment). Hillsborough County adopted an ordinance to implement this new exemption effective January 1, 2000. Pursuant to the implementing ordinance, this exemption does not apply to bonds to which the full faith and credit of the County is pledged. The other exemptions are fixed at \$500. There is a limit of two exemptions per household. There are currently also exemptions for religious, charitable and educational uses and specific exemptions for certain licensed childcare facilities located in an enterprise zone, certain proprietary continuous care facilities, certain affordable housing facilities, certain charter schools and certain historic properties, as well as governmentally owned property and special classifications for agricultural and certain other uses.

Limitation on Assessment Increases. A statewide voter-initiated petition placed an amendment on the November 3, 1992 general election ballot which was approved by the voters (the "Save Our Homes Amendment"). The amendment limits annual increases in ad valorem tax assessments for those properties with homestead exemptions to the lesser of three percent (3%) or the annual rate of inflation. The amendment provides that such property be assessed at just value after any change in ownership and that changes, additions, reductions or improvements to such property shall be assessed as provided by general law.

For the County's fiscal year ended September 30, 2004, County-wide taxable property assessments were approximately \$8.131 billion less than they would have been without the limitation imposed by the Save Our Homes Amendment.

Tax Due Date and Payments. Tax statements are normally mailed in October by the Hillsborough County Tax Collector (the "Tax Collector"). Taxes are due each November 1 and become delinquent April 1 of the following year. The Tax Collector receives all payments and distributes the revenues among the local governmental units.

Discounts, Penalties and Fees. Taxes levied are discounted under Florida law by 4% if paid in November, 3% if paid in December, 2% if paid in January and 1% if paid in February.

Delinquent taxes are subject to 1.5% monthly interest charge with a minimum of 3% on real property and a 1.5% monthly interest charge for tangible personal property. The property owner is also assessed advertising, court and other charges.

Tax Certificates on Real Property. It is the Tax Collector's duty, on or before June 1 of each year, to advertise and sell tax certificates on real property on delinquencies extending from the previous April 1. The tax certificates must be not less than the amount of the taxes plus interest from April 1 to the date of sale at 18% per annum, together with the cost of advertising and expenses of sale. Delinquent taxes may be redeemed prior to sale of the tax certificates upon payment of all costs, delinquent taxes and interest at the rate of 18% per annum, but not less than 3% of the delinquent taxes and costs.

The face value of each certificate includes taxes due, 3% interest, advertising costs (approximately \$2.00 per parcel), and a 5% commission charged by the Tax Collector. Prospective buyers are determined by the lowest interest charges bid on the certificates.

The property owner may redeem a tax certificate by paying the Tax Collector the face value of the certificate and accrued interest, plus a redemption fee of \$6.25. The redeemer must pay a minimum of 5% interest unless the certificate was bid at no interest.

The Tax Collector notifies the certificate holder of the redemption and makes the distribution of funds to certificate holders. In some instances, the County itself acquires the tax certificates as a lien against the property.

Tax Deeds. After two years from the date of delinquency (April 1), a private holder of any unredeemed tax certificate may apply for a tax deed to the property.

The request for a tax deed is referred to the Clerk of the Circuit Court (the “Clerk”) who will hold an auction after the proposed sale of the tax deed has been advertised for four consecutive weeks in a newspaper and notice to the title holder and other interested parties as prescribed by law. Auctions are generally held at 10:00 a.m. on Mondays (which Monday is determined by the Clerk) at the Hillsborough County Courthouse steps. The minimum acceptable bid for a tax deed must cover the face value of the certificate, and all other outstanding certificates accrued interest, costs of a title search and all court and advertising costs, and in the case of homestead property, one-half of the assessed value of the property.

Tangible Personal Property. Delinquent personal property taxes must be published in a newspaper within 45 days after the taxes become delinquent. If taxes due remain unpaid, the Tax Collector petitions the Clerk for warrants to seize the tangible property. Seizure can be effected upon issuance of the warrant. To satisfy the judgment, tangible property owners must pay taxes due, 1.5% interest per month of delinquency (\$2.00 delinquency fee) and advertising, warrant and court costs.

Source: Office of Tax Collector, Hillsborough County.

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Hillsborough County, Florida
Countywide Assessed Value for Ad Valorem Tax Purposes
(\$ Thousands)
Calendar Year

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Just Value	\$81,135,780	\$72,263,339	\$66,579,217	\$60,706,431	\$53,356,474
Classified Agriculture	285,460	227,209	236,783	228,225	220,473
Classified Pollution					
Control Devices	57,314	58,775	59,325	62,672	65,485
Just Value Agricultural	(1,678,918)	(1,372,552)	(1,437,811)	(1,465,623)	(1,473,622)
Just Value Pollution					
Control Devices	(57,314)	(58,775)	(59,325)	(62,672)	(65,485)
Governmental Exemptions	(6,547,774)	(6,112,797)	(5,825,883)	(5,044,515)	(4,420,706)
Institutional Exemptions	<u>(2,480,645)</u>	<u>(2,332,610)</u>	<u>(2,187,132)</u>	<u>(1,965,237)</u>	<u>(1,670,396)</u>
NET ASSESSED VALUE	70,713,903	62,672,589	\$57,365,174	\$52,459,281	\$46,012,223
Lands Available for Taxes	(1,851)	(3,102)	(5,120)	(5,417)	(5,902)
Widow/Widower Exemption	(9,237)	(9,338)	(9,496)	(9,649)	(9,860)
Disability/Blind Exemption	(226,642)	(199,735)	(160,933)	(148,931)	(151,120)
Homestead Exemption	(6,222,221)	(6,092,780)	(5,931,181)	(5,708,122)	(5,542,718)
Just Value – Capped Value	<u>(8,131,478)</u>	<u>(5,993,240)</u>	<u>(4,902,319)</u>	<u>(3,695,182)</u>	<u>(2,337,576)</u>
School Taxable Value	\$56,122,474	\$50,374,394	\$46,355,925	\$42,891,980	\$37,965,047

Sources: Comprehensive Annual Financial Report of The School District of Hillsborough County, Florida For the Fiscal Year Ended June 30, 2005.

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**Hillsborough County, Florida
Property Tax Levies and Collections
Last Five Fiscal Years
(Amounts in Thousands)**

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Real estate (a)	\$43,760,477	\$39,857,477	\$36,372,491	\$31,700,181	28,722,314
Personal property (a)	6,332,953	6,266,898	6,332,473	6,094,233	5,882,934
Centrally assessed property (b)	<u>111,838</u>	<u>80,303</u>	<u>77,796</u>	<u>82,071</u>	<u>66,506</u>
Taxable assessed value	<u>\$50,205,268</u>	<u>\$46,204,981</u>	<u>\$42,782,760</u>	<u>\$37,876,485</u>	<u>34,671,754</u>
Tax levy (c)	553,131	508,616	482,284	\$429,559	396,193
Current tax collections plus discounts allowed	547,054	500,980	474,844	422,776	388,930
Percent of current taxes collected plus discounts allowed	98.9%	98.5%	98.4%	98.4%	98.2%
Delinquent tax collections (d)	586	644	2,797	2,887	980
Total tax collections	547,640	501,624	477,641	425,663	389,910
Ratio of total tax collections to total tax levy	99.0%	98.6%	99.0%	99.1%	98.4%
Outstanding delinquent taxes (e)	2,605	4,259	3,458	4,814	5,000
Ratio of delinquent taxes to total tax levy	0.47%	0.84%	0.72%	1.12%	1.26%

- a) Assessed value, i.e., the value after homestead and other exemptions have been deducted.
- b) Centrally assessed property is property that is assessed by the State of Florida rather than the Property Appraiser, since the property is located in more than one county. Centrally assessed property is essentially railroad company property.
- c) The tax levy is the entire property tax due to Hillsborough County before any tax reductions are determined by the Value Adjustment Board and before any tax amounts are determined to be uncollectable due to insolvencies. The tax levy represents only the taxes due to the Hillsborough County financial reporting entity and therefore, excludes taxes due to the School Board, the City of Tampa, and certain other governmental entities.
- d) Includes all delinquent tax collections received during the year regardless of the year in which the taxes were originally levied.
- e) Outstanding delinquent taxes represent taxes outstanding from only the taxes levied in the fiscal year specified, i.e., this figure does not represent outstanding taxes from the year specified plus all previous years.

Sources: Office of Tax Collector, Hillsborough County.

**Hillsborough County, State of Florida and the United States
Resident Labor Force, Employment, Unemployment
1980-2005
Not Seasonally Adjusted**

The following table shows the average civilian (non-military) labor force, the average number of individuals employed and related unemployment statistics for the County, State of Florida, and the Nation.

	<u>June 2005</u>	<u>June 2004</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>
Hillsborough County					
Labor Force	589,260	647,056	572,743	446,230	313,737
Employment	565,671	623,568	555,635	443,789	298,015
Unemployment	23,589	23,488	17,108	22,441	15,722
Unemployment Rate	4.0%	3.6%	3.0%	4.8%	5.0%
Florida					
Labor Force	8,698,000	8,476,000	7,649,884	6,365,000	4,271,000
Employment	832,000	9,090,000	7,336,454	5,987,000	4,020,000
Unemployment	369,000	396,000	313,430	378,000	251,000
Unemployment Rate	4.2%	4.7%	4.1%	5.9%	5.9%
United States					
Labor Force	150,327,000	149,217,000	142,132,000	124,787,000	106,946,000
Employment	142,456,000	140,700,000	136,192,000	117,914,000	99,303,000
Unemployment	7,870,000	8,518,000	5,940,000	6,873,000	7,643,000
Unemployment Rate	5.2%	5.7%	4.2%	5.5%	7.1%

Sources: Comprehensive Annual Financial Reports of The School District of Hillsborough County, Florida For the Fiscal Years Ended June 30, 2004 and June 30, 2005.

Transportation

Tampa International Airport is the major airport for the west central region of Florida serving primarily Hillsborough, Pinellas (which includes the cities of St. Petersburg and Clearwater), Pasco, Manatee, Polk, and Hernando Counties.

Tampa International Airport, an approximately 3,400-acre facility, is used primarily for commercial aviation by certified scheduled airlines. It is a large air traffic hub, as defined by the Federal Aviation Administration, accounting for approximately 1.3% of the nation's total passenger traffic. The new Airside Building C was completed and opened for operation in April 2005. This new airside encompasses 315,000 square feet and has 16 gates. Tampa International Airport is highly regarded for its efficiency and passenger convenience receiving numerous awards over the years.

The Tampa International Airport is presently served by twenty-eight airlines, including twenty domestic airlines, nine all cargo airlines and four foreign flag airlines. Service to Tampa International Airport is provided by thirteen "major" airlines as defined by the United States Department of Transportation.

Three general aviation airports serve as reliever airports, primarily to accommodate light and medium weight aircraft in the general aviation category. These include Peter O. Knight Airport, a 139-acre facility located six miles southeast of Tampa International Airport; Plant City Airport, a 199-acre facility located 22 miles east of Tampa International Airport; and Vandenberg Airport, a 407-acre facility located 12 miles east of Tampa International Airport.

AMTRAK provides passenger rail service to major cities throughout the United States. This rail service is provided by the Palmetto and Silver Service Trains (the Silver Meteor and the Silver Star) which offer service between Florida, Georgia and New York City. The recently restored Tampa Union Station has seven northbound and seven southbound departures on AMTRAK weekly.

Freight rail service is provided to the County by CSX Transportation Systems. CSX rail units possess some of the world's most technologically advanced terminal equipment and operate on regular schedules throughout the network. Major transports include coal, wood products, phosphate, chemicals, construction materials, semi-tractor trailers, automobiles, and automobile products.

The Hillsborough Area Regional Transit Authority (HARTline) is Hillsborough County's public transportation system. HARTline offers local and express routes for residents and visitors alike. Local service seven days a week provides access to area shopping malls, businesses, government buildings, attractions and recreational facilities. An estimated nine million riders use the system annually.

The County is also served by numerous intrastate and interstate motor common carriers, moving goods between Tampa, other points in Florida and markets throughout the United States. Tampa is the transportation hub of the west coast of Florida with major trucking firms maintaining terminals serving Florida and major southern cities.

The County is served by three interstates and seven other major highways. All parts of Florida and bordering states to the north and west can be reached within one day of travel by truck or automobile.

Sources: Hillsborough County Aviation Authority; Amtrak; Greater Tampa Chamber of Commerce – Committee of One Hundred; Hillsborough County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2005.

Port Facilities

The Port of Tampa is the largest economic engine in West Central Florida. Designated as a foreign Trade Zone (FTZ No. 79), the port handles nearly 50 million tons of cargo each year and is Florida's largest cargo volume seaport. The 5,000-acre Port is home to about 250 businesses and more than 22,000 workers which handle 3,500 vessel calls per year. With a 43-foot-deep main channel and one of the largest shipbuilding and repair centers in the Southeast, the Port is a full-service facility for shipping lines and is the closest major U.S. port to the Panama Canal. The Port also hosts North America's largest dockside cold storage terminal. Products like steel, petroleum, vehicles, limestone, citrus concentrate, fertilizer, containerized cargo, scrap metal and poultry regularly arrive and depart from the Port. As a result the Port has played a major role in helping to make Tampa Bay region one of the fastest growing markets in the United States.

Tampa's port has embarked on a \$130 million capital improvement campaign, including new cargo handling facilities, and additional berths for general and container cargo. The Port also purchased 170 acres of Port Redwing, the last large undeveloped land area located on deep water in the Port district. Current expansion includes the development of the Garrison Seaport Center on Tampa's downtown waterfront. Cruise Terminal 2 recently underwent a \$6.5 million expansion. The Port opened its fourth cruise terminal, Cruise Terminal 3 in the fall of 2002. The state-of-the-art, 110,000 square-foot structure, which will include all the amenities cruise passengers need and has room for a new restaurant in the future. A 2,100 space parking garage opened in June 1999. The Port Authority unveiled its new office building in 1999. Channelside, an entertainment complex which includes retail shops, restaurants, a nine-screen movie theater and an IMAX theater, opened during 2001.

Source: Tampa Port Authority; Greater Tampa Chamber of Commerce – Committee of One Hundred

APPENDIX B

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE
SCHOOL DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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COMPREHENSIVE ANNUAL
FINANCIAL REPORT

of

The School District of
Hillsborough County, Florida

For the

Fiscal Year Ended June 30, 2006



Hillsborough County
PUBLIC SCHOOLS
Excellence in Education

Issued by:

MaryEllen Elia, Superintendent of Schools

Prepared by:

Division of Business
Gretchen Saunders, Chief Business Officer
Ed Nicholson, Manager of District Accounting

The School District of Hillsborough County
901 East Kennedy Boulevard
Tampa, Florida 33601



Hillsborough County
PUBLIC SCHOOLS
Excellence in Education

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY
For the Fiscal Year Ended June 30, 2006**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
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SCHOOL DISTRICT OF HILLSBOROUGH COUNTY
For the Fiscal Year Ended June 30, 2006**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY
For the Fiscal Year Ended June 30, 2006**

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Introductory Section



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School Board

Jack R. Lamb, Ed.D., Chair
Jennifer Fallero, Vice-Chair
Doretha W. Edgecomb
April Griffin
Carol W. Kurdell
Candy Olson
Susan L. Valdes



Superintendent of Schools
MaryEllen Elia

December 12, 2006

Dear Chair Lamb and School Board Members:

The Comprehensive Annual Financial Report ("CAFR") of the School District of Hillsborough County, Florida, (the District) for the fiscal year ended June 30, 2006, is hereby submitted. These financial statements are presented in conformity with generally accepted accounting principles (GAAP) and are audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States by a firm of licensed certified public accountants.

Responsibility for both the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with the District's management. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The District's financial statements have been audited by KPMG LLP, a firm of licensed certified public accountants. The objective of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2006, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A), which should be read in conjunction with the financial statements. The District's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The District School Board of Hillsborough County, Florida (School Board) has direct responsibility for the operation, control, and supervision of District schools and is considered a primary government for financial reporting purposes. The Hillsborough County School District is a part of the Florida system of public education. The governing body of the school district is the Hillsborough County District School Board that is composed of seven (7) elected members. The appointed Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Hillsborough County.

The CAFR contains the audited financial statements for all operations over which the School Board is financially accountable. Various potential component units were evaluated to determine whether they should be considered as part of the District's reporting entity. Accordingly, the financial statements include the Hillsborough Leasing Corporation (the Corporation). The Corporation was formed by the School Board solely for the purpose of acting as lessor, with the School Board acting as lessee, to finance the acquisition and/or construction of certain facilities, vehicles and equipment to be used in district operations. The members of the School Board serve as the Board of Directors of the Corporation. In addition, included in the reporting entity are the Hillsborough Education Foundation (the Foundation), a broadly based, non-profit direct-support organization of the School Board, and the Charter Schools that are separate not for profit corporations organized under Section 1002.33, Florida Statutes. Both the Foundation and the Charter Schools are included as discretely presented component units in the accompanying financial statements. Additional information on these component units can be found in the notes to the financial statements.

The District provides a full range of educational programs in Hillsborough County. These include early childhood, kindergarten through 12th grade, basic and enriched programs, and exceptional student education. The District also provides vocational and adult programs.

Hillsborough County is the 3rd largest school district in Florida and the 8th largest in the United States with over 190,000 K-12 students.

The annual budget serves as the foundation for the District's financial planning and control. The District establishes and maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the School Board. Activities of the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds are included in the annual appropriations budget. Although project length financial plans are adopted for the capital project funds, the funding is contingent upon the annual budget adoption. Budgetary control is maintained for individual accounts or group of accounts within each school or department through the use of an encumbrance accounting system. This process tests for availability of funds, which precludes a requisition for services, equipment, supplies or materials from becoming a purchase order if the account would be overspent.

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Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Economy. While the District is heavily reliant upon state funding for the core of the educational programs within the District, and while the economic conditions of the nation and state interact with state funding adequacy and availability, the economic outlook for the District is consistent with the national situation. The State of Florida is heavily dependent upon sales tax collections and tourism. In addition, the community within the District is wholly supportive of the educational program, as evidenced by the contribution of money, time and effort. Any funding fluctuations will mean that new programs, innovative initiatives and educational enhancements may not be available within the desired time frames, but the positive improvements will continue to occur.

In addition, the Board, Superintendent and staff are acutely aware of the perils of interrupted revenue receipts. Prudent business practices, accompanied by statutes mandating balanced budgets, result in a continual review of the financial condition of the District.

Cash Management Policies and Practices. The goal of the District is to maximize yield and minimize risk of invested funds. By policy, all idle funds may only be invested with the State Board of Administration in the local government surplus trust funds or with a local intergovernmental pool. Funds made available through the issuance of long-term debt shall be invested with an approved national investment firm or banking institution selected through a request-for-proposal process under the terms and conditions contained therein, to include permitted securities as authorized by Florida statute. State Statutes limit the investment vehicles that may be utilized to United States Government obligations. Idle funds in bank accounts are, under the terms of a banking contract, invested in government securities that must provide a minimum of the federal funds overnight interest rate.

Risk Management. The primary method of risk financing is the self-insurance programs reported in the internal service funds. The fund provides a maximum of \$200,000 for each auto and general liability claim and \$100,000 to \$500,000 for each worker's compensation claim. The District purchases blanket commercial insurance for excess claims liability for worker's compensation. By State Statute, \$200,000 is generally the maximum the Board can be liable for auto and general liability claims.

It should be noted that as a result of an actuarial study of the various self-insurance programs it was determined that the funded reserves are adequate to cover the liabilities recorded.

Pension and Other Post Employment Benefits. The District participates in the Florida Retirement System, which is a State administered cost-sharing multiple-employer defined benefit retirement plan. The District, in addition to participating in the Florida Retirement System, has established a non-contributory Supplemental Early Retirement Plan. In fiscal year 2006 there were 479 retirees and beneficiaries receiving benefits. The contribution made to the plan for fiscal 2006 was \$1,988,593.

Awards and Acknowledgements.

The Governmental Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended June 30, 2005. This was the fifth consecutive year that the District received this prestigious award. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this CAFR could not have been accomplished without the efficient and dedicated services of the staff of the Accounting Office. We would like to express our appreciation to all members of the Business Division who assisted and contributed to its preparation.

Sincerely yours,

MaryEllen Elia
Superintendent of Schools

Gretchen Saunders, Chief Business Officer
Business Division

Ed Nicholson
Manager of District Accounting

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA

Principal Officials - Elected

Board Members – Terms of Office
As of December 12, 2006

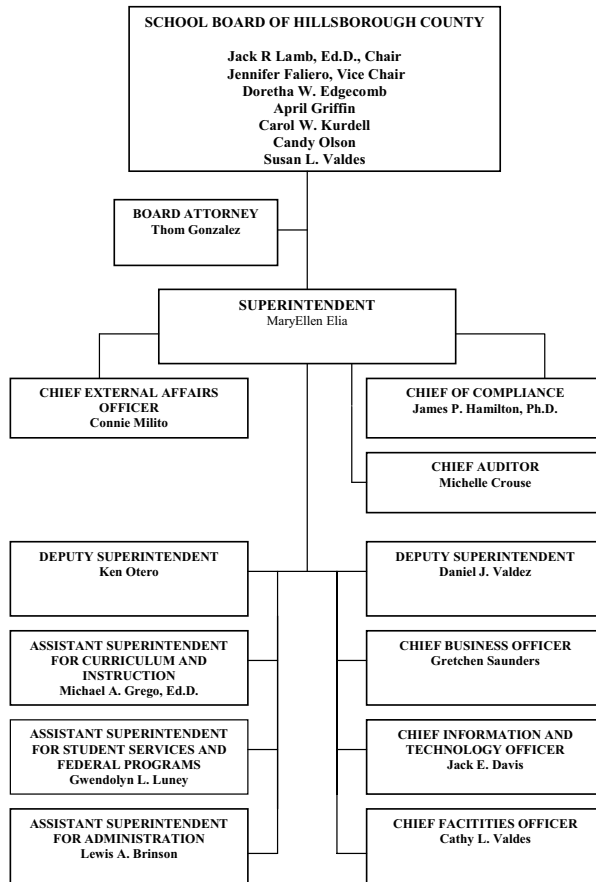
Mr. Jack R. Lamb, Ed.D., Chair Member from District 3 Present term began Present term expires Began as a Board member	November, 2004 November, 2008 November, 2000
Mrs. Jennifer Faliero, Vice-Chair Member from District 4 Present term began Present term expires Began as a Board member	November, 2006 November, 2010 November, 2002
Mrs. Doretha W. Edgcomb Member from District 5 Present term began Present term expires Began as a Board member	November, 2004 November, 2008 November, 2004
Mrs. April Griffin Member from District 6 (at large) Present term began Present term expires Began as a Board member	November, 2006 November, 2010 November, 2006
Mrs. Carol W. Kurdell Member from District 7 (at large) Present term began Present term expires Began as a Board member	November, 2004 November, 2008 November, 1992
Mrs. Candy Olson Member from District 2 Present term began Present term expires Began as a Board member	November, 2006 November, 2010 November, 1994
Mrs. Susan L. Valdes Member from District 1 Present term began Present term expires Began as a Board member	November, 2004 November, 2008 November, 2004

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA

Other Principal Officials - Appointed
As of December 12, 2006

<u>Name</u>	<u>Title</u>
MaryEllen Elia	Superintendent of Schools
James P. Hamilton, Ph.D.	Chief of Compliance
Ken Otero	Deputy Superintendent
Daniel J. Valdez	Deputy Superintendent
Gretchen Saunders	Chief Business Officer
Lewis A. Brinson	Assistant Superintendent for Administration
Jack E. Davis	Chief Information and Technology Officer
Gwendolyn L. Luney	Assistant Superintendent for Student Services and Federal Programs
Michael A. Grego, Ed.D.	Assistant Superintendent for Curriculum and Instruction
Cathy L. Valdes	Chief Facilities Officer
Michelle Crouse	Chief Auditor
Connie Milito	Chief External Affairs Officer

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 ORGANIZATIONAL CHART
 AS OF DECEMBER 12, 2006



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Certificate of Achievement for Excellence in Financial Reporting

Presented to
 School District of Hillsborough
 County, Florida

For its Comprehensive Annual
 Financial Report
 for the Fiscal Year Ended
 June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Carla E. Perry

President

Jeffrey R. Egan

Executive Director

Financial Section



KPMG LLP
Suite 1700
100 North Tampa Street
Tampa, FL 33602

Independent Auditors' Report

Honorable Chairperson and Members of the School Board
School District of Hillsborough County, Florida:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School District of Hillsborough County, Florida (the District), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of June 30, 2006, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the general and contracted services funds for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2006 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over



THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Fiscal Year Ended June 30, 2006

financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the schedules of employer contributions and funding progress on pages 3 through 9 and 66 through 67, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information included in the introductory section and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

November 27, 2006
 Certified Public Accountants

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The School District of Hillsborough County's (the "District") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the District's financial statements (beginning on page 13). All amounts unless otherwise indicated, are expressed in thousands of dollars.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances in a manner similar to the corporate private sector. Governmental and business-type activities are consolidated into columns which add to a total for the Primary Government.

The Statement of Net Assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. This statement combines governmental fund's current financial resources (short-term spendable resources) with capital assets and long term obligations. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported when the underlying obligation/event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities and/or component units.

The government-wide financial statements include not only the District but its component units as well. The Hillsborough School Board Leasing Corporation, although also legally separate, functions for all practical purposes, as a department of the District, and therefore has been included as an integral part of the primary government. The Hillsborough County Education Foundation and several separate charter schools for which the District is financially accountable are included as discretely presented component units.

The government wide-financial statement can be found on pages 13 - 15 of this report.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds are established for various purposes and the Fund Financial Statement allows the demonstration of sources and uses and/or budgetary compliance associated therewith (beginning on page 16). All funds of the District can be divided into three major categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds focus on the sources and uses of liquid resources and balances of spendable resources available at the end of the fiscal year.

This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Because the focus is narrower than that of government-wide financial statements, it is useful to compare it to the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Reconciliation between the government-wide and the governmental fund financial information is necessary because of the different measurement focus (current financial resources versus total economic resources); such reconciliation is reflected on the page following each statement (see pages 19 and 25). The flow of current financial resources reflects bond proceeds and interfund transfers as other financing sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation eliminates these transactions and incorporates the capital assets and long-term obligations (bonds and others) into the governmental activities column in the government-wide statements.

The District maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Contracted Services Fund, Food Services Fund, Sales Tax Bond Revenue Fund, Certificates of Participation Fund and Other Capital Projects Fund that are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for all of its governmental funds.

Proprietary Funds

The District maintains an internal service fund as its only proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for its group health, workers compensation, and liability self-insurance activities. Because these services benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund statements can be found on pages 31 – 33.

Fiduciary Funds

The District is the trustee, or fiduciary, for its employee pension plans. It is also responsible for other assets that, because of a trust agreement, can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The District excludes these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 36 – 65 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of an entities financial position. In the case of the District, assets exceeded liabilities by \$1,326,009 at the end of the current fiscal year.

By far the largest portion of the District's net assets (68 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities 2006	Governmental Activities 2005
Current and other assets	\$ 867,804	\$ 743,852
Capital assets	<u>1,952,951</u>	<u>1,757,012</u>
Total assets	<u>2,820,755</u>	<u>2,500,864</u>
Long-term liabilities outstanding	1,330,986	1,203,976
Other liabilities	<u>163,760</u>	<u>133,212</u>
Total liabilities	<u>1,494,746</u>	<u>1,337,188</u>
Net assets:		
Invested in capital assets, net of related debt	907,396	870,883
Restricted	340,987	292,200
Unrestricted (deficit)	<u>77,626</u>	<u>593</u>
Total Net Assets	<u>\$ 1,326,009</u>	<u>\$ 1,163,676</u>

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2006

An additional portion of the District assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is \$77,626. Unrestricted net assets may be used to meet the government's on going obligations to citizens and creditors.

The District's net assets increased by \$162,333 during the current year and the unrestricted net assets increased by \$77,033. The increase in net assets is due in part to the increase of capital assets.

Governmental Activities

Governmental activities increased the District's net assets by \$162,333. Key elements of this increase are as follows:

	Governmental Activities 2006	Governmental Activities 2005
Revenues:		
Program revenues:		
Charges for services	\$ 49,791	\$ 44,370
Operating grants and contributions	83,155	78,181
Capital grants and contributions	36,625	32,269
General revenues:		
Property taxes, levied for operational purposes	369,587	334,149
Property taxes, levied for debt service	586	9,966
Property taxes, levied for capital projects	124,660	108,114
Local sales taxes	28,408	23,248
Grants and contributions not restricted to specific programs	1,016,045	914,133
Investment earnings	26,383	14,525
Miscellaneous	37,716	31,770
Total revenues	<u>1,772,956</u>	<u>1,590,725</u>
Expenses:		
Instructional services	842,419	773,361
Instructional support services	161,465	135,841
Pupil transportation services	62,726	58,847
Operation and maintenance of plant	121,611	110,370
Non-capitalizable facilities acquisition and construction	96,234	103,066
School administration	83,111	79,215
General administration	40,236	46,366
Food services	80,150	77,408
Community services and other	70,645	54,744
Interest on long term debt	51,253	46,017
Unallocated depreciation	773	524
Total expenses	<u>1,610,623</u>	<u>1,485,759</u>
Increase in net assets	162,333	104,966
Net assets beginning of year	1,163,676	1,058,710
Net assets end of year	<u>\$ 1,326,009</u>	<u>\$ 1,163,676</u>

Property taxes increased by \$42,604. This is due to the increase in the assessed value of property and the continued growth and new construction in Hillsborough County.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2006

Unrestricted grants and contributions revenue increased by \$101,912, mostly due to the increase of the Florida School Finance Program and the Class Size Reduction Operating Program contributions, and the continued proactive grant application team which aggressively seeks grant funding.

For the most part the increase in expenses is due to the continued growth of the District in both urban and rural areas. The District continues to grow at an accelerated rate, requiring additional schools, teachers and support personnel to meet the needs of additional students.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$734,625, an increase of \$80,247 over the prior year. Of this total amount \$542,008 constitutes unreserved fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$60,659), 2) to pay debt service (\$74,813), 3) to complete State carryover programs (\$18,309), 4) to complete other committed projects (\$33,872) and 5) reserve for inventory (\$4,964).

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$147,774, while total fund balance was \$224,947. The fund balance of the District's general fund increased by \$75,434 during the current fiscal year. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 12.37 percent of total general fund expenditures, while total fund balance represents 18.84 percent of that same amount.

The contracted services fund had an increase in revenue due to the increase of several ongoing grants and the addition of new ones.

The food services fund had an increase of \$605 in fund balance. The District increased meal prices for the first time in five years for fiscal 2006 which contributed to the increase.

The Certificates of Participation Fund total fund balance decreased by \$1,062 to a total of \$208,833. Although the Certificates of Participation Fund received an additional \$89,384 in proceeds from the issuance of the Series 2006A Certificates, expenditures exceeded this increase. The Sales Tax Revenue Bond Fund total fund balance increased by \$36,374 to a total of \$66,822. This increase was due to the Sales Tax Revenue Bond Fund receiving an additional \$54,100 from the issuance of the Series 2006 Bonds. Other Capital Projects Fund had a decrease of fund balance of \$38,843 to a total of \$61,200. This was due to the expenditures incurred from opening five (5) new schools in 2006 and the ongoing construction of five (5) new schools scheduled to open in 2007.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2006

General Fund Budgetary Highlights

During the fiscal year, the District revised its budget and brought amendments to the Board on a monthly basis. These amendments were needed to adjust to actual revenues and direct resources where needed. The Board approves the final amendment to the budget after year-end.

There were revisions made to the 2005-2006 general fund original budget. These revisions were due to a variety of situations. The District increased by 4,882 new students over the previous school year and opened five new schools.

Budgeted expenditures increased \$85.5 million from the original budget to the final amended budget. The increases were due in part to, hiring new teachers and support personnel for the increase in student growth and opening of new schools. Also a factor to the increase is the increased cost of property and health insurance.

Actual expenditures were \$141.6 million below the final amended budget. Unexpended appropriations of \$141.6 million were composed of the following: (1) \$20.1 million in encumbrances, (2) \$18.3 million in State categorical funds, (3) \$33.9 million in other earmarked funds and (4) \$69.3 million in other unexpended budget items. The \$69.3 million reflects only 5.2% of the final budget. In the normal course of business, some of the budget is left unspent, primarily due to temporarily unfilled positions.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2006, amounts to \$1,952,951 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, improvements other than buildings, buildings and fixed equipment, furniture, fixtures and equipment, motor vehicles, and computer equipment.

	Governmental Activities 2006	Governmental Activities 2005
Land	\$ 119,004	\$ 115,549
Land improvements	46,124	38,056
Construction in progress	176,924	163,165
Improvements other than buildings	60,924	54,860
Buildings and systems	1,457,012	1,293,561
Furniture, fixtures and equipment	54,399	52,234
Motor vehicles	32,375	36,409
Audio visual materials	8	12
Computer software	6,181	3,166
Total capital assets	<u>\$ 1,952,951</u>	<u>\$ 1,757,012</u>

This year's additions of \$253,984 included the construction of five (5) new schools which opened in fiscal year 2006, five (5) schools which are to be opened in 2007 and several major expansion and renovation projects.

See note #5 to the financial statements for more information on the District's capital assets.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2006

Long Term Debt

At the end of the current fiscal year the District had total borrowed and bonded debt outstanding of \$1,241,122, which is net of unamortized bond premiums and unamortized loss on bond refunding of (\$126).

	2006	2005
Notes payable	\$ 853	\$ 1,707
Bonds payable	333,148	295,513
Certificates of participation	<u>907,121</u>	<u>835,319</u>
Total long term debt	<u>\$ 1,241,122</u>	<u>\$ 1,132,539</u>

The District's total borrowed and bonded debt increased by \$108,583 (net of repayment of principal on outstanding debt) during the current fiscal year. The key factor in this increase was the issuance of the following:

- \$ 3,650 SBE Bonds, 2006A
- \$ 86,435 Certificates of Participation, Series 2006A
- \$ 3,002 Certificates of Participation QZAB, Series 2006A
- \$ 54,860 Sales Tax Bonds, Series 2006

The District has been given the following bond ratings:

	<u>General Obligation Bonds</u>	
	<u>Insured</u>	<u>Underlying</u>
Moody's	Aaa	Aa3
Standard & Poors	AAA	AA
Fitch IBCA	AAA	AA-
	<u>Sales Tax Revenue Bonds</u>	
	<u>Insured</u>	<u>Underlying</u>
Moody's	Aaa	A2
Standard & Poors	AAA	A+
Fitch IBCA	AAA	A+
	<u>Certificates of Participation</u>	
	<u>Insured</u>	<u>Underlying</u>
Moody's	Aaa	A1
Standard & Poors	AAA	AA-
Fitch IBCA	AAA	A+

See notes #7-14 to the financial statements for more information on the District's long-term debt.

Requests for Information

This financial report is designed to provide a general overview of the School District of Hillsborough County's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Accounting Department, 901 E. Kennedy Blvd. Tampa, Florida, 33602.



BASIC FINANCIAL STATEMENTS





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THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF NET ASSETS
JUNE 30, 2006
(amounts expressed in thousands)**

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Units</u>
ASSETS:		
Cash	\$ 18,417	\$ 3,258
Investments	712,351	3,397
Accounts receivable, net	2,309	1,415
Due from other governmental agencies	115,709	124
Inventories	5,610	-
Deferred charges	13,408	182
Prepaid items	-	3,005
Capital Assets (net of accumulated depreciation):		
Land	119,004	1,740
Land improvements	46,124	15
Construction in progress	176,924	2,211
Improvements other than buildings	60,924	10
Buildings and systems	1,457,012	6,542
Furniture, fixtures and equipment	54,399	940
Motor vehicles	32,375	146
Property under capital leases	-	704
Audio visual materials	8	81
Computer software	6,181	81
Total assets	<u>\$ 2,820,755</u>	<u>\$ 23,851</u>
LIABILITIES		
Accounts payable	\$ 35,758	\$ 1,633
Construction retainage payable	14,518	-
Salaries and wages payable	5,383	264
Accrued payroll taxes and withholdings	2,464	33
Accrued interest	23,244	-
Due to other governmental agencies	3,903	42
Deposits payable	13	-
Unearned revenue	16,847	313
Estimated unpaid claims	20,924	-
Other liabilities	-	500
Noncurrent liabilities:		
Due within one year	40,706	268
Due in more than one year	1,330,986	6,437
Total liabilities	<u>1,494,746</u>	<u>9,490</u>
NET ASSETS		
Invested in capital assets, net of related debt	907,396	2,869
Restricted for:		
Categorical carryover programs	18,309	-
Debt service	51,570	-
Capital outlay	236,632	106
Non categorical carryover programs	28,730	-
Other purposes	5,746	9,177
Unrestricted	77,626	2,209
Total net assets	<u>1,326,009</u>	<u>14,361</u>
Total liabilities and net assets	<u>\$ 2,820,755</u>	<u>\$ 23,851</u>

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)**

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<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>
Primary government:		
Governmental activities:		
Instructional services	\$ 842,419	\$ 11,630
Instructional support services	161,465	-
Pupil transportation services	62,726	2,576
Operation and maintenance of plant	121,611	-
Non capitalizable facilities acquisition and construction	96,234	-
School administration	83,111	-
General administration	40,236	-
Food services	80,150	35,585
Community services and other	70,645	-
Interest on long-term debt	51,253	-
Unallocated depreciation expense	773	-
Total governmental activities and primary government	<u>\$ 1,610,623</u>	<u>\$ 49,791</u>
Component units:		
Foundation and charter schools	\$ 30,891	\$ 1,740
Total component units	<u>\$ 30,891</u>	<u>\$ 1,740</u>

General Revenues:

Property taxes, levied for operational purposes	
Property taxes, levied for debt service	
Property taxes, levied for capital projects	
Local sales taxes	
Grants and contributions not restricted to specific programs	
Investment earnings	
Miscellaneous	
Total general revenues	
Change in net assets	
Net assets - beginning	
Net assets - ending	

<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>	
<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>	<u>Component Units</u>
\$ -	\$ -	\$ (830,789)	\$ -
-	-	(161,465)	-
36,285	-	(23,865)	-
-	-	(121,611)	-
-	30,393	(65,841)	-
-	-	(83,111)	-
-	-	(40,236)	-
46,870	-	2,305	-
-	-	(70,645)	-
-	6,232	(45,021)	-
-	-	(773)	-
<u>\$ 83,155</u>	<u>\$ 36,625</u>	<u>\$ (1,441,052)</u>	<u>\$ -</u>
\$ 1,580	\$ 561	-	(27,010)
<u>\$ 1,580</u>	<u>\$ 561</u>	<u>-</u>	<u>(27,010)</u>
		369,587	-
		586	-
		124,660	-
		28,408	-
		1,016,045	28,667
		26,383	141
		37,716	698
		<u>1,603,385</u>	<u>29,506</u>
		162,333	2,496
		1,163,676	11,865
		<u>\$ 1,326,009</u>	<u>\$ 14,361</u>

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006
(amounts expressed in thousands)**

	General	Contracted Services	Food Services	Certificates Of Participation
ASSETS				
Cash	\$ 7,557	\$ 1,439	\$ 165	\$ 659
Investments	209,041	3,513	386	217,855
Accounts receivable	2,031	-	102	18
Due from other governmental agencies	16,867	4,447	5,567	-
Due from other funds	13,482	807	192	496
Inventories	4,964	-	646	-
Total assets	<u>\$ 253,942</u>	<u>\$ 10,206</u>	<u>\$ 7,058</u>	<u>\$ 219,028</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 15,751	\$ -	\$ 119	\$ 4,038
Salaries and wages payable	4,077	1,140	166	-
Payroll deductions and withholdings	2,464	-	-	-
Due to other funds	1,480	6,654	5,694	6,157
Due to other governmental agencies	3,638	99	-	-
Deposits payable	7	-	-	-
Unearned revenue	1,578	2,313	474	-
Total liabilities	<u>28,995</u>	<u>10,206</u>	<u>6,453</u>	<u>10,195</u>
Fund balances				
Reserved for:				
State categorical carry-over programs	18,309	-	-	-
Encumbrances	20,028	-	441	14,390
Inventories	4,964	-	-	-
Debt service	-	-	-	-
Other purposes	33,872	-	-	-
Unreserved, reported in:				
General fund	147,774	-	-	-
Special revenue funds	-	-	164	-
Capital projects funds	-	-	-	194,443
Total fund balances	<u>224,947</u>	<u>-</u>	<u>605</u>	<u>208,833</u>
Total liabilities and fund balance	<u>\$ 253,942</u>	<u>\$ 10,206</u>	<u>\$ 7,058</u>	<u>\$ 219,028</u>

Sales Tax Bond Revenue	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1	\$ 5,077	\$ 3,238	\$ 18,136
67,321	12,444	133,173	643,733
-	-	8	2,159
-	57,221	30,982	115,084
-	1,737	7,880	24,594
-	-	-	5,610
<u>\$ 67,322</u>	<u>\$ 76,479</u>	<u>\$ 175,281</u>	<u>\$ 809,316</u>
\$ 355	\$ 2,892	\$ 1,807	\$ 24,962
-	-	-	5,383
-	-	-	2,464
145	3,208	1,256	24,594
-	166	-	3,903
-	6	-	13
-	9,007	-	13,372
<u>500</u>	<u>15,279</u>	<u>3,063</u>	<u>74,691</u>
-	-	-	18,309
831	6,269	18,700	60,659
-	-	-	4,964
-	-	74,813	74,813
-	-	-	33,872
-	-	-	147,774
-	-	-	164
65,991	54,931	78,705	394,070
<u>66,822</u>	<u>61,200</u>	<u>172,218</u>	<u>734,625</u>
<u>\$ 67,322</u>	<u>\$ 76,479</u>	<u>\$ 175,281</u>	<u>\$ 809,316</u>

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



THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

Total Fund Balances - Governmental Funds	\$ 734,625
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,952,951
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	13,408
Internal service funds are used by management to charge the costs of certain activities such as insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	34,479
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	(1,371,692)
Accrued interest on long-term liabilities is not due and payable in the current period and therefore, is not reported in the funds.	(23,244)
Accrued retainage payable is not due and payable in the current period and therefore, is not reported in the funds.	<u>(14,518)</u>
Total Net Assets - Governmental Activities	<u>\$ 1,326,009</u>

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)**

	General	Contracted Services	Food Services	Certificates Of Participation
REVENUES				
Local sources:				
Ad valorem taxes	\$ 369,587	\$ -	\$ -	\$ -
Local sales tax	-	-	-	-
Food services	-	-	35,714	-
Interest income	10,198	-	28	9,116
Other	38,923	475	-	21
Total local sources	418,708	475	35,742	9,137
State sources:				
Florida education finance program	604,072	-	-	-
Public education capital outlay	-	-	-	-
Categorical programs	203,709	-	-	-
Class size reduction	-	-	-	-
Workforce development	32,186	-	-	-
Food services	-	-	1,447	-
Other	6,036	2,255	-	-
Total state sources	846,003	2,255	1,447	-
Federal sources:				
Food services	-	-	45,424	-
Federal grants direct	1,979	7,903	-	-
Federal grants through state	6,148	131,648	-	-
Federal grants through local	-	55,948	-	-
Total federal sources	8,127	195,499	45,424	-
Total revenues	1,272,838	198,229	82,613	9,137
EXPENDITURES				
Current:				
Instructional services:				
Basic programs	578,352	60,797	-	-
Exceptional child programs	127,352	15,522	-	-
Adult and vocational technical programs	55,926	2,305	-	-
Total instructional services	761,630	78,624	-	-
Instructional support services:				
Pupil personnel services	49,991	15,838	-	-
Instructional media services	22,937	2,332	-	-
Instruction and curriculum development service	17,030	19,337	-	-
Instructional staff training services	4,704	12,174	-	-
Instructional related technology	11,562	110	-	-
Total instructional support services	106,224	49,791	-	-
Pupil transportation services	59,982	1,258	-	-
Operation and maintenance of plant:				
Operation of plant	96,747	120	-	-
Maintenance of plant	27,404	38	-	-
Total operation and maintenance of plant	124,151	158	-	-
School administration	81,212	1,089	-	-
General administration:				
Central services	15,941	328	-	-
Board of education	1,659	-	-	-
General administration	6,776	5,719	-	-
Fiscal services	6,519	619	-	-
Administrative technology services	447	-	-	-
Total general administration	31,342	6,666	-	-

Sales Tax Bond Revenue	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 125,246	\$ 494,833
-	-	28,408	28,408
-	-	-	35,714
1,467	641	4,021	25,471
-	9,037	532	48,988
1,467	9,678	158,207	633,414
-	-	-	604,072
-	-	20,559	20,559
-	-	-	203,709
-	8,520	-	8,520
-	-	-	32,186
-	-	-	1,447
-	110	7,881	16,282
-	8,630	28,440	886,775
-	-	-	45,424
-	-	-	9,882
-	-	-	137,796
-	-	-	55,948
-	-	-	249,050
1,467	18,308	186,647	1,769,239
-	-	-	639,149
-	-	-	142,874
-	-	-	58,231
-	-	-	840,254
-	-	-	65,829
-	-	-	25,269
-	-	-	36,367
-	-	-	16,878
-	-	-	11,672
-	-	-	156,015
-	-	-	61,240
-	-	-	96,867
-	-	-	27,442
-	-	-	124,309
-	-	-	82,301
-	-	-	16,269
-	-	-	1,659
-	-	-	12,495
-	-	-	7,138
-	-	-	447
-	-	-	38,008

(Continued)

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)**

	General	Contracted Services	Food Services	Certificates Of Participation
Facilities acquisition and construction	523	789	-	2,376
Food services	26	-	81,213	-
Community services and other	21,627	49,016	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Dues, fees and other	-	-	-	-
Capital outlay				
Facilities acquisition and construction	707	2,438	-	96,117
Other capital outlay	6,879	8,459	795	-
Total expenditures	1,194,303	198,288	82,008	98,493
Excess (deficiency) of revenues over (under) expenditures	78,535	(59)	605	(89,356)
OTHER FINANCING SOURCES (USES):				
Long term bonds issued	-	-	-	-
Premium on sale of bonds	-	-	-	-
Discount on sale of bonds	-	-	-	-
Refunding bonds issued	-	-	-	-
Premium on sale of refunding bonds	-	-	-	-
Certificates of participation issued	-	-	-	89,384
Premium on sale of certificates of participation	-	-	-	961
Proceeds from sale of capital assets	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Transfers in	503	59	-	-
Transfers out	(3,604)	-	-	(2,051)
Total other financing sources and uses	(3,101)	59	-	88,294
Net change in fund balances	75,434	-	605	(1,062)
Fund balances - beginning	149,513	-	-	209,895
Fund balances - ending	\$ 224,947	\$ -	\$ 605	\$ 208,833

Sales Tax Bond Revenue	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
4,118	2,861	30,513	41,180
-	-	-	81,239
-	-	-	70,643
-	-	37,933	37,933
-	-	49,993	49,993
-	-	2,372	2,372
15,075	58,066	65,448	237,851
-	-	-	16,133
19,193	60,927	186,259	1,839,471
(17,726)	(42,619)	388	(70,232)
54,100	-	4,410	58,510
-	-	20	20
-	-	(18)	(18)
-	-	37,360	37,360
-	-	3,637	3,637
-	-	53	89,437
-	-	1,067	2,028
-	3,776	-	3,776
-	-	(40,856)	(40,856)
-	-	60,874	61,436
-	-	(59,196)	(64,851)
54,100	3,776	7,351	150,479
36,374	(38,843)	7,739	80,247
30,448	100,043	164,479	654,378
\$ 66,822	\$ 61,200	\$ 172,218	\$ 734,625

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



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THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

**For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)**

Net Change in Fund Balances - Total Governmental Funds	\$ 80,247
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$253,984) exceeds depreciation expense (\$71,549) during the current period.	182,435
The statement of activities reflects only the gain/loss on the sale of assets, whereas the governmental funds include all proceeds from these sales. Thus, the change in net assets differs by the cost of assets sold.	(2,868)
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,855
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal, is an expenditure and payments to a refunding agent is another financing use in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds (\$185,307) exceeded repayments of bond principal (\$37,933) and payments to refunding agents (\$40,856) in the current year.	(106,518)
Governmental funds report costs associated with certain bond transaction as resources or uses. However, in the statement of activities these transactions are reported over the life of the debt as expenses (\$1,853 issuance cost and (\$2,048) bond premium).	(195)
Expenses in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds:	
Interest expense (including arbitrage rebate)	(3,057)
Compensated absences	(6,857)
Amortization of bond discount, premium and issuance costs	(2,378)
Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue of internal service funds is reported with governmental activities.	19,669
Change in Net Assets of Governmental Activities	<u>\$ 162,333</u>

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local sources:				
Ad valorem taxes	\$ 365,642	\$ 369,676	\$ 369,587	\$ (89)
Interest income	2,300	10,198	10,198	-
Other	23,440	40,118	38,923	(1,195)
Total local sources	391,382	419,992	418,708	(1,284)
State sources:				
Florida education finance program	618,147	604,072	604,072	-
Categorical programs	191,088	216,211	203,709	(12,502)
Workforce development	32,412	32,186	32,186	-
Other	4,005	6,642	6,036	(606)
Total state sources	845,652	859,111	846,003	(13,108)
Federal sources:				
Federal grants direct	1,087	1,982	1,979	(3)
Federal grants through state	5,341	6,427	6,148	(279)
Total federal sources	6,428	8,409	8,127	(282)
Total revenues	1,243,462	1,287,512	1,272,838	(14,674)
EXPENDITURES				
Current:				
Instructional services:				
Basic programs	646,224	648,818	578,352	70,466
Exceptional child programs	134,912	135,454	127,352	8,102
Adult and vocational technical programs	63,155	63,408	55,926	7,482
Total instructional services	844,291	847,680	761,630	86,050
Instructional support services:				
Pupil personnel services	46,746	52,240	49,991	2,249
Instructional media services	22,317	25,960	22,937	3,023
Instruction and curriculum development services	18,481	19,009	17,030	1,979
Instructional staff training services	3,347	5,656	4,704	952
Instructional related technology	-	12,503	11,562	941
Total instructional support services	90,891	115,368	106,224	9,144
Pupil transportation services				
	53,843	62,134	59,982	2,152
Operation and maintenance of plant:				
Operation of plant	82,664	98,322	96,747	1,575
Maintenance of plant	35,942	36,325	27,404	8,921
Total operation and maintenance of plant	118,606	134,647	124,151	10,496
School administration				
	73,481	84,615	81,212	3,403
General administration:				
Central services	25,941	18,152	15,941	2,211
Board of education	2,140	2,521	1,659	862
General administration	10,449	8,189	6,776	1,413
Fiscal services	10,301	8,657	6,519	2,138
Administrative technology services	-	460	447	13
Total general administration	48,831	37,979	31,342	6,637

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THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Facilities acquisition and construction	3,864	9,370	523	8,847
Food services	-	27	26	1
Community services and other	16,614	36,486	21,627	14,859
Capital outlay				
Facilities acquisition and construction	-	706	706	-
Other capital outlay	-	6,880	6,880	-
Total expenditures	1,250,421	1,335,892	1,194,303	141,589
Excess (deficiency) of revenues over (under) expenditures	(6,959)	(48,380)	78,535	126,915
OTHER FINANCING SOURCES (USES)				
Transfers in	499	503	503	-
Transfers out	(569)	(3,625)	(3,604)	21
Total other financing sources and uses	(70)	(3,122)	(3,101)	21
Net change in fund balances	(7,029)	(51,502)	75,434	126,936
Fund balances - beginning	149,513	149,513	149,513	-
Fund balances - ending	\$ 142,484	\$ 98,011	\$ 224,947	\$ 126,936

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**MAJOR SPECIAL REVENUE FUND - CONTRACTED SERVICES
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local sources:				
Other	\$ 786	\$ 910	\$ 475	\$ (435)
Total local sources	786	910	475	(435)
State sources:				
Other	2,671	3,845	2,255	(1,590)
Total state sources	2,671	3,845	2,255	(1,590)
Federal sources:				
Federal grants direct	9,232	14,118	7,903	(6,215)
Federal grants through state	170,500	167,471	131,648	(35,823)
Federal grants through local	41,741	63,832	55,948	(7,884)
Total federal sources	221,473	245,421	195,499	(49,922)
Total revenues	224,930	250,176	198,229	(51,947)
EXPENDITURES				
Current:				
Instructional services:				
Basic programs	68,605	85,140	60,797	24,343
Exceptional child programs	13,457	16,700	15,522	1,178
Adult and vocational technical programs	2,940	3,649	2,305	1,344
Total instructional services	85,002	105,489	78,624	26,865
Instructional support services:				
Pupil personnel services	15,982	17,392	15,838	1,554
Instructional media services	3,307	3,980	2,332	1,648
Instruction and curriculum development services	21,452	22,987	19,337	3,650
Instructional staff training services	14,150	18,311	12,174	6,137
Instructional related technology	-	110	110	-
Total instructional support services	54,891	62,780	49,791	12,989
Pupil transportation services	3,957	3,723	1,258	2,465
Operation and maintenance of plant:				
Operation of plant	48	131	120	11
Maintenance of plant	19	41	38	3
Total operation and maintenance of plant	67	172	158	14
School administration	33	1,097	1,089	8
General administration:				
Central services	506	692	328	364
General administration	5,636	7,923	5,719	2,204
Fiscal services	6	670	619	51
Total general administration	6,148	9,285	6,666	2,619

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THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**MAJOR SPECIAL REVENUE FUND - CONTRACTED SERVICES
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Facilities acquisition and construction	2,273	1,443	789	654
Food services	-	9	-	9
Community services and other	72,628	55,346	49,016	6,330
Capital outlay				
Facilities acquisition and construction	-	2,438	2,438	-
Other capital outlay	-	8,459	8,459	-
Total expenditures	224,999	250,241	198,288	51,953
Excess (deficiency) of revenues over (under) expenditures	(69)	(65)	(59)	6
OTHER FINANCING SOURCES (USES)				
Transfers in	69	65	59	(6)
Total other financing sources and uses	69	65	59	(6)
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**MAJOR SPECIAL REVENUE FUND - FOOD SERVICES
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)**

	Food Services Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Local sources:				
Food services	\$ 35,063	\$ 36,295	\$ 35,714	\$ (581)
Interest income	-	28	28	-
Total local sources	<u>35,063</u>	<u>36,323</u>	<u>35,742</u>	<u>(581)</u>
State sources:				
Food services	1,434	1,447	1,447	-
Total state sources	<u>1,434</u>	<u>1,447</u>	<u>1,447</u>	<u>-</u>
Federal sources:				
Food services	46,992	45,911	45,424	(487)
Total federal sources	<u>46,992</u>	<u>45,911</u>	<u>45,424</u>	<u>(487)</u>
Total revenues	<u>83,489</u>	<u>83,681</u>	<u>82,613</u>	<u>(1,068)</u>
EXPENDITURES:				
Current:				
Food services	83,489	81,637	81,213	424
Capital outlay	-	795	795	-
Total expenditures	<u>83,489</u>	<u>82,432</u>	<u>82,008</u>	<u>424</u>
Excess (deficiency) of revenues over (under) expenditures	-	1,249	605	(644)
Net change in fund balance	-	1,249	605	(644)
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,249</u>	<u>\$ 605</u>	<u>\$ (644)</u>

See accompanying independent auditors' report

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THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006
(amounts expressed in thousands)**

	Governmental Activities
	Internal Service Funds
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 281
Investments	68,618
Accounts receivable	150
Due from other governmental agencies	625
Total assets	<u>\$ 69,674</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 10,796
Deferred revenue	3,475
Estimated unpaid claims	20,924
Total liabilities	<u>35,195</u>
NET ASSETS	
Unrestricted	34,479
Total net assets	<u>34,479</u>
Total net assets and liabilities	<u>\$ 69,674</u>

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)**

	<u>Governmental Activities Internal Service Funds</u>
OPERATING REVENUES:	
Premium revenue from other funds	\$ 144,986
Other revenue	1,940
Total operating revenues	<u>146,926</u>
OPERATING EXPENSES:	
Salaries	689
Benefits	237
Purchased services	963
Claims, premiums and other	130,771
Total operating expenses	<u>132,660</u>
Operating income	<u>14,266</u>
NON-OPERATING REVENUE:	
Interest	1,988
Total non-operating revenue	<u>1,988</u>
Income before transfers	16,254
TRANSFERS IN	3,545
TRANSFERS OUT	<u>(130)</u>
Change in net assets	19,669
Total net assets - beginning	<u>14,810</u>
Total net assets - ending	<u>\$ 34,479</u>

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)**

	<u>Governmental Activities Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from interfund services provided	\$ 143,254
Payment to suppliers	(134,928)
Payment to employees	(926)
Other receipts	1,940
Net cash provided by operating activities	<u>9,340</u>
CASH FLOWS FROM NON CAPITAL AND RELATED FINANCING ACTIVITIES:	
Transfers from other funds	3,545
Transfers to other funds	(130)
Net cash provided by noncapital and related financing activities	<u>3,415</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	859
Purchase of investments	(15,458)
Interest and dividends earned on investments	1,988
Net cash used in investing activities	<u>(12,611)</u>
Net increase in cash	144
Cash and cash equivalents - Beginning of year	137
Cash and cash equivalents - End of year	<u>\$ 281</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 14,266
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(11)
(Increase) decrease in due from other governmental agencies	(17)
Increase (decrease) in accounts payable	889
Increase (decrease) in estimated unclaimed claims	(4,067)
Increase (decrease) in deferred revenue	(1,720)
Total adjustments	<u>(4,926)</u>
Net cash provided by operating activities	<u>\$ 9,340</u>

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

JUNE 30, 2006

(amounts expressed in thousands)

	Pension Trust Fund	Agency Funds
ASSETS		
Cash	\$ -	\$ 11,591
Investments, at fair value:		
U.S. Government securities	9,063	-
Money markets	237	-
Total investments	9,300	13,856
Accounts receivable, net	84	34
Inventory	-	340
Total assets	<u>9,384</u>	<u>25,821</u>
LIABILITIES		
Accounts payable	-	1,175
Due to student organizations	-	14,469
Payroll deductions	-	10,177
Total liabilities	<u>-</u>	<u>25,821</u>
NET ASSETS		
Assets held in trust for pension benefits	9,384	-
Total net assets	<u>9,384</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 9,384</u>	<u>\$ 25,821</u>

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

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(amounts expressed in thousands)

	Pension Trust Fund
ADDITIONS	
Contributions received from employer	\$ 1,989
Investment income:	
Interest income	361
Net decrease in fair value of investments	(118)
Total investment earnings	243
Less investment expense	25
Net investment income	218
Total additions	<u>2,207</u>
DEDUCTIONS	
Benefit payments	1,647
Administrative expenses	10
Total deductions	<u>1,657</u>
Net increase	550
Net assets - beginning	8,834
Net assets - ending	<u>\$ 9,384</u>

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

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The District School Board of Hillsborough County, Florida (School Board) has direct responsibility for the operation, control, and supervision of District schools and is considered a primary government for financial reporting purposes. The Hillsborough County School District is a part of the Florida system of public education. The governing body of the school district is the Hillsborough County District School Board that is composed of seven (7) elected members. The appointed Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Hillsborough County.

The accompanying financial statements present the activities of the School Board and its component units. Criteria for determining if other entities are potential component units which should be reported within the School Board's financial statements are identified and described in Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity as amended by Statement No. 39, Determining Whether Certain Organizations Are Component Units. The application of these criteria provide for identification of any entities for which the District School Board is financially accountable and other organizations for which the nature and significance of their relationship with the District School Board are such that exclusion would cause the Board's financial statements to be misleading or incomplete.

Based on the application of these criteria, the following component units are included within the District School Board's reporting entity:

Blended Component Unit

The Hillsborough School Board Leasing Corporation (Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in note 7. Due to the substantive economic relationship between the Hillsborough County District School Board and the Corporation, the financial activities of the Corporation are included in the accompanying financial statements of the School Board in the Certificates of Participation Fund. Separate financial statements of the Corporation are not published.

Discretely Presented Component Units

The component unit's column in the government wide financial statements include the financial data of the District's other component units for the fiscal year ended June 30, 2006. These component units consist of the Hillsborough Education Foundation, Inc. (the Foundation) and the District's Charter Schools. Both the Foundation and the Charter Schools are reported in a separate column to emphasize that they are legally separate from the District School Board. While it would be misleading to exclude them from the District's financial statements, none of the individual component units are considered to be major.

The Hillsborough Education Foundation, Inc., is a separate not-for-profit corporation organized and operated as a direct-support organization under Section 1001.453, Florida Statutes, to receive, hold, invest, and administer property and to make expenditures to, or for, the benefit of the District.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006

A. Reporting Entity (continued)

Complete financial statements of the Foundation can be obtained from their administrative office at:

Hillsborough Education Foundation
 2010 E. Hillsborough Ave., Suite 212
 Tampa, Florida 33610-8255

The Charter Schools are separate not-for-profit corporations organized under Section 1002.33, Florida Statutes to operate as public (as opposed to private) schools and are held responsible for prudent use of the public funds they receive. Each Charter School is a separate component unit that operates under a charter approved by their sponsor, the School Board. There are twenty-two (22) Charter Schools operating in the School District of Hillsborough County that meet the criteria for presentation as a discretely presented component unit.

The individual Charter Schools are listed below. Further, complete financial statements of the individual component units can be obtained from their administrative offices. These schools include:

Anderson Academy Charter School 2708 N. Central Ave Tampa, FL 33602	Carl Sagan Academy 4610 E. Hanna Ave Tampa, FL 33610
Hope Preparatory Academy 3916 E. Hillsborough Ave. Tampa, FL 33610	Kid's Community School 10544 Lake St. Charles Riverview, FL 33549
Learning Gate Charter School 16215 Hanna Road Lutz, FL 33549	Literacy/Leadership Technology Academy 6771 Madison Ave. Tampa, FL 33619
Mount Pleasant Charter School 2002 Rome Ave. Tampa, FL 33607	Pepin Charter School of Tampa 3916 E. Hillsborough Ave. Tampa, FL 33610
Prince Academy Charter School 1006 S. 50 th St. Tampa, FL 33619	Quest Middle School 3916 E. Hillsborough Tampa, FL 33610
ReBirth Academy Charter School 1924 E. Comanche Ave. Tampa, FL 33610	Richard Milburn Charter School 1404 Tech Blvd. Tampa, FL 33619
Richardson Academy Charter School 68150 N. Roam Ave. Tampa, FL 33604	Tampa Bay Academy Charter School 12012 Boyette Road Riverview, FL 33569
Tampa Charter School 5429 Beaumont Center Tampa, FL 33634	Terrace Community Charter School 4801 E. Fowler Ave. Tampa, FL 33617

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006

A. Reporting Entity (continued)

Trinity Charter School 2402 W. Osborne Ave. Tampa, Fl 33603	Trinity Upper Charter School 4807 North Armenia Tampa, Fl 33603
USF/Patel K-3 11801 Bull Run Tampa, Fl 33617	USF/Patel 4-5 11801 Bull Run Tampa, Fl 33617
The Village of Excellence Charter School 8718 North 46 th St. Temple Terrace, Fl 33617	Walton Academy Charter School 4817 N. Florida Ave. Tampa, Fl 33603

B. Basis of Presentation

The basic financial statements include the government-wide financial statements and fund financial statements.

Government-wide Financial Statements – Government-wide financial statements include a Statement of Net Assets and a Statement of Activities that display information about the primary government (District School Board) and its component units. These financial statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal service fund activities. The effect of interfund activities has not been eliminated in the Statement of Activities.

The Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the District School Board's functions. The expense of individual functions is compared to the revenues generated by the function (for instance, through user charges or intergovernmental grants). Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are charges to other funds and to employees for workers compensation and insurance. Operating expenses for the internal service funds include the cost of services and administrative costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

B. Basis of Presentation (continued)

Fund Financial Statements – The fund financial statements provide information about the District School Board's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. Because the focus of the governmental fund financial statements differs from the focus of the government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund - to account for all financial resources not required to be accounted for in another fund and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

Contracted Services - to account for financial resources of certain federal grant program resources.

Food Services – Accounts for and reports on the activities of the food service program.

Certificates of Participation – Accounts for and reports on the revenues generated from the issuance of Certificates of Participation.

Sales Tax Bond Revenue – Accounts for and reports on the revenues generated from the issuance of construction bonds backed by sales tax revenue.

Other Capital Projects Fund – Accounts for and reports on other miscellaneous funds from various sources.

Additionally, the District reports the following fund types:

Internal Service Funds – to account for the District's workers' compensation, general and automobile liability self-insurance programs and the employee health insurance program.

Pension Trust Fund – to account for resources used to finance the early retirement program.

Agency Funds – to account for resources held by the District as custodian for others primarily for the benefit of various schools and their activity funds.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-Wide Statements – The government-wide statements are presented using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows have taken place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues, other than grant funds, reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Grant funds are considered available if collection is expected in the upcoming fiscal year. Property taxes, sales taxes, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Cash

Cash consists of petty cash funds and deposits held by banks qualified as public depositories under Florida law. All deposits are fully insured by Federal depository insurance and a multiple financial institution collateral pool required by Chapter 280 Florida Statutes. The statement of cash flows for the Proprietary Funds considers cash as those accounts used as demand deposit accounts and considers as cash equivalents amounts invested with the State Board of Administration.

E. Investments

Investments consist of amounts placed with the State Board of Administration for participation in the State investment pool, those made by the State Board of Administration from the District's bond proceeds held and administered by the State Board of Education, and those made locally.

District monies placed with the State Board of Administration for participation in the State investment pool represent an interest in the pool rather than ownership of specific securities. The District does not own specific investments but an interest in the pool. Such investments are stated at fair value. Investments of the early retirement program are reported at fair value.

Types and amounts of investments held at year-end are described in a subsequent note on investments.

F. Inventory

Inventories consist of expendable supplies and equipment held for consumption in the course of District operations. Inventories at the central warehouse, maintenance, textbook depository and the bus garage are stated at cost based on a moving average. Food service inventories are stated at cost based on the first-in, first-out basis, except that United States Department of Agriculture surplus commodities are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Health and Rehabilitative Services, Food Distribution Center. All other inventories are stated at cost on the last invoice price method, which approximates the first-in, first-out basis. The cost of inventories is recorded as expenditures when used rather than purchased.

G. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are recorded at cost in the government-wide statement of net assets but are not reported in the governmental fund financial statements. Capital assets purchased after July 1, 2004 are defined as those costing more than \$1,000; those purchased before July 1, 2004 are defined as those costing more than \$750 and having a useful life of more than one year. Donated assets are recorded at fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Interest costs incurred during construction are not capitalized as part of the cost of construction.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class Description</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	10-25 years
Building improvements	10-20 years
Furniture, Fixtures and Equipment	3-20 years
Motor Vehicles	5-10 years
Audio Visual Materials and Computer Software	3 years

H. Long-Term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported in the government-wide statement of net assets. Bond premiums, discounts and losses on refunding issuances, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and losses on refunding issuances. Bond issuance costs are reported as deferred charges and are amortized over the term of the related debt.

In governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. Governmental fund types recognize bond premiums, discounts and losses on refunding issuances as well as bond issuance costs, during the current period. The face amount of debt issued, as well as any related premium is reported as an other financing source while discounts on debt issuances and losses on refunding issuances are reported as an other financing use. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Changes in long-term debt for the current year are reported in note 14.

I. State Revenue Sources

Revenues from State sources for current operations are primarily from the Florida Education Finance Program (FEFP) administered by the Florida Department of Education (Department) under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the Board determines and reports the number of full-time equivalent (FTE) students and related data to the Department. The Department performs certain edit checks on the reported number of FTE and related data and calculates the allocation of funds to the District. The District is permitted to amend its original reporting for a period of nine (9) months following the date of original reporting. Such amendments may impact funding allocations for subsequent years. The Department may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions of or additions to revenues in the year when the adjustments are made.

The District receives revenue from the State to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided. The money not expended or encumbered as of the close of the fiscal year is usually carried forward into the following year to be expended for the same programs. The Department requires that categorical educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is reserved for the unencumbered balance of categorical educational program resources.

J. Property Taxes

The Board is authorized by State law to levy property taxes for district school operations, capital improvements, and debt service.

Property taxes consist of ad valorem taxes on real and personal property within the District. Property taxes are assessed by the Hillsborough County Property Appraiser and are collected by the Hillsborough County Tax Collector.

The School Board adopted the 2006 tax levy on September 6, 2005. Tax bills are mailed in October; and taxes are payable between November 1 of the year assessed and March 31 of the following year with discounts of up to four percent for early payment.

Taxes become delinquent on April 1 of the year following the assessment. State law provides for enforcement of collection of personal property taxes by seizure of the property to satisfy unpaid taxes and for enforcement of collection of real property taxes by the sale of interest-bearing tax certificates to satisfy unpaid taxes. These procedures result in the collection of essentially all taxes prior to June 30 of the year following the assessment.

Property tax revenues are recognized in the government-wide financial statements in the fiscal year for which the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when the taxes are received by the District, except that revenue is accrued for taxes collected by the Hillsborough County Tax Collector at fiscal year end which have not yet been remitted to the District. Because any delinquent taxes collected after June 30 would not be material, delinquent taxes receivable are not accrued.

Millages and taxes levied for the current year are presented in note 19.

K. Federal Revenue Sources

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

L. Use of Estimates

The preparation of the financial statements requires management of the District to make a number of assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

2. BUDGET COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The School Board follows the procedures established by State statutes and State Board of Education rules in establishing final budget balances reported in the financial statements:

1. Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules. Original budgets are submitted to the State Commissioner of Education for approval.
2. The budget is prepared by fund, function, object and department. Management may make transfers of appropriations between departments and object. The functional level is the legal level of budgetary control and may only be amended by resolution of the Board at any Board meeting prior to the due date for the Superintendent's Annual Financial Report (State Report). Budgetary disclosure in the accompanying financial statements reflects the original and final budget including all amendments approved for the fiscal year through September 7, 2006.
3. Budgets are prepared using the modified accrual basis as is used to account for actual transactions in the governmental funds.
4. Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at year-end and encumbrances outstanding are honored from the subsequent year's appropriations as described in a subsequent note on Reservations of Fund Balances.

All budget amounts presented in the basic statements and the accompanying supplementary information reflect the original budget and the final amended budget (which has been adjusted for legally authorized revisions of the annual budget during the year).

At the governmental fund level, outstanding encumbrances are reflected as a reservation of fund balance to reflect the re-appropriation in the subsequent year. Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls.

3. CASH AND INVESTMENTS

At June 30, 2006, the District's deposits were entirely covered by federal depository insurance or by collateral pledged with the State Treasurer pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss.

As of June 30, 2006 the District had the following investments and maturities (amounts in thousands):

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
United States Treasuries	July 2006 – May 2010	\$ 5,966
United States Agencies	July 2006 – April 2021	93,272
State Board of Administration Investment Pool	27 Days	635,627
Certificates of Deposit	January 2007 – December 2010	405
Evergreen Institutional Treasury Money Market	N/A	<u>237</u>
Total Primary Government Component Unit		<u>735,507</u>
Total Investments Reporting Entity		<u>\$738,904</u>

Investments are reflected in the financial statements as follows (amounts in thousands):

Governmental funds	\$643,733
Internal service funds	68,618
Fiduciary funds	
Pension trust	9,300
Agency	<u>13,856</u>
Total Primary Government	<u>\$735,507</u>

Interest Rate Risk

The District has a formal investment policy that limits investments of idle funds (other than debt proceeds and pension trust fund) to the State Board of Administration's Local Government Surplus Funds Trust Fund investment pool, created by Florida statute 218.405, or with an intergovernmental pool. The District does not have a formal investment policy for debt proceeds and the pension trust fund that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The District has \$836 in obligations of United States Agencies that include embedded options consisting of the option at the discretion of the issuer to call their obligation or pay a stated increase in the interest rate. These securities have various call dates and mature June 2007.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006

3. CASH AND INVESTMENTS (continued)

Credit Risk

Section 218.415(17) Florida Statutes, authorizes the District to invest or reinvest any surplus public funds in their control or possession in:

- (a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes.
- (d) Direct obligations of the U.S. Treasury.

The securities listed in paragraphs (c) and (d) shall be invested to provide sufficient liquidity to pay obligations as they come due. The Local Government Surplus Funds Trust Fund (State Board of Administration Investment Pool, hereafter referred to as State Board) is an external investment pool that is not registered with the Securities Exchange Commission (SEC), but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the District's investments in the State Board have been determined based on the pool's share price, which approximates fair value.

Investments in the State Board are not rated by a nationally recognized statistical rating agency. The District's investments in Certificates of Deposits were in qualified public depositories. The Evergreen Institutional Treasury Money Market is rated AAA by Standard & Poors and Aaa by Moody's Investor Services.

Custodial Credit Risk

The District does not have a formal investment policy that addresses custodial credit risk. However, Florida Statute, Section 218.415(18) requires every security purchased under this section on behalf of the District to be properly earmarked and:

- 1. If registered with the issuer or its agents, must be immediately placed for safekeeping in a location that protects the District's interest in the security;
- 2. If in book entry form, must be held for the credit of the District by a depository chartered by the Federal Government, the state, or any other state or territory of the United States which has a branch or principal place of business in Florida as defined in Section 658.12, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in Florida, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or
- 3. If physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006

3. CASH AND INVESTMENTS (continued)

Concentration of Credit Risk

Of The District's investments, \$5,966 of U. S. Treasuries and \$93,272 of U.S. Agencies are uninsured, not registered in the name of the District and are held by the counterparty's trust department or agent but not in the District's name.

The District places no limit on the amount the District may invest in any one issuer. The District had an investment of \$87,176 in the Federal Small Business Administration, which makes up 11.9% of total investments.

Foreign Currency Risk

The District does not have a formal investment policy that limits its investment in foreign currency. The District has no investments which are exposed to foreign currency risk at June 30, 2006.

4. DUE FROM OTHER GOVERNMENTAL AGENCIES

Amounts due from other governmental agencies as of June 30, 2006 are shown below (amounts in thousands):

	General Fund	Other Special Revenue Fund	Food Service Fund	Other Capital Projects Fund	Non-Major and Other Funds	Total
Federal Government:						
Miscellaneous	\$ 206	\$ 409				\$ 615
State Government:						
Food Reimbursement			4,899			4,899
Classrooms For Kids				49,373		49,373
Public Education						
Capital Outlay					21,602	21,602
Miscellaneous State	5,207	1,149			4,320	10,676
Local Government:						
Hillsborough County						
Board of County Commissioners	11,027	2,709	668	7,848	5,680	27,932
Miscellaneous	427	180			5	612
Total:	<u>\$ 16,867</u>	<u>\$ 4,447</u>	<u>\$ 5,567</u>	<u>\$ 57,221</u>	<u>\$ 31,607</u>	<u>\$ 115,709</u>

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006

5. CAPITAL ASSETS

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

Description	Beginning Balances	Additions	Deletions	Ending Balances
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 115,549	5,228	1,773	119,004
Land Improvements-Non Depreciable Landscaping	38,056	8,070	2	46,124
Construction in Progress	<u>163,165</u>	<u>240,261</u>	<u>226,502</u>	<u>176,924</u>
Total Capital Assets Not Being Depreciated	<u>316,770</u>	<u>253,559</u>	<u>228,277</u>	<u>342,052</u>
<u>Capital Assets Being Depreciated:</u>				
Improvements Other Than Buildings	133,491	11,116	189	144,418
Buildings and Systems	1,647,635	207,316	20,159	1,834,792
Furniture, Fixtures and Equipment	175,666	20,898	16,763	179,801
Motor Vehicles	86,141	1,928	4,733	83,336
Audio Visual Materials	193	3	14	182
Computer Software	<u>20,276</u>	<u>5,628</u>	<u>321</u>	<u>25,583</u>
Total Capital Assets Being Depreciated	<u>2,063,402</u>	<u>246,889</u>	<u>42,179</u>	<u>2,268,112</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	78,631	5,033	170	83,494
Buildings & Systems	354,074	41,812	18,106	377,780
Furniture, Fixtures and Equipment	123,432	16,425	14,455	125,402
Motor Vehicles	49,732	5,722	4,493	50,961
Audio Visual Materials	181	7	14	174
Computer Software	<u>17,110</u>	<u>2,550</u>	<u>258</u>	<u>19,402</u>
Total Accumulated Depreciation	<u>623,160</u>	<u>71,549</u>	<u>37,496</u>	<u>657,213</u>
Total Capital Assets Being Depreciated (Net)	<u>1,440,242</u>	<u>175,340</u>	<u>4,683</u>	<u>1,610,899</u>
Governmental Activities Capital Assets (Net)	<u>\$ 1,757,012</u>	<u>\$ 428,899</u>	<u>\$ 232,960</u>	<u>\$ 1,952,951</u>

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006

5. CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows (amounts in thousands):

Instructional Services	\$ 6,998
Instructional Support services	1,935
Pupil Transportation Services	4,418
Operation and Maintenance of Plant	815
Facilities Acquisition and Construction	55,082
School Administration	462
General Administration	394
Food Services	467
Community Services and other	205
Un-Allocated Depreciation	<u>773</u>
Total Depreciation Expense	<u>\$71,549</u>

6. REVOLVING LINE OF CREDIT

Pursuant to the provisions of Section 1011.13, Florida Statutes, the Board approved a revolving Line of Credit Tax Anticipation Note on June 13, 2006 that matures May 30, 2007, in the amount of \$80,000,000 with Wachovia National Bank of Florida. The outstanding principal amount of the Note shall bear interest at 60.0 percent of the Prime Rate, as published in the *Wall Street Journal* on the Monday of the week preceding the actual borrow date. This line-of-credit allows the Board to borrow funds if established revenues (cash) are lagging behind expenditures such as weekly payrolls and weekly vendor payments. The Note is secured by a pledge of anticipated ad valorem tax proceeds. This revolving Note may be made and repaid from time to time. The principal of this Note may be partly or wholly paid and re-advanced provided that the outstanding principal balance shall not exceed \$80,000,000 at any time outstanding. During the year ended June 30, 2006, no funds had been borrowed under this line-of-credit, nor was the line of credit utilized during the fiscal year.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006

7. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT - CERTIFICATES OF PARTICIPATION

The District entered into various financing arrangements that each of which was characterized as a lease-purchase agreement, with the Hillsborough School Board Leasing Corporation (Corporation), whereby the District secured financing of various education facilities through the issuance of Certificates of Participation to be repaid from the proceed of rents paid by the School District.

As a condition of the financing arrangement, the District has given ground leases on District property to the Hillsborough School Board Leasing Corporation, with a rental fee of \$10 per year. The properties covered by the ground leases are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the leases and to provide for the rent payments through to term, the District may be required to surrender the sites included under the Ground Lease Agreements to the Trustee for the benefit of the securers of the Certificates to the end of the ground lease term.

Certificates of Participation that are still part of the District's debt obligation are as follows (amounts in thousands):

Certificates	Date of Certificates	Original Amount of Certificates	Ground Lease Term
Series 1998 Project	March 1, 1998	\$ 336,930	June 30, 2017
Series 1999 Project	October 1, 1999	111,700	June 30, 2025
Series 2000 QZAB Project	March 9, 2000	10,628	May 31, 2012
Series 2000 Project	November 1, 2000	48,860	June 30, 2026
Series 2001A Project	January 15, 2001	103,770	June 30, 2025
Series 2001B Project	July 1, 2001	69,265	June 30, 2026
Series 2001 QZAB Project	November 6, 2001	9,600	November 6, 2015
Series 2002 Project	September 15, 2002	64,010	June 30, 2028
Series 2003B Project	September 1, 2003	72,065	June 30, 2029
Series 2004A Project	February 19, 2004	27,305	June 30, 2017
Series 2004B Project	February 19, 2004	56,715	June 30, 2026
Series 2004 QZAB Project	June 8, 2004	6,131	June 30, 2020
Series 2004C Project	November 4, 2004	89,750	June 30, 2030
Series 2005A Project	February 25, 2005	48,915	June 30, 2026
Series 2005 QZAB Project	December 20, 2005	3,002	December 20, 2020
Series 2006A Project	January 31, 2006	86,435	June 30, 2031

The Series 1998 Certificates of Participation were also issued, in part, in order to provide the funds necessary to advance refund the Series 1994 and the Series 1995 Certificates of Participation and refinance the Series 1994 and Series 1995 facilities which the School Board has acquired, constructed and installed from the proceeds of the Series 1994 and Series 1995. The Series 2001A Certificates of Participation were issued in order to provide funds necessary to partially advance refund the Series 1999 Certificates of Participation and refinance the Series 1999 facilities that the School Board has acquired, constructed and installed from the proceeds of the Series 1999. The Series 2004A Certificates of Participation were issued in order

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006

7. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT - CERTIFICATES OF PARTICIPATION

to provide funds necessary to advance refund the Series 1996 Certificates of Participation and refinance the Series 1996 facilities that the School Board has acquired, constructed and installed from the proceeds of the Series 1996. The Series 2005A Certificates of Participation were issued in order to provide the funds necessary to partially refund the Series 2000 Certificates of Participation and refinance the Series 2000 facilities that the School Board has acquired, constructed and installed from the proceeds of the Series 1996. See Note 13.

Due to the economic substance of the issuances of the Certificates of Participation as a financing arrangement on behalf of the Board, the financial activities of the Corporation have been blended in with the financial statements of the District. For accounting purposes, due to the blending of the Corporation within the District's financial statements, basic lease payments are reflected as debt service expenditures when payable to Certificate holders. During the year ended June 30, 2006, \$98,492,611 was expended for capital outlay in the Certificates of Participation Capital Projects Funds.

The lease payments for the Series 1998, Series 1999, Series 2000, Series 2001A, Series 2001B, Series 2002, Series 2003B, Series 2004A, Series 2004B, Series 2005A Certificates and Series 2006A Certificates are payable by the District, semi-annually, on July 1 and January 1 at interest rates, of 3.6 to 5.5 percent, 3.65 to 6.00 percent, 4.20 to 5.55 percent, 3.00 to 5.00 percent, 3.00 to 5.25 percent, 2.00 to 4.625 percent, 5.00 percent, 5.25 percent, 2.00 percent to 5.09 percent, 2.375 to 5.0 percent and 3.50 to 5.00 percent, respectively. The lease payments for the Series 2004C Certificates are payable by the District weekly at an auction interest rate. The lease payments for the Series 2000-QZAB, 2001-QZAB, 2004-QZAB and 2005 QZAB Certificates are due April 10, 2012, November 1, 2015, June 3, 2020 and December 20, 2020, respectively. There is no interest to be paid on the QZABs, as the certificate holders receive Federal Tax Credits in lieu of interest payments. The District is required to reserve a portion of the lease payments each year. The following is a schedule by years of future minimum lease payments under the lease agreements as of June 30 (amounts in thousands):

	Total	Principal	Interest
2007	\$ 57,159	\$ 16,545	\$ 40,614
2008	59,200	18,970	40,230
2009	59,157	19,740	39,417
2010	59,087	20,575	38,512
2011	59,133	21,565	37,568
2012 – 2016	318,168	147,093	171,075
2017 – 2021	310,870	175,553	135,317
2022 – 2026	303,435	215,180	88,255
2027 – 2031	286,130	255,315	30,815
2032	16,968	16,585	383
Total Minimum Lease Payments	<u>\$1,529,307</u>	<u>\$ 907,121</u>	<u>\$ 622,186</u>

8. INTEREST RATE SWAP

Swaption: The District entered into a swaption contract that provided the District an up-front payment of \$5,006,500. This payment was reduced by a premium refund of \$1,800,000 paid by the District to the counterparty on May 26, 2005. Such premium refund was paid to reflect a reduction in the notional amount from \$177,195,000 to \$109,830,000 pursuant to an amendment to interest rate swaption dated April 19, 2005. As a synthetic refunding of its Series 1998A Certificates of Participation, this payment represents the risk-adjusted, present-value savings of a refunding as of July 1, 2008 without issuing refunding bonds at February 2003. The swaption gave the counterparty the option to make the District enter into a pay-fixed, receive-variable interest rate swap. If the option is exercised, the District would then expect to issue variable-rate refunding bonds. The original fixed swap rate of 5.06% is in accordance with the adjustment in the notional amount and reduced premium.

The Swaption was entered into on February 19, 2003. The \$3,206,500 net payment was based on a notional amount of \$109,830,000. The counterparty has the option to exercise the agreement on July 1, 2008, the District's Series 1998A Certificates of Participation's first call date. The counterparty also has the option to exercise the agreement on January 1, 2009, July 1, 2009, January 1, 2010, and July 1, 2010. If the swap is exercised, the swap will commence on the respective option date. The fixed swap rate (4.97%) was set at a rate that, when added to an assumption for remarketing and liquidity costs, will approximate the coupons of the "refunded" bonds. The swap's variable payment would be based on the Bond Market Association (BMA) municipal swap index.

As of June 30, 2006, the fair value of the option on the swap was \$5,654,689, which was estimated based on the year end market condition using the zero-coupon method. The contract's fair value reflects the aforementioned amendment to the interest rate swaption. The zero coupon method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments were then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

If the option is exercised and refunding bonds are not issued, the Series 1998A Certificates of Participation would not be refunded and the District would make net swap payments as required by the terms of the contract, making a fixed payment to the counterparty for the term of the swap at 4.97 percent and receiving a variable payment of the BMA Municipal Swap Index. If the option is exercised and the variable-rate bonds are issued, the actual savings ultimately recognized by the transaction will be affected by the relationship between the interest rate terms of the to-be-issued variable-rate bonds versus the variable payment on the Swap (BMA Municipal Swap Index).

Floating-to-Fixed Interest Rate Swap: In connection with the issuance on November 29, 2004 of \$89,750,000 variable rate Certificates of Participation Series 2004C, the District entered into a \$29,750,000 floating-to-fixed interest rate swap, effective through December 7, 2014 to hedge a portion of the Certificates maturing July 1, 2030 against future increases in interest rates. The swap effectively converts \$29,750,000 of the Certificates into 10-year synthetic fixed rate debt obligations at an interest rate of 3.736%. The Certificates and swap together create low cost, long-term synthetic fixed rate debt for the District. At June 30, 2006, the swap had a positive fair market value of \$775,372 based on mid-market values as of the close of business.

9. NOTES PAYABLE

Notes payable are comprised of the following (amounts in thousands):

<u>Wachovia Loans</u>	Balance at <u>6/30/06</u>
\$4,267 borrowed 1/23/02, under the provisions of Section 1011.14, Florida Statutes. Variable interest rate 4.125 percent at 6/30/06. Proceeds used to purchase insurance on educational property. The Board's intent is to extend repayment of the remaining balance until 2007 in an installments of \$853.	<u>\$ 853</u>

Amounts needed for the planned repayment of the Section 1011.14, Florida Statutes, bank loans are as follows (amounts in thousands):

Fiscal Year Ending June 30	Total	Principal	Interest (1)
2007	<u>\$888</u>	<u>\$853</u>	<u>\$ 35</u>

(1) The projected interest amount can change based on interest rate changes upon the annual renewal of the bank loans. Interest was calculated based on the rate in effect at June 30, 2006.

10. BONDS PAYABLE

Bonds payable at June 30, 2006 were as follows (amounts in thousands):

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
State School Bonds:			
Series 1996-B	\$ 175	4.0 - 4.625	2007
Series 1998-A	5,080	4.0 - 5.5	2018
Series 1999-A	5,785	4.0 - 4.75	2019
Series 2000-A	265	4.625 - 6.0	2020
Series 2002-A	1,450	3.0 - 5.0	2022
Series 2003-A	2,700	3.0 - 5.0	2023
Series 2004-A	3,195	3.0 - 4.625	2024
Series 2005-A	1,110	3.0 - 5.0	2025
Series 2005Q	37,170	3.5 - 5.0	2020
Series 2006-A	3,650	5.5	2026
District Revenue Bonds:			
Series 1998 Capital Improvement & Racetrack Revenue Refunding	3,258	3.5 - 5.35	2028
Series 2002 Sales Tax	86,475	2.25 - 5.375	2025
Series 2005 Sales Tax Refunding	127,975	2.25 - 5.00	2023
Series 2006 Sales Tax	<u>54,860</u>	4.0 - 4.25	2026
Total Bonds Payable	<u>\$333,148</u>		

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006

10. BONDS PAYABLE (continued)

The various bonds were issued to finance capital outlay projects of the District. The following is a description of bonded debt service:

STATE SCHOOL BONDS

These bonds are issued by the State Board of Education (SBE) on behalf of the District. The bonds mature serially and are secured by a pledge of part of the District's portion of State-assessed motor vehicle license tax. The State's full faith and credit is also pledged as security for these issues. Principal and interest payments, investment of Debt Service Fund resources, and compliance with reserve requirements are administered by the State Board of Education and the State Board of Administration.

DISTRICT REVENUE BONDS

Capital Improvement and Racetrack Revenue Refunding Bonds of 1998

These bonds are authorized by Chapter 71-680, Laws of Florida, which authorized the Board to pledge all of the portion of racetrack funds accruing annually to Hillsborough County, under the provisions of Chapters 550 and 551, Florida Statutes, as allocated to the Board pursuant to law, and Chapter 132, Florida Statutes, which authorized the refunding of the District Revenue Bonds of 1985. As required by the bond resolution the Board established the sinking fund and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account.

Sales Tax Revenue Bonds, Series 2002, 2005 and Series 2006

These bonds are authorized by the Constitution and Laws of the State of Florida, including, particularly Chapter 1010, Florida Statutes, Chapter 212, Part I, Florida Statutes and other applicable provisions of law. The bonds are secured by a pledge of the proceeds received pursuant to the Interlocal Agreement from the levy and collection by the County of the one-half cent local infrastructure sales surtax.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006

10. BONDS PAYABLE (continued)

Annual requirements to amortize all bonded debt outstanding as of June 30, 2006, are as follows (amounts in thousands):

TOTAL SBE BONDS			
Fiscal Year Ending June 30	Total	Principal	Interest
2007	\$ 6,369	\$ 3,555	\$ 2,814
2008	6,467	3,710	2,757
2009	6,409	3,815	2,594
2010	6,392	3,980	2,412
2011	6,385	4,165	2,220
2012 - 2016	31,803	23,925	7,878
2017 - 2021	16,412	14,260	2,152
2022 - 2026	3,564	3,170	394
Total Debt Service Payments	<u>\$83,801</u>	<u>\$60,580</u>	<u>\$23,221</u>

TOTAL DISTRICT REVENUE BONDS

Fiscal Year Ending June 30	Total	Principal	Interest
2007	18,934	6,925	12,009
2008	20,806	9,030	11,776
2009	20,656	9,137	11,519
2010	20,640	9,459	11,181
2011	20,618	9,811	10,807
2012 - 2016	102,968	55,146	47,822
2017 - 2021	102,047	68,043	34,004
2022 - 2026	101,588	85,343	16,245
2027 - 2028	20,664	19,674	990
Total Debt Service Payments	<u>\$428,921</u>	<u>\$272,568</u>	<u>\$156,353</u>

11. SALES TAX REVENUE BONDS

On March 27, 2006 the District issued Sales Tax Revenue Bonds Series 2006 for \$54,860,000 with interest ranging from 4.0% to 4.25%. Proceeds are to be used for the acquisition, construction and installation of, and remodeling to, certain capital improvements and educational facilities to be made within the District.

12. STATE BOARD OF EDUCATION BONDS

On June 15, 2006 the State Board of Education issued Series 2006A in the amount of \$3,650,000 of Capital Outlay Bonds, on behalf of the District in order to finance the cost of acquiring, building, constructing, remodeling, improving, enlarging, furnishing, maintaining, renovating or repairing of projects. The net proceeds were placed in a Capital Outlay Fund for the above projects.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006

13. DEFEASED DEBT

On July 13, 2005, the State Board of Education issued Series 2005Q SBE Bond in the amount of \$37,360,000 at a premium, with an interest rate of 3.5% to 5.0% on behalf of the District. The proceeds were used to advance refund \$38,310,000 principal amount and \$480,000 principal amount of the District's portion of then outstanding \$45,625,000 and \$820,000 Series 1998A and 2000A SBE Bonds, respectively. The net proceeds of \$40,856,050 (after payment of \$306,400 in underwriter's fees, accrued interest and other issuance costs) were placed in an irrevocable trust to provide for the future debt service payment of the refunded amount of the Series 1998A and 2000A SBE Bonds.

As a result, \$37,360,000 of the Series 1998A SBE Bonds and \$480,000 of the Series 2000A SBE Bonds are considered defeased and the liability for these SBE Bonds has been removed from long term debt. Accordingly, the trust account assets and the liability for that portion of the Series 1998A and 2000A SBE Bonds are not included in the School District's financial statements.

As a result of the advance refunding, the total Debt Service requirements for SBE Bonds were reduced by \$1,430,000, which resulted in an economic gain (difference between the present value of debt service payments on the old and new debt) of \$2,218,074.

In prior years, the Board defeased in substance certain outstanding revenue bonds and Certificates of Participation by placing the proceeds of each of the new bond issues in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account's assets and the liability for the in substance defeased bonds are not included in the Board's financial statements. At June 30, 2006, \$125,940,000 of Series 1994 Certificates of Participation, \$51,890,000 of Series 1995 Certificates of Participation, \$95,785,000 of Series 1999 Certificates of Participation, \$28,000,000 of the Series 1996 Certificates of Participation, \$45,625,000 of Series 2000 Certificates of Participation and \$126,160,000 of Series 2002 Sales Tax Revenue Bonds are considered defeased.

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SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006

14. CHANGES IN LONG TERM DEBT

The following is a summary of changes in general long-term debt (amounts in thousands):

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Due in One Year
Compensated Absences Payable	\$122,763	\$26,332	\$19,475	\$129,620	\$12,828
Certificate of Participation	835,319	89,437	17,635	907,121	16,545
Arbitrage Payable	-	1,076	-	1,076	-
Notes Payable	1,707	-	854	853	853
Bonds Payable	<u>295,513</u>	<u>95,870</u>	<u>58,235</u>	<u>333,148</u>	<u>10,480</u>
TOTAL	<u>\$1,255,302</u>	<u>\$ 212,715</u>	<u>\$96,199</u>	\$1,371,818	<u>\$40,706</u>
Plus unamortized bond premium:					
Bonds payable				11,078	
Certificates of participation				6,866	
Less unamortized loss on refunding					
Bonds payable				(10,988)	
Certificates of participation				<u>(7,082)</u>	
Total long-term liabilities				<u>\$ 1,371,692</u>	

Compensated absences are generally liquidated by the general fund.

15. RESERVATIONS OF FUND BALANCES

Reserves are generally limited to indicating that portion of the fund equity that is restricted to a specific future use or is not available for appropriations and expenditures. Fund balances have been reserved for the following at June 30, 2006 (amounts in thousands):

\$60,659	Encumbrances which are those amounts that represent obligations or commitments chargeable in the future when the material and services are rendered.
\$74,813	Debt Service which are those amounts available to apply against future principal and interest payments.
\$18,309	State Categorical Carry-over Programs, which are those balances of various specially identified programs, funded by the State Department of Education.
\$4,964	Reserves for Inventory are that portion of inventory on hand over liabilities that cannot be utilized as cash.
\$33,872	Reserves for Other Purposes, which are those balances of various identified programs other than State Categorical programs that are funded by the State and local government.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006

16. INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of interfund receivables and payables reported in the fund financial statements (amounts in thousands):

Funds	Interfund	
	Receivables	Payables
Major Funds:		
General	\$13,482	\$1,480
Contracted Services	807	6,654
Food Services	192	5,694
Certificates of Participation	496	6,157
Sales Tax Bond Revenue	-	145
Other Capital Projects	1,737	3,208
Non-major Governmental Funds	<u>7,880</u>	<u>1,256</u>
Total	<u>\$24,594</u>	<u>\$24,594</u>

The majority of interfund receivables and payables are established during the closing period. The receivable in the general fund is for payback of direct/indirect charges for June. The amounts in certificates of participation funds, sales tax bond revenue funds, other capital project funds and non-major funds are mostly due to the movement of expenditures between capital project funds.

17. INTERFUND TRANSFERS

The following is a summary of interfund transfers reported in the fund financial statements (amounts in thousands):

Funds	Interfund	
	Transfer In	Transfer Out
Major Funds:		
General	\$ 503	\$3,604
Contracted Services	59	-
Certificates of Participation	-	2,051
Non-major Governmental Funds	60,874	59,196
Internal Service Funds	<u>3,545</u>	<u>130</u>
Total	<u>\$64,981</u>	<u>\$64,981</u>

The largest amount of interfund transfers is to move money to the debt service funds for bond principal and interest payments. The remainder is the charging of direct and indirect costs.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006

18. STATE REVENUE SOURCES

The following is a schedule of the District's state revenue for the 2005/2006 fiscal year (amounts in thousands):

Sources	Amount
Florida Education Finance Program	\$604,072
Workforce Development	32,186
Discretionary Lottery Funds	9,399
Categorical Education Programs	194,310
Gross Receipts Tax (Public Education Capital Outlay)	20,559
Capital Outlay and Debt Service	7,398
Class Size Reduction	8,520
Food Service Supplement	1,447
Mobile Home License Tax	646
State Board of Education Bond Interest	147
Pari-Mutuel Tax	447
Miscellaneous	<u>7,644</u>
Total	<u>\$886,775</u>

19. PROPERTY TAXES

The following is a summary of millages and taxes levied in the 2005 tax roll for the fiscal year 2005-06 (dollars in thousands):

	Millage Levied	Taxes Levied
<u>General Fund</u>		
Non-voted School Tax:		
Required Local Effort	5.1680	\$321,678
Discretionary Local Effort	.7600	47,306
<u>Debt Service Funds</u>		
Voted Tax:		
Interest and Sinking	.0090	567
<u>Capital Projects Funds</u>		
Non-voted Tax:		
Local Capital Improvements	<u>2.0000</u>	<u>124,479</u>
Total	<u>7.9370</u>	<u>\$494,030</u>

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20. STATE RETIREMENT PROGRAMS

All regular employees of the District are covered by the Florida Retirement System, a State-administered cost-sharing multiple-employer public employee defined benefit retirement plan (Plan). Participating employers include all State departments, counties, district school boards, and community colleges. Many municipalities and special districts have elected to be participating employers. Employees who earn benefit credits while employed by one participating employer may transfer the credits to any other participating employer.

Essentially all regular employees of participating employers are eligible and must enroll as members of the Plan. Benefits vest at specified numbers of years of service depending upon the employee's classification. Generally, members are eligible for normal retirement benefits at age 62 with 6 years of service or at any age after 30 years of service. For normal retirement, benefit payments are based on the member's highest 5-year average annual salary (average final compensation) times the number of years of service, multiplied by a percentage ranging from 1.60 percent at either 62 or with 30 years of service to 1.68 percent at age 65 or with 33 years of service. Members are eligible for early retirement after 6 years of service but before age 62; however, normal benefits are reduced by 5 percent for each year a member retires before age 62. As described in note 21, the District administers a single-employer retirement program that under certain conditions covers the difference in benefits between normal and early retirement.

The Plan provides retirement, disability, and death benefits and annual cost-of-living-adjustments, as well as supplements for certain employees to cover social security benefits lost by virtue of retirement system membership.

A Deferred Retirement Option Program (DROP) was established effective July 1, 1998. It permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with a Florida Retirement System employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest.

The benefit provisions and all other requirements of the Plan are established by Florida Statutes.

The contribution rates for the Plan are established, and may be amended, by the State of Florida. As of June 30, 2006, the contribution rates were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular (HA)	0.00	7.83
Florida Retirement System, County Elected Officers (HI)	0.00	15.23
Florida Retirement System, Senior Management Service Class (HM)	0.00	10.45
Florida Retirement System, Special Risk (HB)	0.00	18.53
Teachers' Retirement System, Plan E (IE)	6.25	11.35
State and County Officers and Employees' Retirement System, Plan B (AF)	4.00	9.10
Florida Retirement System, Reemployed Retiree (RA)	0.00	7.83

Notes: (A) Employer rates include the post-retirement health insurance supplement, which was increased on July 1, 2001 to 1.11 percent.

20. STATE RETIREMENT PROGRAMS (continued)

The District's liability for participation in the Plan is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions to the Plan (including employee contributions) for the fiscal years ending June 30, 2004, June 30, 2005, and June 30, 2006, totaled \$56,048,722, \$59,393,345 and \$67,164,376 respectively, representing a percentage of covered payroll of 7.56% for fiscal year 2004, 7.56% for fiscal year 2005 and 8.01% for fiscal year 2006. These amounts are equal to the required contributions for each fiscal year.

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the Florida Retirement System. The report may be obtained by writing to the State of Florida, Division of Retirement, Department of Management Services, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32399.

21. EARLY RETIREMENT PROGRAM

a. Plan Description and Provisions

As authorized by Section 1012.985, Florida Statutes, the Board implemented an Early Retirement Plan (Plan), effective August 1, 1984. The Plan is a single-employer defined benefit plan. The purpose of the Plan is to provide eligible District employees, who elect to retire under the early retirement provisions of the Florida Retirement System, described in Note 20, with a monthly benefit equal to the statutory reduction of the normal retirement benefits when early retirement precedes the normal retirement age of 62. The School Board entered into an agreement with Wachovia Bank, N.A., designating the Bank as the Investment Manager and Custodian (Trustee) for the Plan assets. The Agreement also provides that monthly benefits be paid by the Trustee.

Based on an actuarial report as of July 1, 2005 employee membership data related to the Plan was as follows:

Retirees and beneficiaries currently receiving benefits	<u>479</u>
Active Plan Participants:	
Vested	2,806
Non-vested	<u>2,969</u>
Total	<u>5,775</u>

A summary of Eligibility and Benefits follows:

Eligibility

A member of the Plan is eligible upon attainment of age 55 to 59, completion of 25 but not more than 28 years of creditable service, at least 5 consecutive and uninterrupted years of service immediately preceding early retirement, and having applied for retirement under The Florida Retirement System.

Benefits

The amount of the monthly benefit will be equal to the reduction imposed on the retirement benefit by the Florida Retirement System due to early retirement. The benefit amount will be based on the initial benefit amount determined by the Florida

21. EARLY RETIREMENT PROGRAM (continued)

Retirement System prior to any cost of living adjustments and once established will remain unchanged, unless a specific increase is authorized by the Board.

b. Summary of Significant Accounting Policies

The Plan is accounted for as a pension trust fund; therefore it is accounted for in substantially the same manner as a proprietary fund with a "capital maintenance" measurement focus and the accrual basis of accounting. Employer contributions are recognized in the period in which contributions are due. Benefits and refunds are recognized when due and payable in accordance with terms of the Plan. Plan assets are valued at fair value for financial statement purposes.

Separate Statements are not issued for the Plan.

c. Contributions and Reserves

The District's Early Retirement Program was established by the Board on August 1, 1984. Pursuant to the Plan Agreement, no contribution shall be required or permitted from any member. Board contributions shall be sufficient to meet the annual pension cost of the Plan and to amortize the un-funded actuarial accrued liability within 30 years based on an actuarial study. There are no long-term contracts to the plan. Periodic employer contributions to the Plan are determined on an actuarial basis using the "Entry Age Actuarial Cost Method". Annual pension cost is funded on a current basis. Pursuant to Section 112.64, Florida Statutes, the un-funded actuarial accrued liability is funded over a 40-year period. Periodic contributions for both normal cost and the amortization of the un-funded actuarial liability are based on the level percentage of payroll method.

Significant actuarial assumptions used to compute annual required contributions are the same as those used to determine the actuarial accrued liability.

Total contributions to the Plan in fiscal years 2004, 2005 and 2006 amounted to \$2,100,014, \$1,932,629 and \$1,988,593, respectively. The actuarially determined contribution for fiscal years 2004, 2005 and 2006 were \$1,885,854, \$1,990,860 and \$2,283,533, respectively which were determined through actuarial valuations performed at February 28, 2003, May 4, 2004 and November 9, 2004, respectively. The total annual pension costs for fiscal years 2004, 2005 and 2006 were \$1,882,002, \$1,988,508 and \$2,278,659, respectively.

The computation of the annual required contributions for fiscal 2006 was based on the same (a) actuarial assumptions, (b) benefit provisions, (c) actuarial funding method, and (d) other significant factors as used to determine annual required contributions in the previous year.

All of the assets in the District's Pension Trust Fund are maintained in legally required reserves. None of the assets have been designated by the Board for any other specific purpose. Costs of administering the Plan are financed through the Plan's resources (employer contributions and investment earnings).

21. EARLY RETIREMENT PROGRAM (continued)

d. Concentrations

The Plan's investments at June 30, 2006, consisted of the following:

	Balance <u>June 30, 2006</u>	Percentage of <u>Plan Net Assets</u>
Obligations of U.S. Agencies	\$9,063,250	97%
Other Investments	<u>236,742</u>	<u>3%</u>
Total	<u>\$9,299,992</u>	<u>100%</u>

e. Actuarial Information

Additional information as of the latest actuarial valuation is as follows:

Valuation Date	07/01/05
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll-Closed
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Investment Rate of Return	7%
Projected Salary Increases	5%
Rate of Inflation Adjustment	None

22. OTHER POST-RETIREMENT BENEFITS

The state retirement program described in Note 20 includes District payments for a retiree health insurance subsidy. The employer contribution rate from July 2005 through June 2006 was 1.11 percent of eligible wages. Total District contributions for the fiscal year ended June 30, 2006 were \$9,307,126.

23. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Workers' compensation, automobile liability, and general liability coverage are being provided on a self-insured basis up to specified limits. The District has entered into agreements with various insurance companies to provide specific excess coverage of claim amounts above the stated amount on an individual claim basis. The Board has contracted with an insurance administrator to administer these self-insurance programs, including the processing, investigating, and payment of claims.

Settled claims resulting from the risks described above have not exceeded commercial insurance coverage for the past three fiscal years.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006

23. RISK MANAGEMENT (continued)

A liability in the amount of \$20,923,575 was actuarially determined using a discount rate of 3% to cover reported and unreported insurance claims payable at June 30, 2006. It is estimated that \$6,826,794 of the liability is current and due within one year. The remaining \$14,096,781 will be due in future years.

The following schedule represents the changes in claims liability for the past two fiscal years for the District's self-insurance program:

	Beginning-of-Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2004 – 2005	\$26,338,204	\$ 6,810,079	\$(8,156,635)	\$24,991,648
2005 – 2006	\$24,991,648	\$ 1,417,760	\$(5,485,833)	\$20,923,575

Claims and judgments are generally liquidated by the general fund.

24. COMMITMENTS AND CONTINGENCIES

Construction Contract Commitments

The following is summary of major construction contract commitments remaining at June 30, 2006 (amounts in thousands):

DETAIL LISTING OF CONSTRUCTION IN PROGRESS
 JUNE 30, 2006

Description	Project Authorization	Expended Through 6/30/05	Committed
Additions	\$ 52,384	\$ 36,491	\$ 15,893
Elementary Schools	46,750	23,804	22,946
Middle Schools	23,088	15,939	7,149
Senior High Schools	42,819	29,017	13,802
Other	12,968	1,700	11,268
Renovations	68,048	53,535	14,513
Improvements	3,340	1,920	1,420
Total	<u>\$249,397</u>	<u>\$162,406</u>	<u>\$ 86,991</u>

LITIGATION

The District is involved in several pending and threatened legal actions. In the opinion of District management, the range of potential loss from all such claims and actions should not materially affect the financial condition of the District.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2006

24. COMMITMENTS AND CONTINGENCIES (continued)

Grants and Contracts

The District participates in various federally assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the District.

THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA
 SUPPLEMENTAL EARLY RETIREMENT PENSION TRUST
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 June 30, 2006
 (UNAUDITED)

Schedule of Funding Progress:

FISCAL YEAR ENDED JUNE 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability Entry Age (1)	Unfunded Actuarial Liability (3)	Funded Ratio (2)	Covered Payroll	Actuarial Liability as a Percentage of Covered Payroll
2001	5,580,220	22,070,817 (4)	16,490,597	25.28%	156,605,715	(4) 14.09%
2002	6,409,495	22,827,019 (5)	16,417,524	28.10%	170,162,468	(5) 13.41%
2003	7,202,634	28,443,117 (6)	21,240,483	25.30%	163,581,224	(6) 17.39%
2004	7,476,928	29,906,771 (7)	22,429,843	25.00%	172,252,480	(7) 17.36%
2005	8,312,833	31,241,919 (8)	22,929,086	26.60%	177,745,949	(8) 17.58%
2006	8,833,753	33,461,470 (9)	24,627,717	26.40%	186,742,083	(9) 17.92%

- Notes: (1) The Entry Age Actuarial Cost Method is used to determine the Plan's funding requirements.
 (2) The percentage funded is derived by dividing the actuarial value of assets by the actuarial accrued liability.
 (3) The unfunded actuarial accrued liability is the actuarial accrued liability minus the actuarial value of assets.
 (4) Based on data from an actuarial valuation report as of July 1, 2000, dated April 30, 2001.
 (5) Based on data from an actuarial valuation report as of July 1, 2001, dated December 4, 2001.
 (6) Based on data from an actuarial valuation report as of July 1, 2002, dated February 28, 2003.
 (7) Based on data from an actuarial valuation report as of July 1, 2003, dated July 1, 2003.
 (8) Based on data from an actuarial valuation report as of July 1, 2004, dated July 1, 2004.
 (9) Based on data from an actuarial valuation report as of July 1, 2005, dated May 9, 2006.

Isolated analysis of the dollar amounts of the actuarial value of assets, actuarial accrued liability, and unfunded actuarial accrued liability can be misleading.

Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the Plan's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the Plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Plan.

Unaudited – see accompanying independent auditors' report.

THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA
 SUPPLEMENTAL EARLY RETIREMENT PENSION TRUST
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 June 30, 2006
 (UNAUDITED)

Schedule of Employer Contributions:

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2001	1,400,908	81.60%
2002	1,362,831	108.69%
2003	1,754,766	74.61%
2004	1,885,854	111.36%
2005	1,990,860	97.08%
2006	2,283,533	87.08%

Unaudited – see accompanying independent auditors' report.



**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



Nonmajor Governmental Funds

Debt Service Funds

The Debt Service Funds account for the payment of interest and principal of the current portion of long-term debt, primarily from tax proceeds and earnings on temporary investments

- **State Board of Education Bond Funds** – Accounts for and reports on payments of principal, interest and related costs on various bond issues serviced by the State.
- **Special Act Bond Funds** - Accounts for and reports on the payment of principal, interest and related costs on bonds that are secured by the portion of the State racetrack funds.
- **Section 237.161 Loan Funds** - Accounts for and reports on the payment of principal and interest on notes issued under Section 237.161, Florida Statutes.
- **District Bond Funds** - Accounts for and reports on the repayment of general obligation debt.
- **Other Debt Service Funds** - Accounts for and reports on the payment of principal, interest and related costs for the Certificates of Participation and other debt.

Capital Projects Funds

The Capital Projects Funds account for the financing and acquisition or construction of major capital facilities, such as new school buildings and additions to existing buildings, or for major renovation projects

- **Capital Outlay Bond Issue Funds** – Accounts for and reports on bond issue proceeds received from the State Board of Education and issued at the request of the District.
 - **Special Act Bond Racetrack Funds** - Accounts for and reports on funds received from racetrack funds.
 - **Public Education Capital Outlay Funds (PECO)** - Accounts for and reports on funds received from the State for the construction and maintenance of schools.
 - **Capital Outlay & Debt Service Funds** - Accounts for and reports on funds received from the State Board of Education Capital Outlay Bonds.
 - **Local Capital Improvement Funds** - Accounts for and reports on locally received funds, primarily ad valorem tax revenue.
-

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006
(amounts expressed in thousands)**

	Debt Service		
	State Board of Education Bond Funds	Special Act Bond Funds	District Bond Funds
ASSETS			
Cash	\$ -	\$ -	\$ -
Investments	1,509	154	594
Accounts receivable	-	-	-
Due from other governmental agencies	-	-	25
Due from other funds	-	358	-
Total assets	<u>\$ 1,509</u>	<u>\$ 512</u>	<u>\$ 619</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 2
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>2</u>
Fund balances:			
Reserved for:			
Encumbrances	-	-	-
Debt service	1,509	512	617
Unreserved, reported in:			
Capital projects funds	-	-	-
Total fund balances	<u>1,509</u>	<u>512</u>	<u>617</u>
Total liabilities and fund balance	<u>\$ 1,509</u>	<u>\$ 512</u>	<u>\$ 619</u>

Other Debt Service Funds		Total
\$ 859	\$ 859	
69,162	71,419	
-	-	
2,156	2,181	
<u>-</u>	<u>358</u>	
<u>\$ 72,177</u>	<u>\$ 74,817</u>	
\$ 2	\$ 4	
-	-	
<u>2</u>	<u>4</u>	
-	-	
72,175	74,813	
<u>-</u>	<u>-</u>	
<u>72,175</u>	<u>74,813</u>	
<u>\$ 72,177</u>	<u>\$ 74,817</u>	

(Continued)

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THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006
(amounts expressed in thousands)**

	Capital Outlay Bond Issue Funds	Special Act Bond Racetrack Fund	Public Education Capital Outlay Funds
ASSETS			
Cash	\$ -	\$ -	\$ 7
Investments	6,138	531	3,172
Accounts receivable	-	-	-
Due from other governmental agencies	3,602	-	21,602
Due from other funds	-	-	-
Total assets	<u>\$ 9,740</u>	<u>\$ 531</u>	<u>\$ 24,781</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 784
Due to other funds	8	1	287
Total liabilities	<u>8</u>	<u>1</u>	<u>1,071</u>
Fund balances			
Reserved for:			
Encumbrances	23	-	5,629
Debt service	-	-	-
Unreserved, reported in:			
Capital projects funds	9,709	530	18,081
Total fund balances	<u>9,732</u>	<u>530</u>	<u>23,710</u>
Total liabilities and fund balance	<u>\$ 9,740</u>	<u>\$ 531</u>	<u>\$ 24,781</u>

Capital Projects			Total Nonmajor Governmental Funds
Capital Outlay and Debt Service Funds	Local Capital Improvement Funds	Total	
\$ 1	\$ 2,371	\$ 2,379	\$ 3,238
2,306	49,607	61,754	133,173
-	8	8	8
93	3,504	28,801	30,982
-	7,522	7,522	7,880
<u>\$ 2,400</u>	<u>\$ 63,012</u>	<u>\$ 100,464</u>	<u>\$ 175,281</u>
\$ -	\$ 1,019	\$ 1,803	\$ 1,807
360	600	1,256	1,256
<u>360</u>	<u>1,619</u>	<u>3,059</u>	<u>3,063</u>
107	12,941	18,700	18,700
-	-	-	74,813
1,933	48,452	78,705	78,705
2,040	61,393	97,405	172,218
<u>\$ 2,400</u>	<u>\$ 63,012</u>	<u>\$ 100,464</u>	<u>\$ 175,281</u>

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See accompanying independent auditors' report.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)**

	State Board of Education Bond Funds	Special Act Bond Funds	Debt Service Section 237.161 Loan Funds
REVENUES			
Local sources:			
Ad valorem taxes	\$ -	\$ -	\$ -
Local sales tax	-	-	-
Interest income	-	10	-
Other	-	-	-
Total local sources	-	10	-
State sources:			
Public education capital outlay	-	-	-
Other	6,232	447	-
Total state sources	6,232	447	-
Total revenues	6,232	457	-
EXPENDITURES			
Current:			
Facilities acquisition and construction	-	-	-
Debt Service:			
Principal retirement	3,460	390	853
Interest	2,761	45	58
Dues, fees and other	150	1	-
Capital outlay			
Facilities acquisition and construction	-	-	-
Total expenditures	6,371	436	911
Excess (deficiency) of revenues over (under) expenditures	(139)	21	(911)
OTHER FINANCING SOURCES (USES):			
Long term bonds issued	-	-	-
Premium on sale of bonds	-	-	-
Discount on sale of bonds	-	-	-
Refunding bonds issued	37,360	-	-
Premium on sale of refunding bonds	3,637	-	-
Certificates of participation issued	-	-	-
Premium on sale of certificates of participation	-	-	-
Payments to refunded bond escrow agent	(40,856)	-	-
Transfers in	-	358	911
Transfers out	-	(374)	-
Total other financing sources and uses	141	(16)	911
Net change in fund balances	2	5	-
Fund balances - beginning	1,507	507	-
Fund balances - ending	\$ 1,509	\$ 512	\$ -

District Bond Funds	Other Debt Service Funds	Total
\$ 586	\$ -	\$ 586
-	28,408	28,408
55	1,234	1,299
79	-	79
720	29,642	30,372
-	-	-
-	-	6,679
-	-	6,679
720	29,642	37,051
-	-	-
9,520	23,710	37,933
278	46,851	49,993
12	2,177	2,340
-	-	-
-	-	-
9,810	72,738	90,266
(9,090)	(43,096)	(53,215)
-	760	760
-	20	20
-	-	-
-	-	37,360
-	-	3,637
-	53	53
-	1,067	1,067
-	-	(40,856)
-	59,605	60,874
-	(4,334)	(4,708)
-	57,171	58,207
(9,090)	14,075	4,992
9,707	58,100	69,821
\$ 617	\$ 72,175	\$ 74,813

(Continued)

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THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)**

	Capital Outlay Bond Issue Funds	Special Act Bond Racetrack Fund	Public Education Capital Outlay Funds
REVENUES			
Local sources:			
Ad valorem taxes	\$ -	\$ -	\$ -
Local sales tax	-	-	-
Interest income	275	31	59
Other	-	-	27
Total local sources	275	31	86
State sources:			
Public education capital outlay	-	-	20,559
Other	-	-	-
Total state sources	-	-	20,559
Total revenues	275	31	20,645
EXPENDITURES:			
Current:			
Facilities acquisition and construction	125	220	7,780
Debt Service:			
Principal retirement	-	-	-
Interest	-	-	-
Dues, fees and other	29	-	-
Capital outlay			
Facilities acquisition and construction	1,317	5	28,276
Total expenditures	1,471	225	36,056
Excess (deficiency) of revenues over (under) expenditures	(1,196)	(194)	(15,411)
OTHER FINANCING SOURCES (USES):			
Long term bonds issued	3,650	-	-
Premium on sale of bonds	-	-	-
Discount on sale of bonds	(18)	-	-
Refunding bonds issued	-	-	-
Premium on sale of refunding bonds	-	-	-
Certificates of participation issued	-	-	-
Premium on sale of certificates of participation	-	-	-
Payments to refunded bond escrow agent	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	3,632	-	-
Net change in fund balances	2,436	(194)	(15,411)
Fund balances - beginning	7,296	724	39,121
Fund balances - ending	\$ 9,732	\$ 530	\$ 23,710

See accompanying independent auditors' report.

Capital Projects			Total	Total Nonmajor Governmental Funds
Capital Outlay and Debt Service Funds	Local Capital Improvement Funds			
\$ -	\$ 124,660	\$ 124,660	\$ 125,246	
-	-	-	28,408	
61	2,296	2,722	4,021	
10	416	453	532	
71	127,372	127,835	158,207	
-	-	20,559	20,559	
1,202	-	1,202	7,881	
1,202	-	21,761	28,440	
1,273	127,372	149,596	186,647	
275	22,113	30,513	30,513	
-	-	-	37,933	
-	-	-	49,993	
3	-	32	2,372	
129	35,721	65,448	65,448	
407	57,834	95,993	186,259	
866	69,538	53,603	388	
-	-	3,650	4,410	
-	-	-	20	
-	-	(18)	(18)	
-	-	-	37,360	
-	-	-	3,637	
-	-	-	53	
-	-	-	1,067	
-	-	-	(40,856)	
-	-	-	60,874	
(358)	(54,130)	(54,488)	(59,196)	
(358)	(54,130)	(50,856)	7,351	
508	15,408	2,747	7,739	
1,532	45,985	94,658	164,479	
\$ 2,040	\$ 61,393	\$ 97,405	\$ 172,218	

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

DEBT SERVICE FUNDS

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

(amounts expressed in thousands)

	District Bond Funds			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Local sources:				
Ad valorem taxes	\$ 554	\$ 1,024	\$ 586	\$ (438)
Local sales tax	-	-	-	-
Interest income	-	55	55	-
Other	-	79	79	-
Total local sources	554	1,158	720	(438)
State sources:				
Capital Outlay and debt service withheld for SBE/COBI bonds	-	-	-	-
SBE/COBI bond interest	-	-	-	-
Racing commission funds	-	-	-	-
Total state sources	-	-	-	-
Total revenues	554	1,158	720	(438)
EXPENDITURES:				
Principal retirement	9,520	9,520	9,520	-
Interest	278	278	278	-
Dues, fees and other	207	43	12	31
Total expenditures	10,005	9,841	9,810	31
Excess (deficiency) of revenues over (under) expenditures	(9,451)	(8,683)	(9,090)	(407)
OTHER FINANCING SOURCES (USES):				
Long term bonds issued	-	-	-	-
Premium on sale of bonds	-	-	-	-
Refunding bonds issued	-	-	-	-
Premium on sale of refunding bonds	-	-	-	-
Certificates of participation issued	-	-	-	-
Premium on sale of certificates of participation	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	(9,451)	(8,683)	(9,090)	(407)
Fund balances - beginning	9,707	9,707	9,707	-
Fund balances - ending	\$ 256	\$ 1,024	\$ 617	\$ (407)

	Other Debt Service Funds				Totals			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
\$	-	\$ -	\$ -	\$ -	\$ 554	\$ 1,024	\$ 586	\$ (438)
	15,999	28,408	28,408	-	15,999	28,408	28,408	-
	-	1,236	1,234	(2)	-	1,301	1,299	(2)
	-	-	-	-	-	79	79	-
	15,999	29,644	29,642	(2)	16,553	30,812	30,372	(440)
	-	-	-	-	6,266	6,182	6,182	-
	-	-	-	-	-	50	50	-
	-	-	-	-	447	447	447	-
	-	-	-	-	6,713	6,679	6,679	-
	15,999	29,644	29,642	(2)	23,266	37,491	37,051	(440)
	23,710	23,710	23,710	-	37,743	37,933	37,933	-
	47,452	48,784	46,851	1,933	50,813	51,926	49,993	1,933
	155	2,251	2,177	74	378	2,445	2,340	105
	71,317	74,745	72,738	2,007	88,934	92,304	90,266	2,038
	(55,318)	(45,101)	(43,096)	2,005	(65,668)	(54,813)	(53,215)	1,598
	-	760	760	-	-	760	760	-
	-	20	20	-	-	20	20	-
	-	-	-	-	-	37,360	37,360	-
	-	-	-	-	-	3,637	3,637	-
	-	53	53	-	-	53	53	-
	-	1,067	1,067	-	-	1,067	1,067	-
	-	-	-	-	-	(40,856)	(40,856)	-
	57,005	60,214	59,605	(609)	58,258	61,484	60,874	(609)
	(373)	(4,361)	(4,334)	27	(747)	(4,735)	(4,708)	27
	56,632	57,753	57,171	(582)	57,511	58,790	58,207	(582)
	1,314	12,652	14,075	1,423	(8,157)	3,977	4,992	1,016
	58,100	58,100	58,100	-	69,821	69,821	69,821	-
	\$ 59,414	\$ 70,752	\$ 72,175	\$ 1,423	\$ 61,664	\$ 73,798	\$ 74,813	\$ 1,016

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THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**CAPITAL PROJECTS FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)**

	Capital Outlay Bond Issue Funds			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Local sources:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Interest income	77	275	275	-
Other	-	-	-	-
Total local sources	77	275	275	-
State sources:				
Public education capital outlay	-	-	-	-
Capital outlay distributed to district	-	-	-	-
Interest on undistributed CO & DS	-	-	-	-
Classsize Reduction	-	-	-	-
Other	-	-	-	-
Total state sources	-	-	-	-
Total revenues	77	275	275	-
EXPENDITURES:				
Current				
Facilities acquisition and construction	7,300	9,831	125	9,706
Debt Service				
Dues, fees and other	-	29	29	-
Capital outlay				
Facilities acquisition and construction	-	1,317	1,317	-
Total expenditures	7,300	11,177	1,471	9,706
Excess (deficiency) of revenues over (under) expenditures	(7,223)	(10,902)	(1,196)	9,706
OTHER FINANCING SOURCES (USES):				
Long term bonds issued	-	3,650	3,650	-
Discount on sale of bonds	-	(18)	(18)	-
Certificates of participation issued	-	-	-	-
Premium on sale of certificates of participation	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	3,632	3,632	-
Net change in fund balances	(7,223)	(7,270)	2,436	9,706
Fund balances - beginning	7,296	7,296	7,296	-
Fund balances - ending	\$ 73	\$ 26	\$ 9,732	\$ 9,706

	Special Act Bond Racetrack Fund				Public Education Capital Outlay Funds			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	10	31	31	-	175	147	59	(88)
	-	-	-	-	-	27	27	-
	10	31	31	-	175	174	86	(88)
	-	-	-	-	20,559	20,559	20,559	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	20,559	20,559	20,559	-
	10	31	31	-	20,734	20,733	20,645	(88)
	724	748	220	528	59,672	31,476	7,780	23,696
	-	-	-	-	-	-	-	-
	-	5	5	-	-	28,276	28,276	-
	724	753	225	528	59,672	59,752	36,056	23,696
	(714)	(722)	(194)	528	(38,938)	(39,019)	(15,411)	23,608
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	(714)	(722)	(194)	528	(38,938)	(39,019)	(15,411)	23,608
	724,459	724	724	-	39,121	39,121	39,121	-
	\$ 723,745	\$ 2	\$ 530	\$ 528	\$ 183	\$ 102	\$ 23,710	\$ 23,608

(Continued)

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THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**CAPITAL PROJECTS FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(amounts expressed in thousands)**

	Capital Outlay & Debt Service Funds			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Local sources:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Interest income	35	61	61	-
Other	-	10	10	-
Total local sources	35	71	71	-
State sources:				
Public education capital outlay	-	-	-	-
Capital outlay distributed to district	985	1,106	1,106	-
Interest on undistributed CO & DS	-	96	96	-
Classize Reduction	-	-	-	-
Other	-	-	-	-
Total state sources	985	1,202	1,202	-
Total revenues	1,020	1,273	1,273	-
EXPENDITURES:				
Current				
Facilities acquisition and construction	882	471	275	196
Debt Service				
Dues, fees and other	-	3	3	-
Capital outlay				
Facilities acquisition and construction	-	129	129	-
Total expenditures	882	603	407	196
Excess (deficiency) of revenues over (under) expenditures	138	670	866	196
OTHER FINANCING SOURCES (USES):				
Long term bonds issued	-	-	-	-
Discount on sale of bonds	-	-	-	-
Certificates of participation issued	-	-	-	-
Premium on sale of certificates of participation	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers out	(357)	(358)	(358)	-
Total other financing sources and uses	(357)	(358)	(358)	-
Net change in fund balances	(219)	312	508	196
Fund balances - beginning	1,531	1,532	1,532	-
Fund balances - ending	\$ 1,312	\$ 1,844	\$ 2,040	\$ 196

	Local Capital Improvement Funds				Certificates of Participation Funds			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
	\$ 123,626	\$ 125,079	\$ 124,660	\$ (419)	\$ -	\$ -	\$ -	\$ -
	1,350	2,364	2,296	(8)	2,754	9,201	9,116	(85)
	-	85	893	(477)	-	21	21	-
	125,061	128,276	127,372	(904)	2,754	9,222	9,137	(85)
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	125,061	128,276	127,372	(904)	2,754	9,222	9,137	(85)
	106,401	75,288	22,113	53,175	210,794	209,163	2,376	206,787
	-	35,721	35,721	-	-	96,117	96,117	-
	106,401	111,009	57,834	53,175	210,794	305,280	98,493	206,787
	18,660	17,267	69,538	52,271	(208,040)	(296,058)	(89,356)	206,702
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	89,384	89,384	-
	-	-	-	-	-	961	961	-
	-	-	-	-	-	-	-	-
	(57,480)	(54,705)	(54,130)	575	(49)	(2,051)	(2,051)	-
	(57,480)	(54,705)	(54,130)	575	(49)	88,294	88,294	-
	(38,820)	(37,438)	15,408	52,846	(208,089)	(207,764)	(1,062)	206,702
	45,985	45,985	45,985	-	209,895	209,895	209,895	-
	\$ 7,165	\$ 8,547	\$ 61,393	\$ 52,846	\$ 1,806	\$ 2,131	\$ 208,833	\$ 206,702

(Continued)

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THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**CAPITAL PROJECTS FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(amounts expressed in thousands)**

	Sales Tax Bond Revenue			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Local sources:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Interest income	400	1,467	1,467	-
Other	-	-	-	-
Total local sources	400	1,467	1,467	-
State sources:				
Public education capital outlay	-	-	-	-
Capital outlay distributed to district	-	-	-	-
Interest on undistributed CO & DS	-	-	-	-
Classize Reduction	-	-	-	-
Other	-	-	-	-
Total state sources	-	-	-	-
Total revenues	400	1,467	1,467	-
EXPENDITURES:				
Current				
Facilities acquisition and construction	30,579	70,656	4,118	66,538
Debt Service				
Dues, fees and other	-	-	-	-
Capital outlay				
Facilities acquisition and construction	-	15,075	15,075	-
Total expenditures	30,579	85,731	19,193	66,538
Excess (deficiency) of revenues over (under) expenditures	(30,179)	(84,264)	(17,726)	66,538
OTHER FINANCING SOURCES (USES):				
Long term bonds issued	-	54,100	54,100	-
Discount on sale of bonds	-	-	-	-
Certificates of participation issued	-	-	-	-
Premium on sale of certificates of participation	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	54,100	54,100	-
Net change in fund balances	(30,179)	(30,164)	36,374	66,538
Fund balances - beginning	30,448	30,448	30,448	-
Fund balances - ending	\$ 269	\$ 284	\$ 66,822	\$ 66,538

See accompanying independent auditors' report.

	Other Capital Projects Funds				Totals			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
	\$ -	\$ -	\$ -	\$ -	\$ 123,626	\$ 125,079	\$ 124,660	\$ (419)
	1,313	667	641	(26)	6,114	14,153	13,946	(207)
	-	-	10,167	9,937	(1,130)	85	11,118	9,511
	1,313	10,834	9,678	(1,156)	129,825	150,350	148,117	(2,233)
	-	-	-	-	20,559	20,559	20,559	-
	-	-	-	-	985	1,106	1,106	-
	-	-	-	-	-	96	96	-
	8,520	8,520	8,520	-	8,520	8,520	8,520	-
	448	448	110	(338)	448	448	110	(338)
	8,968	8,968	8,630	(338)	30,512	30,729	30,391	(338)
	10,281	19,802	18,308	(1,494)	160,337	181,079	178,508	(2,571)
	109,361	58,739	2,861	55,878	525,713	456,372	39,868	416,504
	-	-	-	-	-	32	32	-
	-	58,066	58,066	-	-	234,706	234,706	-
	109,361	116,805	60,927	55,878	525,713	691,110	274,606	416,504
	(99,080)	(97,003)	(42,619)	54,384	(365,376)	(510,031)	(96,098)	413,933
	-	-	-	-	-	57,750	57,750	-
	-	-	-	-	-	(18)	(18)	-
	-	-	-	-	-	89,384	89,384	-
	-	-	-	-	-	961	961	-
	-	3,776	3,776	-	-	3,776	3,776	-
	-	-	-	-	(57,886)	(57,114)	(56,539)	575
	-	3,776	3,776	-	(57,886)	94,739	95,314	575
	(99,080)	(93,227)	(38,843)	54,384	(423,262)	(415,292)	(784)	414,508
	100,043	100,043	100,043	-	1,158,778	435,044	435,044	-
	\$ 963	\$ 6,816	\$ 61,200	\$ 54,384	\$ 735,516	\$ 19,752	\$ 434,260	\$ 414,508



Internal Service Funds

The Internal Service Funds account for the cost of the District's Insurance Funds

- **Workers Compensation Fund** - Accounts for and reports on the workers' compensation program.
 - **Liability Self-Insurance Liability Fund** - Accounts for and reports on the automobile and general liability programs.
 - **Group Health Insurance Fund** - Accounts for and reports on the health insurance program.
-

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2006
(amounts expressed in thousands)**

	Workers Compensation Fund	Liability Self Insurance Fund	Group Health Insurance Fund	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 281	\$ -	\$ -	\$ 281
Investments	49,361	5,761	13,496	68,618
Accounts receivable	-	-	150	150
Due from other governmental agencies	-	-	625	625
Total assets	<u>\$ 49,642</u>	<u>\$ 5,761</u>	<u>\$ 14,271</u>	<u>\$ 69,674</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ -	\$ -	\$ 10,796	\$ 10,796
Deferred revenue	-	-	3,475	3,475
Estimated unpaid claims	17,473	3,451	-	20,924
Total liabilities	<u>17,473</u>	<u>3,451</u>	<u>14,271</u>	<u>35,195</u>
NET ASSETS				
Unrestricted	32,169	2,310	-	34,479
Total net assets	32,169	2,310	-	34,479
Total net assets and liabilities	<u>\$ 49,642</u>	<u>\$ 5,761</u>	<u>\$ 14,271</u>	<u>\$ 69,674</u>

See accompanying independent auditors' report.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)**

	Workers Compensation Fund	Liability Self Insurance Fund
OPERATING REVENUES:		
Premium revenue from other funds	\$ 19,701	\$ -
Other revenue	1,900	40
Total operating revenues	<u>21,601</u>	<u>40</u>
OPERATING EXPENSES:		
Salaries	689	-
Benefits	237	-
Purchased services	950	13
Claims, premiums and other	4,094	1,392
Total operating expenses	<u>5,970</u>	<u>1,405</u>
Operating income (loss)	<u>15,631</u>	<u>(1,365)</u>
NON-OPERATING REVENUE:		
Interest	<u>1,728</u>	<u>130</u>
Total non-operating revenue	<u>1,728</u>	<u>130</u>
Income (loss) before transfers	17,359	(1,235)
TRANSFERS IN	-	3,545
TRANSFERS OUT	<u>-</u>	<u>-</u>
Change in net assets	17,359	2,310

Group Health Insurance Fund	Totals
\$ 125,285	\$ 144,986
-	1,940
<u>125,285</u>	<u>146,926</u>
OPERATING EXPENSES:	
-	689
-	237
-	963
125,285	130,771
<u>125,285</u>	<u>132,660</u>
<u>-</u>	<u>14,266</u>
NON-OPERATING REVENUE:	
130	1,988
<u>130</u>	<u>1,988</u>
130	16,254
-	3,545
<u>(130)</u>	<u>(130)</u>
-	19,669
<u>-</u>	<u>14,810</u>
<u>\$ -</u>	<u>\$ 34,479</u>

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THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (amounts expressed in thousands)

	Workers Compensation Fund	Liability Self Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from interfund services provided	\$ 19,701	\$ -
Payment to suppliers	(8,844)	(1,672)
Payment to employees	(926)	-
Other receipts	1,900	40
Net cash provided by (used in) operating activities	<u>11,831</u>	<u>(1,632)</u>
CASH FLOWS FROM NON CAPITAL AND RELATED FINANCING ACTIVITIES:		
Transfers from other funds	-	3,545
Transfers to other funds	-	-
Net cash provided by (used in) noncapital and related financing activities	<u>-</u>	<u>3,545</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	-	-
Purchase of investments	(13,415)	(2,043)
Interest and dividends earned on investments	1,728	130
Net cash provided by (used in) investing activities	<u>(11,687)</u>	<u>(1,913)</u>
Net increase (decrease) in cash	144	-
Cash and cash equivalents- Beginning of year	137	-
Cash and cash equivalents- End of year	<u>\$ 281</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 15,631	\$ (1,365)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	-	-
(Increase) decrease in due from other governmental agencies	-	-
(Increase) decrease in accounts payable	-	-
Increase (decrease) in estimated unclaimed claims	(3,800)	(267)
Increase (decrease) in deferred revenue	-	-
Total adjustments	<u>(3,800)</u>	<u>(267)</u>
Net cash provided by (used in) operating activities	<u>\$ 11,831</u>	<u>\$ (1,632)</u>

See accompanying independent auditors' report.

Group Health Insurance Fund	Totals
\$ 123,553	\$ 143,254
(124,412)	(134,928)
-	(926)
-	1,940
<u>(859)</u>	<u>9,340</u>
CASH FLOWS FROM NON CAPITAL AND RELATED FINANCING ACTIVITIES:	
-	3,545
(130)	(130)
<u>(130)</u>	<u>3,415</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
859	859
-	(15,458)
130	1,988
<u>989</u>	<u>(12,611)</u>
-	144
-	137
<u>\$ -</u>	<u>\$ 281</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
\$ -	\$ 14,266
(11)	(11)
(17)	(17)
889	889
-	(4,067)
<u>(1,720)</u>	<u>(1,720)</u>
<u>(859)</u>	<u>(4,926)</u>
<u>\$ (859)</u>	<u>\$ 9,340</u>



Agency Funds

The Agency Funds account for resources held by the District as custodian for others

- **School Activity Fund** - Accounts for and reports on the schools activity funds.
 - **Extended Year Fund** - Accounts for and reports on funds withheld to be paid at a later date.
 - **Miscellaneous Depository Fund** – Accounts for and reports on the deposits held by the District on behalf of others.
-

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)**

	School Activity Fund			
	Balances July 1, 2005	Additions	Deductions	Balances June 30, 2006
ASSETS				
Cash	\$ 10,703	\$ 11,560	\$ 10,703	\$ 11,560
Investments	3,566	293	180	3,679
Accounts receivable	-	34	-	34
Due from other funds	51	-	51	-
Inventory	305	340	305	340
Total assets	<u>\$ 14,625</u>	<u>\$ 12,227</u>	<u>\$ 11,239</u>	<u>\$ 15,613</u>
LIABILITIES				
Accounts payable	\$ 10	\$ 1,144	\$ 10	\$ 1,144
Due to student organizations	13,463	14,469	13,463	14,469
Payroll deductions	-	-	-	-
Due to other funds	1,152	-	1,152	-
Total liabilities	<u>\$ 14,625</u>	<u>\$ 15,613</u>	<u>\$ 14,625</u>	<u>\$ 15,613</u>

	Extended Year Fund			
	Balances July 1, 2005	Additions	Deductions	Balances June 30, 2006
	\$ -	\$ -	\$ -	\$ -
	4,127	10,177	4,127	10,177
	-	-	-	-
	-	-	-	-
	-	-	-	-
	<u>\$ 4,127</u>	<u>\$ 10,177</u>	<u>\$ 4,127</u>	<u>\$ 10,177</u>
	\$ -	\$ -	\$ -	\$ -
	-	-	-	-
	4,127	10,177	4,127	10,177
	-	-	-	-
	<u>\$ 4,127</u>	<u>\$ 10,177</u>	<u>\$ 4,127</u>	<u>\$ 10,177</u>

(Continued)

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THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)**

	Miscellaneous Depository Fund			
	Balances July 1, 2005	Additions	Deductions	Balances June 30, 2006
ASSETS				
Cash	\$ 32	\$ -	\$ 1	\$ 31
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 31</u>
LIABILITIES				
Accounts payable	\$ 32	\$ -	\$ 1	\$ 31
Due to student organizations	-	-	-	-
Payroll deductions	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 31</u>

	Totals			
	Balances July 1, 2005	Additions	Deductions	Balances June 30, 2006
	\$ 10,735	\$ 11,560	\$ 10,704	\$ 11,591
	7,693	10,470	4,307	13,856
	-	34	-	34
	51	-	51	-
	<u>305</u>	<u>340</u>	<u>305</u>	<u>340</u>
	<u>\$ 18,784</u>	<u>\$ 22,404</u>	<u>\$ 15,367</u>	<u>\$ 25,821</u>
	\$ 42	\$ 1,144	\$ 11	\$ 1,175
	13,463	14,469	13,463	14,469
	4,127	10,177	4,127	10,177
	<u>1,152</u>	<u>-</u>	<u>1,152</u>	<u>-</u>
	<u>\$ 18,784</u>	<u>\$ 25,790</u>	<u>\$ 18,753</u>	<u>\$ 25,821</u>

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See accompanying independent auditors' report.



Component Units

- **Discretely Presented Component Units** - Accounts for and reports on the Hillsborough Education Foundation and the various Charter Schools

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2006
(amounts expressed in thousands)**

	Anderson Academy Charter School	Carl Sagan Academy	Hope Preparatory Academy	Kid's Community School	Learning Gate Charter School
ASSETS:					
Cash	\$ 108	\$ 28	\$ 27	\$ 3	\$ 295
Investments	-	-	-	-	-
Accounts receivable, net	-	-	60	2	25
Due from other governmental agencies	-	46	-	-	-
Deferred charges	-	-	-	-	-
Prepaid items	-	-	-	-	-
Capital Assets (net of accumulated depreciation):					
Land	-	-	-	-	-
Land improvements	-	-	-	-	-
Construction in progress	-	-	-	-	-
Improvements other than buildings	-	-	-	-	-
Buildings and systems	10	-	38	47	53
Furniture, fixtures and equipment	31	27	52	10	34
Motor vehicles	-	-	-	-	-
Property under capital leases	-	-	-	-	-
Audio visual materials	-	-	-	-	-
Computer software	-	-	-	-	-
Total assets	<u>\$ 149</u>	<u>\$ 101</u>	<u>\$ 177</u>	<u>\$ 62</u>	<u>\$ 407</u>
LIABILITIES					
Accounts payable	\$ 6	\$ 4	\$ 44	\$ 39	\$ 109
Salaries and wages payable	-	-	-	-	-
Accrued payroll taxes and withholdings	-	-	-	-	-
Due to other governmental agencies	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Other liabilities	-	-	-	-	-
Noncurrent liabilities:					
Due within one year	-	-	-	-	-
Due in more than one year	-	-	-	-	-
Total liabilities	<u>6</u>	<u>4</u>	<u>44</u>	<u>39</u>	<u>109</u>
NET ASSETS					
Invested in capital assets, net of related debt	41	27	90	57	87
Restricted for:					
Capital outlay	-	-	-	-	14
Other purposes	-	-	-	-	-
Unrestricted (deficit)	102	70	43	(34)	197
Total net assets	<u>143</u>	<u>97</u>	<u>133</u>	<u>23</u>	<u>298</u>
Total liabilities and net assets	<u>\$ 149</u>	<u>\$ 101</u>	<u>\$ 177</u>	<u>\$ 62</u>	<u>\$ 407</u>

	Literacy Leadership Technology Academy	Mount Pleasant Charter School	Pepin Charter School of Tampa	Prince Academy Charter School	Quest Middle School	ReBirth Academy Charter School	Richard Milburn Charter School	Richardson Academy Charter School
	\$ -	\$ 178	\$ 212	\$ 45	\$ 86	\$ 115	\$ 381	\$ 45
	-	-	-	-	-	-	-	-
	-	-	19	5	84	-	94	14
	18	24	-	-	-	-	27	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	208
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	10
	137	8	10	-	5	58	-	-
	26	8	18	28	75	29	47	38
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	<u>\$ 181</u>	<u>\$ 218</u>	<u>\$ 259</u>	<u>\$ 78</u>	<u>\$ 250</u>	<u>\$ 202</u>	<u>\$ 549</u>	<u>\$ 315</u>
	\$ 42	\$ 2	\$ 140	\$ -	\$ 54	\$ -	\$ 137	\$ 9
	-	4	-	2	-	3	-	9
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	42	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	8	-	-	-	-	-	11	-
	91	-	-	-	-	-	2	-
	<u>141</u>	<u>6</u>	<u>140</u>	<u>2</u>	<u>54</u>	<u>3</u>	<u>192</u>	<u>18</u>
	64	16	28	28	80	87	34	256
	-	-	-	-	-	-	68	9
	-	-	-	-	-	-	-	-
	(24)	196	91	48	116	112	255	32
	40	212	119	76	196	199	357	297
	<u>\$ 181</u>	<u>\$ 218</u>	<u>\$ 259</u>	<u>\$ 78</u>	<u>\$ 250</u>	<u>\$ 202</u>	<u>\$ 549</u>	<u>\$ 315</u>

(Continued)

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THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2006
(amounts expressed in thousands)**

	Tampa Bay Academy Charter School	Tampa Charter School	Terrace Community Charter School	Trinity Charter School	Trinity Upper Charter School	USF Patel K-3	USF Patel 4-5	The Village of Excellence Charter School	Walton Academy Charter School	Hillsborough Education Foundation	TOTALS Component Units
ASSETS:											
Cash	\$ 151	\$ 32	\$ 283	\$ 154	\$ -	\$ 304	\$ 53	\$ 42	\$ 244	\$ 472	\$ 3,258
Investments	-	-	-	-	-	-	-	-	-	3,397	3,397
Accounts receivable, net	400	26	-	75	27	228	5	-	-	351	1,415
Due from other governmental agencies	-	-	-	-	-	-	-	9	-	-	124
Deferred charges	-	-	-	182	-	-	-	-	-	-	182
Prepaid items	-	-	-	-	-	2	-	-	-	3,003	3,005
Capital Assets (net of accumulated depreciation):											
Land	-	-	-	1,532	-	-	-	-	-	-	1,740
Land improvements	-	-	-	15	-	-	-	-	-	-	15
Construction in progress	-	-	-	-	-	-	-	-	-	2,211	2,211
Improvements other than buildings	-	-	-	-	-	-	-	-	-	-	10
Buildings and systems	99	16	2	6,059	-	-	-	-	-	-	6,542
Furniture, fixtures and equipment	67	7	36	194	-	39	118	1	13	42	940
Motor vehicles	146	-	-	-	-	-	-	-	-	-	146
Property under capital leases	-	-	-	54	-	417	208	-	25	-	704
Audio visual materials	-	-	81	-	-	-	-	-	-	-	81
Computer software	-	-	81	-	-	-	-	-	-	-	81
Total assets	<u>\$ 863</u>	<u>\$ 81</u>	<u>\$ 483</u>	<u>\$ 8,265</u>	<u>\$ 27</u>	<u>\$ 990</u>	<u>\$ 384</u>	<u>\$ 52</u>	<u>\$ 282</u>	<u>\$ 9,476</u>	<u>\$ 23,851</u>
LIABILITIES											
Accounts payable	\$ 390	\$ 23	\$ -	\$ 135	\$ -	\$ 45	\$ 250	\$ 1	\$ 14	\$ 189	\$ 1,633
Salaries and wages payable	-	-	-	192	54	-	-	-	-	-	264
Accrued payroll taxes and withholdings	-	-	33	-	-	-	-	-	-	-	33
Due to other governmental agencies	-	-	-	-	-	-	-	-	-	-	42
Unearned revenue	-	-	-	103	-	-	23	-	136	51	313
Other liabilities	-	-	-	-	-	-	-	-	-	500	500
Noncurrent liabilities:											
Due within one year	-	-	-	249	-	-	-	-	-	-	268
Due in more than one year	-	-	-	6,344	-	-	-	-	-	-	6,437
Total liabilities	<u>390</u>	<u>23</u>	<u>33</u>	<u>7,023</u>	<u>54</u>	<u>45</u>	<u>273</u>	<u>1</u>	<u>150</u>	<u>740</u>	<u>9,490</u>
NET ASSETS											
Invested in capital assets, net of related debt	312	23	200	1,243	-	39	118	1	38	2,253	5,122
Restricted for:											
Capital outlay	-	-	-	15	-	-	-	-	-	-	106
Other purposes	-	-	-	-	-	417	208	-	-	6,299	6,924
Unrestricted (deficit)	161	35	250	(16)	(27)	489	(215)	50	94	184	2,209
Total net assets	<u>473</u>	<u>58</u>	<u>450</u>	<u>1,242</u>	<u>(27)</u>	<u>945</u>	<u>111</u>	<u>51</u>	<u>132</u>	<u>8,736</u>	<u>14,361</u>
Total liabilities and net assets	<u>\$ 863</u>	<u>\$ 81</u>	<u>\$ 483</u>	<u>\$ 8,265</u>	<u>\$ 27</u>	<u>\$ 990</u>	<u>\$ 384</u>	<u>\$ 52</u>	<u>\$ 282</u>	<u>\$ 9,476</u>	<u>\$ 23,851</u>

See accompanying independent auditors' report.

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THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)**

	Anderson Academy Charter School	Carl Sagan Academy	Hope Preparatory Academy	Kid's Community School	Learning Gate Charter School
EXPENSES					
Instructional services	\$ 295	\$ 155	\$ 366	\$ 203	\$ 1,371
Instructional support services	44	101	55	69	2
Pupil transportation services	1	-	-	-	-
Operation and maintenance of plant	45	47	71	26	621
Facilities acquisition and construction	58	48	-	62	-
School administration	100	132	147	245	399
General administration	44	34	2	13	57
Food services	6	12	14	10	18
Community services and other	-	-	-	-	-
Interest on long term debt	-	-	-	-	-
Unallocated depreciation/amortization expense	-	-	-	-	-
Total expenses	\$ 593	\$ 529	\$ 655	\$ 628	\$ 2,468
PROGRAM REVENUES					
Charges for services	\$ 1	\$ -	\$ 11	\$ 7	\$ 7
Operating grants and contributions	50	25	230	-	-
Capital grants and contributions	-	22	57	-	156
Net program expenses	(542)	(482)	(357)	(621)	(2,305)
GENERAL REVENUES					
Grants and contributions not restricted to specific programs	573	564	490	592	2,184
Investment earnings	-	-	-	-	-
Miscellaneous	-	15	-	52	162
Total general revenues	573	579	490	644	2,346
Change in net assets	31	97	133	23	41
Net assets (deficit) - beginning	112	-	-	-	257
Net assets (deficit) - ending	\$ 143	\$ 97	\$ 133	\$ 23	\$ 298

	Literacy Leadership Technology Academy	Mount Pleasant Charter School	Pepin Charter School of Tampa	Prince Academy Charter School	Quest Middle School	ReBirth Academy Charter School	Richard Milburn Charter School	Richardson Academy Charter School
	\$ 336	\$ 300	\$ 524	\$ 106	\$ 579	\$ 327	\$ 671	\$ 123
	5	31	254	102	174	8	17	1
	-	-	3	2	1	-	50	-
	99	119	275	24	261	77	239	124
	101	-	10	49	-	-	-	-
	119	128	257	49	284	148	298	107
	118	40	5	58	4	29	323	26
	14	14	80	19	64	12	13	14
	4	-	-	-	-	-	58	-
	6	-	-	-	-	-	3	-
	-	6	-	4	-	16	-	9
	\$ 802	\$ 638	\$ 1,408	\$ 413	\$ 1,367	\$ 617	\$ 1,672	\$ 404
	\$ 9	\$ -	\$ 62	\$ -	\$ 50	\$ -	\$ -	\$ -
	-	107	153	20	233	56	42	-
	-	-	66	-	82	-	115	24
	(793)	(531)	(1,127)	(393)	(1,002)	(561)	(1,515)	(380)
	814	678	1,239	418	1,182	629	1,612	316
	-	-	-	-	-	-	-	-
	19	-	7	19	16	-	-	-
	833	678	1,246	437	1,198	629	1,612	316
	40	147	119	44	196	68	97	(64)
	-	65	-	32	-	131	260	361
	\$ 40	\$ 212	\$ 119	\$ 76	\$ 196	\$ 199	\$ 357	\$ 297

(Continued)

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THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

**STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(amounts expressed in thousands)**

	Tampa Bay Academy Charter School	Tampa Charter School	Terrace Community Charter School	Trinity Charter School	Trinity Upper Charter School
EXPENSES					
Instructional services	\$ 2,183	\$ 262	\$ 1,250	\$ 2,352	\$ 877
Instructional support services	926	11	51	-	-
Pupil transportation services	168	-	19	-	-
Operation and maintenance of plant	225	128	326	387	374
Facilities acquisition and construction	-	-	-	-	-
School administration	6	158	336	304	111
General administration	532	34	193	214	78
Food services	200	-	1	-	-
Community services and other	3	-	-	244	90
Interest on long term debt	-	-	-	403	-
Unallocated depreciation/amortization expense	115	-	88	320	-
Total expenses	<u>\$ 4,358</u>	<u>\$ 593</u>	<u>\$ 2,264</u>	<u>\$ 4,224</u>	<u>\$ 1,530</u>
PROGRAM REVENUES					
Charges for services	\$ 231	\$ -	\$ -	\$ 1,162	\$ 180
Operating grants and contributions	76	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Net program expenses	<u>(4,051)</u>	<u>(593)</u>	<u>(2,264)</u>	<u>(3,062)</u>	<u>(1,350)</u>
GENERAL REVENUES					
Grants and contributions not restricted to specific programs	3,987	551	1,941	3,038	1,385
Investment earnings	3	-	-	1	-
Miscellaneous	-	40	332	18	7
Total general revenues	<u>3,990</u>	<u>591</u>	<u>2,273</u>	<u>3,057</u>	<u>1,392</u>
Change in net assets	(61)	(2)	9	(5)	42
Net assets (deficit) - beginning	534	60	441	1,247	(69)
Net assets (deficit) - ending	<u>\$ 473</u>	<u>\$ 58</u>	<u>\$ 450</u>	<u>\$ 1,242</u>	<u>\$ (27)</u>

USF Patel K-3	USF Patel 4-5	The Village of Excellence Charter School	Walton Academy Charter School	Hillsborough Education Foundation	TOTALS Component Units
\$ 511	\$ 310	\$ 324	\$ 273	\$ -	\$ 13,698
1	7	63	-	-	1,922
13	6	-	-	-	263
113	31	27	146	-	3,785
-	27	90	15	-	460
80	92	153	175	-	3,828
85	25	15	129	417	2,475
15	7	16	10	-	539
38	19	-	6	2,446	2,908
-	-	-	-	-	412
35	8	-	-	-	601
<u>\$ 891</u>	<u>\$ 532</u>	<u>\$ 688</u>	<u>\$ 754</u>	<u>\$ 2,863</u>	<u>\$ 30,891</u>
\$ 4	\$ 2	\$ 3	\$ 11	\$ -	\$ 1,740
141	330	59	58	-	1,580
-	-	39	-	-	561
<u>(746)</u>	<u>(200)</u>	<u>(587)</u>	<u>(685)</u>	<u>(2,863)</u>	<u>(27,010)</u>
779	308	590	790	4,007	28,667
2	2	-	-	133	141
3	1	7	-	-	698
<u>784</u>	<u>311</u>	<u>597</u>	<u>790</u>	<u>4,140</u>	<u>29,506</u>
38	111	10	105	1,277	2,496
907	-	41	27	7,459	11,865
<u>\$ 945</u>	<u>\$ 111</u>	<u>\$ 51</u>	<u>\$ 132</u>	<u>\$ 8,736</u>	<u>\$ 14,361</u>

See accompanying independent auditors' report

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Statistical Section

(UNAUDITED)



Hillsborough County
PUBLIC SCHOOLS
Excellence in Education

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District Statistics

This part of the School District of Hillsborough County, Florida's comprehensive annual financial report presents detail information as a context for understanding what the information in the financial statements, notes disclosures and required supplementary information says about the District's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	117
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenues sources, the property tax.	126
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the government's ability to issue additional debt in the future.	133
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	140
Operating Information These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	144



SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NET ASSETS BY COMPONENT - GOVERNMENT-WIDE
LAST FIVE FISCAL YEARS
 (accrual basis of accounting)
 (amounts in thousands)

	Fiscal Year				
	2006	2005	2004	2003	2002
Government activities:					
Invested in capital assets, net of related debt	\$ 907,396	\$ 870,883	\$ 822,439	\$ 764,742	\$ 667,789
Restricted	340,987	292,200	289,321	205,477	263,083
Unrestricted	77,626	593	(53,050)	(84,951)	(116,103)
Total governmental activities net assets	\$ 1,326,009	\$ 1,163,676	\$ 1,058,710	\$ 885,268	\$ 814,769
Primary government:					
Invested in capital assets, net of related debt	\$ 907,396	\$ 870,883	\$ 822,439	\$ 764,742	\$ 667,789
Restricted	340,987	292,200	289,321	205,477	263,083
Unrestricted	77,626	593	(53,050)	(84,951)	(116,103)
Total primary government net assets	\$ 1,326,009	\$ 1,163,676	\$ 1,058,710	\$ 885,268	\$ 814,769

Note: The District has no business-type activities.
 GASB Statement 34 was implemented in fiscal year 2002, therefore only 5 years of government-wide data is available .

Source: District Records

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
CHANGES IN NET ASSETS - GOVERNMENT WIDE
LAST FIVE FISCAL YEARS
 (accrual basis of accounting)
 (amounts in thousands)

	Fiscal Year				
	2006	2005	2004	2003	2002
EXPENSES					
Instructional services	\$ 842,419	\$ 773,361	\$ 714,080	\$ 658,217	\$ 617,263
Instructional support services	161,465	135,841	122,807	121,706	118,208
Pupil transportation services	62,726	58,847	55,102	52,566	47,287
Operation and maintenance of plant	121,611	110,370	101,880	101,149	86,185
Non capitalizable facilities acquisition and construction	96,234	103,066	87,709	94,213	59,156
School administration	83,111	79,215	70,565	67,670	63,904
General administration	40,236	46,366	53,972	46,001	55,534
Food services	80,150	77,408	74,500	68,128	61,907
Community services and other	70,645	54,744	53,922	54,732	51,253
Interest on long term debt	51,253	46,017	49,120	44,191	40,385
Unallocated depreciation/amortization expense	773	524	477	500	1,532
Total primary government expenses	\$ 1,610,623	\$ 1,485,759	\$ 1,383,934	\$ 1,309,073	\$ 1,202,614
PROGRAM REVENUES					
Charges for services:					
Adult course and childcare fees	\$ 11,630	\$ 10,820	\$ 9,607	\$ 9,457	\$ 8,096
Transportation	2,576	2,112	2,194	2,088	1,723
Food Services	35,585	31,438	32,850	29,978	27,311
Operating grants and contributions	83,155	78,181	76,750	71,337	70,064
Capital grants and contributions	36,625	32,269	122,546	46,306	42,535
Total primary government program revenues	169,571	154,820	243,947	159,166	149,729
Total primary government net (expenses) revenues	(1,441,052)	(1,330,939)	(1,139,987)	(1,149,907)	(1,052,885)
GENERAL REVENUES					
Property taxes					
Levied for general purposes	\$ 369,587	\$ 334,149	\$ 304,334	\$ 284,693	\$ 266,113
Levied for debt services	586	9,966	10,197	9,373	8,800
Levied for capital projects	124,660	108,114	97,048	89,142	83,407
Sales taxes	28,408	23,248	21,559	20,405	20,218
Unrestricted grants and contributions	1,016,045	914,133	852,075	779,791	721,444
Investment earnings	26,383	14,525	8,156	10,359	17,168
Miscellaneous	37,716	31,770	20,060	26,643	16,919
Total primary government general revenues	\$ 1,603,385	\$ 1,435,905	\$ 1,313,429	\$ 1,220,406	\$ 1,134,069
CHANGE IN NET ASSETS					
Total primary government	\$ 162,333	\$ 104,966	\$ 173,442	\$ 70,499	\$ 81,184

Note: The District has no business-type activities.

GASB Statement 34 was implemented in fiscal year 2002, therefore only 5 years of government-wide data is available.

Source: District Records

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST FIVE FISCAL YEARS
 (accrual basis of accounting)
 (amounts in thousands)

Fiscal Year Ending June 30,	Property Tax			Sales Tax	Total
	General Purposes	Debt Service	Capital Projects		
2006	\$ 369,587,219	\$ 586,175	\$ 124,659,828	\$ 28,408,346	\$ 523,241,569
2005	334,149,105	9,966,205	108,113,613	23,247,804	475,476,726
2004	304,334,108	10,197,144	97,047,861	21,559,524	433,138,636
2003	284,693,161	9,372,667	89,141,901	20,405,260	403,612,990
2002	266,113,333	8,800,054	83,407,261	20,218,368	378,539,017

Note: Government-wide information was not required prior to GASB 34. The District implemented GASB 34 for the Fiscal year ending June 30, 2002. As a result, information is only available for the last 5 years.

1) Fiscal year 2006 was the last payment for general obligation debt.

Source: District Records

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(amounts in thousands)

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General Fund										
Reserved for:										
State categorical programs	\$ 18,309	\$ 15,095	\$ 11,179	\$ 5,589	\$ 4,751	\$ 4,916	\$ 5,192	\$ 4,473	\$ 5,833	\$ 4,632
Encumbrances	20,028	8,878	8,463	8,102	9,016	6,901	5,409	4,377	6,149	8,510
Inventories	4,964	4,964	5,083	1,695	2,043	2,140	1,966	2,203	2,394	2,319
Other purposes	33,872	25,872	21,318	10,711	8,751	-	-	-	-	-
Unreserved	147,774	94,704	50,686	45,427	19,018	23,447	15,087	14,620	19,227	26,892
Total general fund	<u>\$ 224,947</u>	<u>\$ 149,513</u>	<u>\$ 96,729</u>	<u>\$ 71,524</u>	<u>\$ 43,579</u>	<u>\$ 37,404</u>	<u>\$ 27,654</u>	<u>\$ 25,673</u>	<u>\$ 33,603</u>	<u>\$ 42,353</u>
All Other Governmental Funds										
Reserved for:										
Encumbrances	\$ 40,631	\$ 54,989	\$ 41,837	\$ 105,561	\$ 50,071	\$ 96,755	\$ 34,864	\$ 48,608	\$ 62,286	\$ 100,845
Debt services	74,813	69,821	59,900	51,637	50,709	54,922	67,746	50,846	45,468	33,343
Unreserved, Reported in:										
Special revenue funds	164	-	709	1,900	1,204	1,928	5,675	4,988	4,651	4,570
Capital projects funds	394,070	380,055	445,758	343,346	482,262	274,755	387,311	256,183	233,663	104,964
Total all other governmental funds	<u>\$ 509,678</u>	<u>\$ 504,865</u>	<u>\$ 548,204</u>	<u>\$ 502,444</u>	<u>\$ 584,246</u>	<u>\$ 428,360</u>	<u>\$ 495,596</u>	<u>\$ 360,625</u>	<u>\$ 346,068</u>	<u>\$ 243,722</u>

Source: District Records

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SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
REVENUES										
Local sources:										
Ad valorem taxes	\$ 494,833	\$ 452,229	\$ 411,579	\$ 383,208	\$ 358,320	\$ 317,727	\$ 301,028	\$ 293,778	\$ 271,643	\$ 260,619
Local sales tax	28,408	23,248	21,559	20,405	20,218	-	18,797	17,138	15,562	5,862
Food services	35,714	31,438	32,887	29,978	27,823	25,198	23,193	21,744	19,571	17,630
Interest income	25,471	12,899	6,897	10,084	14,981	22,956	22,820	17,569	16,593	16,364
Other	48,988	43,495	29,713	33,343	26,066	50,872	32,114	24,016	18,882	13,398
Total local sources	633,414	563,309	502,635	477,018	447,408	416,753	397,952	374,245	342,251	313,873
State sources:										
Florida education finance program	604,072	573,732	555,611	531,108	481,661	501,693	426,723	454,922	403,681	405,647
Public education capital outlay	20,559	14,507	22,592	18,473	28,006	22,739	16,336	14,419	21,385	27,569
Categorical programs	203,709	150,161	111,431	80,916	97,572	83,828	108,264	83,214	97,327	88,478
Class size reduction	8,520	10,418	73,698	-	-	-	-	-	-	-
Workforce development	32,186	31,359	30,347	30,556	30,398	31,213	-	-	-	-
Food services	1,447	1,434	1,396	1,407	1,450	1,241	1,231	1,283	1,353	1,257
Other	16,282	18,642	47,020	40,286	24,710	50,610	132,988	84,583	83,027	17,116
Total state sources	886,775	800,253	842,095	702,746	663,797	691,324	685,542	638,421	604,773	540,067
Federal sources:										
Food services	45,424	42,027	39,914	36,914	32,860	32,410	31,753	30,710	28,730	28,344
Federal grants direct	9,882	9,657	11,255	8,165	7,294	6,225	5,416	3,255	4,906	10,071
Federal grants through state	137,796	162,391	148,478	140,053	121,039	106,796	93,495	76,451	57,615	52,111
Federal grants through local	55,948	10,256	9,594	9,556	9,053	7,882	7,537	7,069	6,752	-
Total federal sources	249,050	224,331	209,241	194,688	170,246	153,313	138,201	117,485	98,003	90,526
Total revenues	1,769,239	1,587,893	1,553,971	1,374,452	1,281,451	1,261,390	1,221,695	1,130,151	1,045,027	944,466
EXPENDITURES										
Current:										
Instructional services:										
Basic programs	639,149	581,529	538,524	485,371	458,312	449,454	410,408	403,857	371,248	457,214
Exceptional child programs	142,874	136,810	130,665	121,903	113,989	101,236	97,176	95,110	86,273	-
Adult and vocational technical programs	58,231	52,235	49,387	49,194	45,019	42,335	41,885	40,756	39,915	-
Total instructional services	840,254	770,574	718,576	656,468	617,320	593,025	549,469	539,723	497,436	457,214
Instructional support services:										
Pupil personnel services	65,829	61,219	57,531	57,060	55,148	53,712	49,398	47,571	41,502	38,575
Instructional media services	25,269	23,322	22,695	21,686	20,295	19,377	17,511	17,492	15,971	15,267
Instruction and curriculum development services	36,367	38,574	37,359	35,450	36,917	38,346	35,800	34,954	30,461	29,119
Instructional staff training services	16,878	12,098	6,643	7,925	6,738	6,669	5,633	5,199	4,605	4,152
Instructional related technology	11,672	-	-	-	-	-	-	-	-	-
Total instructional support services	156,015	135,213	124,228	122,121	119,098	118,104	108,342	105,216	92,539	87,113
Pupil transportation services	61,240	56,432	52,344	50,309	47,288	46,237	45,241	45,589	44,879	40,484
Operation and maintenance of plant:										
Operation of plant	96,867	84,770	79,793	78,914	65,164	63,300	63,798	62,281	60,141	55,360
Maintenance of plant	27,442	27,304	23,305	22,951	22,834	23,947	23,479	23,103	20,156	20,300
Total operation and maintenance of plant	124,309	112,074	103,098	101,865	87,998	87,247	87,277	85,384	80,297	75,660
School administration	82,301	78,013	73,370	70,079	64,489	63,348	60,477	61,286	58,875	55,763
General administration:										
Central services	16,269	23,536	23,279	23,261	27,400	22,788	24,447	21,685	18,537	17,109
Board of education	1,659	4,227	2,701	4,686	4,170	2,983	2,547	5,603	4,678	4,429
General administration	12,495	10,227	17,172	7,988	10,430	11,006	6,900	8,587	6,714	5,272
Fiscal services	7,138	5,487	5,226	5,198	5,159	4,957	5,234	4,803	4,369	3,991
Administrative technology services	447	-	-	-	-	-	-	-	-	-
Total general administration	38,008	43,477	48,378	41,133	47,159	41,734	39,128	40,678	34,298	30,801

(Continued)

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting
(amounts expressed in thousands)**

	Fiscal Year			
	2006	2005	2004	2003
Non-capitalizable facilities acquisition and construction	41,180	50,720	43,652	57,178
Food services	81,239	77,544	74,872	68,106
Community services and other	70,643	54,610	53,665	54,602
Debt Service:				
Principal retirement	37,933	32,038	31,958	30,399
Interest	49,993	48,203	46,862	44,768
Dues, fees and other	2,372	4,068	2,445	1,419
Capital outlay				
Facilities Acquisitions & Construction	237,851	205,796	220,502	188,308
Other capital outlay	16,133	7,714	27,857	17,151
Total expenditures	1,839,471	1,676,476	1,621,807	1,503,906
Excess (deficiency) of revenues over (under) expenditures	(70,232)	(88,583)	(67,836)	(129,454)
OTHER FINANCING SOURCES (USES):				
Long term bonds issued	58,510	4,560	2,990	-
Premium on sale of bonds	20	47	-	-
Discount on sale of bonds	(18)	-	(30)	-
Refunding bonds issued	37,360	127,975	-	-
Premium on sale of refunding bonds	3,637	10,296	-	-
Certificates of participation issued	89,437	89,750	162,216	64,010
Premium on sale of certificates of participation	2,028	828	3,733	5,007
Discount on sale of certificates of participation	-	-	(1,043)	(1,291)
Loans incurred	-	-	-	-
Proceeds from sale of capital assets	3,776	4,609	2,497	8,802
Refunding certificates of participation	-	48,915	-	-
Payments to refunded bond escrow agent	(40,856)	(187,871)	(30,601)	-
Proceeds from capital leases	-	-	-	-
Transfers in	61,436	61,801	50,724	54,616
Transfers out	(64,851)	(62,882)	(51,685)	(55,547)
Total other financing sources and uses	150,479	98,028	138,801	75,597
Net change in fund balances	80,247	9,445	70,965	(53,857)
Fund balances - beginning	654,378	644,933	573,968	627,825
Fund balances - ending	\$ 734,625	\$ 654,378	\$ 644,933	\$ 573,968
Debt service as a percentage of non-capital expenditures	4.95%	5.05%	5.10%	5.15%

	2002	2001	2000	1999	1998	1997
Non-capitalizable facilities acquisition and construction	26,917	84,506	40,216	34,606	25,369	24,132
Food services	62,628	60,244	54,926	52,706	46,517	43,478
Community services and other	51,219	47,080	42,735	33,251	25,383	19,501
Debt Service:						
Principal retirement	40,861	53,486	28,506	32,858	23,102	18,493
Interest	34,449	32,500	26,863	23,592	24,386	21,437
Dues, fees and other	7,088	2,767	1,588	232	3,343	1,175
Capital outlay						
Facilities Acquisitions & Construction	214,381	124,277	105,735	65,154	108,700	117,540
Other capital outlay	22,380	14,651	18,561	15,900	13,087	11,590
Total expenditures	1,443,275	1,369,206	1,209,064	1,136,175	1,078,211	1,004,381
Excess (deficiency) of revenues over (under) expenditures	(161,824)	(107,816)	12,631	(6,024)	(33,184)	(59,915)
OTHER FINANCING SOURCES (USES):						
Long term bonds issued	237,240	-	1,249	9,125	58,848	70,264
Premium on sale of bonds	4,020	-	-	-	-	-
Discount on sale of bonds	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	5,998	-
Premium on sale of refunding bonds	-	-	-	-	-	-
Certificates of participation issued	78,865	48,103	122,676	-	60,000	26,479
Premium on sale of certificates of participation	32	-	-	-	-	-
Discount on sale of certificates of participation	(484)	-	-	-	-	-
Loans incurred	4,267	-	-	3,550	3,178	-
Proceeds from sale of capital assets	-	1,081	40	1,244	485	-
Refunding certificates of participation	-	102,414	-	-	282,481	-
Payments to refunded bond escrow agent	-	(101,679)	-	-	(280,994)	-
Proceeds from capital leases	-	-	-	181	214	-
Transfers in	67,073	95,917	48,466	33,252	39,522	46,210
Transfers out	(67,466)	(95,506)	(48,291)	(35,463)	(42,951)	(45,921)
Total other financing sources and uses	323,547	50,330	124,321	12,651	126,781	97,032
Net change in fund balances	161,723	(57,486)	136,952	6,627	93,597	37,117
Fund balances - beginning	466,102 ^a	523,250	386,298	379,671	286,074	248,957
Fund balances - ending	\$ 627,825	\$ 465,764	\$ 523,250	\$ 386,298	\$ 379,671	\$ 286,074
Debt service as a percentage of non-capital expenditures	5.80%	6.55%	4.78%	5.06%	4.77%	4.14%

^a: Beginning fund balance is \$338 higher due to the reclass of the balance in a trust fund to the general fund due to GASB 34.

Source: District Records

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**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS**
(modified accrual basis of accounting)
(amounts in thousands)

Fiscal Year Ending June 30,	Property Tax			Sales Tax	Total
	General Purposes	Debt Service	Capital Projects		
2006	\$369,587,219	\$ 586,175	1) \$124,659,828	\$ 28,408,346	\$ 523,241,568
2005	334,149,105	9,966,205	108,113,613	23,247,804	475,476,726
2004	304,334,108	10,197,144	97,047,861	21,559,524	433,138,636
2003	284,693,161	9,372,667	89,141,901	20,405,260	403,612,990
2002	266,113,333	8,800,054	83,407,261	20,218,368	378,539,017
2001	235,722,628	9,129,666	72,874,100	19,425,635	337,152,028
2000	224,726,034	9,968,422	66,334,188	18,797,289	319,825,932
1999	222,174,584	9,970,787	61,631,047	17,137,837	310,914,255
1998	202,647,025	12,353,152	56,642,749	15,563,027	287,205,953
1997	196,835,864	11,420,719	52,362,183	5,861,908	2) 266,480,675

1. Fiscal year 2006 was the last payment for general obligation debt.
2. The Community Investment sales tax was implemented December 1996.

Source: District Records

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**
(amounts expressed in thousands)

Fiscal Year Ended June 30,	Net Taxable Value for the School District				Total Direct Tax Rate	Net Assessed Value	Net Taxable Value as a Percentage of of Net Assessed Value
	Residential Property	Commercial Property	Industrial Property	Total			
2006	\$ 36,438,698	\$ 24,830,385	\$ 3,306,308	\$ 64,575,391	7.9370	\$ 83,476,837	77.36%
2005	30,580,853	22,570,457	2,971,164	56,122,474	8.3609	70,713,902	79.37%
2004	26,392,493	21,264,552	2,717,349	50,374,394	8.4800	62,672,589	80.38%
2003	23,675,652	20,256,222	2,424,051	46,355,925	8.5950	57,365,174	80.81%
2002	21,143,254	19,446,661	2,302,065	42,891,980	8.5860	52,459,281	81.76%
2001	18,739,309	17,332,443	1,893,295	37,965,047	8.7150	46,012,223	82.51%
2000	16,738,274	16,179,900	1,753,580	34,671,754	9.0710	41,494,770	83.56%
1999	15,456,657	14,763,621	1,673,025	31,893,303	9.5310	38,160,923	83.58%
1998	14,315,189	13,447,784	1,586,711	29,349,684	9.5880	35,013,993	83.82%
1997	13,211,377	12,399,392	1,543,400	27,154,169	9.9542	32,445,065	83.69%

Note: Net Taxable Values are net Assed Values after deducting allowable statutory exemptions.

Source: Hillsborough County Property Appraiser

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
RATES PER \$1,000 ASSESSED VALUATION**

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
District School Board:										
Local Required Effort	5.1680	5.4930	5.5770	5.6800	5.6640	5.7460	6.0110	6.4480	6.3920	6.7580
Discretionary Local	0.5100	0.5100	0.5100	0.5100	0.5100	0.5100	0.5100	0.5100	0.5100	0.5100
Supplemental Discretionary	0.2500	0.1740	0.1830	0.1950	0.2020	0.2090	0.2500	0.2500	0.2500	0.2500
Debt Service	0.0090	0.1839	0.2100	0.2100	0.2100	0.2500	0.3000	0.3230	0.4360	0.4362
Capital Improvement	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
Total District School Board	7.9370	8.3609	8.4800	8.5950	8.5860	8.7150	9.0710	9.5310	9.5880	9.9542
Other County-Wide:										
Board of County Commissioners	7.0097	7.2722	7.2922	7.3122	7.5622	7.6822	7.7822	7.9073	7.9945	8.1552
Tampa Port Authority	0.2600	0.2600	0.2900	0.2900	0.2900	0.2950	0.3100	0.3100	0.3100	0.3100
Children's Board	0.5000	0.5000	0.5000	0.5000	0.4170	0.4170	0.4170	0.4170	0.4170	0.4170
S.W. Florida River Water Management	0.4220	0.4220	0.4220	0.4220	0.4220	0.4220	0.4220	0.4220	0.4220	0.4220
Total County-Wide	16.1287	16.8151	16.9842	17.1192	17.2772	17.5312	18.0022	18.5873	18.7315	19.2584
Non-County Wide:										
Board of County Commissioners										
Public Library Service (1)	0.6923	0.6423	0.6423	0.6423	0.6423	0.6423	0.6423	0.6423	0.6423	0.6423
Municipal Service Tax	5.1621	5.0621	5.6210	5.0621	5.0621	5.0621	5.0621	5.0621	5.0621	5.0621
Parks & Recreation (unincorporated)	0.0359	0.0398	0.0455	0.0500	0.0584	0.0675	0.0734	0.0890	0.0890	0.0456
Independent Special Districts										
SWFWMD Watershed Basins(2)										
Alafia River Basin	0.2400	0.2400	0.2400	0.2400	0.2400	0.2400	0.2400	0.2400	0.2400	0.2400
Hillsborough River Basin	0.2850	0.2850	0.2850	0.2850	0.2850	0.2850	0.2850	0.2850	0.2850	0.2850
N.W. Hillsborough River Basin	0.2680	0.2680	0.2680	0.2680	0.2680	0.2680	0.2680	0.2680	0.2680	0.2680
Transit Authority	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
Tampa Palms C.D.D.	2.6000	2.6000	2.6000	2.6000	2.6000	2.6000	2.6000	2.6000	2.6000	2.6000
Municipalities:										
Tampa	6.5390	6.5390	6.5390	6.5390	6.5390	6.5390	6.5390	6.5390	6.5390	6.5390
Plant City	4.7000	4.7000	4.7000	4.7000	4.7000	4.7000	4.7000	4.7000	4.7000	4.7000
Temple Terrace	4.9100	4.9100	4.9100	4.9100	4.9100	4.9100	4.9100	4.9100	4.9100	4.9100

(1) This Levy is assessed on all property outside Plant City and Temple Terrace, I.e., Tampa and unincorporated areas.

(2) Dependent on its location, property within Tampa may be in either the Alafia River, the Hillsborough River or the NW Hillsborough Basins. The city of Temple Terrace is entirely within Hillsborough River Basin. The city of Plant City is within the Alafia and Hillsborough River Basins.

Source: Hillsborough County Tax Collector

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**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Total Tax Levy	Collected to End of Tax Year			Collected in Fiscal Year	
		Current Tax Collections (1)	Percent of Levy	Delinquent Collections (1)	Total Collections (1)	Percent of Levy
2006	\$ 512,534,878	\$ 494,030,382	96.39%	\$ 802,840	\$ 494,833,222	96.55%
2005	469,234,393	449,419,671	95.78%	2,809,251	452,228,923	96.38%
2004	427,174,861	410,947,183	96.20%	631,930	411,579,112	96.35%
2003	398,429,175	381,848,372	95.84%	1,359,357	383,207,729	96.18%
2002	368,270,540	353,243,344	95.92%	5,077,304	358,320,648	97.30%
2001	330,865,385	315,442,741	95.34%	2,283,652	317,726,393	96.03%
2000	314,507,481	299,164,824	95.12%	1,863,818	301,028,643	95.71%
1999	303,975,071	292,334,698	96.17%	1,441,719	293,776,418	96.64%
1998	281,404,770	269,981,547	95.94%	1,661,380	271,642,927	96.53%
1997	270,298,029	258,030,841	95.46%	2,587,926	260,618,767	96.42%

Note: Property Taxes become due and payable on November 1st of each year. A four percent (4%) discount is allowed if taxes are paid in November, with the discounts declining by one percent (1%) each month thereafter. Accordingly, taxes collected will never be 100% of the tax levy. Taxes become delinquent on April 1st of each year and tax certificates for the full amount of any unpaid taxes and assessments must be sold not later than June 1st of each year. Accordingly, the majority of taxes are collected in the fiscal year levied.

(1) Net of allowable discounts

Source: Hillsborough County Tax Collector and District Records

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities (A)					Percentage of Personal Income (B)	Per Capita (B)
	General Obligation Bonds	State Board of Education Bonds	Certificates Of Participation	District Revenue Bonds	Total Primary Government		
2006	\$ -	\$ 60,580,000	\$ 907,121,000	\$ 272,568,225	\$ 1,240,269,225	3.228%	1,065.50
2005	9,520,000	61,820,000	835,319,000	224,173,000	1,130,832,000	3.113%	985.80
2004	18,585,000	60,340,000	755,004,000	228,673,000	1,062,602,000	3.187%	952.19
2003	27,245,000	60,190,000	633,608,000	234,748,000	955,791,000	2.993%	885.97
2002	35,510,000	62,805,000	581,353,000	240,313,000	919,981,000	3.083%	895.88
2001	43,410,000	63,615,000	512,123,000	24,243,000	643,391,000	2.346%	644.07
2000	50,900,000	65,965,000	466,353,000	54,588,000	637,806,000	2.414%	659.22
1999	57,945,000	66,880,000	351,710,000	63,493,000	540,028,000	2.174%	573.08
1998	64,580,000	59,315,000	364,930,000	71,998,225	560,823,225	2.546%	603.86
1997	72,225,000	1,555,000	301,785,000	71,645,000	447,210,000	2.147%	490.98

(A) The primary government does not have any business type activities.

(B) Total Primary Government Debt divided by Personal Income and Population from Page 140 - Demographics and Economics.

Source District Records

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
RATIO OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS**

Fiscal Year	Estimated Population (A)	Net Taxable Assessed Value (B)	Gross Bonded Debt (C)	Less Debt Service Funds (D)	Net Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2006	1,164,022	\$ 64,575,391	\$ -	\$ -	\$ -	0.000%	\$ -
2005	1,147,120	56,122,474	9,520,000	9,859,000	(339,000)	-0.001%	-
2004	1,115,960	50,374,394	18,585,000	9,919,000	8,666,000	0.017%	8
2003	1,078,809	46,355,925	27,145,000	9,968,000	17,177,000	0.037%	16
2002	1,026,906	42,891,980	35,510,000	10,028,000	25,482,000	0.059%	25
2001	998,948	37,965,047	43,410,000	10,080,000	33,330,000	0.088%	33
2000	967,511	34,671,754	50,900,000	10,126,000	40,774,000	0.118%	42
1999	942,322	31,893,303	57,945,000	10,175,000	47,770,000	0.150%	51
1998	928,731	29,349,684	64,580,000	11,632,000	52,948,000	0.180%	57
1997	910,855	27,154,169	72,225,000	11,664,000	60,561,000	0.223%	66

- (A) Population was obtained from the United States Department of Commerce, Bureau of Economic Analysis and the University of Florida, Bureau of Economic and Business Research.
 (B) Net Taxable Assessed Values are expressed in thousands.
 (C) Includes General Obligation Bonds only.
 (D) Reserved for Debt Service - General Obligation Bonds only.

Source: District Records

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**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS**

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Non-Capital Expenditures (A)	Ratio of Debt Service to General Governmental Non-Capital Expenditures
2006	\$ -	\$ -	\$ -		
2005	9,065,000	794,000	9,859,000	1,462,966	0.007
2004	8,660,000	1,259,000	9,919,000	1,373,448	0.007
2003	8,265,000	1,703,000	9,968,000	1,298,447	0.008
2002	7,900,000	2,128,000	10,028,000	1,206,514	0.008
2001	7,490,000	2,590,000	10,080,000	1,230,278	0.008
2000	7,045,000	3,081,000	10,126,000	1,084,768	0.009
1999	6,635,000	3,540,000	10,175,000	1,055,121	0.010
1998	7,645,000	3,987,000	11,632,000	956,424	0.012
1997	7,225,000	4,439,000	11,664,000	875,251	0.013

- (A) Includes general, special revenue, debt service, and capital projects funds of the Primary Government, excluding capital expenditures.
 Amounts in Thousands

Note: The District's General Obligation Bonded Debt was paid off in fiscal year 2005

Source: District Records

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2006**

Jurisdiction	General Obligation Bonded Debt Outstanding	Direct Debt		Direct and Overlapping Debt	
		Percentage Applicable to This Governmental Unit	Amount Applicable to This Governmental Unit	Percentage Applicable to Hillsborough County	Amount Applicable to Hillsborough County
Hillsborough County Board of County Commissioners	\$ 43,590,000	0%	\$ -	100%	\$ 43,590,000
School District of Hillsborough County	-	100%	-	100%	-
Totals	<u>\$ 43,590,000</u>		<u>\$ -</u>		<u>\$ 43,590,000</u>

Source: District Records

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
ANTICIPATED CAPITAL OUTLAY MILLAGE LEVY
REQUIRED TO COVER CERTIFICATES OF PARTICIPATION PAYMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	Taxable Assessed Value (A)	Annual Lease Payment	Millage Levy to Provide 1.00x Coverage (B)
2006	\$ 64,575,391	\$ 52,475,130	0.8126
2005	56,122,474	48,922,918	0.8717
2004	50,374,394	45,746,680	0.9081
2003	46,355,925	42,657,490	0.9202
2002	42,891,980	36,895,822	0.8602
2001	37,965,047	36,536,065	0.9624
2000	34,671,754	25,296,000	0.7296
1999	31,893,303	27,265,144	0.8549
1998	29,349,684	25,502,721	0.8689
1997	27,154,169	23,498,761	0.8654

(A) Assessed Value is in Thousands.

(B) Millage rate calculated using 95% of the taxable assessed valuation.

Note: Capital lease arrangements financed by Certificates of Participation are not considered general obligation debt as no specific property tax levy has been pledged.

Source: District Records

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**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 CALCULATION OF LEGAL DEBT MARGIN
 LAST TEN FISCAL YEARS
 (amounts in thousands)**

	Fiscal Year			
	2006	2005	2004	2003
Net Assessed Value	\$ 83,476,837	\$ 70,713,902	\$ 62,672,589	\$ 57,365,174
Debt Limit - 10% of Assessed Value	\$ 8,347,684	\$ 7,071,390	\$ 6,267,259	\$ 5,736,517
Amount of Debt Applicable to Debt Limit:				
Bond Payable	\$ -	\$ 9,520	\$ 18,585	\$ 27,145
Less, Amount Available for Debt Service	-	9,859	9,919	9,968
Total Debt Applicable to the Debt Limit	-	(339)	8,666	17,177
Legal Debt Margin	\$ 8,347,684	\$ 7,071,729	\$ 6,258,593	\$ 5,719,340
Total Debt Applicable to the Debt Limit as a Percentage of Debt Limit	0.00%	0.00%	0.14%	0.30%

	2002	2001	2000	1999	1998	1997
Net Assessed Value	\$ 52,459,281	\$ 46,012,223	\$ 41,494,770	\$ 38,160,923	\$ 35,013,993	\$ 32,445,065
Debt Limit - 10% of Assessed Value	\$ 5,245,928	\$ 4,601,222	\$ 4,149,477	\$ 3,816,092	\$ 3,501,399	\$ 3,244,507
Amount of Debt Applicable to Debt Limit:						
Bond Payable	\$ 35,510	\$ 43,410	\$ 50,900	\$ 57,945	\$ 64,580	\$ 72,225
Less, Amount Available for Debt Service	10,028	10,080	10,126	10,175	11,632	11,664
Total Debt Applicable to the Debt Limit	25,482	33,330	40,774	47,770	52,948	60,561
Legal Debt Margin	\$ 5,220,446	\$ 4,567,892	\$ 4,108,703	\$ 3,768,322	\$ 3,448,451	\$ 3,183,946
Total Debt Applicable to the Debt Limit as a Percentage of Debt Limit	0.49%	0.72%	0.98%	1.25%	1.51%	1.87%

Note: Rule 6A-1.037(2), State Board of Education, Florida Administration Code, establishes a limit of 10 percent on the assessed valuation of the District.

Source: District Records

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**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN YEARS**

Fiscal Year	Population (A)	Personal Income (1)	Per Capita Personal Income (A)	Median Age (A)	Unemployment Rate (B)	Education Level (C)				School Enrollment (D)	Government-wide Governmental Activities (1) Expenses (E)	Cost per Student
						Less than High School	High School	Bachelors	Graduate			
2006	1,164,022	\$ 38,422,038	\$ 33,008	37.80	3.3%	112,651	422,193	135,029	68,763	190,596	\$ 1,610,623	\$ 8,450
2005	1,147,120	36,330,438	31,671	35.50	4.0%	114,839	412,486	130,701	66,478	185,511	1,485,759	8,009
2004	1,115,960	33,346,001	29,881	35.30	3.6%	117,031	402,777	126,370	64,191	178,187	1,383,934	7,767
2003	1,078,809	31,934,904	29,602	35.70	4.4%	119,219	393,070	122,042	61,906	171,635	1,309,073	7,627
2002	1,026,906	29,836,754	29,055	35.10	4.4%	121,407	383,363	117,714	59,621	166,008	1,202,614	7,244
2001	998,948	27,429,114	27,458	35.20	3.3%	123,595	373,656	113,386	57,336	160,566	N/A	
2000	967,511	26,416,920	27,304	35.70	3.0%	125,783	363,949	109,058	55,051	154,990	N/A	
1999	942,322	24,834,896	26,355	34.40	2.7%	N/A	N/A	N/A	N/A	152,070	N/A	
1998	928,731	22,028,571	23,719	35.70	3.0%	N/A	N/A	N/A	N/A	148,850	N/A	
1997	910,855	20,833,076	22,872	35.60	3.6%	N/A	N/A	N/A	N/A	144,206	N/A	

(1) Personal Income and Government-wide expensed are in thousands.

Sources:

(A) Population, Personal Income, & Per Capita Personal Income were obtained from the United States Department of Commerce, Bureau of Economic Analysis and the University of Florida, Bureau of Economic and Business Research.

(B) Unemployment Rates was obtained from the City-County Planning Commission

(C) Education Level was obtained from the U. S. Census Bureau, Population 25 years and over.

Information prior to fiscal year 2000 was not available.

(D) Student Enrollment was obtained from District Records.

(E) Government-wide information was not available prior to 2002. (amounts in thousands)

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**PRINCIPAL EMPLOYERS
HILLSBOROUGH COUNTY EMPLOYMENT
LAST TEN YEARS**

Employer	Fiscal Year					
	2006			2005		
	Employees	Rank	Percentage of County Employment	Employees	Rank	Percentage of County Employment
School District of Hillsborough County	24,286	1	4.129%	23,601	1	4.172%
Hillsborough County Government	11,920	2	2.027%	10,498	2	1.856%
University of South Florida	8,743	3	1.487%	7,794	3	1.378%
Verizon	7,652	4	1.301%	7,000	5	1.237%
Tampa International Airport	6,500	5	1.105%	7,626	4	1.348%
MacDill Air Force Base	5,812	6	0.988%	5,756	6	1.018%
Tampa General Hospital	4,920	7	0.837%			
Publix Supermarkets	4,702	8	0.799%	4,672	7	0.826%
City of Tampa	4,700	9	0.799%	4,525	8	0.800%
St Josephs Hospital / Baker Health	4,407	10	0.749%	3,907	9	0.691%
Tampa Electric / Peoples Gas				3,543	10	0.626%
James A Haley Veterans Hospital						
JP Morgan Chase						
U S Postal Service						
	<u>83,642</u>		<u>14.222%</u>	<u>78,922</u>		<u>13.952%</u>

Employer	Fiscal Year					
	2001			2000		
	Employees	Rank	Percentage of County Employment	Employees	Rank	Percentage of County Employment
School District of Hillsborough County	20,751	1	3.597%	19,569	1	3.522%
Hillsborough County Government	10,649	3	1.846%	10,288	3	1.852%
University of South Florida	8,966	4	1.554%	9,966	4	1.794%
Verizon	12,690	2	2.200%			
Tampa International Airport	5,914	5	1.025%	8,000	5	1.440%
MacDill Air Force Base	4,955	7	0.859%	5,580	6	1.004%
Tampa General Hospital						
Publix Supermarkets	4,787	8	0.830%	5,100	7	0.918%
City of Tampa				4,300	9	0.774%
St Josephs Hospital / Baker Health	5,074	6	0.880%	4,356	8	0.784%
Tampa Electric						
James A Haley Veterans Hospital	3,500	10	0.607%			
JP Morgan Chase						
U S Postal Service	4,150	9	0.719%	4,150	10	0.747%
GTE Communications Corp				14,000	2	2.520%
Nations Banks						
	<u>81,436</u>		<u>14.117%</u>	<u>85,309</u>		<u>15.353%</u>

Employer	Fiscal Year								
	2004			2003			2002		
	Employees	Rank	Percentage of County Employment	Employees	Rank	Percentage of County Employment	Employees	Rank	Percentage of County Employment
School District of Hillsborough County	22,734	1	3.646%	21,624	1	3.689%	20,143	1	3.580%
Hillsborough County Government	10,886	4	1.746%	10,886	4	1.857%	10,886	4	1.935%
University of South Florida	11,607	3	1.861%	11,607	3	1.980%	11,607	3	2.063%
Verizon	14,000	2	2.245%	14,000	2	2.388%	14,000	2	2.489%
Tampa International Airport	7,760	6	1.244%	7,760	5	1.324%	7,760	5	1.379%
MacDill Air Force Base	9,000	5	1.443%	5,645	6	0.963%	5,645	6	1.003%
Tampa General Hospital									
Publix Supermarkets	4,630	10	0.743%	4,342	9	0.741%	4,342	9	0.772%
City of Tampa				4,500	8	0.768%	4,500	8	0.800%
St Josephs Hospital / Baker Health	5,242	8	0.841%	5,242	7	0.894%	5,242	7	0.932%
Tampa Electric / Peoples Gas									
James A Haley Veterans Hospital	5,900	7	0.946%						
JP Morgan Chase	5,237	9	0.840%						
U S Postal Service				3,947	10	0.673%	3,947	10	0.702%
	<u>96,996</u>		<u>15.556%</u>	<u>89,553</u>		<u>15.276%</u>	<u>88,072</u>		<u>15.655%</u>

Employer	Fiscal Year								
	1999			1998			1997		
	Employees	Rank	Percentage of County Employment	Employees	Rank	Percentage of County Employment	Employees	Rank	Percentage of County Employment
School District of Hillsborough County	19,066	1	3.504%	18,646	1	3.614%	17,710	1	3.588%
Hillsborough County Government	9,162	3	1.684%	9,866	2	1.912%	8,846	2	1.792%
University of South Florida	7,965	4	1.464%	8,955	4	1.735%	7,349	4	1.489%
Verizon									
Tampa International Airport	6,588	5	1.211%	6,541	6	1.268%	6,040	5	1.224%
MacDill Air Force Base	5,163	6	0.949%	7,107	5	1.377%	7,749	3	1.570%
Tampa General Hospital							3,928	10	0.796%
Publix Supermarkets	4,776	7	0.878%	4,326	8	0.838%			
City of Tampa	4,254	10	0.782%	4,000	10	0.775%	4,285	7	0.868%
St Josephs Hospital / Baker Health	4,500	8	0.827%	4,362	7	0.845%	4,398	6	0.891%
Tampa Electric									
James A Haley Veterans Hospital									
JP Morgan Chase									
U S Postal Service	11,000	2	2.022%	4,127	9	0.800%	4,100	8	0.831%
GTE Communications Corp	4,317	9	0.793%	9,600	3	1.860%	4,100	9	0.831%
Nations Banks									
	<u>76,791</u>		<u>14.113%</u>	<u>77,530</u>		<u>15.025%</u>	<u>68,505</u>		<u>13.879%</u>

Sources: State of Florida, Department of Labor and Employment Statistics
City-County Planning Commission

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 SCHOOL BUILDING INFORMATION & FULL-TIME EQUIVALENT ENROLLMENT DATA
 LAST TEN FISCAL YEARS

	Acquired Date (1)	Square Footage (2)	Portables	Full-Time Equivalent Enrollment Data			2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
				2005-06	2004-05	2003-04							
Elementary Schools													
Alafia Elementary	1980	94,970	7	775.7167	791.1700	755.0100	738.4000	1,249.0700	1,280.0067	1,187.0117	1,158.8500	1,085.7302	1,035.1000
Alexander Elementary	1950	72,346	4	729.5800	675.1400	763.0000	737.5600	752.5000	765.5700	816.1300	815.5800	739.0900	738.1200
Anderson Elementary	1954	46,271	1	510.5900	482.7700	398.1967	433.6800	449.0400	449.5000	484.0000	464.6200	483.0200	478.1000
Apollo Beach Elementary	1981	89,935	4	588.1500	591.1800	941.2300	788.5900	746.6400	692.5868	720.5400	633.0800	563.0067	524.5000
Ballast Point Elementary	1924	55,026	5	373.0200	377.5000	445.0500	448.0000	450.5000	417.0600	417.5200	434.0300	422.5000	413.5300
Bay Crest Elementary	1969	86,554	2	847.0500	835.7800	797.8100	791.4100	824.3150	822.2627	796.8250	796.8000	846.0200	825.2000
Bellamy Elementary	1973	84,601	23	882.1200	843.1300	877.5400	798.1400	853.5600	844.5000	825.6200	916.2000	890.0000	1,066.5900
Bevis Elementary	1998	74,598	7	865.9400	817.2600	1,106.8733	821.8100	574.7200	326.5800	-	-	-	-
Bing Elementary	1989	96,583	-	620.1350	787.2300	833.9500	832.7300	832.2200	806.5000	664.1200	577.5800	606.7200	528.1800
Boyette Springs Elementary	1990	116,405	-	1,050.0821	988.7468	948.6566	934.1782	1,002.4900	1,007.1831	971.2068	907.4660	846.3892	797.8605
Brooker Elementary	1961	89,935	4	942.5067	948.4300	962.6800	971.2200	938.0900	1,002.7900	1,011.7000	948.5100	881.5100	811.2534
Broward Elementary	1926	50,910	11	536.0600	571.3000	465.3100	491.1200	533.7100	595.6900	602.2000	630.6500	648.0800	815.1300
Bryan Elementary	1924	85,141	2	812.0500	887.3392	770.5900	789.0300	895.1100	873.4100	852.5600	803.5100	791.0800	818.7300
Bryant Elementary	2001	74,772	5	1,201.4800	1,168.0617	1,069.5900	850.7318	-	-	-	-	-	294.0000
Buckhorn Elementary	1976	91,502	4	753.1800	719.6950	691.4800	981.0100	948.0700	900.3600	849.9050	783.9450	986.7200	966.7300
Burney Elementary	1923	52,688	2	389.0734	391.0800	394.5800	379.0400	-	-	-	-	-	-
Cahoon Elementary	1952	60,177	1	529.5800	522.5800	554.5200	614.1000	627.0400	663.7300	642.0400	643.0584	689.5400	832.5400
Cannella Elementary	1989	119,727	9	904.5800	858.3400	928.2500	918.6500	935.2600	998.1400	1,030.7000	995.0200	986.2000	968.0900
Carrollwood Elementary	1961	72,540	3	591.7000	641.7200	724.2700	739.3400	777.3400	773.3900	776.2000	740.6000	763.3600	824.1700
Chiaramonte Elementary	1955	53,094	2	397.5300	425.0500	418.5600	407.1000	421.5000	455.1400	479.0800	508.0600	509.0600	544.5200
Chiles Elementary	1996	89,668	9	864.5600	868.1200	854.2300	775.7000	880.1200	-	-	-	-	-
Cimino Elementary	2001	91,284	11	1,001.2400	967.7300	955.9900	865.1500	-	-	-	-	-	-
Citrus Park Elementary	1911	73,809	7	740.9000	754.1900	710.8000	715.9300	873.1200	807.2400	725.9600	733.7200	714.9900	715.4600
Clair-Mel Elementary	1960	63,318	7	725.3900	687.3300	639.9200	697.8650	772.5567	705.2600	744.6300	733.8300	694.6400	711.0400
Clark Elementary	1996	95,002	-	730.6500	1,015.1800	1,055.2300	978.2600	864.8450	918.0600	821.1400	635.5250	-	-
Claywell Elementary	1980	98,930	10	948.8850	964.5900	1,054.5000	1,094.0400	1,092.5400	1,051.1000	975.6600	970.6600	952.1000	891.8400
Cleveland Elementary	1926	39,686	5	271.2700	285.4600	326.8500	340.8300	440.4400	430.4800	428.6200	423.5400	437.1800	472.0501
Collins Elementary	2004	89,501	8	902.0000	-	-	-	-	-	-	-	-	-
Colson Elementary	1990	89,175	3	750.5000	759.4300	747.1600	766.7400	735.4150	718.4167	708.4750	711.5000	772.5000	782.0000
Cork Elementary	1879	84,118	9	921.7000	870.0900	904.8600	805.7100	834.6050	831.0300	819.0267	831.1100	826.6554	840.5500
Corr Elementary	2000	75,684	-	783.0300	651.6800	-	-	-	-	-	-	-	-
Crestwood Elementary	1967	86,014	12	1,014.5600	1,013.5000	1,013.0000	1,017.5000	1,067.0600	1,097.0800	987.6100	999.5000	952.1500	911.0700
Cypress Creek Elementary	1990	96,615	15	979.3400	964.7800	968.6600	899.1350	897.5400	876.8934	787.0000	753.0200	732.5900	729.1000
Davis Elementary	2004	82,378	12	892.5300	798.5200	-	-	-	-	-	-	-	-
Desoto Elementary	1910	35,557	2	368.6000	351.5000	295.5000	305.0000	323.0200	299.0900	298.6000	306.5600	325.5100	316.0150
Dickenson Elementary	1963	75,882	-	535.4017	546.2600	727.4250	639.8850	749.2700	684.2900	646.3800	657.1000	582.0249	802.1981
Dover Elementary	1912	114,852	6	851.9706	896.7400	854.6300	815.1900	795.3800	759.6502	781.6000	764.5300	817.7400	835.1100
Dunbar Elementary	1926	37,812	-	325.0000	359.0000	395.5000	431.0200	420.0000	415.5000	418.4600	436.9800	392.5000	368.5000
Edison Elementary	1925	59,303	19	521.4200	562.1450	681.1000	675.1000	439.1400	419.9600	445.5000	445.5000	760.9850	807.5334
Egypt Lake Elementary	1955	64,454	15	543.4835	548.4600	550.0400	457.5200	458.0600	885.6200	943.0300	953.5200	988.5000	1,001.0400
Essrig Elementary	1985	92,341	1	1,002.4700	1,016.3000	1,066.3550	1,112.6700	1,096.5000	1,102.1400	1,127.6750	1,144.8500	1,094.3400	1,034.1550
Fishhawk Creek Elementary	2003	81,289	3	768.6600	568.6800	-	-	-	-	-	-	-	-
Folsom Elementary	1990	94,923	12	753.0600	793.1200	982.4250	981.2000	960.0800	992.3100	963.0800	995.0800	977.5200	954.1800
Forest Hills Elementary	1954	110,877	5	899.6000	889.5300	939.6150	937.6100	958.7800	965.2134	917.1200	929.2176	932.6200	1,038.5400
Foster Elementary	1953	73,105	12	510.2500	461.5000	676.2000	733.5400	675.7200	770.2600	769.9000	760.0800	767.5400	767.0400
Frost Elementary	2004	79,727	9	670.1267	-	-	-	-	-	-	-	-	-
Gibsonton Elementary	1959	71,835	5	704.6600	690.6500	732.0500	734.0700	712.1400	672.2400	695.2800	765.6200	750.3050	873.8636
Gorrie Elementary	1899	63,749	1	541.2900	559.2800	554.2100	554.6400	516.6000	565.0800	577.5900	556.5600	510.5600	519.1136
Grady Elementary	1958	56,525	2	390.0800	419.7301	433.8202	459.8500	483.2900	545.6600	561.6000	558.5800	540.2300	609.7000
Graham Elementary	1922	39,529	5	372.9000	345.0400	338.4100	300.7700	328.1200	342.6267	362.8000	377.6900	378.1900	432.0500
Heritage Elementary	2000	66,920	-	456.6300	516.6200	372.0700	-	-	-	-	-	-	-
Hunters Green Elementary	1990	105,809	7	925.5700	988.0200	910.6300	892.4300	850.2500	798.9050	1,173.3200	1,172.2000	1,532.2600	1,435.6800
Ippolito Elementary	2001	74,583	6	602.0450	916.6700	779.3900	695.0600	-	-	-	-	-	-
Jackson Elementary	1926	45,115	6	533.5000	518.0700	456.0750	420.0800	411.5000	390.0800	396.1500	386.0700	387.5000	419.0000
James K-8 School	1964	70,652	-	882.0000	814.6500	-	66.9500	34.5000	67.5000	59.0000	79.8838	-	-
Just Elementary	1959	70,162	10	648.1200	579.0800	-	156.5100	128.5100	118.4200	149.9500	126.4300	126.9200	378.8600
Kenly Elementary	1927	66,141	1	467.9600	446.1000	556.1500	557.0000	605.5600	530.5000	575.1200	544.9900	546.4400	567.4900
Kingswood Elementary	1967	72,800	5	604.6800	616.6900	697.8600	762.2000	738.2900	861.1900	729.0900	697.5900	634.1000	691.6568
Knights Elementary	1976	94,368	13	799.1900	782.1600	812.6700	766.6200	784.1700	753.6200	730.1000	739.9200	697.1000	674.6800

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SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 SCHOOL BUILDING INFORMATION & FULL-TIME EQUIVALENT ENROLLMENT DATA
 LAST TEN FISCAL YEARS

	Acquired Date (1)	Square Footage (2)	Portables	Full-Time Equivalent Enrollment Data				2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
				2005-06	2004-05	2003-04								
Lake Magdalene Elementary	1946	102,089	11	890.5339	916.7336	991.5005	960.8806	963.2404	1,039.1202	1,056.5834	1,042.0267	980.6068	1,072.0534	
Lanier Elementary	1956	52,601	10	398.0300	448.2300	434.6600	480.8600	472.3000	507.8300	497.6000	503.0167	517.5500	512.5400	
Lee Elementary School Of Technology	1906	46,602	-	385.0000	399.8000	429.0000	471.0000	476.0000	443.0000	476.0000	467.1200	475.0800	475.4383	
Lewis Elementary	1958	81,422	4	834.1100	767.2600	804.7500	828.6201	836.4000	918.1134	914.8600	818.0800	989.0300	856.6400	
Limona Elementary	1971	67,064	2	626.0600	609.6200	583.2800	946.6100	1,005.3250	934.1500	913.7700	908.9500	1,005.2100	959.1200	
Lincoln Elementary	1923	51,315	3	442.0000	455.5400	456.2800	498.0400	448.1800	445.6800	426.5600	443.0000	458.7800	434.0400	
Lithia Springs Elementary	1990	94,730	-	677.7200	631.6200	616.2400	683.9200	905.6200	957.6236	1,013.9400	974.1400	1,027.0400	1,163.5000	
Lockhart Elementary	1951	85,420	-	419.1200	365.2000	358.7100	457.1500	508.2200	446.5600	530.0400	593.0600	613.5400	649.5000	
Lomax Elementary	1907	43,960	2	404.5000	362.5000	271.0000	242.0000	224.5000	219.5000	227.0000	231.5000	-	365.8000	
Lopez Elementary	1950	94,602	17	827.1404	796.2302	765.8100	763.6400	708.1800	680.0600	725.0750	706.5800	661.5600	700.5000	
Lowry Elementary	1991	112,988	-	759.8700	766.3100	996.0850	948.7400	913.5000	823.0600	750.6600	691.1400	1,346.2550	1,241.3950	
Lutz Elementary	1920	73,738	6	759.3300	697.8750	646.8750	628.2800	635.7000	651.2800	643.5900	682.1000	674.7400	714.1800	
Maby Elementary	1926	92,167	12	711.2400	749.3200	758.6700	754.6667	731.9700	726.0400	715.4600	667.0900	662.1434	691.1550	
Macfarlane Elementary	1925	35,667	-	325.9000	308.0000	149.2000	-	-	-	-	-	-	-	
Mango Elementary	1927	87,457	5	633.5800	601.3170	573.6004	756.9473	798.3472	814.7209	821.3991	836.3819	838.2590	856.0020	
Maniscalco Elementary	1987	82,994	4	734.6800	758.3600	763.2200	730.6250	780.1668	822.6550	867.6550	836.0600	852.4950	797.2468	
McDonald Elementary	1976	68,677	5	558.3100	589.1750	629.7600	620.6200	627.5400	654.5000	678.0000	691.0200	700.5000	649.0000	
McKirtick Elementary	1999	94,937	8	1,112.4900	1,060.9300	981.5100	925.9450	787.4815	-	-	-	-	-	
Mendenhall Elementary	1947	89,624	10	602.0000	633.6200	731.1200	730.5900	745.6534	922.1300	959.1000	929.5400	902.0200	773.5800	
Miles Elementary	1954	63,882	9	680.0000	586.4800	499.5400	514.5800	591.5000	462.0800	496.9000	624.9200	653.6850	731.5600	
Mintz Elementary	1990	98,748	13	948.4500	982.1750	924.1355	972.2400	909.3200	1,547.2000	1,421.7600	1,326.7200	1,282.6400	1,103.2800	
Michelle Elementary	1915	61,541	11	565.1600	594.0600	557.6300	537.5400	517.0600	560.0600	541.1200	541.0000	580.5000	558.8900	
Morgan Woods Elementary	1967	83,530	2	552.5000	577.5000	612.8000	616.0450	666.5800	689.0900	692.2100	670.6900	630.6200	625.1000	
Mort Elementary	1965	90,908	8	869.6936	864.1500	798.5400	868.2200	863.8334	851.1367	936.5600	890.1200	863.7400	879.7600	
Muller Elementary	2001	53,808	-	371.5000	361.5000	332.5200	-	-	-	-	-	-	-	
Nelson Elementary	2002	72,395	13	903.6600	839.6800	714.0800	-	-	-	-	-	-	-	
Northwest Elementary	1984	81,522	10	860.1000	882.6634	860.1600	846.7000	822.1600	897.4400	951.8184	958.7200	988.7300	935.2200	
Oak Grove Elementary	1946	111,031	9	883.0800	851.0800	928.1200	869.5600	845.3400	-	978.8000	966.1672	1,108.9712	723.0000	
Oak Park Elementary	1964	0	48	429.5167	428.5100	419.1400	443.6500	537.4001	621.6400	584.6200	633.0300	651.5000	693.5400	
Palm River Elementary	1948	77,712	3	554.0600	553.5900	579.6200	515.2000	569.7000	574.0600	560.0800	504.1200	557.5900	498.0200	
Pinecrest Elementary	1936	90,103	3	659.9200	649.3300	683.4200	721.8300	687.1500	703.3200	748.7400	747.2600	734.9300	713.6800	
Pizzo Elementary	1996	93,758	-	935.5100	927.4300	893.2400	848.7800	821.1000	971.7000	919.1000	837.0000	-	-	
Potter Elementary	1960	62,387	13	681.1134	595.0500	195.3900	199.4800	179.9700	197.6300	195.2400	220.2900	258.1800	283.1500	
Pride Elementary	1999	75,487	9	893.9000	878.0200	866.0900	992.1750	866.1200	644.6400	-	-	-	-	
Rampello Downtown Partnership School	2002	96,113	-	697.0977	211.0000	200.5000	181.0000	172.0000	161.5000	116.5000	55.5000	-	-	
Riverhills Elementary	1962	54,510	9	569.9734	571.5000	581.0800	562.6100	526.0200	473.5600	406.5000	505.5000	724.5000	793.0000	
Riverview Elementary	1960	90,435	1	607.7200	622.4300	669.3300	781.4400	744.7500	1,032.8700	975.9400	880.2600	759.5500	726.6700	
Robinson Elementary	1959	75,357	2	644.6400	629.1200	685.3000	733.7617	727.1400	693.3000	702.0000	654.1500	778.7484	762.2400	
Robles Elementary	1959	78,323	1	653.1400	568.6500	529.5100	526.8100	629.5700	697.9216	747.0600	873.0000	920.5600	1,025.9650	
Roland Park K-8 School	1963	118,830	8	809.5000	880.5000	894.8300	859.5000	908.0111	914.9340	929.5519	952.3869	995.7193	1,134.1288	
Roosevelt Elementary	1925	53,065	5	489.4100	504.6600	530.7948	514.3600	508.6200	526.1100	536.6400	534.6250	521.5200	531.5000	
Ruskin Elementary	1942	98,729	16	846.5367	802.5900	763.1000	771.0600	733.1200	739.1000	742.7200	719.1400	726.1000	666.6600	
Schmidt Elementary	2002	88,037	1	761.6900	713.1000	678.0685	-	-	-	-	-	-	-	
Schwarzkopf Elementary	1991	89,651	10	786.4950	800.8000	793.8600	773.3800	780.2100	1,333.4200	1,245.1200	1,193.1100	1,148.6361	1,276.0877	
Seflner Elementary	1961	76,585	5	698.3300	746.2500	823.3700	778.1000	779.8800	755.6300	817.5900	835.5000	1,022.0000	974.1000	
Seminole Elementary	1921	71,502	9	536.5000	522.0200	576.5000	596.4500	616.5600	732.5950	762.0700	757.3600	720.5368	742.5000	
Sessums Elementary	2002	74,611	8	662.0000	1,212.6100	1,004.7200	-	-	-	-	-	-	-	
Shaw Elementary	1971	82,450	30	1,049.2400	864.0600	650.1200	717.0000	780.5200	980.0500	1,039.0800	962.6400	1,126.1200	1,236.1600	
Sheehy Elementary	2001	56,176	9	511.7367	423.5800	-	-	-	-	-	-	-	-	
Shore Elementary	1928	63,404	-	400.9000	409.5000	467.5000	548.9200	495.9000	497.0200	499.9800	488.5000	446.9800	466.0000	
Springhead Elementary	1914	79,862	4	819.7700	791.5900	772.5600	739.6800	788.8600	751.6600	701.8300	687.6500	666.6700	697.3400	
Sulphur Springs Elementary	1949	86,241	13	673.4400	668.1400	732.3467	805.3100	862.3900	903.6500	896.4000	867.4200	770.1500	759.6200	
Summerfield Elementary	1989	101,546	15	939.1400	853.4300	711.6200	1,183.7400	1,138.1000	1,014.6200	898.4167	797.9300	-	739.0200	
Symmes Elementary	1999	70,526	-	590.6900	625.0100	614.1100	556.7484	1,097.5400	-	-	-	-	-	
Tampa Bay Boulevard Elementary	1924	72,586	14	653.9400	670.9850	662.1400	649.0300	699.8800	711.4750	672.4452	642.5000	625.6000	731.0000	
Tampa Palms Elementary	1987	114,485	7	789.8350	840.2600	894.6500	799.2500	739.7917	1,172.1000	1,195.4400	1,209.2067	1,269.5900	1,094.6800	
Temple Terrace Elementary	1955	94,526	16	746.4700	729.6000	755.4300	749.6400	782.0000	756.6300	738.6600	691.3600	878.2400	929.8000	
Theonossassa Elementary	1961	59,209	1	391.5000	346.0400	382.5000	415.0800	413.1000	422.5200	420.6600	432.5350	425.5500	420.5600	
Tinker Elementary	1939	68,957	1	526.6200	492.7400	565.0900	566.2602	561.5900	556.5300	557.0400	639.5600	632.3400	659.6000	
Town & Country Elementary	1961	64,568	3	475.4000	494.9950	520.2150	522.0000	497.7500	553.1300	584.5600	575.7400	556.1400	624.2000	

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SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 SCHOOL BUILDING INFORMATION & FULL-TIME EQUIVALENT ENROLLMENT DATA
 LAST TEN FISCAL YEARS

	Acquired Date (1)	Square Footage (2)	Portables	Full-Time Equivalent Enrollment Data			2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
				2005-06	2004-05	2003-04							
Trappnell Elementary	1931	65,252	9	544,4084	546,7600	550,5450	563,0200	582,0900	497,6200	454,1500	448,1500	489,5400	488,0600
Turner Elementary	2001	84,203	-	419,0600	-	-	-	-	-	-	-	-	-
Twin Lakes Elementary	1926	75,242	10	969,2350	874,7151	860,7000	893,5500	936,9600	980,9433	959,3900	930,5000	871,5000	832,0200
Valrico Elementary	1993	98,379	4	842,2100	825,7800	883,7800	1,010,1100	978,2400	971,6000	879,1000	858,0200	786,0000	636,5000
Walden Lake Elementary	1990	93,933	9	877,7800	904,1400	848,2200	782,7200	991,1600	1,051,1400	960,0900	935,2400	914,6400	885,6400
Washington Elementary	1925	61,730	-	559,5400	895,5312	-	650,7000	621,0000	-	-	542,9170	-	647,0000
West Tampa Elementary	1985	80,880	6	487,9184	496,1350	554,8200	605,3300	630,9400	647,7000	606,2300	645,1900	655,7000	347,0300
Westhatch Elementary	1997	112,715	5	1,141,0050	1,052,1400	1,187,7900	1,142,2200	1,478,9000	1,290,7400	1,053,6400	869,5200	-	349,0700
Westshore Elementary	1926	39,974	11	316,7600	302,9667	332,2000	352,7200	380,8000	367,6600	365,1000	353,6800	375,1000	397,6800
Wilson Elementary	1924	41,730	1	361,8200	328,5000	359,5400	335,5200	357,6000	381,2834	384,1000	376,5450	366,0000	386,4950
Wimauna Elementary	1926	66,413	15	567,5500	550,5800	595,6000	612,1400	611,6200	601,5500	584,5700	588,1500	583,5600	585,3000
Witter Elementary	1959	68,425	5	774,2700	774,8100	751,7600	793,6200	816,6800	804,0400	729,8605	730,5968	935,7800	983,2950
Woodbridge Elementary	1971	78,607	-	641,0000	713,0900	860,1000	938,5200	886,5400	878,9567	869,6800	831,9800	827,0800	747,8500
Yates Elementary	1953	115,648	1	785,5700	798,2200	838,9252	833,4200	846,3800	833,5384	819,9400	826,9688	986,9684	992,6800
Total Elementary Schools				91,114,0657	88,656,2350	84,779,1114	83,097,0200	82,276,0673	80,462,9386	79,520,6704	78,782,7895	77,875,8808	79,787,8415
Middle Schools													
Adams Middle	1957	127,034	3	1,186,0000	1,205,8336	1,219,9078	1,264,2502	1,284,0000	1,271,2172	1,301,0012	1,282,5182	1,313,5263	1,351,2427
Bartels Middle School	2001	126,897	-	-	-	-	-	-	-	-	-	-	-
Benito Middle	1995	143,665	10	1,498,2316	1,456,5000	1,270,0000	1,147,5000	1,696,9092	1,696,5316	1,538,7506	1,317,5667	1,239,0421	-
Buchanan Middle	1960	110,618	2	785,7034	897,0000	898,4400	909,3336	1,206,5304	1,227,3048	1,244,6668	1,332,9837	1,332,1797	1,331,5200
Burnett Middle	1993	136,178	5	977,1680	903,5016	916,7336	1,429,1004	1,366,8336	1,367,5000	1,415,5000	1,321,9170	1,418,5000	1,404,5000
Burns Middle	1980	200,295	11	1,491,7506	1,531,5846	1,608,5842	1,522,1676	1,523,5674	1,449,6641	1,756,5842	1,639,9174	1,424,4181	1,338,0000
Coleman Middle	1958	97,992	-	802,6016	837,8336	891,9204	892,2506	919,0846	887,8744	795,0040	737,0600	798,9018	757,8995
Davidson Middle	1998	112,613	12	1,213,5000	1,303,5000	1,315,4177	1,207,1750	1,469,3336	1,311,0000	-	-	-	-
Dowdell Middle	1959	118,355	-	860,5000	966,3000	984,2817	954,5000	927,3167	846,0000	783,5000	779,0000	896,4047	899,8352
Eisenhower Middle	1954	148,664	23	1,429,2470	1,215,6500	1,861,7834	1,687,1668	1,622,1668	1,570,0000	1,573,1400	1,599,5256	1,640,4170	1,611,4399
Farnell Middle	2000	132,731	9	1,386,6310	1,381,8010	1,251,0000	-	1,053,4752	-	-	-	-	-
Ferrell Middle Magnet	1950	99,920	1	586,0000	686,5000	637,5000	711,5000	689,7600	693,0000	-	-	-	-
Franklin Middle	1926	95,524	3	576,9167	622,9500	689,5000	661,0000	724,5000	734,2500	744,0300	709,4500	808,9404	784,0000
Giunta Middle School	2004	127,985	-	1,038,7502	-	-	-	-	-	-	-	-	-
Greco Middle School	1955	138,834	5	1,089,0000	1,115,4337	1,165,7002	1,326,0000	1,360,4837	1,229,4641	1,226,3100	1,160,7502	1,260,9837	1,252,0000
Hill Middle	1980	149,785	-	1,174,1734	1,149,7018	1,239,4737	1,252,9670	1,263,4674	1,138,9845	1,507,4007	1,458,9170	1,633,3336	1,555,3000
Jennings Middle	2001	116,096	4	1,099,1500	1,356,4880	1,251,8604	-	-	-	-	-	-	-
Liberty Middle	2000	136,559	6	1,552,3186	1,502,1340	1,417,2168	1,215,9836	-	-	-	-	-	-
Madison Middle	1950	106,264	3	783,5000	726,8785	915,9600	888,5000	827,0000	775,5000	640,5000	642,5000	660,6180	604,5000
Mann Middle	1957	137,056	7	891,0000	811,5000	858,9000	1,235,8207	1,136,5667	1,096,2510	1,127,6589	1,123,6668	1,131,4170	1,099,0000
Marshall Middle	1956	110,898	3	921,1167	914,0000	939,4500	972,5000	953,5000	904,0000	877,0000	867,3000	918,5000	950,2987
Martinez Middle	1999	115,286	-	1,060,4807	1,028,6680	926,5000	805,5000	-	-	-	-	-	-
McLane Middle	1914	115,724	1	1,022,8500	1,391,0000	1,539,8751	1,511,8668	1,465,5000	1,356,3506	1,146,8898	1,094,1672	1,128,5169	1,186,7555
Memorial Middle	1925	109,258	8	920,0500	1,155,0169	1,254,0000	1,117,0000	1,104,3336	964,6336	-	-	-	-
Middleten Middle School	1950	99,920	-	-	-	-	-	-	-	729,5000	730,0000	744,4670	781,0000
Monroe Middle	1956	109,228	1	783,3023	714,9002	688,5000	693,3336	670,0000	628,4170	614,5000	651,8371	716,1672	721,1680
Mulrennan Middle	2002	113,781	9	1,334,6341	1,331,7766	1,187,1167	-	-	-	-	-	-	-
Orange Grove Middle	1926	86,538	5	635,0000	628,5000	610,0000	643,4800	611,3062	599,5000	599,0000	624,4500	-	358,0200
Pierce Middle	1953	120,689	6	1,122,0000	1,103,3750	1,094,5000	1,103,5000	1,124,8200	1,041,0000	1,092,0000	1,051,9837	1,029,2851	1,104,5679
Progress Village Middle	1959	144,439	-	855,9504	858,7852	746,5000	787,0000	739,0000	719,0000	533,5000	540,5000	951,1668	1,007,0000
Randall Middle	1997	118,591	12	1,401,3927	1,245,5500	1,110,6010	1,356,5400	1,188,3010	1,044,0253	-	-	-	-
Rodgers Middle	1996	132,201	8	1,078,7000	1,620,0842	1,599,3352	1,625,3336	1,497,8840	1,345,6038	-	1,541,4511	1,445,9776	-
Shields Middle	2001	126,681	1	1,077,3008	1,063,7676	-	-	-	-	-	-	-	-
Sligh Middle	1949	109,053	-	998,2950	952,5000	881,0000	1,013,5000	963,5000	996,0750	1,004,5000	1,039,5000	1,087,3340	1,011,5000
Stewart Middle	1954	116,921	7	917,2667	886,5000	712,0000	701,0000	605,7000	636,8000	782,0000	758,5000	816,8795	877,4400
Tomlin Middle	1950	140,022	12	1,511,4178	1,514,1138	1,518,5000	1,448,0000	1,388,0000	1,317,2360	1,325,5838	1,352,0000	1,344,4170	1,423,4837
Turkey Creek Middle	1929	139,220	5	1,102,2834	1,108,0004	1,141,7479	1,255,0662	1,290,9908	1,233,1668	1,614,3440	1,525,4971	1,534,0000	1,529,4808
Van Buren Middle	1952	124,203	3	834,5000	831,9670	893,9600	860,5000	882,4500	814,0000	741,5000	720,5000	783,2392	849,5000
Walker Middle	1985	145,934	7	1,032,5000	973,0000	1,032,5374	941,0548	1,614,1366	1,468,0400	1,719,4985	1,628,4536	1,604,8676	-
Washington Middle School	1925	61,730	-	-	-	-	-	-	-	583,4600	566,0000	612,5000	-
Webb Middle	1968	121,863	-	788,9107	732,5000	899,6000	924,5000	945,5800	974,3934	947,5486	923,2674	1,015,0000	1,050,5000
Williams Middle	1994	134,685	4	881,5000	846,5000	791,5000	790,9000	751,0000	829,9017	904,0000	896,9170	951,9174	943,1078
Wilson Middle	1915	74,737	1	589,3344	584,5838	638,9832	624,0000	620,3000	616,5500	633,6000	582,8502	562,7502	619,4000
Young Middle	1963	112,314	-	744,0000	797,0000	701,5000	707,0000	723,0000	711,7500	710,9700	669,5000	402,5000	1,059,6672
Total Middle Schools				42,034,9548	41,953,1791	41,301,8864	39,240,2657	37,156,8223	36,078,4449	33,737,4682	32,208,9735	31,762,1903	29,462,1269

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SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
 SCHOOL BUILDING INFORMATION & FULL-TIME EQUIVALENT ENROLLMENT DATA
 LAST TEN FISCAL YEARS

	Acquired Date (1)	Square Footage (2)	Portables	Full-Time Equivalent Enrollment Data			2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
				2003-04	2004-05	2005-06							
High Schools													
Alonso High	1999	271,669	13	2,695,001.2	2,519,925.0	2,324,000.0	1,994,083.4	1,397,000.4	-	-	-	-	-
Armwood Senior High	1983	291,689	12	2,029,955.9	1,952,985.0	1,819,575.0	1,738,050.0	1,675,425.0	1,719,283.2	1,698,300.0	1,720,300.0	1,735,140.0	1,870,615.0
Blake Senior High	1995	398,036	-	1,789,917.3	1,682,145.0	1,557,995.0	-	-	-	-	-	-	-
Bloomington Senior High	1982	297,148	7	2,234,055.6	2,241,984.8	2,304,702.0	1,727,216.5	1,650,381.2	1,680,338.5	1,667,500.0	1,591,730.0	1,099,500.0	-
Brandon Senior High	1960	282,060	16	2,002,111.4	2,029,385.0	2,001,750.0	2,747,836.4	2,713,994.4	2,670,055.0	2,531,416.3	2,557,432.8	3,104,066.4	2,921,000.0
Chamberlain Senior High	1956	259,979	27	2,170,305.7	2,203,795.0	2,065,028.0	1,849,775.0	1,894,050.0	1,731,600.0	1,731,600.0	1,865,483.4	2,413,700.0	2,621,625.0
D. W. Waters Center	1911	76,044	2	350,350.0	339,975.0	-	2,132,069.8	2,203,760.0	2,222,062.0	2,148,470.0	2,193,735.0	2,302,065.0	2,615,240.0
Durant Senior High	1992	260,184	14	2,766,500.0	2,582,000.0	2,491,015.0	-	-	-	56,000.0	-	-	-
East Bay Senior High	1971	261,258	15	2,558,800.0	2,321,280.0	2,220,900.0	2,492,685.0	2,378,425.2	2,328,150.0	2,296,750.0	2,264,300.0	2,202,100.0	2,025,000.0
Freedom Senior High	1999	294,960	12	2,079,750.6	1,793,726.0	1,512,217.2	2,055,550.0	2,084,790.0	2,026,800.0	1,896,200.0	1,921,763.4	2,267,900.0	2,125,300.0
Gaither Senior High	1983	303,270	2	2,374,285.4	2,368,786.2	2,377,784.8	1,000,630.2	-	-	-	-	-	-
Hillsborough Senior High	1927	280,873	2	2,016,163.3	1,980,250.0	1,998,775.0	2,380,391.1	2,738,635.1	2,590,667.6	2,464,833.6	2,547,645.5	2,853,612.9	2,775,659.2
Jefferson Senior High	1971	239,285	23	1,847,800.0	1,823,201.5	1,760,624.6	2,055,000.0	2,260,610.0	2,254,425.1	2,174,599.0	2,154,000.0	2,156,100.0	2,206,096.5
King Senior High	1959	250,481	15	2,040,650.0	2,056,875.0	2,064,500.0	1,653,116.0	1,585,825.0	1,548,450.0	1,492,468.0	1,437,066.4	1,464,094.6	1,849,504.2
Lennard High School	2003	245,604	-	-	-	-	2,114,850.0	2,152,394.8	2,096,800.0	1,948,850.0	2,053,005.0	2,239,175.0	2,182,980.0
Leto Senior High	1964	284,781	8	1,799,748.1	1,773,053.4	1,849,371.8	1,881,580.0	2,081,354.0	2,130,200.0	2,146,200.0	2,134,760.0	2,079,000.0	2,445,120.0
Middleton Senior High	1999	236,263	26	1,977,875.0	2,002,775.0	1,843,225.0	1,346,660.0	-	-	-	-	-	-
Newsome Senior High	1999	252,015	1	1,847,850.0	1,538,200.0	953,575.0	-	-	-	-	-	-	-
Plant City Senior High	1971	304,902	22	2,627,200.0	2,455,110.0	2,409,510.0	2,398,216.6	2,304,550.0	2,320,000.0	2,389,860.0	2,410,700.0	2,422,500.0	2,418,000.0
Plant Senior High	1926	215,851	3	1,958,528.8	1,993,922.4	1,999,727.4	1,990,541.2	1,949,706.0	1,864,083.0	1,804,800.0	1,747,200.0	1,745,000.0	1,778,800.1
Riverview Senior High	1995	284,334	8	2,778,820.1	2,652,611.1	2,594,050.0	2,785,315.0	2,708,750.0	2,449,400.0	2,131,450.0	1,995,900.0	-	-
Robinson Senior High	1957	202,597	6	1,187,900.0	1,168,293.0	1,208,150.0	1,207,150.0	1,228,000.0	1,286,375.0	1,333,750.0	1,391,283.0	1,343,300.0	1,391,513.0
Sickles Senior High	1985	321,529	23	2,627,002.4	2,492,749.4	2,153,980.8	2,079,084.2	2,150,500.4	2,957,584.2	2,757,334.4	2,737,752.1	2,200,370.0	-
Spoto High School	2004	225,854	-	-	-	-	-	-	-	-	-	-	-
Tampa Bay Technical High School	1967	266,755	23	1,841,149.0	1,735,480.4	1,906,653.7	1,637,942.7	1,704,815.2	1,701,250.6	1,675,730.2	1,698,511.2	1,712,846.9	1,670,517.6
Wharton Senior High	1987	305,282	4	2,211,820.6	2,074,225.0	2,029,585.0	2,024,700.0	2,557,975.0	2,330,500.0	2,258,925.0	2,092,450.0	1,579,000.0	-
Total High Schools				49,810,594.4	47,782,733.2	45,446,695.3	43,292,493.1	41,420,941.7	39,908,024.0	38,604,486.5	38,115,017.8	36,919,470.8	32,896,970.6
Specialty Schools													
Caminiti Exceptional Student Education	1985	54,593	1	187,935.0	194,074.9	196,800.0	190,500.0	194,500.0	185,500.0	181,958.7	179,500.0	177,500.0	194,500.0
Carver Exceptional Center	1925	34,310	-	94,408.6	76,000.0	60,000.0	104,500.0	102,744.4	124,283.8	119,000.0	102,275.1	127,502.0	140,598.0
Lavoy Exceptional Student Education	1962	42,648	9	125,000.0	115,280.0	110,075.0	114,000.0	112,500.0	102,500.0	106,330.0	103,600.0	121,000.0	122,900.0
Manhattan Center	1952	52,407	7	-	-	-	-	-	-	-	-	-	-
Velasco Student Services	1985	42,659	-	-	40,701.5	60,085.4	-	241,500.0	182,500.0	199,020.0	220,000.0	188,500.0	-
Brandon Alternative	1954	5,966	23	193,200.0	168,195.0	144,434.0	-	63,219.2	188,604.4	125,208.0	71,713.1	68,420.6	200,190.1
East County Alternative Center	1957	0	11	59,000.0	56,000.0	105,130.0	-	-	-	-	-	-	-
Mescham Center	1926	30,169	-	144,772.5	132,542.5	-	81,000.0	66,350.0	-	-	-	-	-
North Tampa Alternative Center	1988	0	20	137,331.0	113,610.0	117,045.0	119,440.0	128,677.2	-	-	-	-	-
Bowers Whitely Career Center	2001	53,367	-	399,113.1	403,500.0	-	-	-	-	-	-	-	-
Simmons Career Center	1923	46,423	-	352,745.1	342,995.1	-	-	-	-	-	-	-	-
South County Career Center	2000	102,863	-	391,865.0	392,620.0	364,450.0	340,875.0	-	-	-	-	-	-
Total Specialty Schools				2,085,370.3	2,035,519.0	1,158,019.4	1,074,328.2	994,660.8	870,418.2	834,646.7	790,283.2	805,683.0	792,958.1
Charter Schools													
Anderson Elementary Academy	n/a	n/a	n/a	-	-	31,000.0	-	-	-	-	-	-	-
Carl Sagan Academy	n/a	n/a	n/a	49,668.0	-	-	-	-	-	-	-	-	-
Central City Elem of Tampa	n/a	n/a	n/a	130,000.0	102,500.0	113,000.0	116,126.7	115,500.0	-	-	-	-	-
Eastside Multi-Cultural School	n/a	n/a	n/a	-	-	184,000.0	229,900.0	221,500.0	158,500.0	127,000.0	118,334.0	43,000.0	-
Hope Preparatory Academy	n/a	n/a	n/a	33,000.0	-	-	-	-	-	-	-	-	-
Kid's Community College	n/a	n/a	n/a	51,000.0	-	-	-	-	-	-	-	-	-
Learning Gate Community	n/a	n/a	n/a	404,500.0	391,000.0	337,500.0	256,500.0	194,500.0	93,500.0	-	-	-	-
Literacy Leadership Tech Academy	n/a	n/a	n/a	92,000.0	-	-	-	-	-	-	-	-	-
Metropolitan Ministries	n/a	n/a	n/a	43,000.0	26,500.0	27,000.0	32,936.7	32,500.0	40,400.0	29,000.0	31,000.0	-	-
Mount Pleasant	n/a	n/a	n/a	114,000.0	66,500.0	87,500.0	-	-	-	-	-	-	-
Pepin Academy of Tampa	n/a	n/a	n/a	112,787.4	209,254.2	186,336.8	173,000.0	133,200.0	73,527.0	30,000.0	-	-	-
Prince Academy	n/a	n/a	n/a	73,500.0	35,500.0	45,500.0	-	-	-	-	-	-	-
Quest Middle School	n/a	n/a	n/a	105,000.0	-	-	-	-	-	-	-	-	-
RCMA Wimauma Academy	n/a	n/a	n/a	130,500.0	109,000.0	108,000.0	-	-	-	-	-	-	-
RE-Birth Academy	n/a	n/a	n/a	118,000.0	109,000.0	103,500.0	-	-	-	-	-	-	-
Redlands Christian Migrant	n/a	n/a	n/a	-	-	-	87,500.0	103,500.0	79,000.0	45,500.0	-	-	-
Richard Milburn Academy	n/a	n/a	n/a	254,400.1	214,667.6	125,617.0	104,000.0	80,200.1	37,500.0	-	-	-	-
							53,834.0	-	-	-	-	-	-

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SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
SCHOOL BUILDING INFORMATION & FULL-TIME EQUIVALENT ENROLLMENT DATA
LAST TEN FISCAL YEARS

	Acquired Date (1)	Square Footage (2)	Portables	Full-Time Equivalent Enrollment Data			2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
				2005-06	2004-05	2003-04							
Terrace Community School	n/a	n/a	n/a	351.5000	307.5000	286.0000	258.5000	238.4170	158.5000	158.5000	119.5000	-	-
The Richardson Academy	n/a	n/a	n/a	61.5000	79.4416	104.5000	110.0200	101.1200	58.0000	54.4000	45.0000	29.0000	-
Trinity Upper School	n/a	n/a	n/a	207.5000	196.5026	-	-	-	-	-	-	-	-
Trinity School	n/a	n/a	n/a	481.0000	467.0000	511.0000	466.1200	361.5000	267.0100	166.5000	-	-	-
University City Charter School	n/a	n/a	n/a	-	-	-	-	-	-	-	88.5000	-	-
USF/Patel	n/a	n/a	n/a	147.5000	190.5000	162.8000	152.4000	153.3000	145.0000	125.9400	-	-	-
USF/Patel Intermediate Charter	n/a	n/a	n/a	57.0000	-	-	-	-	-	-	-	-	-
Village of Excellence	n/a	n/a	n/a	104.4500	113.5000	117.5000	131.0000	97.0000	53.0000	-	-	-	-
Walton Academy	n/a	n/a	n/a	122.9200	71.9600	-	-	-	-	-	-	-	-
Wilbesan Academy	n/a	n/a	n/a	-	55.5000	61.0000	-	-	-	-	-	-	-
Total Charter Schools				<u>3,644.2255</u>	<u>3,330.3260</u>	<u>3,287.7538</u>	<u>2,753.2952</u>	<u>2,415.3205</u>	<u>1,522.6704</u>	<u>1,060.9400</u>	<u>768.3340</u>	<u>194.7400</u>	<u>55.9000</u>
Other Programs	n/a	n/a	n/a										
Dorothy Thomas	n/a	n/a	n/a	123.5000	143.0000	138.3335	95.5000	94.0000	111.5000	121.5000	107.5000	83.3335	101.9701
ESE Birth Through Age 5	n/a	n/a	n/a	16.1684	15.0350	-	-	-	-	-	-	-	-
ESE Hospital/Homebound Program	n/a	n/a	n/a	45.6674	-	-	-	-	-	-	-	-	-
Mendez Exceptional Center	n/a	n/a	n/a	56.5000	68.5000	83.3000	117.6000	96.5500	75.9597	34.9400	37.0000	32.5000	30.5000
Parkhill Exception Center	n/a	n/a	n/a	-	-	46.1284	49.6400	49.4782	51.2500	48.6204	62.4301	37.4071	-
Plant City Exceptional Ed Center	n/a	n/a	n/a	-	-	76.0857	95.4288	116.7000	93.0000	71.0000	55.0000	55.5000	44.0000
Private School (Disabled)	n/a	n/a	n/a	836.5000	713.0000	589.0000	430.8134	170.0000	25.0000	-	-	-	-
Alternative Sch Non-DJJ Prog	n/a	n/a	n/a	97.4850	50.1875	359.5158	446.2174	680.3107	800.9635	795.1352	833.2465	826.8344	706.5000
Haven Psc	n/a	n/a	n/a	3.5000	9.5000	2.5000	17.0000	8.0000	19.5000	15.0000	13.5000	-	-
Hillsborough Academy	n/a	n/a	n/a	23.5000	16.0000	18.0000	22.5000	25.0000	24.5000	8.4283	23.5000	-	-
Teen Parent Programs	n/a	n/a	n/a	33.6078	155.0096	-	-	-	-	-	-	-	-
Teen Parent West	n/a	n/a	n/a	60.1250	-	-	-	-	-	-	-	-	-
Adult Educ. Center	n/a	n/a	n/a	-	-	-	-	-	-	-	-	4.0000	36.3320
Waters Career Center	n/a	n/a	n/a	-	-	360.6300	-	-	-	-	-	-	-
Columbus Juvenile Residential	n/a	n/a	n/a	49.5000	47.0000	15.9174	467.7356	95.0995	64.3767	-	-	-	-
Detention Center, East	n/a	n/a	n/a	69.2000	66.5000	72.5000	51.0000	42.0000	63.0000	17.3574	41.0000	-	-
Detention Center, West	n/a	n/a	n/a	116.5000	113.2000	108.2000	100.0000	94.0000	112.0000	26.2510	92.0000	-	-
Falkenberg Academy	n/a	n/a	n/a	89.0000	84.0000	93.0000	86.5000	91.5000	88.0000	37.9640	-	-	-
Leslie Peters Halfway House	n/a	n/a	n/a	26.5000	23.0000	25.5000	22.9170	26.5000	27.5000	17.4658	16.9530	-	-
Orient Road Jail	n/a	n/a	n/a	66.0000	34.5000	47.2500	19.3012	13.0000	2.0000	-	-	-	-
Pace	n/a	n/a	n/a	45.7000	43.0000	41.3668	40.5000	41.5000	39.5000	11.4780	28.4765	-	-
Project Craft	n/a	n/a	n/a	16.5000	15.5000	12.5000	9.5000	-	-	-	-	-	-
Tampa Marine Institute	n/a	n/a	n/a	56.0000	69.8584	66.0000	75.0000	68.0000	62.5000	11.3965	52.2502	-	-
Youth Services	n/a	n/a	n/a	34.0000	29.0000	32.7000	30.5000	33.0000	53.0900	15.4892	42.3502	252.0000	291.0000
Fl Virtual School Franchise	n/a	n/a	n/a	41.1018	57.6146	25.0918	-	-	-	-	-	-	-
Total Other Sites				<u>1,906.5554</u>	<u>1,753.4051</u>	<u>2,213.5194</u>	<u>2,177.6534</u>	<u>1,744.6384</u>	<u>1,713.6399</u>	<u>1,232.0258</u>	<u>1,405.2065</u>	<u>1,291.5750</u>	<u>1,210.3021</u>
Total District				<u>190,595.77</u>	<u>185,511.40</u>	<u>178,186.99</u>	<u>171,635.06</u>	<u>166,008.45</u>	<u>160,556.14</u>	<u>154,990.24</u>	<u>152,070.60</u>	<u>148,849.54</u>	<u>144,206.10</u>

1) Date contract was let to build.
2) Square footage is current, but does not include portables.

Source: District Records

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**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
NUMBER OF PERSONNEL
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>(A) Instructional</u>	<u>(B) Administrative</u>	<u>(C) Support Services</u>	<u>Total</u>	<u>Ratio of Students to Instructional Personnel</u>	<u>Ratio of Instructional Personnel to School Administrators</u>
2006	14,517	800	8,969	24,286	13.13	18.15
2005	13,959	799	8,843	23,601	13.29	17.47
2004	12,827	822	9,085	22,734	13.89	15.60
2003	12,340	576	8,708	21,624	13.91	21.42
2002	11,361	594	8,188	20,143	14.61	19.13
2001	11,604	557	8,590	20,751	13.84	20.83
2000	11,457	647	7,465	19,569	13.53	17.71
1999	11,209	645	7,212	19,066	13.57	17.38
1998	10,768	652	7,226	18,646	13.82	16.52
1997	10,255	630	6,825	17,710	14.06	16.28

Note: Full Time Employees Only

- (A) Classroom Teachers, Guidance/Psychologists, Exceptional Education Teachers, Media Specialists
Other Professional Instructional Staff
- (B) Principals, Assistant Principals, Superintendent, Assistant Superintendent/Chief Division Officer, General Directors
Directors, General Managers, Managers, Supervisors/Customer Svc Managers, Coordinators/Asst Dept Managers
- (C) Paraprofessional, Bus Drivers, Maintenance, Student Nutrition, Custodial, Clerical, Etc.

Source: District Records

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**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>	<u>Average Salary</u>
2006	\$ 32,005	\$ 53,619	\$ 37,473
2005	31,000	51,544	37,370
2004	30,501	51,016	37,338
2003	30,501	50,609	36,888
2002	30,001	50,539	36,730
2001	30,001	50,137	34,358
2000	27,587	46,562	33,705
1999	25,587	43,467	32,076
1998	25,001	42,200	31,255
1997	23,851	40,575	30,558

10 Month Teachers

Source: District Records

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA
FOOD SERVICE OPERATING DATA
LAST FIVE YEARS**

	Fiscal Year				
	2006	2005	2004	2003	2002
Days Meals Served:	184	184	184	184	184
Student Lunches Served:					
Paid Lunches (regular)	4,242,669	4,527,037	4,690,815	4,529,784	4,551,758
Reduced Lunches (regular)	2,253,652	1,763,595	1,953,278	1,816,024	1,607,033
Free Lunches (regular)	10,644,586	10,430,109	9,788,041	9,510,496	9,099,676
Total Student Lunches Served	17,140,907	16,720,741	33,861,648	15,856,304	15,856,304
Daily Average Student Lunches Served	93,157	90,874	184,031	86,176	86,176
Student Breakfasts Served:					
Paid Breakfasts (regular)	3,744,477	3,598,110	3,723,886	3,516,952	1,382,999
Reduced Breakfasts (regular)	1,264,644	1,120,542	1,256,862	1,117,704	663,165
Free Breakfasts (regular)	6,474,779	6,430,671	6,189,969	5,872,876	4,947,613
Total Student Breakfasts Served	11,483,900	11,149,323	11,170,717	10,507,532	6,993,777
Daily Average Student Breakfasts Served	62,413	60,594	60,710	57,106	38,010
LUNCH PRICES:					
Elementary	\$1.75	\$1.75	\$1.50	\$1.50	\$1.25
Secondary	\$2.25	\$2.25	\$1.80	\$1.80	\$1.55
BREAKFAST PRICES:					
Elementary	FREE	FREE	FREE	FREE	FREE
Secondary	FREE	FREE	FREE	FREE	FREE
Free and Reduced Percentages:					
Free:	39.6%	41.0%	38.1%	39.8%	39.6%
Reduced:	8.3%	8.2%	9.0%	8.9%	8.3%
Full Paid:	52.1%	50.8%	52.9%	51.3%	52.1%

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(a) Data unavailable for prior years

Source: District Records

APPENDIX C

DEFINITIONS APPLICABLE TO THE BASIC DOCUMENTS

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DEFINITIONS

"Accreted Value" of a Capital Appreciation Certificate means the original principal amount thereof payable from the Principal Component of Basic Rent Payments plus interest payable from the Interest Component of Basic Rent Payments accrued thereon on the basis of a 360-day year consisting of twelve 30-day months compounded semi-annually on each Payment Date commencing on the Payment Date next succeeding the dated date of such Capital Appreciation Certificates to the date of maturity or redemption prior to maturity of such Capital Appreciation Certificates on the date of determination. The Accreted Value with respect to any date other than a Payment Date is the Accreted Value on the next preceding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates plus the percentage of the Accreted Value on the next succeeding Payment Date derived by dividing the number of days from the next preceding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates to the date of determination by the total number of days from the next succeeding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates to the next succeeding Payment Date.

"Act" means Chapters 1001 et. seq., Florida Statutes, and other applicable provisions of law.

"Amortization Installment" means an annual amount designated as such by the Trust Agreement, such amount to be included in the Basic Rent Payments and to be deposited by the Trustee to the credit of the Principal Account for the purpose of paying Term Certificates.

"Architect" means, with respect to a Project involving the construction of a Building, the architect or firm of architects appointed to perform the duties of the Architect in accordance with Section 5.01 of the Lease Agreement. The Architect may be an employee of the Board, the Developer or the Contractor.

"Assignment of Lease Agreement" means the Assignment of Lease Agreement, dated as of April 1, 1994, by and between the Corporation and the Trustee, as now or hereafter amended, and particularly as amended by the Thirteenth Amendment to Assignment of Lease Agreement, dated as of February 1, 2004, between the Corporation and the Trustee.

"Assignment(s) of Ground Lease Agreement" means the Assignment of Ground Lease, dated as of February 1, 2004, from the Corporation to the Trustee, as now

or hereafter amended and any other Assignment of Ground Lease Agreement thereafter delivered by the Corporation to the Trustee pursuant to the terms of a Ground Lease executed and delivered in connection with a Lease Schedule.

"Authorized Officer," when used with respect to the Corporation, means the President, Vice President, Secretary or Treasurer of the Corporation or their deputies or assistants or any other officer of the Corporation who is designated by the Board of Directors of the Corporation as an Authorized Officer for purposes of the Lease Agreement and the Trust Agreement in a written certificate signed by the Chairman of the Board of Directors of the Corporation and filed with the Trustee. The term "Authorized Officer," when used with respect to the Board, means the Chairman, the Superintendent or his designee or any other officer or employee of the Board designated by the Board as an Authorized Officer for purposes of the Lease Agreement and the Trust Agreement in a written certificate signed by the Chairman of the Board and filed with the Trustee.

"Available Revenues" means the moneys and revenues of the Board legally available under the Act to make the Lease Payments. "Available Revenues" shall include, to the extent permitted by the Act, but not be limited to, PECO Funds, FEFP and the Capital Outlay Millage.

"Basic Rent" or "Basic Rent Payment" means the Basic Rent payments set forth in the Lease Schedules, as the same may be adjusted pursuant to the terms of the Lease Agreement.

"Basic Rent Payment Date" means the dates on which Basic Rent becomes due as described in the Lease Schedules. Such Basic Rent Payment Dates shall occur on each July 1 and January 1 unless a Lease Schedule states otherwise; provided, payments of Basic Rent shall be made at the time indicated in Section 4.03 of the Lease Agreement.

"Board" means the School Board of Hillsborough County, Florida, and any successor thereto.

"Budget" means the annual budget of revenues and expenses and capital expenditures required to be adopted by the Board for each Fiscal Year pursuant to the laws of the State. "Budget" shall include the Board's continuation Budget, tentative Budget and its final Budget.

"Buildings" means, in regard to a Project, the structures to be financed or refinanced from a disbursement from the Project Account and leased to the Board as part of a Project pursuant to the terms of the Lease Agreement and Trust Agreement and which is more particularly described in the Lease Schedule relating to such Project, as the same may be modified or changed from time to time in accordance with the terms of the Lease Agreement and Trust Agreement.

"Business Day" means any day other than a Saturday or Sunday or a day on which the Trustee is authorized by law to be closed.

"Capital Appreciation Certificates" means the Certificates so designated by the Trust Agreement, which may be either Serial Certificates or Term Certificates and which shall bear interest payable at maturity or redemption.

"Capital Outlay Millage" means the revenues received by the Board from the levy of an ad valorem tax against non-exempt assessable property within the District and available to make Lease Payments pursuant to applicable law.

"Certificate" or **"Certificates"** means the certificates of participation prepared and delivered by the Trustee pursuant to the Trust Agreement.

"Certificate Register" means the books of the Trustee for registration of the ownership of the Certificates pursuant to Section 4.06 of the Trust Agreement.

"Closure Date" means, in regard to a Project, the date provided in the Lease Schedule relating thereto.

"Code" means the Internal Revenue Code of 1986, as amended, and all regulations and rules applicable thereto.

"Commencement Date" means, with respect to a Project, the date set forth in the Lease Schedule relating thereto.

"Completion Certificates" means Certificates issued for purposes of completing a Project pursuant to Section 4.12 of the Trust Agreement.

"Completion Date" shall have, in regard to a Project, the meaning ascribed thereto in Section 6.03(g) of the Trust Agreement.

"Construction Contract" means a contract entered into between the Board on behalf of the Corporation and the Contractor or Developer providing for the terms upon which the Contractor or Developer shall construct and install a Project, or portion thereof.

"Contractor" means, with respect to a Project, the Person or Persons appointed by the Board on behalf of the Corporation to act in such capacity.

"Corporation" means Hillsborough School Board Leasing Corporation, a single-purpose, not-for-profit corporation organized and existing under the laws of the State, and any successor thereto.

"Costs of Issuance" means, in regard to a Series of Certificates and Lease Schedule related thereto, all costs and expenses related to the execution, sale and delivery

of such Series of Certificates and execution and delivery of such Lease Schedule, including, but not limited to, costs paid or incurred by the Board, the Corporation or the Trustee for filing costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, financing discounts, legal fees and charges and reimbursements, financial and other professional consultant fees and charges and reimbursements, auditors fees and charges and reimbursements, costs of rating agencies or credit ratings, fees for execution, registration, transportation and safekeeping of the Certificates, credit enhancement premiums and charges and fees in connection with the foregoing.

"Costs of Issuance Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Credit Bank" shall mean as to any particular Series of Certificates, the Person (other than an Insurer) providing a letter of credit, a line of credit or another credit or liquidity enhancement facility, as designated in the Lease Schedule relating to such Certificates.

"Credit Enhancer" means, with regard to a Series of Certificates, any Insurer or Credit Bank that provides a municipal bond insurance policy or Credit Facility, respectively, with regard to such Series of Certificates.

"Credit Facility" shall mean as to any particular Series of Certificates, a letter of credit, a line of credit or another credit or liquidity enhancement facility (other than a municipal bond insurance policy issued by an Insurer), as designated in the Lease Schedule relating to such Certificates.

"Current Interest Certificates" means Certificates so designated by the Trust Agreement and on which the interest on which is payable to the Owner thereof on the Payment Dates with respect thereto.

"Department" means the Department of Education of the State of Florida.

"Designated Equipment" means Equipment for which title is required by the Department to be in the name of the Board upon acquisition thereof and which is described as such in the Lease Schedule relating thereto. All Designated Equipment must be consented to by the Department or otherwise permitted by applicable law.

"Developer" means, with respect to a Project, the Person or Persons which shall enter into a Construction Contract with the Board to construct such Project, or portion thereof, on a "turn-key" basis.

"District" means the Hillsborough County School District, and any successor thereto.

"Engineer" means, with respect to a Project involving the construction of a Building, the professional engineer or firm of engineers appointed to perform the duties of the Engineer in accordance with Section 5.01 of the Lease Agreement. The Engineer may be an employee of the Board, the Contractor or the Developer.

"Equipment" means, in regard to a Project, the items of personal property to be financed or refinanced by disbursements from the Project Account and leased to the Board pursuant to the terms and provisions of the Lease Agreement and which are more particularly described in the Lease Schedule relating to such Project, or any substitutions therefor or additions thereto made in accordance with the provisions of the Lease Agreement. "Equipment" shall include Designated Equipment. All Equipment must be consented to by the Department or otherwise permitted by applicable law.

"Estimated Completion Date" means, with respect to a Project, the date provided in the Lease Schedule related thereto.

"Event of Default" or "Default," when referenced to the Lease Agreement, means an event of default or default under the Lease Agreement as set forth in Section 7.02 of the Lease Agreement, and, when referenced to the Trust Agreement, shall mean an event of default or default as set forth in Section 8.01 of the Trust Agreement.

"Event of Non-Appropriation" shall have the meaning ascribed thereto in Section 7.01 of the Lease Agreement.

"FEFP" means moneys received by the Board from the Florida Education Finance Program pursuant to the Act, to the extent the Department permits such moneys to be used to make Lease Payments.

"Fiscal Year" means the period commencing on July 1 of each year and continuing through the next succeeding June 30, or such other period as may be prescribed by law.

"Fitch" means Fitch Ratings, or any successor thereto.

"Ground Lease" means, the Ground Lease Agreement, dated February 1, 2004, from the Board to the Corporation, as the same may be amended from time to time and any other Ground Lease Agreement or Supplement to the Ground Lease Agreement delivered in connection with a Lease Schedule.

"Group" means, in regard to a Project, the group or groups of leased property which shall constitute a portion of such Project as described in the Lease Schedule related thereto.

"Initial Lease Term" means, in regard to a Project, the initial term of the lease of such Project from the Corporation to the Board pursuant to the terms of the Lease

Agreement, which Initial Lease Term shall commence on the Commencement Date and shall end on the next succeeding June 30.

"Initial Lease Termination Date" means, in regard to a Project, the last day of the Initial Lease Term.

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

"Insurer" means such Person which shall be in the business of insuring or guaranteeing the payment of the principal of and interest on municipal securities.

"Interest Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Interest Component" means the portion of each Basic Rent Payment constituting interest as set forth in the Lease Schedules.

"Land" means, in regard to a Project, (1) the real property to be financed or refinanced by a disbursement from the Project Account, which shall be selected by the Board in the manner required by law, and (2) the leasehold interest of the Corporation in the Premises, if any, acquired pursuant to a Ground Lease, which, in either case, shall be leased to the Board as part of such Project pursuant to the terms of the Lease Agreement and which is more particularly described in the Lease Schedule relating thereto, to the extent identified and acquired by the Corporation on the Commencement Date.

"Lease Agreement" means the Master Lease Purchase Agreement, dated as of April 1, 1994, by and between the Corporation, as lessor, and the Board, as lessee, including all Lease Schedules, as now or hereafter amended, modified or supplemented.

"Lease Payment Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Lease Payments" means, collectively, the Basic Rent, the Supplemental Rent and all other amounts owing under the Lease Agreement which are payable by the Board for the lease of the Projects pursuant to the Lease Agreement.

"Lease Schedule" means the Lease Schedule, the form of which is attached to the Lease Agreement as Exhibit C, which shall authorize the lease of a Project to the Board in accordance with the terms of the Lease Agreement.

"Lease Term" means, in regard to a Project, the term of the lease of such Project, pursuant to the provisions of the Lease Agreement and Lease Schedule relating thereto, which Lease Term shall commence on the first day of the Initial Lease Term and shall be

equal to the Maximum Lease Term of such Project unless the Lease Agreement is earlier terminated in accordance therewith in which case the Lease Term shall end on such date of termination.

"Letter of Instructions" means the Letter of Instructions attached to each Supplemental Trust Agreement authorizing the issuance of a Series of Certificates as required by Section 6.12 of the Trust Agreement.

"Mandatory Prepayment" means the mandatory prepayment by the Board of all or a portion of the Lease Payments pursuant to Sections 3.07 and 5.08 of the Lease Agreement.

"Mandatory Prepayment Date" means, in regard to a Series of Certificates, the date on which such Certificates shall be redeemed pursuant to the Supplemental Trust Agreement authorizing the issuance thereof.

"Maximum Cost" means, in regard to a Project, the maximum cost of such Project which shall be stated in the Lease Schedule relating thereto.

"Maximum Interest Rate" means, with respect to any particular Series of Variable Rate Certificates, a numerical rate of interest, which shall be set forth in the Supplemental Trust Agreement authorizing the issuance of such Certificates, that shall be the maximum rate of interest such Certificates may at any time bear.

"Maximum Lease Term" means, in regard to a Project, the maximum term of the lease of such Project as provided in the Lease Schedule relating thereto.

"Moody's" or **"Moody's Investors Service"** means Moody's Investors Service, or any successor thereto.

"Net Proceeds," when used with respect to any insurance or condemnation award, means the amount of gross proceeds from such insurance or condemnation award remaining after payment of all expenses incurred in the collection of such gross proceeds.

"Optional Prepayment Date" means the date on which the moneys deposited by the Board pursuant to the exercise of a prepayment option under Section 4.06 of the Lease Agreement shall be applied to the redemption of a Series of Certificates in accordance with the Lease Schedule and Supplemental Trust Agreement relating thereto.

"Outstanding," when used with reference to Certificates means, as of a particular date, all Certificates theretofore issued under the Trust Agreement, except:

(1) Certificates theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(2) Certificates which have been paid or provision for payment has been made in accordance with Section 12.01 of the Trust Agreement; and

(3) Certificates in exchange for or in lieu of which other Certificates have been issued.

"Overdue Rate" means a rate of interest equal to the highest rate of interest which any of the Outstanding Certificates shall bear.

"Owner" or **"Certificate Owner"** or **"Owner of Certificates"** or any similar term, when used with respect to the Certificates means any Person who shall be the registered owner of any Outstanding Certificate.

"Payment Dates" means, with respect to the interest due on the Current Interest Certificates (other than Variable Rate Certificates), January 1 and July 1 of each year and, with respect to the principal of the Current Interest Certificates, July 1 in each of the years set forth in the Supplemental Trust Agreements relating to such Series of Certificates. With respect to Capital Appreciation Certificates, the Payment Date shall be July 1 in the years of maturity set forth in the Supplemental Trust Agreements relating to such Series of Certificates. The Payment Dates for Variable Rate Certificates shall be established in the Supplemental Trust Agreement authorizing the issuance of such Certificates.

"PECO Funds" means moneys received by the Board from the Public Education Outlay and Debt Service Fund which are permitted by the Act to be used for payment of Lease Payments.

"Permitted Encumbrances" means, in regard to a Project:

(1) the Lease Agreement and any liens and encumbrances created or permitted thereby;

(2) the Assignment of Lease Agreement and any liens and encumbrances created or permitted thereby;

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

(4) any Ground Lease and Assignment of Ground Lease applicable thereto and any liens and encumbrances created or permitted thereby;

(5) subject to the provisions of Section 5.01(l) of the Lease Agreement, any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right in respect thereof if payment is not yet due under the contract in question or if such lien is being contested in accordance with the provisions of the Lease Agreement;

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

(7) any mortgage and security interest in a Project, or portion thereof, granted by the Corporation to the Trustee for the benefit of the Owners of the Series of Certificates, the proceeds of which financed or refinanced the acquisition and construction of such Project, pursuant to Section 7.07 of the Trust Agreement; and

(8) any other liens or encumbrances permitted by the Lease Schedule relating to such Project.

"Permitted Investments," except as otherwise provided in Supplemental Trust Agreements, means:

(1) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America.

(2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

(i) Farmers Home Administration ("FmHA"): Certificates of beneficial ownership.

(ii) Federal Housing Administration ("FHA"): Debentures.

(iii) General Services Administration: Participation Certificates.

(iv) Government National Mortgage Association ("GNMA" or "Ginnie Mae"): GNMA - guaranteed mortgage backed bonds; GNMA - guaranteed pass-through obligations (participation certificates).

(v) U.S. Maritime Administration: Guaranteed Title XI financing.

(vi) U.S. Department of Housing and Urban Development ("HUD"): Local Authority Bonds; Project Notes.

(3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following (non-full faith and credit) U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

(i) Federal Home Loan Bank System: Senior debt obligations.

(ii) Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac"): Participation Certificates; Senior debt obligations.

(iii) Federal National Mortgage Association ("FNMA" or "Fannie Mae"): Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal).

(iv) Student Loan Marketing Association ("SLMA" or "Sallie Mae"): Senior debt obligations.

(v) Resolution Funding Corp. (REFCORP): Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.

(vi) Farm Credit System: Consolidated systemwide bonds and notes.

(4) Money Market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by Standard & Poor's Ratings Group ("S&P") of AAAM-G;

(5) Certificates of deposit secured at all times by collateral described in (1) and or (2) above. Certificates of deposit must have a one year or less maturity. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks whose short term obligations are rated "A-1+" or better by S&P. The collateral must be held by a third party and the Trustee must have a perfected first security interest in the collateral.

(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Corporation, including the Bank Insurance Fund and the Savings Association Insurance Fund.

(7) Investment agreements, including guaranteed investment contracts ("GIC's"), acceptable to the Credit Facility Issuer.

(8) Commercial paper rated "Prime-1" by Moody's Investors Service Inc. ("Moody's") and "A-1+" or better by S&P.

(9) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies.

(10) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1+" by S&P.

(11) Repurchase agreements ("Repos") providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the School Board or Trustee (buyer/lender), and the transfer of cash from the School board or Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the School Board or Trustee in exchange for the securities at a specified date.

Repos must satisfy the following criteria:

(a) Repos must be between the School Board or Trustee and a dealer bank or securities firm satisfying the following criteria: (a) Primary dealers on the Federal Reserve reporting dealer list which fall under the jurisdiction of the Securities Investor Protection Corporation ("SIPC") and which are rated "A" or better by S&P and Moody's, or (b) banks rated "A" or better by S&P and Moody's.

(b) The written Repo contract must include the following:

(i) Securities which are acceptable for transfer are:

(a) Obligations described in paragraph (i) above.

(b) Obligations described in paragraph (ii) above, and obligations issued or guaranteed by FNMA or FHLMC.

(ii) The term of the Repo may be up to 30 days.

(iii) The collateral must be delivered to the Trustee (if the Trustee is not supplying the collateral) or a third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

(iv) The Trustee has perfected first priority security interest in the collateral.

(v) The collateral is free and clear of third party liens and in the case of SIPC brokers was not acquired pursuant to a Repo or reverse Repo.

(vi) Failure to maintain the requisite collateral percentage, after a two day restoration period, will require the Trustee to liquidate the collateral.

(vii) Valuation of collateral.

(a) The securities must be valued by the dealer bank or securities firm, as applicable, weekly, marked-to-market at current market price plus accrued interest.

(b) The value of collateral must be equal to 104% of the amount of cash transferred by the School Board or Trustee to the dealer bank or security firm under the Repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by the School Board or Trustee, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

(c) A legal opinion which must be delivered to the School Board and Trustee stating that the Repo meets guidelines under state law for legal investment of public funds.

(12) Pre-funded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If, however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded municipal bonds must have been pre-refunded with cash, Investment Securities referred to in paragraph (i) above, or AAA rated pre-refunded municipals to satisfy this condition.

(13) Units of participation in the Local Government Surplus Funds Trust Fund established pursuant to Part IV, Section 218, Florida Statutes, or any similar common trust fund which is established pursuant to State law as a legal depository of public funds.

(14) Other forms of investments approved in writing by the Credit Enhancers, Standard & Poor's Corporation and Moody's Investors Service.

"Person" means an individual, corporation, partnership, association, joint stock company, trust, unincorporated organization, government or political subdivision.

"Plans and Specifications" means, in regard to a Project, the Board's plans and specifications for such Project, on file or to be on file with the Board, as the same may be amended from time to time in accordance with the Lease Agreement.

"Pledged Accounts" means, in regard to each Series of Certificates, the separate account, if any, established in the Prepayment Fund, and separate subaccounts, if any, established in the Project Account, Costs of Issuance Account, Capitalized Interest Account, the Reserve Account, the Principal Account and the Interest Account at the time such Series shall be issued.

"Premises" means, in regard to a Project, the parcels of real property leased by the Board to the Corporation pursuant to the Ground Lease, which real property shall be described in an exhibit to the Ground Lease.

"Prepayment Amount" means, in regard to a Project, the amount set forth in the Lease Schedule relating thereto.

"Prepayment Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Prepayment Premium" means the amount of prepayment premium, if any, due on any Optional Prepayment Date. The amount of such prepayment premium shall be calculated in accordance with the Trust Agreement.

"Prepayment Price" means, with respect to any Certificate or portion thereof, the principal amount or portion thereof, plus the applicable Prepayment Premium, if any, payable upon prepayment thereof pursuant to such Certificate or the Trust Agreement.

"Prerefunded Obligations" means any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (1) which are rated, based on the escrow, in the highest rating category of S&P and Moody's; and (2)(a) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in paragraph (1) of the definition of "Permitted Investments", which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the date or dates pursuant to such irrevocable instructions, as appropriate, and (b) which fund is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate.

"Principal Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Principal Component" means the portion of each Basic Rent Payment constituting principal as set forth in the Lease Schedules.

"Principal and Interest Requirements" means the respective amounts which are required in each Fiscal Year to provide for:

(1) the interest payable on all Certificates then Outstanding, which is payable on each interest Payment Date in such Fiscal Year,

(2) the principal on all Serial Certificates then Outstanding, which is payable upon the maturity of the Serial Certificates in such Fiscal Year, and

(3) the Amortization Installment for all Term Certificates then Outstanding, which is payable for such Fiscal Year.

In determining the amount of the Principal and Interest Requirements for any Fiscal Year, if interest on the Certificates is payable from the proceeds of such Certificates or from other amounts set aside irrevocably for such purpose at the time such Certificates are issued, interest on such Certificates shall be included in Principal and Interest Requirements only in proportion to the amount of interest payable in the then current Fiscal Year from amounts other than amounts so funded to pay such interest. For purposes of this definition, all amounts payable on a Capital Appreciation Certificate shall be considered a principal payment due in the year of its maturity or earlier mandatory redemption.

"Principal Office" means the designated corporate trust office of the Trustee which shall initially be in Jacksonville, Florida, or the designated corporate trust office of any successor Trustee.

"Project" shall mean the Land, the Buildings, and/or the Equipment, as described in the Lease Schedule relating thereto, as the same may be amended or modified from time to time in accordance with the terms of the Lease Agreement.

"Project Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Project Budget" means, in regard to a Project, the budget for expenditure of moneys in the subaccount in the Project Account established for such Project as set forth in the Lease Schedule relating thereto.

"Project Costs" or **"Costs of the Project"** means, in regard to a Project, all costs of payment of, or reimbursement for, acquisition, construction and installation of such Project, including but not limited to, architectural and engineering costs and costs of feasibility, environmental and other reports, inspection costs, permit fees, filing and recording costs and sales and use taxes and the cost of title insurance, and, in addition,

Costs of Issuance to the extent that the amounts on deposit in the Costs of Issuance Account are insufficient to pay all Costs of Issuance in full. Project Costs shall specifically include any portion of the total costs of such Project or any portion thereof paid by the Board from funds other than proceeds of the Certificates prior to the Closing Date for which the Board seeks reimbursement by filing a Requisition with the Trustee in the manner required by Section 6.03 of the Trust Agreement.

"Project Description" means, in regard to a Project, the description of such Project as set forth in the Lease Schedule relating thereto.

"Project Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Project Schedule" means, in regard to a Project, the timetable for disbursements from the subaccount of the Project Account established therefor for acquisition, construction, delivery and installation of the components of such Project as set forth in the Lease Schedule relating thereto.

"Purchasers" means the original purchasers of a Series of Certificates.

"Qualified Financial Institution" means (1) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America; or (2) the Government National Mortgage Foundation or any successor thereto or the Federal National Mortgage Foundation or any successor thereto; provided that, for each such entity delineated in clauses (1) and (2), its unsecured or uncollateralized long-term debt obligations, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such entity, have been assigned a credit rating by Moody's of "Aa" or better or by S&P of "AA" or better.

"Real Estate Taxes" shall mean all real estate taxes, public and governmental charges and assessments, including all extraordinary or special assessments, or assessments against any of the personal property included in the Projects, all costs, expenses and attorneys' fees incurred by Lessor in contesting or negotiating with public authorities as to any of same and all sewer and other similar taxes and charges.

"Rebate Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Record Date" means the 15th day of the month preceding any Payment Date (whether or not a Business Day).

"Refunding Certificates" means Certificates issued for purposes of refunding Outstanding Certificates pursuant to Section 4.13 of the Trust Agreement.

"Refunding Securities," except as otherwise provided by Supplemental Trust Agreement, means the United States Obligations and the Prerefunded Obligations.

"Renewal Lease Term" means, in regard to a Project, the period commencing on the day after the last day of the Initial Lease Term and ending on the following June 30. Thereafter, "Renewal Lease Term" shall refer to each succeeding one (1) year term commencing on the day after the last day of the previous Renewal Lease Term and ending on the following June 30.

"Renewal Term Termination Date" means, in regard to a Project, the termination date for the then current Renewal Lease Term which shall be the last day of such Renewal Lease Term.

"Request and Authorization" means a request and authorization from the Corporation and the Board to the Trustee to authenticate and deliver Certificates in accordance with the terms thereof and of the related Supplemental Trust Agreement, and substantially in the form attached to the Trust Agreement as Exhibit C.

"Requisition" means a requisition of the Board to receive amounts from the Project Fund to pay Project Costs or Costs of Issuance in the form attached to the Lease Agreement as Exhibit B.

"Reserve Account" means the account by that name established under Section 6.02 of the Trust Agreement.

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

"Reserve Requirement" means, in regard to a subaccount established in the Reserve Account to secure a Series of Certificates, such amounts, if any, as shall be provided in the Supplemental Trust Agreement authorizing the issuance of such Series and in the Lease Schedule relating thereto, provided such Requirement not exceed the lesser of (1) the maximum Principal and Interest Requirements on account of the Outstanding Certificates of the Series secured by such subaccount in the current or any subsequent Fiscal Year, (2) one hundred twenty-five percent (125%) of the average annual Principal and Interest Requirements on account of the Outstanding Certificates of

the Series secured by such subaccount in the current or any subsequent Fiscal Years, and (3) ten percent (10%) of the proceeds of such Series of Certificates.

"S&P" or **"Standard & Poor's Corporation"** means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc., or any successor thereto.

"Sales Tax Revenues" shall mean the proceeds received by the Board pursuant to that certain Interlocal Agreement among the Board, the County and the Cities of Tampa, Temple Terrace and Plant City, Florida, dated as of July 17, 1996, and Ordinance No. 96-12, adopted by the County on July 15, 1996, from the levy and collection by the County of the one-half cent local infrastructure sales surtax pursuant to Section 212.055(2), Florida Statutes.

"Serial Certificates" means the Certificates designated as Serial Certificates pursuant to the Trust Agreement.

"Series" means all the Certificates delivered on original issuance in a simultaneous transaction and identified pursuant to Section 4.01 of the Trust Agreement and the Supplemental Trust Agreement authorizing the issuance of such Certificates as a separate Series, regardless of variations in maturity, interest rate and other terms.

"Special Counsel" shall mean Nabors, Giblin & Nickerson, P.A., Tampa, Florida, or any other attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the exemption of the interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"State" means the State of Florida.

"Stipulated Loss Value" means an amount calculated in accordance with Section 5.08 of the Lease Agreement.

"Superintendent" means the Superintendent of the District, or such Person as shall be authorized to act on his or her behalf.

"Supplemental Rent" shall have the meaning set forth in Section 4.03(e) of the Lease Agreement.

"Supplemental Trust Agreement" means any supplement to or amendment to the Trust Agreement entered into in accordance with Article XI of the Trust Agreement.

"Taxable Certificates" means Certificates for which the Interest Component of the Basic Rent Payments relating thereto shall be includable in gross income for purposes of federal income taxation.

"Term Certificates" means those Certificates designated as Term Certificates pursuant to the Supplemental Trust Agreement authorizing the issuance thereof which are subject to mandatory redemption by Amortization Installments.

"Termination Date" means the date on which the Lease Agreement terminates pursuant to the terms thereof.

"Trust Agreement" means the Master Trust Agreement, dated as of April 1, 1994, between the Corporation and the Trustee, as now and hereafter amended, modified or supplemented by Supplemental Trust Agreements.

"Trust Estate" means all right, title and interest of the Trustee in and to the property and interests therein described in Section 3.03 of the Trust Agreement.

"Trustee" means The Bank of New York (successor to NationsBank of Florida, N.A.), New York, New York, or its successor in interest as the Trustee under the Trust Agreement.

"United States Obligations" means the obligations and securities described in paragraph (1) of the definition of "Permitted Investments."

"Variable Rate Certificates" means Certificates issued with a variable, adjustable, convertible or other similar rate which is not fixed in percentage for the entire term thereto at the date of issue.

"Vendor" means, with respect to a Project, the Person or Persons appointed by the Board to sell Equipment relating to such Project.

APPENDIX D
FORM OF MASTER TRUST AGREEMENT AND SERIES 2007
SUPPLEMENTAL TRUST AGREEMENT

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MASTER TRUST AGREEMENT

by and among

**NATIONSBANK OF FLORIDA, N.A.,
as Trustee**

and

**HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION,
as Lessor**

and

**SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA,
as Lessee**

Dated as of April 1, 1994

Securing

**Certificates of Participation
(School Board of Hillsborough County, Florida Master Lease Program)
Evidencing an Undivided Proportionate Interest of the Owners
thereof in Basic Rent Payments to be made under
a Master Lease-Purchase Agreement by the School Board of
Hillsborough County, Florida**

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MASTER TRUST AGREEMENT

THIS MASTER TRUST AGREEMENT, is made and entered into as of April 1, 1994, by and among NATIONSBANK OF FLORIDA, N.A., a national banking association with corporate trust powers qualified to accept trusts of the type herein set forth (the "Trustee"), HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION, a single-purpose, not-for-profit corporation duly organized and existing under Chapter 617, Florida Statutes (the "Corporation"), and the SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA, a school board duly organized and existing under the laws of the State of Florida (the "Board"), acting as the governing body of the Hillsborough County School District (the "District").

WITNESSETH:

WHEREAS, the Board deems it in the best interests of the District to lease-purchase certain real and/or personal property from time to time by entering into a master lease-purchase agreement, dated as of April 1, 1994 (the "Lease Agreement"), between the Corporation, as lessor, and the Board, as lessee; and

WHEREAS, pursuant to the Lease Agreement, the Board may from time to time, by execution of a lease schedule to the Lease Agreement (a "Lease Schedule"), direct the Corporation to acquire and lease purchase to the Board the items of property described in such Lease Schedule (which items of property are collectively referred to herein as the "Projects"); and

WHEREAS, the relationship between the Corporation and the Board under the Lease Agreement is to be a continuing one and Projects may be added to the Lease Agreement from time to time in accordance with the terms thereof and of the Lease Schedules describing such Projects; and

WHEREAS, provision for the payment of the cost of acquiring, constructing and installing each Project will be made by the issuance and sale from time to time of Certificates of Participation issued hereunder and under the Supplemental Trust Agreement related to each Series of such Certificates of Participation (the "Certificates"), which shall be secured by and be payable from the right of the Corporation to receive Basic Rent Payments (as defined herein) to be made by the Board pursuant to the Lease Agreement and related Lease Schedule; and

WHEREAS, the Trustee has agreed to deliver a Series of Certificates pursuant to and upon receipt of a Request and Authorization from the Corporation and the Board; and

WHEREAS, as of the date hereof, the Corporation will assign to the Trustee, by outright assignment, all of its right, title and

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interest in and to the Lease Agreement and the Lease Payments (as defined herein), other than its rights of indemnification, its right to enter into Lease Schedules (as defined herein) from time to time and its obligations provided in Section 6.03 of the Lease Agreement, pursuant to an Assignment of Lease Agreement, dated as of April 1, 1994, between the Corporation and the Trustee; and

WHEREAS, the Board and the Corporation will enter into a Ground Lease, dated as of April 1, 1994 (the "Ground Lease"); whereby the Board has or will demise the Premises (as defined herein) to the Corporation in accordance with the terms thereof; and

WHEREAS, on the date hereof, the Corporation will assign to the Trustee all of its right, title and interest in and to the estate created and granted under the Ground Lease, pursuant to an Assignment of Ground Lease Agreement, dated as of April 1, 1994, between the Corporation and the Trustee; and

WHEREAS, the proceeds of the sale of each Series of Certificates will be deposited with the Trustee and such funds shall be held and disbursed pursuant to the terms of this Trust Agreement in order to, among other things, fund the acquisition, construction and installation of a Project or to refund other Certificates; and

WHEREAS, the Board may provide that a Credit Enhancer (as defined herein) may issue a letter of credit, insurance policy, guarantee or other instrument to secure the payment of the principal of and interest on a Series of Certificates; and

WHEREAS, each Series of Certificates shall be secured independently from each other Series of Certificates in accordance with the provisions hereof;

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

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. DEFINITIONS. The capitalized terms used herein shall have the meanings, for the purpose of this Trust Agreement, ascribed to them in Exhibit A attached hereto unless the context clearly requires some other meaning. The term "Agreement" or "Trust Agreement" as used herein shall mean this Trust Agreement unless the context clearly requires some other meaning.

SECTION 1.02. RULES OF CONSTRUCTION. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

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

ARTICLE II

RECITALS AND REPRESENTATIONS

SECTION 2.01. LEASE AGREEMENT. The Corporation and the Board have entered into the Lease Agreement, and intend to enter into Lease Schedules from time to time, whereby the Corporation has agreed to lease the Projects from time to time to the Board and the Board has agreed to lease the Projects from time to time from the Corporation and to make Lease Payments therefor in accordance with the terms thereof.

SECTION 2.02. ASSIGNMENT OF LEASE AGREEMENT AND LEASE SCHEDULES. The Corporation has assigned and transferred to the Trustee by outright and absolute assignment all its rights, title and interest under (A) the Lease Agreement, other than (i) its rights of indemnification thereunder, (ii) its right to enter into Lease Schedules from time to time, and (iii) its obligations under Section 6.03 of the Lease Agreement and (B) the Ground Lease(s) pursuant to the terms and provisions hereof and of the Assignment of Ground Lease Agreement, and, in consideration of such assignment and the execution of this Trust Agreement, the Trustee has agreed herein to authenticate and deliver Series of Certificates from time to time hereunder.

SECTION 2.03. REPRESENTATIONS. In the Lease Agreement, the Corporation has agreed to cause the acquisition, construction and installation of each Project pursuant to the Plans and Specifications relating thereto as provided in the corresponding Lease Schedule, and the Board, as the agent of the Corporation, will be responsible for the letting of contracts and agreements for the acquisition, construction and installation of each such Project and for supervising the acquisition, construction and installation of each such Project.

SECTION 2.04. DESCRIPTION AND ESTIMATED COST OF THE PROJECT. The description of each Project to be acquired, constructed and leased by the Board from the Corporation pursuant to the terms and provisions of the Lease Agreement and the estimated Cost of such Project shall be as set forth in the Lease Schedule relating thereto.

SECTION 2.05. CONDITIONS PRECEDENT SATISFIED. Each party hereto represents with respect to itself that all acts, conditions and things required by law to exist, happen and be performed precedent to and in connection with the execution and delivery of this Trust Agreement have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto each represents as to itself that it is now duly empowered to execute and deliver this Trust Agreement.

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time and its obligations provided in Section 6.03 of the Lease Agreement;

(c) All right, title and interest of the Trustee under the Assignment of Lease Agreement and Assignment of Ground Lease Agreement(s);

(d) Any moneys received by the Trustee which are derived from the exercise by the Trustee, as assignee of the Corporation, of any of the remedies under this Trust Agreement, the Lease Agreement, the Ground Lease(s) or any mortgage agreement entered into pursuant to the terms hereof; and

(e) All property which by the express provisions of this Trust Agreement, the Lease Agreement or the Ground Lease(s) is required to be subject to the lien hereof, and any additional property that may from time to time hereafter expressly be made subject to the lien hereof by the Trustee, the Corporation or the Board or anyone authorized to act on their behalf;

PROVIDED, HOWEVER, that in each case any portion of the Trust Estate which is derived from the sale, re-letting or other disposition of a Project, moneys and damages received in relation to such Project and any cash, securities and investments in any Pledged Accounts relating to such Project shall be utilized solely for the benefit of the Owners of Certificates which financed or refinanced such Project and for whose benefit such Pledged Accounts were established.

SECTION 3.04. TRUST ESTATE FOR BENEFIT OF CERTIFICATE OWNERS. (a) Subject only to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, the Corporation and the Board hereby declare, and the Trustee acknowledges, that the Trust Estate shall secure the payment of the principal of, Prepayment Premium, if any, and interest on the Outstanding Certificates, which represent an undivided proportionate interest in the Basic Rent Payments under the Lease Agreement.

(b) The Trustee shall be entitled to and shall, subject to the provisions of Article IX hereof and after being provided with indemnity acceptable to it, take all steps, actions and proceedings reasonably necessary, in its judgment, to enforce all of the rights of the Corporation in and under the Lease Agreement and the Ground Lease(s) for the benefit of the Owners of the Certificates.

(c) If the Certificates shall be paid, or provision for payment shall be made, and all other payments due hereunder shall be made as provided in Article XII hereunder, the Trust Estate shall terminate and the Owners of the Certificates shall have no right thereto, except as otherwise provided herein.

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ARTICLE III

APPOINTMENT OF TRUSTEE; DECLARATION OF TRUST

SECTION 3.01. APPOINTMENT OF TRUSTEE. In consideration of the recitals hereinabove set forth and for other valuable consideration, the Corporation and the Board hereby appoint the Trustee to receive, hold, invest and disburse the Trust Estate and to perform certain other functions, all as hereinafter provided and subject to the terms and conditions of this Trust Agreement.

SECTION 3.02. DECLARATIONS OF TRUST. (a) The Corporation, the Board and the Trustee hereby create this trust for the purpose of facilitating the lease purchase financing of the Projects and the Trustee agrees to (i) accept the assignment and transfer of the rights of the Corporation in and to the Lease Agreement (other than the right of the Corporation to be indemnified by the Board upon the occurrence of various events described therein, its right to enter into Lease Schedules from time to time and its obligations under Section 6.03 of the Lease Agreement) pursuant to the terms and provisions hereof and of the Assignment of Lease Agreement, (ii) accept the assignment and transfer of the rights of the Corporation pursuant to the terms and provisions of the Assignment(s) of Ground Lease Agreement, (iii) execute, authenticate and deliver the Certificates from time to time against receipt of the proceeds from the sale thereof, deposit such proceeds hereunder and disburse same, together, with earnings thereon, in accordance with the terms and provisions hereof and of the Supplemental Trust Agreement(s) related thereto, and (iv) subject to the provisions of Article IX hereof, do all other things necessary or incidental to the terms hereof.

(b) The Trustee hereby declares that it holds and will hold the Trust Estate upon the trusts and apply the moneys held hereunder as hereinafter set forth for the use and benefit of the Owners of the Certificates as set forth herein.

SECTION 3.03. TRUST ESTATE. The Trust Estate, which shall be held for the benefit of the Owners of the Certificates from time to time Outstanding hereunder, consists of the following:

(a) All right, title and interest in the funds, accounts and subaccounts established under this Trust Agreement and the cash, securities and investments of which they are comprised (other than the Rebate Fund);

(b) All right, title and interest of the Corporation in, to and under the Ground Lease(s) and the Lease Agreement and the right to receive the Lease Payments under the Lease Agreement but excluding any rights of the Corporation to indemnification set forth therein, its right to enter into Lease Schedules from time to

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ARTICLE IV

ISSUANCE OF CERTIFICATES

SECTION 4.01. AUTHORIZATION OF CERTIFICATES. (a) The number of Series of Certificates which may be created under this Trust Agreement is not limited. The aggregate principal amount of Certificates of each Series which may be issued, authenticated and delivered under this Trust Agreement is not limited except as set forth in the related Request and Authorization and Supplemental Trust Agreement and as restricted by the provisions of this Trust Agreement.

(b) The Certificates issuable under this Trust Agreement shall be issued in such Series as may from time to time be created in connection with a Lease Schedule. Each Series of Certificates shall be designated "Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series _____ Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Hillsborough County, Florida." The Certificates may, if and when authorized by this Trust Agreement, be designated with such further appropriate particular designations added to or incorporated in such title for the Certificates of any particular Series as the Board may determine and as may be necessary to distinguish such Certificates from the Certificates of any other Series.

(c) Each Series of Certificates shall be issued for the purposes of (a) funding the Costs of a Project, or completing a Project as provided in Section 4.12 hereof, (b) funding a subaccount established in the Reserve Account in an amount equal to the Reserve Requirement applicable thereto, (c) capitalizing interest on such Series of Certificates, and/or (d) paying the Costs of Issuance applicable thereto. Refunding Certificates may also be issued pursuant to Section 4.13 hereof.

(d) Each Series of Certificates, other than Variable Rate Certificates and Capital Appreciation Certificates, shall be substantially in the form set forth in Exhibit B hereto, with such appropriate variations, omissions and insertions as may be necessary or appropriate to conform to the provisions of this Trust Agreement, including any use of a book-entry only system as described in Section 4.11 hereof. The form of Variable Rate Certificates and Capital Appreciation Certificates shall be provided in the Supplemental Trust Agreement authorizing the issuance of such Certificates. All Certificates may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or of any securities exchange on which the Certificates

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may be listed or any usage or requirement of law with respect thereto.

(e) Each Series of Certificates shall be issued for such authorized purpose or purposes; shall bear such interest rate designations; and shall be payable in lawful money of the United States of America on such dates; all as determined pursuant to the Supplemental Trust Agreement authorizing the issuance thereof.

(f) Each Series of Certificates shall be issued in such denominations; shall be dated such date; shall bear such numbers; shall be payable at such place or places and at such time or times; shall contain such redemption provisions; shall consist of such amounts of Term Certificates, Serial Certificates, Capital Appreciation Certificates and Variable Rate Certificates; shall mature in such years and amounts; and the proceeds shall be used in such manner; all as determined pursuant to the Supplemental Trust Agreement authorizing the issuance thereof. Each Series of Certificates may be secured by a Credit Facility or municipal bond insurance policy all as shall be determined pursuant to the Supplemental Trust Agreement authorizing the issuance thereof.

(g) The principal of the Certificates shall be payable from the Principal Component of the Basic Rent Payments on July 1 of each year, except as otherwise provided by Supplemental Trust Agreement. The interest on the Current Interest Certificates shall be payable semiannually from the Interest Component of Basic Rent Payments on the Payment Dates, except as otherwise provided by Supplemental Trust Agreement. The Interest Component of Capital Appreciation Certificates shall be paid at maturity or upon prior prepayment. Interest on the Certificates shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months, except as otherwise provided by Supplemental Trust Agreement. The Certificates shall be numbered in such manner as the Trustee deems appropriate.

(h) The principal of all Certificates and the Interest Component of any Capital Appreciation Certificates shall be payable at the Principal Office of the Trustee. Payment of the principal of all Certificates shall be made upon the presentation and surrender of such Certificates as the same shall become due and payable. Payment of interest on the Current Interest Certificates shall be by check or draft mailed to the Owner as of the close of business on the Record Date at his address as it appears on the Certificate Register maintained by the Trustee; except that, if and to the extent that there shall be a default in payment of interest due on such Payment Date, such defaulted interest payment shall be paid to the Owners in whose name any such Current Interest Certificates are registered at the close of business on the fifteenth day preceding the date of payment of such defaulted interest payment; provided, however, that at the request and expense of the Owner of \$1,000,000 or more in aggregate principal

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Supplemental Trust Agreement relating to such Series of Certificates;

(iii) An executed copy of the Request and Authorization relating to such Series of Certificates;

(iv) A fully executed counterpart of this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates;

(v) A fully executed counterpart of the Lease Agreement and the Lease Schedule relating to the Project to be financed from such Series of Certificates;

(vi) A fully executed counterpart of the Assignment of Lease Agreement;

(vii) A fully executed counterpart of each Ground Lease, if any, relating to the Project to be financed from such Series of Certificates and of the Assignment thereof;

(viii) An opinion of counsel for the Corporation to the effect that (A) the Corporation has been duly organized and is validly existing as a not-for-profit corporation in good standing under the laws of the State, and the Corporation has the power and authority to execute and deliver this Trust Agreement, the Supplemental Trust Agreement relating to such Series of Certificates, the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates and the Assignment of Lease Agreement and the Assignment of Ground Lease Agreement have each been duly authorized, executed and delivered by the Corporation and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitute valid and binding agreements of the Corporation enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by usual equity principles;

(ix) An opinion of counsel to the Board to the effect that (A) the Board is the duly organized and validly existing governing body of the District and has all necessary power and authority to execute and deliver the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the Supplemental Trust Agreement relating

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amount of Outstanding Current Interest Certificates, interest shall be paid by wire transfer on the interest Payment Date to a bank account located in the continental United States and designated in writing to the Trustee by said Owner at least five days prior to such Interest Payment Date.

(i) Subject to the foregoing provisions of this Section, each Certificate delivered under this Trust Agreement upon transfer of or in exchange for or in lieu of any other Certificate of the same Series shall carry all the rights to interest accrued and unpaid, and to accretion which were carried by such other Certificate and each such Certificate shall bear interest from such date, so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

(j) Variable Rate Certificates must have a Maximum Interest Rate relating thereto which shall be established at the time of issuance of such Certificates. Prior to the termination of the Lease Agreement, any accelerated principal payments due to a Credit Bank in regard to Variable Rate Certificates or any interest due on such Variable Rate Certificates in excess of the interest on such Certificates to said Credit Bank shall be subordinate to the payment of Basic Rent Payments represented by the Certificates. The issuance of any Variable Rate Certificates hereunder must be approved by all Credit Enhancers of any Outstanding Certificates. Prior to issuance of any Variable Rate Certificates notice thereof shall be delivered to S&P and Moody's.

SECTION 4.02. DELIVERY OF CERTIFICATES. (a) Each Series of Certificates, other than Completion Certificates and Refunding Certificates, shall be executed substantially in the form and in the manner set forth herein, but before such Series of Certificates shall be delivered by the Trustee, there shall be filed or deposited with the Trustee the following:

(i) A copy, certified by the Secretary of the Corporation, or his designee, of the resolution or resolutions of the Board of Directors of the Corporation approving the form of and authorizing the execution and delivery of the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, the Assignment of Lease Agreement, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates;

(ii) A copy, certified by the Secretary of the Board, or his designee, of the resolution or resolutions of the Board approving the form of and authorizing the execution and delivery of the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the

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to such Series of Certificates, and (B) the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates have each been duly authorized, executed and delivered by the Board and, assuming due authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof, constitute the valid and binding agreements of the Board enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the usual equitable principles;

(x) An opinion of Special Counsel to the effect that (A) the Board is the duly organized and validly existing governing body of the District and has all necessary power and authority to execute and deliver the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates, and (B) the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates have each been duly authorized, executed and delivered by the Board and, assuming due authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof, constitute the valid and binding agreements of the Board enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the usual equitable principles and (C) except for Taxable Certificates, the Interest Component of such Series of Certificates is excluded from the gross income of the Owners thereof for purposes of federal income taxation;

(xi) An opinion of Counsel to the Trustee to the effect that such Series of Certificates have been duly executed, authenticated and delivered by the Trustee in accordance with the terms hereof; and

(xii) Either (A) written approval by the Department of Education or (B) an opinion of counsel to the Board or Special Counsel, to the effect that approval of the Department is not required by law.

(b) When the documents described in paragraphs (i) to (xi), inclusive, of Section 4.02(a) hereof shall have been filed with the Trustee and when the Certificates shall have been executed and authenticated as required by this Trust Agreement, the Trustee

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shall deliver the Certificates at one time to, or upon the order of, the Purchasers of such Series, but only upon payment to the Trustee of the purchase price of such Certificates and the accrued interest thereon. The Trustee shall be entitled to rely upon the resolutions described in paragraphs (i) and (ii) of Section 4.02(a) hereof as to all matters stated therein. The Trustee and the Credit Enhancer shall be entitled to rely upon the opinions described in paragraphs (viii), (ix) and (x) of Section 4.02(a) hereof as to all matters stated therein.

SECTION 4.03. EXECUTION OF CERTIFICATES. The Certificates shall be executed with the manual or facsimile signature of an authorized officer of the Trustee. In case any officer whose signature or a facsimile of whose signature shall appear on any Certificates shall cease to be such officer before the delivery of such Certificates, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. Any Certificates may bear the facsimile signature of, or may be signed by, such officer as at the actual time of the execution of such Certificates shall be the proper officer to sign such Certificates although at the dated date of such Certificates such officer may not have been such officer.

SECTION 4.04. AUTHENTICATION OF CERTIFICATES. Only such Certificates as shall have endorsed thereon a certificate of authentication substantially in the form set forth in Exhibit B hereto, manually executed by the Trustee, shall be entitled to any benefit or security under this Trust Agreement. No Certificate shall be valid or obligatory for any purpose unless and until such certificate of authentication on the Certificate shall have been duly executed by the Trustee, and such certificate of the Trustee upon any such Certificate shall be conclusive evidence that such Certificate has been duly authenticated and delivered under this Trust Agreement. The Trustee's certificate of authentication on any Certificate shall be deemed to have been duly executed if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Certificates that may be issued hereunder at any one time.

SECTION 4.05. EXCHANGE OF CERTIFICATES. Certificates, upon surrender thereof at the designated corporate trust office of the Trustee, together with an assignment duly executed by the Owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee, may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of Certificates of the same maturity and Series, of any denomination or denominations authorized by this Trust Agreement, bearing interest at the same rate, and in the same form as the Certificates surrendered for exchange.

Owner of such Certificate, whether such Certificate shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and interest payments with respect to such Certificate and for all other purposes, and all such payments so made to any such Owner or upon his order shall be valid and effective to satisfy and discharge the liability upon such Certificate to the extent of the sum or sums so paid, and neither the Corporation, the Board nor the Trustee shall be affected by any notice to the contrary.

SECTION 4.08. MUTILATED, DESTROYED, STOLEN OR LOST CERTIFICATES. (a) In case any Certificate secured hereby shall become mutilated or be destroyed, stolen or lost, the Trustee shall cause to be executed, shall authenticate and deliver, a new Certificate of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Certificate or in lieu of and in substitution for such Certificate destroyed, stolen or lost, and the Owner shall pay the reasonable expenses and charges of the Trustee in connection therewith and, in case of a Certificate destroyed, stolen or lost, the Owner shall file with the Trustee evidence satisfactory to it and that such Certificate was destroyed or lost, and of his ownership thereof, and as a condition precedent to delivery of such new Certificate the Trustee may require indemnity satisfactory to it.

(b) Every Certificate issued pursuant to the provisions of this Section in exchange or substitution for any Certificate which is mutilated, destroyed, lost or stolen shall constitute an additional contractual obligation pursuant to the terms hereof, whether or not the destroyed, lost or stolen Certificate shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Certificates duly issued under this Trust Agreement. All Certificates shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Certificates, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

SECTION 4.09. TEMPORARY CERTIFICATES. (a) Until definitive Certificates are ready for delivery, there may be executed, and upon request of the Board, the Trustee shall authenticate and deliver, in lieu of definitive Certificates and subject to the same limitations and conditions, typewritten, printed, engraved or lithographed temporary Certificates, in the form of fully registered Certificates in denominations of \$5,000 or any whole multiple thereof, substantially of the tenor of the Certificates set forth in this Trust Agreement and with such appropriate omissions, insertions and variations as may be required.

SECTION 4.06. NEGOTIABILITY, REGISTRATION AND TRANSFER OF CERTIFICATES. (a) The Trustee shall keep or cause to be kept a Certificate Register, which shall at all times be open to inspection by the Board and the Corporation; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register the transfer or cause to be registered the transfer, on the Certificate Register, of Certificates as provided herein.

(b) The transfer of any Certificate may be registered only upon the Certificate Register upon surrender thereof to the Trustee together with an assignment duly executed by the Owner or such Owner's attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such registration of transfer the Trustee shall authenticate and deliver in exchange for such Certificate a new registered Certificate or Certificates, registered in the name of the transferee, of any denomination or denominations authorized by this Trust Agreement in the aggregate principal amount equal to the principal amount of such Certificate surrendered or exchanged, of the same maturity and Series and bearing interest at the same rate.

(c) In all cases in which Certificates shall be exchanged or the transfer of Certificates shall be registered hereunder, the Trustee shall authenticate and deliver at the earliest practicable time Certificates in accordance with the provisions of this Trust Agreement. All Certificates surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the Trustee. Upon the cancellation of any Certificates by the Trustee, the Trustee shall execute a certificate of cancellation in duplicate by the signature of one of its authorized officers describing the Certificates so cancelled, and executed cancellation certificates shall be filed with the Board and the other executed cancellation certificate shall be retained by the Trustee. No service charge shall be made for any registration, transfer, or exchange of Certificates, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Certificates as a condition precedent to such registration, transfer or exchange. The Trustee shall not be required to transfer or exchange Certificates (i) during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of prepayment and redemption of Certificates and ending at the close of business on the day of such mailing, (ii) so selected for prepayment and redemption in whole or in part, or (iii) during a period beginning at the opening of business on the Record Date next preceding a date set for payment of interest and ending on such interest Payment Date.

SECTION 4.07. OWNERSHIP OF CERTIFICATES. The Trustee shall deem and treat the Person in whose name any Outstanding Certificate shall be registered upon the Certificate Register as the absolute

(b) If temporary Certificates shall be issued, the Trustee, upon preparation of the definitive Certificates and presentation to it at its designated office of any temporary Certificate, shall cancel the same and authenticate and deliver to the Owner, without charge to such Owner, a definitive Certificate or Certificates of an equal aggregate principal amount, of the same maturity and Series and bearing interest at the same rate as the temporary Certificate surrendered. Until so exchanged, the temporary Certificates shall in all respects be entitled to the same benefit and security of this Trust Agreement as the definitive Certificates to be issued and authenticated hereunder.

SECTION 4.10. EVIDENCE OF SIGNATURES OF CERTIFICATE OWNERS AND OWNERSHIP OF CERTIFICATES. (a) Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Certificate Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Certificates shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

(i) The fact and date of the execution by any Certificate Owner or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions that the Persons signing such instruments acknowledged before him the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(ii) The fact of the ownership of Certificates by any Certificate Owner and the amount, the principal Payment Date and the numbers of such Certificates and the date of his ownership of the same shall be proved by the Certificate Register held by the Trustee pursuant to this Trust Agreement.

(b) Nothing contained in this Article IV shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which may seem sufficient. Any request or consent of the Owner of any Certificate shall bind every future Owner of the same

Certificate in respect of anything done or suffered to be done by the Board or the Trustee in pursuance of such request or consent.

SECTION 4.11. DEPOSITORY TRUST COMPANY AND BOOK ENTRY OBLIGATIONS. The Trustee is hereby authorized if so requested by the Purchasers of a Series of Certificates to take such actions as may be necessary from time to time to qualify such Series for registration in the name of Cede & Co., as nominee for The Depository Trust Company. No such arrangements with The Depository Trust Company may adversely affect the interests of any of the Owners of the Certificates; provided, however, that the Trustee shall not be liable with respect to any such arrangements it may make pursuant to this Section. The Trustee is further authorized if so requested by the Board to take such actions as may be necessary to qualify a Series of Certificates as uncertificated registered public obligations (not represented by instruments), commonly known as book-entry only obligations, provided it shall establish a system of registration therefor by Supplemental Trust Agreement. Any expenses incurred by the Trustee pursuant to this Section shall be paid by the Board.

SECTION 4.12. COMPLETION CERTIFICATES. (a) Completion Certificates may be issued to provide necessary funds to complete payment of the Costs of a Project previously financed hereunder or to finance additional property which shall be added to a Project or which shall be substituted for a portion of a Project. Except for the purposes of Section 6.03 of the Lease Agreement, such Completion Certificates, for purposes of this Trust Agreement, the Lease Agreement and any applicable Ground Lease shall constitute a part of the same Series of Certificates as the Certificates issued to pay the original Costs of the Project. Such Completion Certificate shall be executed substantially in the form and in the manner set forth herein, but before such Completion Certificates shall be delivered by the Trustee, there shall be filed or deposited with the Trustee the following:

(i) A copy, certified by the Secretary of the Corporation, or his designee, of the resolution or resolutions of the Board of Directors of the Corporation approving the form of and authorizing the execution and delivery of the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates, the Assignment of Lease Agreement, any applicable Assignment of Ground Lease, this Trust Agreement and the Supplemental Trust Agreement relating to such Completion Certificates;

(ii) A copy, certified by the Secretary of the Board, or his designee, of the resolution or resolutions of the Board approving the form of and authorizing the execution and delivery of the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the original Project as amended

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original Project as amended to take into account the Completion Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Completion Certificates, and (B) the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Completion Certificates have each been duly authorized, executed and delivered by the Board and, assuming due authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof, constitute the valid and binding agreements of the Board enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the usual equitable principles;

(x) An opinion of Special Counsel to the effect that (A) the Board is the duly organized and validly existing governing body of the District and has all necessary power and authority to execute and deliver the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates, and (B) the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates have each been duly authorized, executed and delivered by the Board and, assuming due authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof, constitute the valid and binding agreements of the Board enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the usual equitable principles, (C) except for Taxable Certificates, the Interest Component of such Series of Certificates is excluded from the gross income of the Owners thereof for purposes of federal income taxation and (D) the issuance of such Certificates will not, in and of itself, adversely affect the exclusion from gross income of the Interest Component of all other Outstanding Certificates, to the extent then excluded;

(xi) An opinion of Counsel to the Trustee to the effect that such Completion Certificates have been duly executed, authenticated and delivered by the Trustee in accordance with the terms hereof;

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to take into account the Completion Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Completion Certificates;

(iii) An executed copy of the Request and Authorization relating to such Completion Certificates;

(iv) A fully executed counterpart of this Trust Agreement and the Supplemental Trust Agreement relating to such Completion Certificates;

(v) A fully executed counterpart of the Lease Agreement and the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates, the change, if any, to such Project and the additional Basic Rent Payments that would have to be made thereunder;

(vi) Fully executed counterparts of the Assignment of Lease Agreement and the Assignment of any applicable Ground Lease Agreement;

(vii) A fully executed counterpart of the Ground Lease;

(viii) An opinion of counsel for the Corporation to the effect that (A) the Corporation has been duly organized and is validly existing as a not-for-profit corporation in good standing under the laws of the State, and the Corporation has the power and authority to execute and deliver this Trust Agreement, the Supplemental Trust Agreement relating to such Completion Certificates, the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates and the Assignment of Lease Agreement, (B) this Trust Agreement, the Supplemental Trust Agreement relating to such Completion Certificates, the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates and the Assignment of Lease Agreement have each been duly authorized, executed and delivered by the Corporation and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitute valid and binding agreements of the Corporation enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally or by usual equity principles;

(ix) An opinion of counsel to the Board to the effect that (A) the Board is the duly organized and validly existing governing body of the District and has all necessary power and authority to execute and deliver the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the

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(xii) The written consent to the issuance of the Completion Certificates by the Credit Enhancer, if any, of the Series of Certificates relating to the original Project, or if there shall not be a Credit Enhancer, written evidence that the rating, if any, from Moody's and/or S&P on such Series of Certificates shall not be downgraded at the time of issuance of the Completion Certificates; and

(xiii) Either (A) written approval by the Department of Education, or (B) an opinion of counsel to the Board or Special Counsel, to the effect that approval of the Department is not required by law.

(b) When the documents described in paragraphs (i) to (xii), inclusive, of Section 4.12(a) hereof shall have been filed with the Trustee and when the Completion Certificates shall have been executed and authenticated as required by this Trust Agreement, the Trustee shall deliver the Completion Certificates at one time to, or upon the order of, the Purchasers of such Completion Certificates, but only upon payment to the Trustee of the purchase price of the Completion Certificates and the accrued interest thereon. The Trustee shall be entitled to rely upon the resolutions described in paragraphs (i) and (ii) of Section 4.12(a) hereof as to all matters stated therein. The Trustee and the Credit Enhancer shall be entitled to rely upon the opinions described in paragraphs (viii), (ix) and (x) of Section 4.12(a) hereof as to all matters stated therein.

(c) The proceeds of the Completion Certificates may also be used to fund a Reserve Requirement, capitalize interest on such Completion Certificates and/or pay Costs of Issuance, and shall be deposited in the Pledged Accounts established for the Series of Certificates which financed the original Project in such manner and in such amounts as determined by the Supplemental Trust Agreement relating to authorization of such Completion Certificates. The Completion Certificates shall be secured on parity with such Series of Certificates in accordance with the terms hereof.

SECTION 4.13. REFUNDING CERTIFICATES. (a) Refunding Certificates may be issued under and secured by this Trust Agreement, subject to the conditions hereinafter provided in this section, at any time or times, for the purposes of (i) providing funds for refunding part or all of the Certificates (and the Basic Rent Payments related thereto) at or prior to their maturity or maturities, including the payment of any Prepayment Premium thereon and interest which will accrue on such Certificates to their date of payment, (ii) making a deposit, if necessary, to the subaccount of the Reserve Account which shall secure such Refunding Certificates, and (iii) paying the Costs of Issuance relating to said Refunding Certificates.

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(b) Such Refunding Certificates shall be executed substantially in the form and manner set forth herein, but before the Refunding Certificates shall be delivered by the Trustee, there shall be filed or deposited with the Trustee the following:

(i) A copy, certified by the Secretary of the Corporation, or his designee, of the resolution or resolutions of the Board of Directors of the Corporation approving the form of and authorizing the execution and delivery of the Lease Agreement, any applicable Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates, the Assignment of Lease Agreement, any applicable Assignment of Ground Lease, this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates;

(ii) A copy, certified by the Secretary of the Board, or his designee, of the resolution or resolutions of the Board approving the form of and authorizing the execution and delivery of the Lease Agreement, any applicable Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates;

(iii) An executed copy of the Request and Authorization relating to such Refunding Certificates;

(iv) A fully executed counterpart of this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates;

(v) A fully executed counterpart of the Lease Agreement and the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates;

(vi) Fully executed counterparts of the Assignment of Lease Agreement and the Assignment of any applicable Ground Lease Agreement;

(vii) A fully executed counterpart of each Ground Lease, if any, relating to the Project or Projects which were financed by the Certificates to be refunded;

(viii) An opinion of counsel for the Corporation to the effect that (A) the Corporation has been duly organized and is validly existing as a not-for-profit corporation in good standing under the laws of the State, and the Corporation has the power and authority to execute and deliver this Trust Agreement, the Supplemental Trust Agreement relating to such

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Certificates, (B) the Lease Agreement, any applicable Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates have each been duly authorized, executed and delivered by the Board and, assuming due authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof, constitute the valid and binding agreements of the Board enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the usual equitable principles, (C) except in the case of Taxable Certificates, the Interest Component of the Refunding Certificates and the refunded Certificates is or will remain excluded from the gross income of the Owner thereof for purposes of federal income taxation and (D), in the case of an advance refunding, the refunded Certificates have been defeased in accordance with the terms hereof;

(xi) An opinion of Counsel to the Trustee to the effect that such Refunding Certificates have been duly executed, authenticated and delivered by the Trustee in accordance with the terms hereof; and

(xii) A report of a certified public accountant or firm of certified public accountants verifying the mathematical accuracy of calculations supplied by the Board, or its designee, that the proceeds of such Refunding Certificates plus any other moneys available for such purpose, including investment earnings, shall be not less than an amount sufficient to pay the principal of and the Prepayment Premium, if any, on the Certificates to be refunded and the Interest Component of Basic Rent represented by the Certificates which will accrue thereon to the prepayment and redemption date or maturity dates applicable thereto.

(c) When the documents described in paragraphs (i) through (xi), inclusive, of Section 4.13(b) hereof shall have been filed with the Trustee and when the Refunding Certificates shall have been executed and authenticated, the Trustee shall deliver such Refunding Certificates to or upon the order of the Purchasers thereof, but only upon payment to the Trustee of the purchase price of such Refunding Certificates, plus accrued interest, if any. The Trustee and the Credit Enhancer shall be entitled to rely upon the opinions described in paragraphs (viii), (ix), (x) and (xi) of Section 4.13(b) hereof as to all matters stated therein.

(d) Other than for amounts required to pay Costs of Issuance or to make deposits to the Reserve Account, the proceeds of such Refunding Certificates and any other moneys received by the Trustee

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Refunding Certificates, the Lease Agreement, any applicable Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates, any applicable Assignment of Ground Lease Agreement and the Assignment of Lease Agreement and Ground Lease, (B) this Trust Agreement, the Supplemental Trust Agreement relating to such Refunding Certificates, the Lease Agreement, any applicable Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates, any applicable Assignment of Ground Lease Agreement and the Assignment of Lease Agreement and Ground Lease have each been duly authorized, executed and delivered by the Corporation and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitute valid and binding agreements of the Corporation enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally or by usual equity principles;

(ix) An opinion of counsel to the Board to the effect that (A) the Board is the duly organized and validly existing governing body of the District and has all necessary power and authority to execute and deliver the Lease Agreement, any applicable Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates, and (B) the Lease Agreement, any applicable Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates have each been duly authorized, executed and delivered by the Board and, assuming due authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof, constitute the valid and binding agreements of the Board enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the usual equitable principles;

(x) An opinion of Special Counsel to the effect that (A) the Board is the duly organized and validly existing governing body of the District and has all necessary power and authority to execute and deliver the Lease Agreement, any applicable Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding

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or other escrow agent acceptable to the Board for such purpose, shall be held by the Trustee or such other escrow agent in a special fund appropriately designated, to be held in trust for the sole and exclusive purpose of paying the principal of, Prepayment Premium, if any, and interest on the Certificates to be refunded, all as provided in Section 12.01 hereof.

(e) The Trustee is hereby authorized, at the direction of the Board, to remove moneys from the appropriate subaccount or subaccounts of the Principal Account, the Interest Account and the Reserve Account pledged to the payment of the Certificates to be refunded and apply the same in the manner required by the Supplemental Trust Agreement authorizing the issuance of the Refunding Certificates.

(f) The Refunding Certificates shall be secured in the same manner and from the same Pledged Accounts as were the Certificates to be refunded in accordance with the terms hereof.

SECTION 4.14. PAYMENTS FROM TRUST ESTATE ONLY; DISTRIBUTION OF TRUST ESTATE.

(a) Unless otherwise set forth in the Supplemental Trust Agreement authorizing the issuance of more than one Series of Certificates, each Certificate within a Series of Certificates executed and delivered pursuant to this Trust Agreement shall rank pari passu and be equally and ratably secured under this Trust Agreement with each other Certificate of such Series, but not with any Certificate of any other Series issued pursuant to this Trust Agreement and Outstanding, without preference, priority or distinction of any such Certificate over any other such Certificate, except that to the extent that Basic Rent Payments available for payment to all Certificateholders are less than all amounts owed with respect to all Series of Certificates on any Payment Date, such amounts available shall be applied on a pro-rata basis to Certificateholders 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 this Trust Agreement.

(b) Except as otherwise expressly provided in Section 4.14(a) above, and elsewhere herein, all amounts payable by the Trustee with respect to a Series of Certificates or to any Credit Enhancer who shall have issued a Credit Facility or municipal bond insurance policy securing such Series pursuant to this Trust Agreement shall be paid only from the portion of the Trust Estate derived from Basic Rent Payments made pursuant to the Lease Schedule corresponding to such Series and only to the extent that the Trustee shall have actually received sufficient income or proceeds from such portion of the Trust Estate to make such payments. Each Certificateholder agrees, and each such Credit Enhancer, by its execution and delivery of a Credit Facility or municipal bond insurance policy shall be deemed to have agreed, except as otherwise expressly provided herein, to look solely to the income

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of and the proceeds from such portion of the Trust Estate to the extent available for distribution to such holder and each such Credit Enhancer as herein provided and that the Trustee is not personally liable to any Certificateholder or any such Credit Enhancer for any amounts payable under this Trust Agreement or subject to any liability under this Trust Agreement except as a result of negligence or willful misconduct by the Trustee.

ARTICLE V
PREPAYMENT

SECTION 5.01. PREPAYMENT. The terms of this Article V shall apply to the prepayment of Certificates of a Series other than Capital Appreciation Certificates and Variable Rate Certificates. The terms and provisions relating to the prepayment of Capital Appreciation Certificates and Variable Rate Certificates shall be provided by the Supplemental Trust Agreement relating to the issuance thereof.

SECTION 5.02. SELECTION OF CERTIFICATES TO BE PREPAID. (a) When Certificates are prepaid by lot, selection of Certificates for prepayment shall be in such manner as the Trustee shall determine; provided, however, that the portion of any Certificate to be prepaid shall be in the principal amount of \$5,000 or any whole multiple thereof, and that in selecting portions of Certificates for prepayment, the Trustee shall treat each such Certificate as representing that number of Certificates which is obtained by dividing the principal amount with respect to such Certificate by \$5,000.

(b) Upon any prepayment pursuant to this Article V, the Trustee shall provide the Board with, or cause to be provided, a revised schedule of Basic Rent Payments which schedule shall take into account such prepayment and shall be and become for all purposes part of the Lease Agreement.

SECTION 5.03. NOTICE OF PREPAYMENT. (a) When prepayment of Certificates is authorized or required pursuant to the provisions hereof and of any Supplemental Trust Agreement relating to such Certificates, the Trustee shall give to the Owners of Certificates to be prepaid notice, at the expense of the Board, of the prepayment of the Certificates. Such notice shall state: (i) the CUSIP numbers of all Certificates being prepaid, (ii) the original issue date of such Certificates, (iii) the maturity date, Series and rate of interest borne by each Certificate being prepaid, (iv) the prepayment date, (v) the Prepayment Price, (vi) the date on which such notice is mailed, (vii) if less than all Outstanding Certificates are to be prepaid, the certificate number (and, in the case of a partial prepayment of any Certificate, the principal amount) of each Certificate to be prepaid, (viii) that on such prepayment date there shall become due and payable upon each Certificate to be prepaid the Prepayment Price thereof, or the Prepayment Price of the specified portions of the principal thereof in the case of Certificates to be prepaid in part only, together with interest accrued thereon to the prepayment date, and that from and after such date interest thereon shall cease to accrue and be payable, (ix) that the Certificates to be prepaid, whether as a whole or in part, are to be surrendered for payment of the

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Prepayment Price at the designated corporate trust office of the Trustee at an address specified, and (x) the name and telephone number of a person designated by the Trustee to be responsible for such prepayment.

(b) Notice of such prepayment shall be given by mail, postage prepaid, not more than sixty (60) days or fewer than thirty (30) days prior to said date of prepayment, to the Owners of any Certificates to be prepaid. Such mailing shall not be a condition precedent to such prepayment, and failure to mail any such notice, or any defect in such notice as mailed, shall not affect the validity of the proceedings for the prepayment of the Certificates.

(c) In addition to the mailing of the notice described above, each notice of prepayment and payment of the Prepayment Price shall meet the following requirements: provided, however, that failure to provide such further notice of prepayment to comply with the terms of this paragraph shall not in any manner defeat the effectiveness of a call for prepayment if notice thereof is given as prescribed in Sections 5.03(a) and 5.03(b) hereof:

Each further notice of prepayment shall be sent at least two (2) days before the notice of such prepayment and redemption is given to the Owners of Certificates as provided above, by certified mail or overnight delivery service or telecopy to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Certificates (such depositories now being The Depository Trust Company, New York, New York, Midwest Securities Trust Company, Chicago, Illinois and Philadelphia Depository Trust Company, Philadelphia, Pennsylvania) and one or more national information services which disseminate notices of prepayment of obligations such as the Certificates.

SECTION 5.04. DEPOSIT OF PREPAYMENT AMOUNT; EFFECT OF CALLING FOR PREPAYMENT. (a) On or before the date on which a notice of prepayment is mailed pursuant to Section 5.03 hereof, the Board shall deposit with the Trustee moneys or Refunding Securities or a combination thereof in an amount sufficient to pay the principal of and the Prepayment Premium, if any, and interest accruing thereon to the prepayment date of the Certificates called for prepayment.

(b) On the date fixed for prepayment, notice having been given in the manner and under the conditions hereinabove provided, the Certificates or portions thereof called for prepayment shall be due and payable at the Prepayment Price provided therefor, plus accrued interest to such date. If money or Refunding Securities, or a combination of both, sufficient to pay the Prepayment Price of the Certificates to be prepaid, plus accrued interest thereon to the date fixed for prepayment, are held by the Trustee in trust for the Owners of Certificates to be prepaid, interest on the Certificates called for redemption shall cease to accrue as of the date set for prepayment; such Certificates shall cease to be

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entitled to any benefits or security under this Trust Agreement or to be deemed Outstanding; and the Owners of such Certificates shall have no rights in respect thereof except to receive payment of the Prepayment Price thereof, plus accrued interest to the date fixed for prepayment from the moneys and/or Refunding Securities held therefor. Certificates and portions of Certificates for which irrevocable instructions to pay on one or more specified dates or to call for prepayment at the earliest prepayment date have been given to the Trustee in form satisfactory to it shall not thereafter be deemed to be Outstanding under this Trust Agreement and shall cease to be entitled to the security of or any rights under this Trust Agreement, other than rights to receive payment of the Prepayment Price thereof and accrued interest thereon to the date fixed for prepayment, to be given notice of prepayment in the manner provided in Section 5.03 hereof, and, to the extent hereinafter provided, to receive Certificates for any unpaid portions of Certificates if money or Refunding Securities, or a combination of both, sufficient to pay the Prepayment Price of such Certificates or portions thereof, together with accrued interest thereon to the date upon which such Certificates are to be prepaid, are held in separate accounts by the Trustee in trust for the Owners of such Certificates.

SECTION 5.05. PREPAYMENT OF A PORTION OF CERTIFICATES. If a portion of an Outstanding Certificate shall be selected for prepayment, the Owner thereof or his attorney or legal representative shall present and surrender such Certificate to the Trustee for payment of the principal amount thereof so called for prepayment and the Prepayment Premium, if any, on such principal amount, and the Trustee shall authenticate and deliver to or upon the order of such Owner or his legal representative, without charge therefor, for the unpaid portion of the principal amount of the Certificate so surrendered, a Certificate of the same maturity and Series and bearing interest at the same rate, provided, however, that if the Owner is a securities depository nominee, the securities depository, in its discretion, (a) may surrender such Certificate to the Trustee and request that the Trustee authenticate and deliver a new Certificate for the portion of the principal amount of the Certificate so surrendered which was not prepaid, or (b) shall make an appropriate notation on the Certificate indicating the dates and amounts of such reduction in principal.

SECTION 5.06. CANCELLATION. Certificates so prepaid, presented and surrendered shall be cancelled upon the surrender thereof.

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ARTICLE VI

ESTABLISHMENT AND ADMINISTRATION OF FUNDS AND ACCOUNTS

SECTION 6.01. APPLICATION OF CERTIFICATE PROCEEDS. On the date of delivery of each Series of Certificates, the Trustee agrees to deposit the proceeds of the Certificates as provided in the Request and Authorization relating to each such Series, which shall be in substantially the form provided in Exhibit C attached hereto.

SECTION 6.02. CREATION OF FUNDS AND ACCOUNTS. (a) There is hereby established with the Trustee the following funds and accounts:

- (i) The "School Board of Hillsborough County, Florida Master Lease Project Fund." The Trustee shall maintain three separate accounts in the Project Fund: the "Project Account," the "Costs of Issuance Account" and the "Capitalized Interest Account."
- (ii) The "School Board of Hillsborough County, Florida Master Lease Lease Payment Fund". The Trustee shall maintain three separate accounts in the Lease Payment Fund: the "Principal Account," the "Interest Account" and the "Reserve Account."
- (iii) The "School Board of Hillsborough County, Florida Master Lease Prepayment Fund."
- (iv) The "School Board of Hillsborough County, Florida Master Lease Rebate Fund."

Moneys in the aforementioned funds and accounts (other than the Rebate Fund), until applied in accordance with the provisions hereof, shall be subject to a lien and charge in favor of the Owners of the Certificates and for the further security of such Owners in accordance with the terms hereof. The Trustee shall keep and hold moneys in the funds, accounts and subaccounts established pursuant to this Section separate and apart from all other funds and moneys held by it.

(b) Except as may otherwise be provided by Supplemental Trust Agreement, the Trustee shall establish, upon the issuance of any Series of Certificates, other than Completion Certificates, (i) a separate subaccount in the Project Account, the Capitalized Interest Account (if the proceeds of such Series shall be used to capitalize interest therefor), the Costs of Issuance Account, the Principal Account, the Interest Account and the Reserve Account (if proceeds of such Series shall be required to be deposited therein), and (ii) a separate account in the Prepayment Fund. Such separate account and subaccounts described above (the "Pledged Accounts")

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representations. The Trustee has no responsibility or duty to review the attachments to any Requisition, provided the Trustee shall determine that all necessary attachments to such Requisition are, in fact, attached.

(c) The Trustee shall make payment for each item of Equipment or interest in Land constituting a portion of a Project in the amount of the purchase price therefor from the appropriate subaccount of the Project Account by transferring such amount in accordance with the procedures described in Section 6.03(b) hereof within two Business Days of the receipt of (i) a Requisition, and (ii) a detailed journal report listing Vendor, check number and invoice number, in the case of Equipment, or a fully executed purchase contract setting forth the purchase price and other pertinent information, in the case of interest in the Land. Any such invoice, bill of sale or purchase contract shall indicate that title to the Equipment, other than Designated Equipment, shall be in the name of the Corporation and that title to Designated Equipment referred to therein shall be in the name of the Board. Before the Trustee is authorized to make any disbursements for the acquisition of Land, or the Construction of a Building on Land which is leased to the Corporation pursuant to a Ground Lease, the Trustee shall have received an ALTA title insurance policy, or a commitment with respect thereto, with a reputable title insurance company, indicating the Trustee as an additional named insured or payee to the extent that its interest is insurable under Florida law, which shall insure the Corporation's title to its interest in such Land in the sum provided therefor in the Lease Schedule related to the Project of which such Land or Building is a part. Such Lease Schedule may with the consent of the Credit Enhancer with respect to such Lease Schedule also provide for a title opinion in lieu of title insurance. In the case of acquisition of Land, the Trustee shall, at the request of the Board, transfer, pursuant to a Requisition, moneys to an escrow account held by the attorney to the Board which moneys shall be used to purchase the Land within three Business Days of such transfer. The Trustee may rely upon all assertions made by the Board in the Requisition.

(d) (1) Before the Trustee is authorized to make any disbursements for the construction of a Building (except for the payment of Architect's or Engineer's progress payments as described below), the Trustee shall have received from the Board the following instruments and documents in form and substance acceptable to the Trustee:

- (A) A copy certified as true of the Construction Contract or Contracts for such Building.
- (B) A copy of all permits or government approvals obtained by the Corporation or the Board for the construction of such Building, if any, including, without limitation,

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shall be established for the sole benefit of the Owners of the Series of Certificates for which they shall be established. The Trustee shall also establish, at the request of the Board, a separate account in the Rebate Fund for a Series of Certificates. Each such account and subaccount shall be designated by the Trustee with the Series of the Certificates to which they shall secure.

SECTION 5.03. PROJECT ACCOUNT. (a) The Trustee shall deposit into each subaccount of the Project Account (i) the proceeds from the Series of Certificates for which it was established in accordance with the Request and Authorization relating to such Series, (ii) any additional amounts deposited with the Trustee by the Board for the purpose of paying additional Project Costs in accordance with Section 3.05 of the Lease Agreement, and (iii) any Net Proceeds deposited with the Trustee by the Board pursuant to Section 5.08(b) of the Lease Agreement. Amounts in each subaccount of the Project Account shall be disbursed for Costs of the Project for which it was established and for no other purpose. Disbursements from each subaccount of the Project Account shall be made by the Trustee upon receipt of a completed Requisition requesting disbursement, duly executed by an Authorized Officer of the Board.

(b) The Trustee shall make payment for each item or portion of a Project to the Board or the designee of the Board (which may include the Vendor, Developer or Contractor of any portion of such Project) in the amount thereof by transferring such amount from the appropriate subaccount of the Project Account by wire transfer into an account (including an account of the Vendor, Developer or Contractor) designated in writing in advance by the Board, by check to the designee of the Board or by crediting such amount to an account of the Board maintained with the banking department of the Trustee for such purpose within two Business Days of the receipt of a Requisition from the Board (provided the Requisition is in compliance with the terms hereof) and any materials or instruments required by the terms hereof and of the Lease Agreement. The parties acknowledge that the Trustee, pursuant to a certificate of an Authorized Officer of the Board, may waive any noncompliance with the requirements for the disbursement of Project Account moneys. The Board agrees to indemnify and hold harmless the Trustee for any cost or expenses suffered by the Trustee as a result of such waiver. The Trustee is also authorized to rely upon the Board's written approval of the Requisition without independently confirming compliance with or satisfaction of such requirements or the requirements set forth in this Trust Agreement. The Trustee may also rely upon the certification of the Board in the Requisition or in any documents, certificates or instruments submitted in connection therewith as to the factual conditions precedent to any disbursements hereunder and shall have no responsibility or duty to review the attachments to such Requisition (but must determine that all required attachments are present) or investigate the basis for such certifications or

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building permits and water management district permits or approvals.

(C) One copy of a recent survey plat of the portion of the Land upon which such Building is to be constructed prepared and sealed by a licensed Florida surveyor. The survey plat must (i) include a legal description of such portion of the Land and certify the number of acres included in such portion of the Land; (ii) include the boundaries of such Land; (iii) indicate the size and location of all existing improvements, roads, paths, culverts, drainage ditches, easements, utility lines and encroachments on such portion of the Land; (iv) indicate the size and location of all easements affecting such portion of the Land; (v) indicate the location of the nearest public streets and access of such portion of the Land to those streets; and (vi) indicate the flood hazard designation (if any).

(D) A payment and performance bond, or appropriate substitute therefor, meeting the requirements of Section 255.05, Florida Statutes, in the full amount of the Construction Contracts to be entered into pursuant thereto naming the Trustee as co-obligee.

(E) A copy of the Plans and Specifications for such Building.

(F) A Phase I environmental audit relating to the portion of the Premises upon which the Project is to be constructed prepared by an independent engineer or other qualified consultant and concluding that such portion of the Land is "environmentally acceptable" and not recommending the performance of more intensive procedures.

Nothing hereinabove shall be interpreted to require that the items mentioned in clauses (A) to (F), inclusive, be filed with each Requisition so long as such items are on file with the Trustee.

(ii) Each Requisition submitted by the Board for payment of Project Costs constituting construction costs (except for the payment of Architect's or Engineer's progress payments as described below) must be approved in writing by an Authorized Officer of the Board and must include certificates and/or affidavits from the Architect, Engineer, Contractor or Developer (as is appropriate under the circumstances), certifying with respect to the portion of such Project to which such Requisition relates:

(A) The estimated percentage of the construction completed at that time based upon the Plans and Specifications of such Project;

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(B) That all claims for labor and materials have been paid;

(C) That there are no liens other than Permitted Encumbrances outstanding against such portion of the Project;

(D) That all construction completed to date has been done in accordance with the Plans and Specifications relating thereto;

(E) That all required surety bonds are in full force and effect; and

(F) That the Building can be completed in accordance with the Plans and Specifications and the Project Budget relating thereto on or before the Estimated Completion Date.

(iii) Each Requisition submitted by the Board for payment of Project Costs constituting Architect's or Engineer's progress payments must be accompanied by the bill for the amount of such progress payment and be approved in writing by an Authorized Officer of the Board.

(e) Execution by the Board of a Requisition shall constitute approval and acceptance of the items or portions of the Project identified therein for purposes of disbursements hereunder and under the Lease Agreement.

(f) Upon the receipt by the Trustee of a completed Requisition therefor, the Trustee shall disburse moneys from the appropriate subaccount of the Project Account in the manner required in this Section to reimburse the Board for Project Costs paid by the Board prior to the Commencement Date relating to such Project in anticipation of the issuance of the Series of Certificates which shall finance such Project.

(g) Upon the earlier of (i) receipt of a certificate executed by an Authorized Officer of the Board stating that all the Costs of a Project have been paid and the acquisition, construction and installation of such Project has been completed in accordance with the Plans and Specifications relating thereto and such Project has been approved and accepted by the Board or (ii) on the Closure Date provided in the Lease Schedule relating to such Project for the closure of the related subaccount of the Project Account (the "Completion Date"), the subaccount of the Project Account established in relation to such Project shall be closed and if amounts remaining in such subaccount of the Project Account equal or exceed the Prepayment Amount provided in the Lease Schedule relating to such Project, such amount shall be deposited into the account of the Prepayment Fund established for the Series of Certificates which financed such Project and shall be applied by the Trustee to effect an extraordinary mandatory prepayment of the

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transfer shall be made on each Payment Date for such Series until the amounts in such subaccount have been fully expended.

SECTION 6.06. DISPOSITION OF LEASE PAYMENTS. (a) Basic Rent Payments paid in accordance with each Lease Schedule to the Trustee, as assignee of the Corporation pursuant to the Lease Agreement and to the Assignment of Lease Agreement, shall be deposited as received by the Trustee in the Lease Payment Fund in the following manner and in the following order of priority:

(i) There shall be deposited to the subaccount of the Interest Account established for the payment of a Series of Certificates from the Interest Component of Basic Rent made in relation to such Series of Certificates an amount which shall be sufficient to pay the interest becoming due on such Series of Certificates on the next succeeding Payment Date. Moneys in each subaccount of the Interest Account shall be used to pay the interest on the Series of Certificates for which it was established as and when the same become due, whether by redemption or otherwise, and for no other purpose. No further deposit need be made to the Interest Account when the moneys therein are equal to the interest coming due on all outstanding Certificates on the next succeeding Payment Date.

(ii) There shall be deposited to the subaccount of the Principal Account established for the payment of a Series of Certificates from the Principal Component of Basic Rent made in relation to such Series of Certificates an amount which shall be sufficient to pay the principal and the Amortization Installment becoming due on such Series of Certificates on the next succeeding principal Payment Date. Moneys in each subaccount of the Principal Account shall be used to pay the principal and the Amortization Installment of the Series of Certificates for which it was established as and when the same shall mature or be redeemed, and for no other purpose. No further deposit need be made to the Principal Account when the moneys therein are equal to the principal and the Amortization Installment coming due on all outstanding Certificates on the next succeeding principal Payment Date.

(b) Supplemental Rent payments made by the Board pursuant to Section 4.03(f) of the Lease Agreement shall be deposited as received by the Trustee to the appropriate subaccount of the Reserve Account. Supplemental Rent payments made by the Board pursuant to Section 4.03(g) of the Lease Agreement shall be deposited as received by the Trustee to the Rebate Fund. Any other Supplemental Rent payments received by the Trustee shall be applied to the payment of Persons entitled to such Supplemental Rent, or, if the Trustee determines such Supplemental Rent payment is surplus, it shall be utilized in such manner as shall be directed by the Board.

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Series of Certificates which financed such Project in accordance with the provisions hereof; provided, if the excess amount then remaining in such subaccount of the Project Account is less than such Prepayment Amount, such excess amount shall be deposited first, into the subaccount of the Interest Account established in relation to such Project to the extent necessary to fund such Account for the next two Payment Dates, and second, to the Principal Account established in relation to such Project. If a subaccount of the Project Account has not been earlier closed and if, on or before the Closure Date provided in the Lease Schedule for closure of such subaccount, the Board provides a certificate of an Authorized Officer that all or a portion of moneys then on deposit in such subaccount of the Project Account are required to pay Project Costs for items which have been or will be ordered or contracted, or Project Costs constituting sales or use taxes of items installed if such sales or use taxes are or will be payable but have not yet been paid, then such remaining amounts or portions thereof shall not be deemed excess amounts within the meaning of this Section 6.03(g) and shall be retained in such subaccount of the Project Account for the purpose of payment of said Project Costs described in said certificate. Said certificate may direct the deposit of Project Costs constituting said sales and use taxes in a separate subaccount to be used for payment of said sales and use taxes at the time and in the manner as an Authorized Officer of the Board shall direct, but in no event shall the Trustee be responsible or liable for payment of said sales and use taxes except as may be so directed by an Authorized Officer of the Board.

SECTION 6.04. COSTS OF ISSUANCE ACCOUNT. (a) Amounts in each subaccount of the Costs of Issuance Account shall be disbursed for Costs of Issuance relating to the Series of Certificates for which it was established within six months from the date of delivery of such Certificates. Disbursements from the Costs of Issuance Account shall be made by the Trustee upon receipt of a Requisition executed by an Authorized Officer of the Board.

(b) Upon receipt of a certificate executed by an Authorized Officer of the Board stating that all Costs of Issuance relating to the Series of Certificates for which it was established have been paid or provision for payment thereof has been made, the Trustee shall transfer any amounts remaining in such subaccount of the Costs of Issuance Account to the subaccount of the Project Account relating to such Series of Certificates and such subaccount of the Costs of Issuance Account shall be closed.

SECTION 6.05. CAPITALIZED INTEREST ACCOUNT. Funds in each subaccount of the Capitalized Interest Account relating to a Series of Certificates shall be transferred to the subaccount of the Interest Account relating to such Series of Certificates in an amount necessary to pay the interest coming due on the Series of Certificates for which such subaccount was established. Such

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(c) Whenever there has been a prepayment of Basic Rent Payments, for any reason, the Trustee shall prepare, or cause to be prepared, and transmit to the Board a revised Basic Rent Payment schedule for each affected Lease Schedule reflecting such prepayment.

(d) In the event a Series of Certificates is secured by a Credit Facility, the Trustee, at the request of the Board, may deposit moneys in the subaccounts established in the Interest Account and the Principal Account at such other times and in such other amounts from those provided in this Section as shall be necessary to pay the principal of and interest on such Certificates as the same shall become due, all as provided by the Supplemental Trust Agreement authorizing such Certificates. In the case of Certificates secured by a Credit Facility, amounts on deposit in any subaccounts established for such Certificates shall be applied as provided in the applicable Supplemental Trust Agreement to reimburse the Credit Bank for amounts drawn under such Credit Facility to pay the principal of or Prepayment Price, if applicable, and interest on such Certificates or to pay the purchase price of any such Certificates which are tendered by the Owners thereof for payment.

(e) At the time of issuing any Variable Rate Certificates there shall be established the Maximum Interest Rate with respect thereto and a maximum interest rate with respect to amounts owed to the Credit Bank which provides liquidity for such Certificates.

SECTION 6.07. RESERVE ACCOUNT. (a) If on any Payment Date, the amounts in any subaccount of the Interest Account or the Principal Account are less than the interest, principal and Amortization Installment then due in relation to a Series of Certificates for which it was established, the Trustee shall transfer, from the subaccount of the Reserve Account, if any, established in relation to such Series of Certificates, to such subaccount or subaccounts, an amount sufficient to make up any deficiency therein. In the event of any such transfer, the Trustee, except subsequent to an Event of Non-Appropriation, shall, within five (5) days after making such transfer, provide written notice to the Board of the amount and date of such transfer and the Board shall, within thirty (30) days of receipt of such written notice, pay from moneys budgeted and appropriated as Basic Rent during the current Fiscal Year as Supplemental Rent to the Trustee for deposit into the appropriate subaccount of the Reserve Account an amount necessary to cause the moneys in each such subaccount of the Reserve Account to be equal to the Reserve Requirement applicable thereto.

(b) The Trustee is hereby authorized to accept a Reserve Account Letter of Credit/Insurance Policy and any subsequent Reserve Account Letter of Credit/Insurance Policy provided by the Board in satisfaction of the Reserve Requirement for a subaccount

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of the Reserve Account pursuant to Section 4.03(f) of the Lease Agreement. To the extent necessary to comply with this Section, the Trustee is hereby directed to take any and all actions required to draw on the Reserve Account Letter of Credit/Insurance Policy and any subsequent Reserve Account Letter of Credit/Insurance Policy deposited in the Reserve Account.

(c) Moneys in each subaccount of the Reserve Account shall only be used for the purpose of making up for deficiencies in the subaccount of the Interest Account or Principal Account relating thereto in the event that moneys therein are less than the Interest Component and Principal Component of Basic Rent Payments relating thereto then due on any Payment Date.

(d) If on any Payment Date, the amount of all payments due and payable on a Series of Certificates exceeds the amount on hand in the subaccount of the Interest Account and the Principal Account relating to such Series, taking into account any transfers made from the related subaccount of the Reserve Account which was established for the benefit of such Series pursuant to Sections 6.07(a) and 6.07(b) hereof, the Trustee shall apply the moneys on hand therein first to the payment of all past due interest with respect to such Series of Certificates, and, second, to the payment of that portion of the unpaid principal or Amortization Installment of such Series of Certificate which is then past due, pro rata if necessary.

(e) Whenever the moneys in the Lease Payment Fund for an applicable Series of Certificates, including the corresponding Subaccount of the Reserve Account, if any, shall be sufficient to pay the principal of, Amortization Installments and interest coming due on such Series of Certificates, moneys in the Reserve Account shall be deposited to the appropriate subaccounts of the Interest Account and Principal Account as required to pay such Series of Certificates, and no further Basic Rent Payments shall be required under the Lease Agreement.

(f) If, after the date Certificates are prepaid pursuant to the provisions of Article V and Section 6.08 hereof, the amounts in a subaccount of the Reserve Account established for a Series of Certificates exceed the Reserve Requirement applicable thereto then in effect, adjusted to reflect such redemption, or the Reserve Requirement is decreased for any other reason, the Trustee shall deposit such excess to the subaccount of the Interest Account relating to such Series of Certificates.

SECTION 6.08. PREPAYMENT FUND. The Trustee shall deposit to each account of the Prepayment Fund for prepayment of Certificates secured by each such account in accordance with Article V hereof (a) any amounts deposited by the Board for the purpose of paying the Prepayment Price of all or a portion of such Series of Certificates on an Optional Prepayment Date in accordance with the

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subaccount of the Reserve Account shall be retained in such subaccount in the event that amounts on deposit in such subaccount are less than the Reserve Requirement applicable thereto. Transfers to the Interest Account of interest and income from investments shall be made by the Trustee prior to each Payment Date, and shall be applied as set forth herein. At the time of deposit of said moneys in the Interest Account, the Trustee shall report the amount of said credit to the Board. All interest and other income derived from investments of each subaccount of the Project Account and each subaccount of the Interest Account shall be retained in such respective subaccounts. All interest or other income derived from investments of each subaccount of the Costs of Issuance Account established for the benefit of a Series of Certificates shall be deposited in the subaccount of the Project Account which was funded by such Series of Certificates. All interest and other income derived from investments of each subaccount of the Principal Account and each account of the Prepayment Fund established for a Series of Certificates shall be deposited in the subaccount of the Interest Account established for such Series of Certificates.

(c) For the purpose of determining the amount on deposit in any fund, account or subaccount, Permitted Investments in which money in such fund, account or subaccount is invested shall be valued at one hundred per centum (100%) of the principal or face amount thereof.

SECTION 6.11. CREDIT AGAINST LEASE PAYMENTS. Not earlier than thirty (30) days and not later than fifteen (15) days prior to each Payment Date, the Trustee shall report to the Board the amount of the credit against Basic Rent Payments available to the Board under the Lease Agreement. Such credit shall be an amount equal to the sum of (a) the amount of interest and other income deposited in each subaccount of the Interest Account pursuant to Section 6.10 hereof since the date of the previous report made by the Trustee pursuant to this Section, (b) the amount of moneys, if any, transferred to the Interest Account and Prepayment Fund pursuant to Section 6.03(g) hereof since the date of the previous report made by the Trustee pursuant to this Section, (c) the amount of moneys, if any, transferred to each subaccount of the Interest Account pursuant to Section 6.07(f) hereof since the date of the previous report made by the Trustee pursuant to this Section, plus (d) the amount, if any, on deposit in each subaccount of the Principal Account and the Interest Account on the date of the report made by the Trustee pursuant to this Section which is not derived from the sources described in clauses (a), (b) and (c) above. In addition to the credit referenced in the preceding sentence, the Trustee and the Corporation acknowledge that, there shall be applied as a credit against Basic Rent Payments payable on a Payment Date an amount equal to the amount then on deposit in each subaccount of the Interest Account representing accrued interest and that the amount in the Reserve Account shall be applied as a credit against

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Supplemental Trust Agreement pursuant to which such Series of Certificates is authorized to be issued, (b) any amounts remaining in the Project Account and required to be transferred to such account of the Prepayment Fund pursuant to Section 6.03(g) hereof, and (c) any Net Proceeds required to be transferred to such account of the Prepayment Fund pursuant to Section 5.08(d) of the Lease Agreement. Said moneys shall be set aside in such account of the Prepayment Fund solely for the purpose of prepaying the Certificates secured by such account in advance of their maturity and shall be applied to the prepayment at the applicable Prepayment Price of such Certificates being redeemed on such prepayment date. Interest on such prepaid Certificates shall be paid from the subaccount of the Interest Account established for payment of such Certificates, except to the extent moneys for payment of interest were deposited to such account of the Prepayment Fund, in which case it shall be paid from such account of the Prepayment Fund.

SECTION 6.09. NO UNAUTHORIZED TRANSFERS. No amount shall be withdrawn or transferred from or paid out of any fund or account except as expressly provided in this Trust Agreement.

SECTION 6.10. DEPOSIT AND INVESTMENT OF MONEYS IN ACCOUNTS.

(a) All moneys held by the Trustee in any of the funds, accounts or subaccounts established pursuant to this Trust Agreement shall be deposited or invested in Permitted Investments, provided, however, that all moneys in each subaccount of the Reserve Account shall be invested only in Permitted Investments with maturities of not longer than seven (7) years. Prior to termination of the Lease Agreement, the Board, through an Authorized Officer, shall provide the Trustee written instructions with respect to investment of the moneys held hereunder in Permitted Investments and the Trustee shall make investments in accordance with said instructions. In the event the Board does not provide the Trustee with written instructions with respect to investments, the Trustee shall invest such funds in United States Treasury Obligations or in a money market fund qualifying under clauses (4) or (6) of the definition of Permitted Investments and the Trustee shall notify the Board thereof. Permitted Investments of moneys in Pledged Accounts may be modified as they relate to such Pledged Accounts pursuant to the Supplemental Trust Agreement authorizing the establishment of such Pledged Accounts.

(b) All interest and other income received by the Trustee from investment of funds on deposit in each subaccount of the Reserve Account and the Capitalized Interest Account established for the benefit of a Series of Certificates shall, prior to the Completion Date, be deposited in the subaccount of the Project Account which was funded by such Series of Certificates and, after said Date, be deposited in the subaccount of the Interest Account established for such Series of Certificates and be applied as set forth in Section 6.06 hereof; provided, however, that all interest and other income received by the Trustee on investment of a

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the last Basic Rent Payments as provided in Section 6.07(e) hereof. In the event that the total amount of the credit exceeds the Basic Rent Payment due on the Payment Date following said report, the amount of said excess shall be applied as a credit against the next subsequent Basic Rent Payments.

SECTION 6.12. APPLICATION OF MONEY IN THE REBATE FUND. (a) The Trustee shall be deemed conclusively to have complied with the provisions of this Section and each Letter of Instructions if it follows the directions of the Board and the Corporation, and the Trustee shall have no liability or responsibility to enforce compliance by the Board and the Corporation with the terms of this Section and each such Letter of Instructions. The Trustee shall have no responsibility for calculating the amount required to be rebated to the United States Treasury Department pursuant to the Code, nor shall the Trustee have any responsibility for determining the accuracy of any such amount calculated by any Person.

(b) Any funds remaining in the Rebate Fund, after redemption and payment of all of the Certificates and any amounts required to be paid to the United States, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees to the Trustee and satisfaction of the rebate requirement described in the Letter of Instructions, shall be withdrawn by the Trustee and remitted to the Board.

(c) Upon the Board's written direction, the Trustee shall pay to the United States, out of amounts in the Rebate Fund, the rebate requirement, in the amounts and at the times described in each Letter of Instructions.

(d) In the event that, prior to the time of any required payment out of the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Board shall deposit with the Trustee for application to the Rebate Fund an amount equal to such deficiency in the Rebate Fund prior to the time such payment is due. Each payment required to be made pursuant to this subsection shall be made in the manner described in the Letters of Instructions.

(e) Any Letter of Instructions shall be amended from time to time as, in the opinion of Special Counsel, shall be necessary to reflect the current status of the Code in regard to the rebate requirement.

(f) Each Supplemental Trust Agreement authorizing the issuance of a Series of Certificates shall have attached thereto a Letter of Instructions relating to the rebate requirement described herein, unless Special Counsel determines such Letter of Instructions is unnecessary.

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ARTICLE VII

GENERAL COVENANTS AND REPRESENTATIONS

SECTION 7.01. BOARD TO PERFORM AGREEMENTS. The Board covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease Agreement and the Ground Lease(s) to the extent so imposed.

SECTION 7.02. CORPORATION TO PERFORM AGREEMENTS. The Corporation covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease Agreement, the Ground Lease(s), the Assignment(s) of Ground Lease and the Assignment of Lease Agreement to the extent so imposed.

SECTION 7.03. NO OBLIGATION WITH RESPECT TO PERFORMANCE BY TRUSTEE. The Corporation and the Board shall not have any obligation or liability to the Owners of the Certificates with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement.

SECTION 7.04. NO LIABILITY TO OWNERS FOR PAYMENT. Except as provided in this Trust Agreement, neither the Corporation nor the Trustee shall have any obligation or liability to the Owners of the Certificates with respect to the payment of the Lease Payments by the Board when due, or with respect to the performance by the Board of any other covenants made by it in the Lease Agreement.

SECTION 7.05. COVENANT NOT TO IMPAIR TAX STATUS OF CERTIFICATES. Neither the Corporation nor the Board shall take nor permit nor suffer to be taken nor fail to take any action within its control, or direct the Trustee to take or fail to take any action, which action or failure to act would impair the exclusion, if applicable, from gross income for federal income tax purposes of the Interest Component of the Basic Rent Payment, including the calculation and payment of any rebate necessary to preserve the exclusion, if applicable, from gross income for federal income tax purposes of the Interest Component of the Basic Rent Payment received by the Owners. Neither the Corporation nor the Board shall permit or direct the investment of any proceeds of the Certificates or the Lease Payments by the Trustee in such a manner that would result in the Certificates (other than Taxable Certificates) or the Lease Agreement being characterized as "arbitrage bonds" under Section 148 of the Code. The Trustee, the Corporation and the Board will comply with the provisions of the arbitrage certificate and the exhibits thereto executed by the Board which relates to the issuance of a Series of Certificates. This Agreement shall not be construed to constrain in any manner the ability of the Trustee to sublease, sell or dispose of the Project in the Event of a Default or Event of Non-appropriation

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under the Lease Agreement. With respect to the obligations of the Trustee pursuant to this Section, the Trustee shall use its best efforts and shall be liable only as a result of gross negligence or willful misconduct.

SECTION 7.06. DIRECTORS, MEMBERS, OFFICERS AND EMPLOYEES OF TRUSTEE, CORPORATION AND BOARD EXEMPT FROM PERSONAL LIABILITY. No recourse shall be had for the obligations specified hereunder, under the Certificates or under the Lease Agreement or for any claim based hereon or thereon or upon any representation, obligation, covenant or agreement in this Trust Agreement or the Certificates or the Lease Agreement against any past, present or future officer, vendor, employee, director or agent of the Trustee, the Corporation or the Board as such, either directly or through the Trustee, the Corporation or the Board, or any successor thereto under any statute or rule of law or equity, statute or constitution or by the enforcement or any assessment or penalty or otherwise, and all such liability of any such officers, members, employees, directors or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Trust Agreement, the Lease Agreement and the issuance of the Certificates.

SECTION 7.07. CORPORATION OBLIGATIONS FOR PROJECTS. (a) Pursuant to the terms of the Lease Agreement and except as provided in Section 4.07(b) thereof, the Corporation shall have title to the Projects, other than Designated Equipment, subject to the rights of the Board under the Lease Agreement. In consideration of the issuance of the Certificates, the Corporation agrees that if an Event of Default described in Section 8.01(e) hereof occurs and the Lease Agreement shall be terminated, it shall, at the request of the Trustee, take all actions necessary in order to fully transfer title of and to all or a portion of the Projects to the Trustee, except as otherwise provided in Section 4.07(b) of the Lease Agreement with respect to Designated Equipment. The Corporation shall be required to transfer title only to the Projects or portions thereof to which it has title at the time of such request. The Corporation shall provide the Trustee with all instruments necessary to evidence such transfer of title. In accordance with the terms of Section 8.03 hereof and except as provided in Sections 4.07(b) and 7.03(b) of the Lease Agreement, the Trustee may sell, re-let or otherwise dispose of the Projects if an Event of Default described in Section 8.01(e) hereof occurs and the Lease Agreement shall be terminated as provided in Section 8.03 hereof. The proceeds from the exercise of any such remedies shall be used as provided in Section 8.04 hereof. If the Board relinquishes possession of the Projects pursuant to the Lease Agreement subsequent to an Event of Default described in Section 8.01(e) hereof, the Corporation hereby agrees that the Trustee shall take possession of the Projects and shall have complete authority over the disposition of the Projects in accordance with the terms hereof, of the Lease Agreement, of the Assignment of Ground

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Lease(s) and of the Ground Lease(s). The Corporation will promptly comply with all directions of the Trustee in regard to such disposition. As a condition to the acceptance by the Trustee of possession of the Project the Trustee shall have the right to receive from the Board such assurances, reports and opinions as to the absence of hazardous substances and such other environmental matters with respect to the Projects as the Trustee may reasonably request.

(b) The Board and Corporation agree that they shall not place any lien or encumbrance on the Projects, except Permitted Encumbrances. In addition, the Corporation shall not join in or consent to the sale or re-letting of the Projects, or any portion thereof, except as may be directed by the Trustee or as shall be required by the terms of the Lease Agreement, the Assignment(s) of Ground Lease(s) or Ground Lease(s).

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ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

SECTION 8.01. EVENTS OF DEFAULT. Each of the following events is hereby declared an Event of Default under the Trust Agreement:

(a) Payment of any installment of interest on any Certificate shall not be made by the Board when the same shall become due and payable; or

(b) Payment of the principal, Amortization Installment or the redemption premium, if any, of any Certificate shall not be made by the Board when the same shall become due and payable, whether at maturity or by proceedings for mandatory redemption or otherwise; or

(c) Default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in this Trust Agreement or any Supplemental Trust Agreement and such default shall continue for thirty (30) days (or such further time as may be granted in writing by the Trustee with the consent of the Credit Enhancer) after receipt by the Board and the Corporation of a written notice from the Trustee or the Credit Enhancer specifying such default and requiring the same to be remedied; or

(d) Payment of any amounts owing a Credit Bank in regard to a reimbursement agreement relating to its Credit Facility shall not be made when the same shall become due and payable; or

(e) An "Event of Default" or "Event of Non-Appropriation" shall have occurred under the Lease Agreement, and, in the case of such "Event of Default," it shall not have been remedied or waived.

In determining whether a default described in Section 8.01(a) or 8.01(b) has occurred, no effect shall be given to payments made by an Insurer under its municipal bond insurance policy.

SECTION 8.02. ACCELERATION OF MATURITIES. Upon the happening and continuance of any Event of Default specified in Section 8.01 hereof and only subsequent to the termination of the Lease Agreement, the Trustee, in regard to each Series of Certificates, may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of a Series of Certificates then Outstanding, by notice in writing to the Board and the Corporation, shall declare the principal of all Certificates of such Series then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained

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in the Certificates or in this Trust Agreement to the contrary notwithstanding; provided, however, that any Series of Certificates which are insured as to payment by an Insurer may be accelerated only with the written consent or at the direction of such Insurer (if such Insurer is not in payment default under its municipal bond insurance policy); provided, further, that if at any time after the principal of a Series of Certificates shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Trust Agreement, moneys shall have accumulated in or shall have been paid into the Lease Payment Fund sufficient to pay the principal of all matured Certificates and all arrears of interest, if any, upon all Certificates then Outstanding (except the principal of any Certificate not then due and payable by its terms and the interest accrued on such since the last interest Payment Date), and the charges, compensations, expenses, disbursements, advances and liabilities of the Trustee and all other amounts then payable by the Board under the Lease Agreement shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Certificates or in this Trust Agreement (other than a default in the payment of the principal of such Certificates then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of Certificates not then due and payable by their terms (Certificates then due and payable only because of a declaration under this Section shall not be deemed to be due and payable by their terms) and then Outstanding shall, by written notice to the Board and the Corporation, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent Event of Default hereunder or impair any right consequent thereon.

SECTION 8.03. ENFORCEMENT OF REMEDIES. (a) Upon the happening and continuance of any Event of Default specified in Section 8.01 hereof, then and in every such case the Trustee may proceed, and upon the written request of (i) the Insurer of such Certificates (if such Insurer is not in payment default under its municipal bond insurance policy) or (ii) the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding and the Insurer of such Certificates (if such Insurer is not in payment default under its municipal bond insurance policy), shall proceed, subject to the provisions of Sections 9.02 and 8.14 of this Trust Agreement, to protect and enforce its rights and the rights of the Owners under the laws of the State, under this Trust Agreement, the Lease Agreement or the Ground Lease(s) by such suits, actions or special proceedings in equity or at law, or

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and damages collected in connection therewith, and all moneys in the Pledged Accounts relating thereto (amounts in a subaccount of the Project Account for such Project may, at the discretion of the Trustee, be retained in such subaccount to continue payment of the acquisition and construction of such Project) into a special account established for the sole benefit of the Owners of the Series of Certificates which financed or refinanced such Project and shall apply moneys in such special account as follows:

(i) If the principal of such Series of Certificates shall not have become or shall not have been declared due and payable, all such money in the special account established for such Series shall be applied:

First: to the payment to the Persons entitled thereto of all installments of interest on such Series of Certificates then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Series of Certificates;

Second: to the payment to the Persons entitled thereto of the unpaid principal of any Certificates of such Series that shall have become due and payable, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full the principal of Certificates of such Series due and payable on any particular date, then to the payment ratably according to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference;

Third: to the payment of the interest on and the principal of such Series of Certificates, to the purchase and retirement of such Series of Certificates, and to the redemption of such Series of Certificates, all in accordance with the provisions hereof;

Fourth: to the payment of any amounts owed and unpaid the Credit Bank for such Series or under the reimbursement agreement relating to the Credit Facility for such Series;

Fifth: to the payment of any amounts owing in regard to Ground Leases relating to such Series; and

Sixth: to the payment of any surplus moneys to the Board.

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by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid of execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel chosen by the Trustee, shall deem most effectual to protect and enforce such rights. The Trustee may also exercise all remedies it or the Corporation may have under law and under the Trust Agreement, the Lease Agreement, and any Ground Lease(s) and any mortgage or security interest relating to a Project.

(b) In the enforcement of any remedy under this Trust Agreement, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any Event of Default hereunder becoming and remaining due from the Board for principal, interest or otherwise under any of the provisions of this Trust Agreement or of the Certificates, together with interest on overdue payments of principal at the Overdue Rate and all reasonable costs and expenses of collection and of all proceedings hereunder, without prejudice to any other right or remedy of the Trustee or of the Owners and to recover and enforce any judgment or decree against the Corporation, but solely as provided herein, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect (but solely from money available for such purposes), in any manner provided by law, the money adjudged or decreed to be payable.

(c) As provided in Section 7.07 hereof and subject to the limitations thereof relating to Designated Equipment, the Trustee, upon an Event of Default described in Section 8.01(e) hereof and the termination of the Lease Agreement, may take possession of and title to the Projects, or any portion thereof, and it shall, if the Board relinquishes possession of the Projects pursuant to the Lease Agreement subsequent to an Event of Default described in Section 8.01(e) hereof, take possession of the Projects, in accordance with the provisions of Section 7.07 hereof and of the Ground Lease(s). Upon taking possession of the Projects the Trustee is authorized to sell, re-let or otherwise dispose of each Project, or any portion thereof, for the benefit of the Owners of the Series of Certificates which financed or refinanced each such Project.

SECTION 8.04. PRO-RATA APPLICATION OF FUNDS. (a) Anything in this Trust Agreement to the contrary notwithstanding, if at any time the money in the Lease Payment Fund shall not be sufficient to pay the interest on or the principal of the Certificates as the same shall become due and payable (either by their terms or by acceleration of maturities under the provisions of Section 8.02 hereof), the Trustee, subsequent to payment of all costs and expenses relating to collection of such moneys and fees and expenses of the Trustee, including reasonable fees and expenses of Trustee's Counsel, shall deposit all moneys derived from the sale, re-letting or other disposition of each Project, including moneys

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(ii) If the principal of such Series of Certificates shall have become or shall have been declared due and payable, all such money in the special account established for such Series shall be applied to the payment of principal and interest then due upon such Series of Certificates (or, in the case of Capital Appreciation Certificates, the Accreted Value thereof) without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest or any such Certificate over any other such Certificate ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto, without any discrimination or preference and then to the payment of any amounts owed and unpaid the Credit Bank for such Series or under the reimbursement agreement relating to the Credit Facility for such Series, and then to the payment of any amounts owing in regard to Ground Leases relating to such Series. Any surplus moneys shall be paid to the Board.

(iii) If the principal of such Series of Certificates shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 8.02 hereof, then, subject to the provisions of paragraph (a)(ii) of this Section in the event that the principal of such Series of Certificates shall later become due and payable or be declared due and payable, the money then remaining in and thereafter accruing to the special account established for such Series shall be applied in accordance with the provisions of paragraph (a)(i) of this Section.

(b) Whenever money is to be applied by the Trustee pursuant to the provisions of this Section and, subject to any direction given by a Credit Enhancer pursuant to Section 8.14 hereof, such money shall be applied by the Trustee at such times and from time to time, as the Trustee in its sole discretion shall determine, having due regard for the amount of such money available for such application and the likelihood of additional money becoming available for such application in the future; the setting aside of such money, in trust for the proper purpose, shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the Corporation, the Board, to any Owner or to any other Person for any delay in applying any such money so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Trust Agreement as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such money, it shall fix the date (which shall be a Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue.

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The Trustee shall give notice by first class mail, postage prepaid, to all Owners of the fixing of any such date, and shall not be required to make payment to the Owner of any Certificates until such Certificates shall be surrendered to the Trustee for cancellation if fully paid.

SECTION 8.05. EFFECT OF DISCONTINUANCE OF PROCEEDINGS. If any proceeding taken by the Trustee or Owners on account of any Event of Default hereunder shall have been discontinued or abandoned for any reason, then and in every such case, the Corporation, the Board, each Credit Enhancer, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no proceeding had been taken.

SECTION 8.06. CONTROL OF PROCEEDINGS BY OWNERS. The Owners of a majority in aggregate principal amount of each Series of Certificates then Outstanding shall have the right, subject to the provisions of Sections 8.14 and 9.02 of this Trust Agreement, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder in regard to such Series, provided that such direction shall be in accordance with law and the provisions of this Trust Agreement and the Lease Agreement.

SECTION 8.07. RESTRICTIONS UPON ACTIONS BY INDIVIDUAL OWNERS. Except as provided in Section 8.13 of this Trust Agreement, no Owner shall have any right to institute any suit, action or proceeding in equity or at law on any Certificate or for the execution of any trust hereunder or for any other remedy hereunder unless such Owner previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and unless also the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding of the Series of which such Owner belongs shall have made a written request of the Trustee after the right to exercise such powers or right of action as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceedings in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Trust Agreement or to any other remedy hereunder. It is understood and intended that, except as otherwise above provided, no one or more

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Event of Default shall be granted without obtaining the prior written consent of each Credit Enhancer so affected thereby.

SECTION 8.12. NOTICE OF DEFAULT. (a) The Trustee shall mail to all Owners at their addresses as they appear on the Certificate Register written notice of the occurrence of any Event of Default set forth in Section 8.01 hereof within thirty (30) days after the Trustee shall have notice of the same; provided that, except upon the happening of an Event of Default specified in clauses (a) and (b) of Section 8.01 of this Trust Agreement, the Trustee may withhold such notice to the Owners if in its opinion such withholding is in the interest of the Owners; and provided, further, that the Trustee shall not be subject to any liability to any Owner by reason of its failure to mail any such notice.

(b) The Trustee shall mail to each Credit Enhancer written notice of the occurrence of any Event of Default set forth in Section 8.01 hereof within five (5) Business Days after the Trustee shall have notice of the same.

(c) Upon the occurrence and continuance of an Event of Default or Event of Non-Appropriation, the Trustee shall provide each Credit Enhancer with access to the Certificate Register for the Series of Certificates for which it provides credit enhancement for purposes of inspection and copying the same.

SECTION 8.13. RIGHT TO ENFORCE PAYMENT OF CERTIFICATES UNIMPAIRED. If the Trustee shall fail to take actions required of it pursuant to this Section, nothing in this Article shall affect or impair the right of any Owner to enforce the payment of the principal of and interest on his Certificate or the obligation to pay the principal of and interest on each Certificate to the Owner thereof at the time and place in said Certificate expressed.

SECTION 8.14. CONTROL BY INSURER OR CREDIT BANK. Any provision hereunder or under the Lease Agreement or Ground Lease to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Credit Enhancer for a Series of Certificates, if such Credit Enhancer, shall not be in payment default under its municipal bond insurance policy or Credit Facility, as the case may be, shall be deemed to be the sole owner of such Certificates for purposes of (a) directing and controlling the enforcement of all rights and remedies with respect to such Series of Certificates, including any waiver of an Event of Default and removal of the Trustee and (b) exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of such Certificates are entitled to take pursuant to Articles VIII or IX hereof. No provision expressly recognizing or granting rights in or to a Credit Enhancer shall be modified without the consent of such Credit Enhancer. A Credit Enhancer's rights under this Section 8.14 shall be suspended during any period in which such Credit Enhancer is in default in its

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Owners shall have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the security of this Trust Agreement, or to enforce any right hereunder except in the manner provided, that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Owners and that any individual rights of action or other right given to one or more of such Owners by law are restricted by this Trust Agreement to the rights and remedies herein provided.

SECTION 8.08. APPOINTMENT OF A RECEIVER. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners under this Trust Agreement, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers for the Projects with such powers as the court making such appointments shall confer.

SECTION 8.09. ENFORCEMENT OF RIGHTS OF ACTION. All rights of action (including the right to file proof of claim) under this Trust Agreement or under any Certificates may be enforced by the Trustee without the possession of any Certificates or the production thereof in any proceedings relating thereto, and any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee, without the necessity of joining as plaintiffs or defendants any Owners hereby secured, and any recovery of judgment shall be for the equal benefit of the Owners.

SECTION 8.10. NO REMEDY EXCLUSIVE. No remedy herein conferred upon or reserved to the Trustee, a Credit Enhancer or to the Owners is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

SECTION 8.11. WAIVERS. No delay or omission by the Trustee or of any Owner in the exercise of any right or power occurring upon any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver of any such Event of Default hereunder or any acquiescence therein; and every power or remedy given by this Trust Agreement to the Trustee and to the Owners may be exercised from time to time and as often as may be deemed expedient. The Trustee may, and upon written request of the Owners of not less than a majority in principal amount of the Certificates then Outstanding, shall waive any Event of Default which shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Trust Agreement or before the completion of the enforcement of any rights of the Trustee hereunder, but such waiver shall not waive any subsequent Event of Default hereunder or impair any rights or remedies consequent thereon. Anything in this Section 8.11 to the contrary notwithstanding, no waiver of any

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payment obligations under its municipal bond insurance policy or Credit Facility, as applicable (except to the extent of amounts previously paid by such Credit Enhancer and due and owing to such Credit Enhancer) and shall be of no force or effect if its municipal bond insurance policy or other Credit Facility is no longer in effect or if the Credit Enhancer asserts that its municipal bond insurance policy or Credit Facility is not in effect or if the Credit Enhancer waives such rights in writing. The rights granted to a Credit Enhancer under this Section 8.14 are granted in consideration of the Credit Enhancer issuing its municipal bond insurance policy or Credit Facility. Any exercise of such contractual rights by a Credit Enhancer shall be deemed to be taken for the benefit of any Certificate Owners and shall not evidence such Credit Enhancer's position as to whether any Certificate Owner's consent is required.

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**ARTICLE IX
CONCERNING THE TRUSTEE**

SECTION 9.01. ACCEPTANCE OF DUTIES. (a) The Trustee by execution hereof accepts and agrees to fulfill the trusts imposed upon it by this Trust Agreement, but only upon the terms and conditions set forth in this Article and subject to the provisions of this Trust Agreement. Prior to the occurrence of any Event of Default hereunder and after the curing of all such Events of Default that may have occurred, the Trustee shall perform such duties and only such duties of the Trustee as are specifically set forth in this Trust Agreement. During the existence of any such Event of Default that has not been cured the Trustee shall exercise any of the rights and powers vested in it by this Trust Agreement. At all times the Trustee shall use the same degree of care and skill in their exercise as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

(b) No provision of this Trust Agreement, any Certificate, the Lease Agreement or the Assignment of Lease Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) Unless an Event of Default shall have occurred and be continuing:

(A) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Trust Agreement, the Lease Agreement and the Assignment of Lease Agreement, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Trust Agreement, the Lease Agreement and the Assignment of Lease Agreement, and no implied covenants or obligations shall be read into this Trust Agreement, the Lease Agreement or the Assignment of Lease Agreement against the Trustee, and

(B) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the accuracy of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to it by the Board and the Corporation conforming to the requirements of this Trust Agreement, the Lease Agreement or the Assignment of Lease Agreement, but in the case of any such certificate or opinion by which any provision hereof is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the

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outlays and reasonable counsel fees and other reasonable disbursements, and against all liability. The Trustee nevertheless may, in its sole discretion, but is not required to, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without indemnity, and in such case the Trustee shall be entitled to reimbursement from any money in its possession under the provisions of this Trust Agreement and shall be entitled to a preference therefor over any Certificates Outstanding hereunder.

SECTION 9.03. LIMITATIONS ON OBLIGATIONS AND RESPONSIBILITIES OF TRUSTEE. The Trustee shall be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Board or the Corporation, or to report, or make or file claims or proof of loss for, any loss or damage insured against or that may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. Except as to the acceptance of the trusts by its due execution of this Trust Agreement, the Trustee shall have no responsibility in respect of the validity, sufficiency, due execution or acknowledgment of this Trust Agreement by the other parties hereto, or in respect of the validity of Certificates (other than the due execution and delivery thereof in accordance with the terms hereof). The Trustee shall be under no obligation to see that any duties herein imposed upon the Corporation, the Board, any depository other than a Trustee as depository, or any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and the Trustee shall be under no obligation for failure to see that any such duties or covenants are so done or performed.

SECTION 9.04. TRUSTEE NOT LIABLE FOR FAILURE OF CORPORATION OR BOARD TO ACT. The Trustee shall not be liable or responsible because of the failure of the Corporation or the Board or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the Corporation or the Board or because of the loss of any money arising through the insolvency or the act or default or omission of any depository other than a Trustee depository in which such money shall have been deposited under the provisions of this Trust Agreement. The Trustee shall not be responsible for the application of any of the proceeds of Certificates or any other money deposited with it and paid out, withdrawn or transferred hereunder if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of this Trust Agreement. The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents.

SECTION 9.05. COMPENSATION AND INDEMNIFICATION OF TRUSTEE. Subject to the provisions of any contract between the Corporation,

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same to determine whether or not it conforms to the requirements of this Trust Agreement, the Lease Agreement or the Assignment of Lease Agreement, and

(ii) At all times, regardless of whether or not any such Event of Default shall exist:

(A) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(B) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners as provided in Article VIII hereof, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any power conferred upon the Trustee under this Trust Agreement and the Lease Agreement; and

(C) the Trustee may consult with counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder and in good faith and reliance thereon.

(c) None of the provisions contained in this Trust Agreement, the Lease Agreement or the Assignment of Lease Agreement shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

(d) Notwithstanding any other provision of this Trust Agreement, in determining whether the rights of the Owners of the Certificates will be adversely affected by any action taken pursuant to the terms and provisions of this Trust Agreement, the Trustee shall consider the effect on the Owners of the Certificates as if there were no municipal bond insurance policy or Credit Facility.

SECTION 9.02. INDEMNIFICATION OF TRUSTEE AS CONDITION FOR REMEDIAL ACTION. The Trustee shall be under no obligation to institute any suit or to take any remedial proceeding in the Event of a Default under this Trust Agreement or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts hereby created or in the enforcement of any rights and powers hereunder, including, without limitation, its acceptance or possession of a Project or any component thereof, until it shall be indemnified to its satisfaction against any and all reasonable costs, expenses,

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the Board and the Trustee relating to the compensation of the Trustee, the Corporation shall pay or cause the Board to pay to the Trustee reasonable compensation for all services performed by it hereunder and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and the performance of its powers and duties hereunder and shall, to the extent permitted by applicable law, indemnify and save the Trustee harmless against any liabilities that it may incur in the proper exercise and performance of its powers and duties hereunder and under the Lease Agreement.

SECTION 9.06. MONTHLY STATEMENTS FROM TRUSTEE. (a) It shall be the duty of the Trustee, by the 25th day of each month, to file with the Board a statement setting forth in respect of the preceding one-month period:

(i) the amount withdrawn or transferred by it and the amount deposited with it on account of each fund, account or subaccount held by it under the provisions of this Trust Agreement,

(ii) the amount on deposit with it at the end of such period in each such fund, account or subaccount,

(iii) a brief description of all obligations held by it as an investment of money in each such fund, account or subaccount,

(iv) the amount applied to the purchase or redemption of Certificates under the provisions of Article V of this Trust Agreement and a description of the Certificates or portions thereof so purchased or redeemed, and

(v) any other information that the Board may reasonably request.

(b) In addition, on each anniversary date of the issuance of the Certificates the Trustee shall file with the Board any information requested by the Board as necessary to determine the Rebatable Arbitrage as set forth in Letters of Instructions.

(c) All records and files pertaining to Certificates, the Corporation and the Board in the custody of the Trustee shall be open at all reasonable times to the inspection of the Board, the Corporation and their agents and representatives.

SECTION 9.07. TRUSTEE MAY RELY ON CERTIFICATES. If at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Trustee, and in any case in which this Trust Agreement provides for

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permitting or taking any action, the Trustee may rely upon any certificate required or permitted to be filed with it under the provisions of this Trust Agreement, and any such certificate shall be evidence of such fact or protect the Trustee in any action that it may or may not take or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Trust Agreement, any request, notice, certificate or other instrument from the Corporation or the Board to the Trustee shall be deemed to have been signed by the proper party or parties if signed by any Authorized Officer of the Corporation or the Board, as the case may be, and the Trustee may accept and rely upon a certificate signed by any such representative as to any action taken by the Corporation or the Board.

SECTION 9.08. TRUSTEE MAY PAY TAXES AND ASSESSMENTS. In case the Corporation or the Board shall fail to pay or cause to be paid any tax, assessment or governmental or other charge payable on the part of the Board or the Corporation relating to the Lease Agreement to the extent, if any, that the Board or the Corporation may be deemed by the Trustee liable for same, the Trustee, subject to Section 9.01(c) hereof, may pay such tax, assessment or governmental charge, without prejudice, however, to any rights of the Trustee or the Owners hereunder arising in consequence of such failure; and any amount at any time so paid under this Section shall be repaid upon demand by the Trustee by the Corporation from funds made available by the Board, but the Trustee shall be under no obligation to make any such payment from sources provided in the Trust Agreement unless it shall have available or be provided with adequate funds for the purpose of such payment.

SECTION 9.09. CERTAIN RIGHTS OF THE TRUSTEE. Subject to the provisions of Section 9.01 hereof, the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys.

SECTION 9.10. RESIGNATION AND REMOVAL OF TRUSTEE SUBJECT TO APPOINTMENT OF SUCCESSOR. No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 9.14.

SECTION 9.11. RESIGNATION OF TRUSTEE. Subject to the provisions of Section 9.10, the Trustee may resign and thereby become discharged from the trusts hereby created, by notice in writing given to the Board and the Corporation, and mailed, postage prepaid, at the Trustee's expense, to each Owner, not less than sixty (60) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Trustee hereunder if such new Trustee shall be appointed before the time limited by such notice and shall then accept the trusts hereof. No resignation shall take effect until a successor

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Trustee is required by operation of law, provided that such vendee, assignee or transferee is (i) a bank or trust company within the State which is duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, (ii) of good standing, and (iii) having, or its parent having, a combined capital, surplus and undivided profits aggregating not less than Fifty Million Dollars (\$50,000,000) or if otherwise approved by the Board. The Board shall mail notice of any such appointment made by it, postage prepaid, to all Owners and each Credit Enhancer.

(b) At any time within one (1) year after any such vacancy shall have occurred, the Owners of not less than twenty-five percent (25%) in principal amount of Certificates then outstanding, by an instrument or concurrent instruments in writing, executed by such Owners and filed with the Board may nominate a successor Trustee, which the Board shall appoint and which shall supersede any Trustee theretofore appointed by the Board. Photostatic copies, duly certified by the Superintendent of the Board as having been received by the Board, of each such instrument shall be delivered promptly by the Board to the predecessor Trustee and to the Trustee so appointed by the Owners.

(c) If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section, any Owner hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

(d) Any successor Trustee hereafter appointed shall be (i) a bank or trust company within the State which is duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, (ii) of good standing, and (iii) having, or its parent having, a combined capital, surplus and undivided profits aggregating not less than Fifty Million Dollars (\$50,000,000) or if otherwise approved by the Board.

SECTION 9.14. VESTING OF DUTIES IN SUCCESSOR TRUSTEE. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the Board, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, shall become fully vested with all the rights, immunities and powers, and subject to all the duties and obligations, of its predecessor; but such predecessor shall nevertheless, on the written request of its successor or of the Board and upon payment of the expenses, charges and other disbursements of such predecessor that are payable pursuant to the provisions of Section 9.05 hereof, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities and powers of such predecessor hereunder; and every predecessor Trustee shall deliver all property and money held by it hereunder to its successor. Should any instrument in

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Trustee has been appointed pursuant to the terms hereof. Each Credit Enhancer shall receive notice of such resignation.

SECTION 9.12. REMOVAL OF TRUSTEE. (a) The Trustee may be removed at any time by the Board for cause (provided an Event of Default described in Section 8.01(e) hereof has not occurred and has not been cured), or by an instrument or concurrent instruments in writing, executed by the Owners of not less than a majority in aggregate principal amount of Certificates then outstanding and filed with the Board, not less than sixty (60) days before such removal is to take effect as stated in said instrument or instruments. A photostatic copy of any instrument or instruments filed with the Board under the provisions of this paragraph, duly certified by the Superintendent of the Board as having been received by the Board, shall be delivered promptly to the Trustee.

(b) The Trustee may also be removed at any time for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Certificates then outstanding.

(c) The removal of a Trustee shall not become effective until a successor Trustee has been appointed pursuant to the terms hereof.

(d) The Trustee may be removed at any time, at the request of a Credit Enhancer of a majority of the Outstanding Certificates hereunder, with the consent of the Board, provided, that the Credit Enhancer is not in default of its payment obligations under its municipal bond insurance policy or Credit Facility.

(e) Upon the occurrence of an Event of Default as described in Section 8.01 hereof, and such Event of Default is continuing and has not been waived, the Credit Enhancer may remove the Trustee at any time, provided the Credit Enhancer is not in default of its payment obligations under its municipal bond insurance policy or other Credit Facility.

SECTION 9.13. APPOINTMENT OF SUCCESSOR TRUSTEE. (a) If at any time hereafter the Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as Trustee shall be taken over by any governmental official, agency, department or board, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any reason, the Board shall appoint a Trustee to fill such vacancy. A successor Trustee shall not be required if the Trustee shall sell or assign substantially all of its trust business and the vendee or assignee shall continue in the trust business, or if a transfer of the trust department of the

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writing from the Board be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall and will, on request, be executed, acknowledged and delivered by the Board.

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ARTICLE X

EXECUTION OF INSTRUMENTS BY OWNERS,
PROOF OF OWNERSHIP OF CERTIFICATES,
AND DETERMINATION OF CONCURRENCE OF OWNERS

SECTION 10.01. EXECUTION OF INSTRUMENTS BY OWNERS. (a) Any request, direction, consent or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by any Owner may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Certificates shall be sufficient for any purpose of this Trust Agreement and shall be conclusive in favor of the Trustee, the Board and the Corporation with regard to any action taken by either under such instrument if made in the following manner:

(i) The fact and date of the execution by any Person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is on behalf of a Person other than an individual, such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

(ii) The ownership of Certificates shall be proved by the registration books kept under the provisions of this Trust Agreement.

(b) Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of any Owner shall bind every future Owner of the same Certificate in respect of anything done by the Trustee in pursuance of such request or consent.

(c) Notwithstanding any of the foregoing provisions of this Section, the Trustee shall not be required to recognize any Person as an Owner or to take any action at his request unless such Certificates shall be deposited with it.

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(h) To provide for the issuance of Certificates, including Completion Certificates and Refunding Certificates, or

(i) To provide, in regard to a Series of Certificates, for the addition, modification or deletion of any of the provisions in Section 6.03 relating to conditions which shall be necessary in order to draw moneys from a subaccount of the Project Account, or

(j) To make any other modifications hereto which in the opinion of the Trustee, who may rely upon a written opinion of Special Counsel, shall not materially adversely affect the Owners.

(k) To determine how, when and what information concerning the Board, the Corporation, the Credit Enhancer and the Certificates should be disclosed by the Trustee to the Owners and the investment community in accordance with published guidelines.

SECTION 11.02. MODIFICATION OF TRUST AGREEMENT WITH CONSENT OF OWNERS AND CREDIT ENHANCERS. (a) Subject to the terms and provisions contained in this Section, and not otherwise, the Owners of not less than a majority of the aggregate principal amount of Certificates then Outstanding shall have the right, from time to time, anything contained in this Trust Agreement to the contrary notwithstanding, to consent to and approve the execution by the Corporation, the Board and the Trustee of such Supplemental Trust Agreement or Supplemental Trust Agreements as shall be deemed necessary or desirable by the Corporation and the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Trust Agreement; provided, however, that nothing herein contained shall permit, or be construed as permitting (i) an extension of the maturity of the principal of or the interest on any Certificates issued hereunder, or (ii) a reduction in the principal amount of any Certificates or the prepayment premium or the rate of interest thereon, or (iii) a preference or priority of any Certificate over any other Certificate, except as provided herein, or (iv) a reduction in the aggregate principal amount of Certificates required for consent to such Supplemental Trust Agreement. For purposes of making amendments made pursuant to this Section 11.02, Owners of Certificates which will no longer be Outstanding at the time the Supplemental Trust Agreement takes effect or which are not adversely affected by such Supplemental Trust Agreement shall not have any rights of consent hereunder. Each Supplemental Trust Agreement entered into pursuant to this Section must be consented to by each Credit Enhancer which is affected thereby. Nothing contained in this Section 11.02, however, shall be construed as making necessary the approval by the Owners of the adoption and acceptance of any Supplemental Trust Agreement as authorized in Sections 11.01 and 11.03 hereof.

(b) If at any time the Corporation and the Board shall request the Trustee to enter into any Supplemental Trust Agreement

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ARTICLE XI

SUPPLEMENTAL TRUST AGREEMENTS

SECTION 11.01. SUPPLEMENTAL TRUST AGREEMENTS WITHOUT CONSENT OF OWNERS AND CREDIT ENHANCERS. The Corporation, the Board and the Trustee, from time to time and at any time, may enter into Supplemental Trust Agreements, without the consent of the Owners of the Certificates or any Credit Enhancers, for the following purposes:

(a) To cure any ambiguity or formal defect or omission, to correct or supplement any provision herein that may be inconsistent with any other provision herein, to make any other provisions with respect to matters or questions arising under this Trust Agreement, or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Trust Agreement; provided, that any such modification, alteration, amendment, addition or replacement does not materially adversely affect the interests of the Owners, or

(b) To grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee, including provisions relating to a mortgage and security interest on a Project pursuant to Section 7.07 hereof, or

(c) To add to the provisions of this Trust Agreement other conditions, limitations and restrictions thereafter to be observed, or

(d) To add to the covenants and agreements of the Corporation or the Board in this Trust Agreement other covenants and agreements thereafter to be observed by the Corporation or the Board or to surrender any right or power herein reserved to or conferred upon the Corporation or the Board, or

(e) To permit the qualification of this Trust Agreement under any federal statute now or hereafter in effect or under any state Blue Sky law, and, in connection therewith, if the Corporation and the Board so determine, to add to this Trust Agreement or any supplemental trust agreement such other terms, conditions and provisions as may be permitted or required by such federal statute or Blue Sky law, or

(f) To provide for the issuance of Taxable Certificates in bearer form, or

(g) To provide for the issuance of Certificates under a book-entry system, or

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for any of the purposes of this Section, the Trustee shall, at the expense of the Board, cause notice of the proposed execution of such Supplemental Trust Agreement to be mailed, postage prepaid, to all affected Owners, to each affected Credit Enhancer and to each rating agency which shall rate the Certificates. Such notice shall briefly set forth the nature of the proposed Supplemental Trust Agreement and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Owners. The Trustee shall not, however, be subject to any liability to any Owner by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such Supplemental Trust Agreement when approved and consented to as provided in this Section.

(c) Whenever, at any time within three years after the date of the mailing of such notice, the Corporation or the Board shall deliver to the Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than a majority of the aggregate principal amount of Certificates then Outstanding as required hereunder and each affected Credit Enhancer, which instrument or instruments shall refer to the proposed Supplemental Trust Agreement described in such notice and shall, specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Trustee may execute such Supplemental Trust Agreement in substantially such form, without liability or responsibility to any Owner, whether or not such Owner shall have consented thereto.

(d) If the Owners of not less than a majority in aggregate principal amount of Certificates Outstanding as required hereunder and each affected Credit Enhancer at the time of the execution of such Supplemental Trust Agreement shall have consented to and approved the execution thereof as herein provided, no Owner shall have any right to object to the adoption of such Supplemental Trust Agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Corporation, the Board and the Trustee from executing the same or from taking any action pursuant to the provisions thereof.

(e) Upon the execution of any Supplemental Trust Agreement pursuant to the provisions of this Section, this Trust Agreement shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Trust Agreement of the Corporation, the Board the Trustee and all Owners shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this Trust Agreement as so modified and amended.

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SECTION 11.03. MODIFICATION OF TRUST AGREEMENT WITH CONSENT OF CREDIT ENHANCERS ONLY. If each Series of Certificates adversely affected by an amendment or amendments in a Supplemental Trust Agreement is insured or guaranteed by a Credit Enhancer, and such Credit Enhancer has honored all its obligations under its municipal bond insurance policy or Credit Facility, as the case may be, the Board, the Trustee and the Corporation may enter into one or more Supplemental Trust Agreements which amends all or any part of Articles I, II, III, IV, V, VI, VII, VIII, IX, X or XIII hereof with the written consent of such Credit Enhancers. The consent of the Owners shall not be necessary. Notice of all amendments shall be delivered to S&P and Moody's prior to the effective date of any such amendment. The foregoing right of amendment does not apply to any amendments to Section 7.05 hereof nor may such amendment permit modifications prohibited in Section 11.02(a) hereof. Upon filing with the parties hereto of the consent of the Credit Enhancers as aforesaid, a Supplemental Trust Agreement may be entered into. Subsequent to execution of such Supplemental Trust Agreement notice thereof shall be mailed to the Owners in the same manner as notice of amendment under Section 11.02 hereof.

SECTION 11.04. RESPONSIBILITIES OF TRUSTEE, BOARD AND CORPORATION UNDER THIS ARTICLE. The Trustee, the Board and the Corporation shall be entitled to exercise their discretion in determining whether or not any proposed Supplemental Trust Agreement or any term or provision therein contained is desirable, after considering the purposes of such instrument, the needs of the Corporation and the Board, the rights and interests of the Owners, and the rights, obligations and interests of the Trustee, and the Trustee shall not be under any responsibility or liability to the Corporation, the Board or to any Owner or to anyone whomsoever for its refusal in good faith to execute any such Supplemental Trust Agreement if such trust agreement is deemed by it to be contrary to the provisions of this Article. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it, who may be counsel for the Corporation or the Board or Special Counsel, as conclusive evidence that any such proposed Supplemental Trust Agreement does or does not comply with the provisions of this Trust Agreement, and that it is or is not proper for it, under the provisions of this Article, to accept such Supplemental Trust Agreement.

SECTION 11.05. CONSENT OF BOARD NOT REQUIRED. Anything herein to the contrary notwithstanding, no such Supplemental Trust Agreement need be consented to or executed by the Board if the Board is in default under the Lease Agreement or an Event of Non-Appropriation has occurred.

SECTION 11.06. NOTICE OF SUPPLEMENTAL TRUST AGREEMENT. Copies of any Supplemental Trust Agreement executed pursuant to the provisions of this Article XI shall be sent to Standard & Poor's

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**ARTICLE XII
DEFEASANCE**

SECTION 12.01. DEFEASANCE. (a) If the principal, Prepayment Premium, if any, and interest due or to become due on the Certificates shall be paid at the times and in the manner stipulated therein, and if all other sums of money due or to become due according to the provisions hereof shall be paid or provision for payment shall be made, including any amounts owing to any Credit Enhancer or the issuer of a Reserve Account Letter of Credit/Insurance Policy, then these presents and the Trust Estate and rights hereby granted shall cease, terminate and be void, whereupon the Trustee shall cancel and discharge the lien of this Trust Agreement and execute and deliver to the Corporation and the Board such instruments in writing as shall be requisite to cancel and discharge the lien hereof and all surplus in, and balances remaining in, all funds and accounts, other than moneys held for the redemption or payment of Certificates and money held for the United States Treasury in the Rebate Fund, shall be delivered to the Board.

(b) If the principal, Prepayment Premium, if any, and interest due or to become due on a Series of Certificates shall be paid at the times and in the manner stipulated therein, and if all other sums of money due or to become due according to the provisions hereof shall be paid or provision for payment shall be made, then the balance in the Pledged Accounts relating to such Series shall be delivered to the Board.

(c) Any Certificates shall be deemed to be paid within the meaning of this Article when payment of the principal of and Prepayment Premium, if any, on such Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in this Trust Agreement, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (A) moneys sufficient to make such payment and/or (B) Refunding Securities verified by an independent certified public accountant as to principal and interest in such amounts and at such times as will provide sufficient moneys to make such payment, and all necessary and proper fees and expenses of the Trustee pertaining to the Certificates with respect to which such deposit is made. Except as hereafter provided, neither the Refunding Securities nor any moneys so deposited with the Trustee nor any moneys received by the Trustee on account of principal of or Prepayment Price, if applicable, or interest on said Refunding Securities shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when

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due, of the principal of or Prepayment Price, if applicable, of the Certificates for the payment or redemption of which they were deposited and the interest accruing thereon to the date of maturity or redemption; provided, however, new Refunding Securities and moneys may be substituted for the deposited Refunding Securities and moneys if the new Refunding Securities and moneys are sufficient to pay the principal of or Prepayment Price, if applicable, and interest on the refunded Certificates as verified by an independent certified public accounting firm. At such time as a Certificate shall be deemed to be paid hereunder as aforesaid such Certificate shall no longer be deemed to be outstanding hereunder and shall no longer be secured by or entitled to the benefits of this Trust Agreement, except for the purposes of any such payment from such moneys or Refunding Securities. Notwithstanding the foregoing, the provisions of this Trust Agreement relating to the maturity of the Certificates, interest payments and interest Payment Dates, redemption provisions, exchange, transfer and registration of Certificates, replacement of mutilated, destroyed, lost or stolen Certificates, the safekeeping and cancellation of Certificates, non-presentment of Certificates, the holding of moneys in trust, and the duties of the Trustee in connection with all of the foregoing, remain in effect and shall be binding upon the Trustee and the Owners notwithstanding the release and discharge of the lien of the Trust Agreement. Prepayments received pursuant to Section 4.06(c) of the Lease Agreement shall be applied in accordance with Section 4.06 of the Lease Agreement and shall be held for the benefit of the Certificates described in the notice given by the Board pursuant to such Section.

(d) If Certificates for which Refunding Securities have been set aside are to be called for redemption, irrevocable instructions to call the Certificates for redemption shall be given by the Board to the Trustee.

(e) The Trustee, within thirty (30) days after any Refunding Securities shall have been deposited with it, shall cause a notice, signed by the Trustee, to be mailed, postage prepaid, to all Owners for which Refunding Securities have been set aside, setting forth (i) the date or dates, if any, designated for the redemption of the Certificates, (ii) a description of the Refunding Securities so held by it, and (iii) that such Certificates have been defeased as provided in this Trust Agreement.

(f) For purposes of determining whether Variable Rate Certificates shall be deemed to have been paid prior to the maturity or the redemption date thereof, as the case may be, by the deposit of moneys, or specified Refunding Securities and moneys, if any, in accordance with this Section, the interest to come due on such Variable Rate Certificates on or prior to the maturity or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate; provided, however, that if on any date, as a result of such Variable Rate Certificates having borne

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ARTICLE XIII

MISCELLANEOUS PROVISIONS

interest at less than the Maximum Interest Rate for any period, the total amount of moneys and specified Refunding Securities on deposit for the payment of interest on such Variable Rate Certificates is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Certificates in order to satisfy this Section, such excess shall be paid to the Board free and clear of any trust, lien, pledge or assignment securing the Certificates or otherwise existing under this Trust Agreement.

(g) Notwithstanding anything to the contrary set forth in this Article XII, the obligations of the Board under Section 6.03 of the Lease Agreement with respect to any Certificates (other than Taxable Certificates) defeased pursuant to this Article XII shall survive any such defeasance.

(h) Amounts paid by a Credit Enhancer under a Credit Facility or municipal bond insurance policy shall not be deemed paid for purposes of this Section 12.01 and shall remain outstanding and continue to be due and owing until paid in accordance with this Trust Agreement. This Trust Agreement shall not be discharged unless all amounts due or to become due to the Credit Enhancer have been paid in full.

SECTION 13.01. EFFECT OF DISSOLUTION OF CORPORATION. In the event the Corporation for any reason shall be dissolved or its legal existence shall otherwise be terminated, all of the covenants, stipulations, obligations and agreements contained in this Trust Agreement by or on behalf of or for the benefit of the Corporation shall bind or inure to the benefit of the successor or successors of the Corporation from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the term "Corporation" as used in this Trust Agreement shall include such successor or successors.

SECTION 13.02. NOTICES. (a) All written notices, certificates, reports or statements to be given under this Trust Agreement shall be given by mail or personal delivery to the party entitled thereto, with a copy to each of the other parties to this Trust Agreement, at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective upon deposit in the United States mail, postage prepaid or, in the case of personal delivery, upon delivery, to the address set forth below.

If to the Board: School Board of Hillsborough County,
Florida
901 East Kennedy Boulevard
Tampa, Florida 33602
Attention: Superintendent and General
Director of Finance

If to the Corporation: Hillsborough School Board Leasing
Corporation
c/o School Board of Hillsborough County,
Florida
901 East Kennedy Boulevard
Tampa, Florida 33602
Attention: Superintendent and General
Director of Finance

If to the Trustee: NationsBank of Florida, N.A.
400 North Ashley Drive, 6th Floor
Tampa, Florida 33602
Attention: Corporate Trust Department

(b) Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by telegram, telecopy or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such

transmission of notice shall be confirmed in writing and sent as specified above.

(c) Any of such addresses may be changed at any time upon written notice of such change sent by United States registered mail, postage prepaid, to the other parties by the party effecting the change.

(d) All documents received by the Trustee under the provisions of this Trust Agreement, or photostatic copies thereof, shall be retained in its possession until this Trust Agreement shall be released under the provisions of Section 12.01 of this Trust Agreement, subject at all reasonable times to the inspection of the Corporation, the Board and any Owner and the agents and representatives thereof.

SECTION 13.03. CAPITAL APPRECIATION CERTIFICATES. For the purposes of (A) receiving payment of the Prepayment Price if a Capital Appreciation Certificate is prepaid prior to maturity, or (B) receiving payment of a Capital Appreciation Certificate if the principal of all Certificates becomes due and payable under the provisions of this Trust Agreement, or (C) computing the amount of Certificates held by the Owner of a Capital Appreciation Certificate in giving to the Trustee any notice, consent, request or demand pursuant to this Trust Agreement for any purpose whatsoever, the principal amount of a Capital Appreciation Certificate shall be deemed to be its Accredited Value.

SECTION 13.04. SUBSTITUTE MAILING. If, because of the temporary or permanent suspension of postal service, the Corporation, the Board or the Trustee shall be unable to mail any notice required to be given by the provisions of this Trust Agreement, the Corporation, the Board or the Trustee shall give notice in such other manner as in the judgment of the Corporation, the Board or the Trustee shall most effectively approximate mailing, and the giving of notice in such manner shall for all purposes of this Trust Agreement be deemed to be in compliance with the requirement for the mailing thereof.

SECTION 13.05. PARTIES AND OWNERS ALONE HAVE RIGHTS UNDER TRUST AGREEMENT. Except as herein otherwise expressly provided, nothing in this Trust Agreement, express or implied, is intended or shall be construed to confer upon any Person, other than the Trustee, the Corporation, the Board, the Credit Enhancers and the Owners, any right, remedy or claim, legal or equitable, under or by reason of this Trust Agreement or any provision being intended to be and being for the sole and exclusive benefit of the Trustee, the Corporation, the Board, the Credit Enhancers and the Owners.

SECTION 13.06. EFFECT OF PARTIAL INVALIDITY. In case any one or more of the provisions of this Trust Agreement or the Certificates shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions

of this Trust Agreement or the Certificates, but this Trust Agreement and the Certificates shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Certificates or this Trust Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Board or the Corporation to the full extent permitted by law.

SECTION 13.07. NO RECOURSE AGAINST MEMBERS, OFFICERS OR EMPLOYEES OF CORPORATION OR THE BOARD. No recourse under, or upon, any statement, obligation, covenant, or agreement contained in this Trust Agreement, or in any Certificate hereby secured, or in any document or certification whatsoever, or under any judgment obtained against the Corporation or the Board or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any member, officer or employee, as such, of the Corporation or the Board, either directly or through the Corporation or the Board, respectively, or otherwise, for the payment for or to, the Corporation or the Board or any receiver of either of them, or for, or to, any Owner or otherwise, of any sum that may be due and unpaid upon any such Certificate. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such member, officer or employee, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the Corporation or the Board or any receiver of either of them, or for, or to, any Owner or otherwise, of any sum that may remain due and unpaid upon the Certificates hereby secured or any of them, is hereby expressly waived and released as an express condition of, and in consideration for, the execution of this Trust Agreement and the issuance of the Certificates.

SECTION 13.08. EXPENSES PAYABLE UNDER TRUST AGREEMENT. All expenses incurred in carrying out this Trust Agreement, except those expenses incurred by the Trustee in mailing resignation notices, shall be payable solely from funds derived from the Board as Supplemental Rent.

SECTION 13.09. DEALING IN CERTIFICATES. The Trustee, its directors, officers, employees or agents, and any officer, employee or agent of the Corporation or the Board, may in good faith, buy, sell, own, hold and deal in any Certificates issued under the provisions of this Trust Agreement and may join in any action which any Owner may be entitled to take with like effects as if such Trustee were not a Trustee under this Trust Agreement or as if such officer, employee or agent of the Corporation or the Board did not serve in such capacity.

SECTION 13.10. MULTIPLE COUNTERPARTS. This Trust Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

SECTION 13.11. HEADINGS. Any heading preceding the text of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Trust Agreement, nor shall they affect its meaning, construction or effect.

SECTION 13.12. LAWS. This Trust Agreement shall be construed and governed in accordance with the laws of the State.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement by their officers thereunto duly authorized as of the date and year first written above.

NATIONSBANK OF FLORIDA, N.A., as
Trustee

(SEAL)

By: Shane B Sawyers
Vice President

ATTEST:

James M. Mackay
Trust Officer

HILLSBOROUGH SCHOOL BOARD LEASING
CORPORATION, as Lessor

(SEAL)

By: Yvonne M. Kitchick
President

ATTEST:

Walter L. Siebler
Secretary

SCHOOL BOARD OF HILLSBOROUGH COUNTY,
FLORIDA, as Lessee

(SEAL)

By: Yvonne M. Kitchick
Chairman

ATTEST:

Walter L. Siebler
Superintendent/Secretary

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other Assignment of Ground Lease Agreement thereafter delivered by the Corporation to the Trustee pursuant to the terms of a Ground Lease executed and delivered in connection with a Lease-Schedule.

"Authorized Officer," when used with respect to the Corporation, means the President, Vice President, Secretary or Treasurer of the Corporation or their deputies or assistants or any other officer of the Corporation who is designated by the Board of Directors of the Corporation as an Authorized Officer for purpose of the Lease Agreement and the Trust Agreement in a written certificate signed by the Chairman of the Board of Directors of the Corporation and filed with the Trustee. The term "Authorized Officer," when used with respect to the Board, means the Chairman, the Superintendent or his designee or any other officer or employee of the Board designated by the Board as an Authorized Officer for purposes of the Lease Agreement and the Trust Agreement in a written certificate signed by the Chairman of the Board and filed with the Trustee.

"Available Revenues" means the moneys and revenues of the Board legally available under the Act to make the Lease Payments. "Available Revenues" shall include, but not be limited to, PECCO Funds, FEFF and the Capital Outlay Millage.

"Basic Rent" or "Basic Rent Payment" means the Basic Rent payments set forth in the Lease Schedules, as the same may be adjusted pursuant to the terms of the Lease Agreement.

"Basic Rent Payment Date" means the dates on which Basic Rent becomes due as described in the Lease Schedules. Such Basic Rent Payment Dates shall occur on each January 1 and July 1 unless a Lease Schedule states otherwise; provided, payments of Basic Rent shall be made at the time indicated in Section 4.03 of the Lease Agreement.

"Board" means the School Board of Hillsborough County, Florida, and any successor thereto.

"Budget" means the annual budget of revenues and expenses and capital expenditures required to be adopted by the Board for each Fiscal Year pursuant to the laws of the State. "Budget" shall include the Board's continuation Budget, tentative Budget and its final Budget.

"Buildings" means, in regard to a Project, the structures to be financed or refinanced from a disbursement from the Project Account and leased to the Board as part of a Project pursuant to the terms of the Lease Agreement and Trust Agreement and which is more particularly described in the Lease Schedule relating to such Project, as the same may be modified or changed from time to time in accordance with the terms of the Lease Agreement and Trust Agreement.

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DEFINITIONS

"Accreted Value" of a Capital Appreciation Certificate means the original principal amount thereof payable from the Principal Component of Basic Rent Payments plus interest payable from the Interest Component of Basic Rent Payments accrued thereon on the basis of a 360-day year consisting of twelve 30-day months compounded semi-annually on each Payment Date commencing on the Payment Date next succeeding the dated date of such Capital Appreciation Certificates to the date of maturity or redemption prior to maturity of such Capital Appreciation Certificates on the date of determination. The Accreted Value with respect to any date other than a Payment Date is the Accreted Value on the next preceding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates plus the percentage of the Accreted Value on the next succeeding Payment Date derived by dividing the number of days from the next preceding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates to the date of determination by the total number of days from the next succeeding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates to the next succeeding Payment Date.

"Act" means Chapters 230, 235 and 236, Florida Statutes, and other applicable provisions of law.

"Amortisation Installment" means an annual amount designated as such by the Trust Agreement, such amount to be included in the Basic Rent Payments and to be deposited by the Trustee to the credit of the Principal Account for the purpose of paying Term Certificates.

"Architect" means, with respect to a Project involving the construction of a Building, the architect or firm of architects appointed to perform the duties of the Architect in accordance with Section 5.01 of the Lease Agreement. The Architect may be an employee of the Board, the Developer or the Contractor.

"Assignment of Lease Agreement" means the Assignment of Lease Agreement, dated as of April 1, 1994, by and between the Corporation and the Trustee, as now or hereafter amended.

"Assignment(s) of Ground Lease Agreement" means the Assignment of Ground Lease Agreement, dated as of April 1, 1994, from the Corporation to the Trustee, as now or hereafter amended and any

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"Business Day" means any day other than a Saturday or Sunday or a day on which the Trustee is authorized by law to be closed.

"Capital Appreciation Certificates" means the Certificates so designated by the Trust Agreement, which may be either Serial Certificates or Term Certificates and which shall bear interest payable at maturity or redemption.

"Capital Outlay Millage" means the revenues received by the Board from the levy of an ad valorem tax against non-exempt assessable property within the District and available to make Lease Payments pursuant to applicable law.

"Certificate" or "Certificates" means the certificates of participation prepared and delivered by the Trustee pursuant to the Trust Agreement.

"Certificate Register" means the books of the Trustee for registration of the ownership of the Certificates pursuant to Section 4.06 of the Trust Agreement.

"Closure Date" means, in regard to a Project, the date provided in the Lease Schedule relating thereto.

"Code" means the Internal Revenue Code of 1986, as amended, and all regulations and rules applicable thereto.

"Commencement Date" means, with respect to a Project, the date set forth in the Lease Schedule relating thereto.

"Completion Certificates" means Certificates issued for purposes of completing a Project pursuant to Section 4.12 of the Trust Agreement.

"Completion Date" shall have, in regard to a Project, the meaning ascribed thereto in Section 6.03(g) of the Trust Agreement.

"Construction Contract" means a contract entered into between the Board on behalf of the Corporation and the Contractor or Developer providing for the terms upon which the Contractor or Developer shall construct and install a Project, or portion thereof.

"Contractor" means, with respect to a Project, the Person or Persons appointed by the Board on behalf of the Corporation to act in such capacity.

"Corporation" means Hillsborough School Board Leasing Corporation, a single-purpose, not-for-profit corporation organized and existing under the laws of the State, and any successor thereto.

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"Costs of Issuance" means, in regard to a Series of Certificates and Lease Schedule related thereto, all costs and expenses related to the execution, sale and delivery of such Series of Certificates and execution and delivery of such Lease Schedule, including, but not limited to, costs paid or incurred by the Board, the Corporation or the Trustee for filing costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, financing discounts, legal fees and charges and reimbursements, financial and other professional consultant fees and charges and reimbursements, auditors fees and charges and reimbursements, costs of rating agencies or credit ratings, fees for execution, registration, transportation and safekeeping of the Certificates, credit enhancement premiums and charges and fees in connection with the foregoing.

"Costs of Issuance Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Credit Bank" shall mean as to any particular Series of Certificates, the Person (other than an Insurer) providing a letter of credit, a line of credit or another credit or liquidity enhancement facility, as designated in the Lease Schedule relating to such Certificates.

"Credit Enhancer" means, with regard to a Series of Certificates, any Insurer or Credit Bank that provides a municipal bond insurance policy or Credit Facility, respectively, with regard to such Series of Certificates.

"Credit Facility" shall mean as to any particular Series of Certificates, a letter of credit, a line of credit or another credit or liquidity enhancement facility (other than a municipal bond insurance policy issued by an Insurer), as designated in the Lease Schedule relating to such Certificates.

"Current Interest Certificates" means Certificates so designated by the Trust Agreement and on which the interest on which is payable to the Owner thereof on the Payment Dates with respect thereto.

"Department" means the Department of Education of the State of Florida.

"Designated Equipment" means Equipment for which title is required by the Department to be in the name of the Board upon acquisition thereof and which is described as such in the Lease Schedule relating thereto. All Designated Equipment must be consented to by the Department or otherwise permitted by applicable law.

"Developer" means, with respect to a Project, the Person or Persons which shall enter into a Construction Contract with the

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"Group" means, in regard to a Project, the group or groups of leased property which shall constitute a portion of such Project as described in the Lease Schedule related thereto.

"Initial Lease Term" means, in regard to a Project, the initial term of the lease of such Project from the Corporation to the Board pursuant to the terms of the Lease Agreement, which Initial Lease Term shall commence on the Commencement Date and shall end on the next succeeding June 30.

"Initial Lease Termination Date" means, in regard to a Project, the last day of the Initial Lease Term.

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

"Insurer" means such Person which shall be in the business of insuring or guaranteeing the payment of the principal of and interest on municipal securities.

"Interest Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Interest Component" means the portion of each Basic Rent Payment constituting interest as set forth in the Lease Schedules.

"Land" means, in regard to a Project, (1) the real property to be financed or refinanced by a disbursement from the Project Account, which shall be selected by the Board in the manner required by law, and (2) the leasehold interest of the Corporation in the Premises, if any, acquired pursuant to a Ground Lease, which, in either case, shall be leased to the Board as part of such Project pursuant to the terms of the Lease Agreement and which is more particularly described in the Lease Schedule relating thereto, to the extent identified and acquired by the Corporation on the Commencement Date.

"Lease Agreement" means the Master Lease-Purchase Agreement, dated as of April 1, 1994, by and between the Corporation, as lessor, and the Board, as lessee, including all Lease Schedules, as now or hereafter amended, modified or supplemented.

"Lease Payment Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Lease Payments" means, collectively, the Basic Rent, the Supplemental Rent and all other amounts owing under the Lease Agreement which are payable by the Board for the lease of the Projects pursuant to the Lease Agreement.

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Board to construct such Project, or portion thereof, on a "turn-key" basis.

"District" means the Hillsborough County School District, and any successor thereto.

"Engineer" means, with respect to a Project involving the construction of a Building, the professional engineer or firm of engineers appointed to perform the duties of the Engineer in accordance with Section 5.01 of the Lease Agreement. The Engineer may be an employee of the Board, the Contractor or the Developer.

"Equipment" means, in regard to a Project, the items of personal property to be financed or refinanced by disbursements from the Project Account and leased to the Board pursuant to the terms and provisions of the Lease Agreement and which are more particularly described in the Lease Schedule relating to such Project, or any substitutions therefor or additions thereto made in accordance with the provisions of the Lease Agreement. "Equipment" shall include Designated Equipment. All Equipment must be consented to by the Department or otherwise permitted by applicable law.

"Estimated Completion Date" means, with respect to a Project, the date provided in the Lease Schedule related thereto.

"Event of Default" or "Default," when referenced to the Lease Agreement, means an event of default or default under the Lease Agreement as set forth in Section 7.02 of the Lease Agreement, and, when referenced to the Trust Agreement, shall mean an event of default or default as set forth in Section 8.01 of the Trust Agreement.

"Event of Non-Appropriation" shall have the meaning ascribed thereto in Section 7.01 of the Lease Agreement.

"FEFF" means moneys received by the Board from the Florida Education Finance Program pursuant to the Act, to the extent the Department permits such moneys to be used to make Lease Payments.

"Fiscal Year" means the period commencing on July 1 of each year and continuing through the next succeeding June 30, or such other period as may be prescribed by law.

"Ground Leases" means, the Ground Lease Agreement, dated April 1, 1994, from the Board to the Corporation, as the same may be amended from time to time and any other Ground Lease Agreement or Supplement to the Ground Lease Agreement delivered in connection with a Lease Schedule.

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"Lease Schedule" means the Lease Schedule, the form of which is attached to the Lease Agreement as Exhibit C, which shall authorize the lease of a Project to the Board in accordance with the terms of the Lease Agreement.

"Lease Term" means, in regard to a Project, the term of the lease of such Project, pursuant to the provisions of the Lease Agreement and Lease Schedule relating thereto, which Lease Term shall commence on the first day of the Initial Lease Term and shall be equal to the Maximum Lease Term of such Project unless the Lease Agreement is earlier terminated in accordance therewith in which case the Lease Term shall end on such date of termination.

"Letter of Instructions" means the Letter of Instructions attached to each Supplemental Trust Agreement authorizing the issuance of a Series of Certificates as required by Section 6.12 of the Trust Agreement.

"Mandatory Prepayment" means the mandatory prepayment by the Board of all or a portion of the Lease Payments pursuant to Sections 3.07 and 5.08 of the Lease Agreement.

"Mandatory Prepayment Date" means, in regard to a Series of Certificates, the date on which such Certificates shall be redeemed pursuant to the Supplemental Trust Agreement authorizing the issuance thereof.

"Maximum Cost" means, in regard to a Project, the maximum cost of such Project which shall be stated in the Lease Schedule relating thereto.

"Maximum Interest Rate" means, with respect to any particular Series of Variable Rate Certificates, a numerical rate of interest, which shall be set forth in the Supplemental Trust Agreement authorizing the issuance of such Certificates, that shall be the maximum rate of interest such Certificates may at any time bear.

"Maximum Lease Term" means, in regard to a Project, the maximum term of the lease of such Project as provided in the Lease Schedule relating thereto.

"Moody's" or "Moody's Investors Service" means Moody's Investors Service, or any successor thereto.

"Net Proceeds," when used with respect to any insurance or condemnation award, means the amount of gross proceeds from such insurance or condemnation award remaining after payment of all expenses incurred in the collection of such gross proceeds.

"Optional Prepayment Date" means the date on which the moneys deposited by the Board pursuant to the exercise of a prepayment option under Section 4.06 of the Lease Agreement shall be applied

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to the redemption of a Series of Certificates in accordance with the Lease Schedule and Supplemental Trust Agreement relating thereto.

"Outstanding," when used with reference to Certificates means, as of a particular date, all Certificates theretofore issued under the Trust Agreement, except:

(1) Certificates theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(2) Certificates which have been paid or provision for payment has been made in accordance with Section 12.01 of the Trust Agreement; and

(3) Certificates in exchange for or in lieu of which other Certificates have been issued.

"Overdue Rate" means a rate of interest equal to the highest rate of interest which any of the Outstanding Certificates shall bear.

"Owner" or "Certificate Owner" or "Owner of Certificates" or any similar term, when used with respect to the Certificates means any Person who shall be the registered owner of any Outstanding Certificate.

"Payment Dates" means, with respect to the interest due on the Current Interest Certificates (other than Variable Rate Certificates), January 1 and July 1 of each year and, with respect to the principal of the Current Interest Certificates, July 1 in each of the years set forth in the Supplemental Trust Agreements relating to such Series of Certificates. With respect to Capital Appreciation Certificates, the Payment Date shall be July 1 in the years of maturity set forth in the Supplemental Trust Agreements relating to such Series of Certificates. The Payment Dates for Variable Rate Certificates shall be established in the Supplemental Trust Agreement authorizing the issuance of such Certificates.

"PECO Funds" means moneys received by the Board from the Public Education Outlay and Debt Service Fund which are permitted by the Act to be used for payment of Lease Payments.

"Permitted Encumbrances" means, in regard to a Project:

(1) the Lease Agreement and any liens and encumbrances created or permitted thereby;

(2) the Assignment of Lease Agreement and any liens and encumbrances created or permitted thereby;

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credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

(i) Farmers Home Administration ("FmHA"): Certificates of beneficial ownership.

(ii) Federal Housing Administration ("FHA"): Debentures.

(iii) General Services Administration: Participation Certificates.

(iv) Government National Mortgage Association ("GNMA" or "Ginnie Mae"): GNMA - guaranteed mortgage backed bonds; GNMA - guaranteed pass-through obligations (participation certificates).

(v) U.S. Maritime Administration: Guaranteed Title XI financing.

(vi) U.S. Department of Housing and Urban Development ("HUD"): Local Authority Bonds; Project Notes.

(3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following (non-full faith and credit) U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

(i) Federal Home Loan Bank System: Senior debt obligations.

(ii) Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac"): Participation Certificates; Senior debt obligations.

(iii) Federal National Mortgage Association ("FNMA" or "Fannie Mae"): Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal).

(iv) Student Loan Marketing Association ("SLMA" or "Sallie Mae"): Senior debt obligations.

(v) Resolution Funding Corp. (REFCORP): Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.

(vi) Farm Credit System: Consolidated systemwide bonds and notes.

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

(4) any Ground Lease and Assignment of Ground Lease applicable thereto and any liens and encumbrances created or permitted thereby;

(5) subject to the provisions of Section 5.01(1) of the Lease Agreement, any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right in respect thereof if payment is not yet due under the contract in question or if such lien is being contested in accordance with the provisions of the Lease Agreement;

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

(7) any mortgage and security interest in a Project, or portion thereof, granted by the Corporation to the Trustee for the benefit of the Owners of the Series of Certificates, the proceeds of which financed or refinanced the acquisition and construction of such Project, pursuant to Section 7.07 of the Trust Agreement; and

(8) any other liens or encumbrances permitted by the Lease Schedule relating to such Project.

"Permitted Investments", except as otherwise provided in Supplemental Trust Agreements, means:

(1) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America.

(2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies provided such obligations are backed by the full faith and

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(4) Money Market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by Standard & Poor's Ratings Group ("S&P") of AAAA-C;

(5) Certificates of deposit secured at all times by collateral described in (1) and or (2) above. Certificates of deposit must have a one year or less maturity. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks whose short term obligations are rated "A-1+" or better by S&P. The collateral must be held by a third party and the Trustee must have a perfected first security interest in the collateral.

(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Corporation, including the Bank Insurance Fund and the Savings Association Insurance Fund.

(7) Investment agreements, including guaranteed investment contracts ("GIC's"), acceptable to the Credit Facility Investor.

(8) Commercial paper rated "Prime-1" by Moody's Investors Service Inc. ("Moody's") and "A-1+" or better by S&P.

(9) Bonds or notes issued by any state or municipality which are rated by Mood's and S&P in one of the two highest long-term rating categories assigned by such agencies.

(10) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1+" by S&P.

(11) Repurchase agreements ("Repos") providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the School Board or Trustee (buyer/lender), and the transfer of cash from the School board or Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the School Board or Trustee in exchange for the securities at a specified date.

Repos must satisfy the following criteria:

(a) Repos must be between the School Board or Trustee and a dealer bank or securities firm satisfying the following criteria: (a) Primary dealers on the Federal Reserve reporting dealer list which fall under the jurisdiction of the Securities Investor Protection Corporation ("SIPC") and which are rated "A" or better by S&P and Moody's, or (b) banks rated "A" or better by S&P and Moody's.

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- (b) The written Repo contract must include the following:
- (i) Securities which are acceptable for transfer are:
 - (a) Obligations described in paragraph (i) above.
 - (b) Obligations described in paragraph (ii) above, and obligations issued or guaranteed by FNMA or FHLMC.
 - (ii) The term of the Repo may be up to 30 days.
 - (iii) The collateral must be delivered to the Trustee (if the Trustee is not supplying the collateral) or a third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
 - (iv) The Trustee has perfected first priority security interest in the collateral.
 - (v) The collateral is free and clear of third party liens and in the case of SIPC brokers was not acquired pursuant to a Repo or reverse Repo.
 - (vi) Failure to maintain the requisite collateral percentage, after a two day restoration period, will require the Trustee to liquidate the collateral.
 - (vii) Valuation of collateral.

(a) The securities must be valued by the dealer bank or securities firm, as applicable, weekly, marked-to-market at current market price plus accrued interest.

(b) The value of collateral must be equal to 104% of the amount of cash transferred by the School Board or Trustee to the dealer bank or security firm under the Repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by the School Board or Trustee, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

(c) A legal opinion which must be delivered to the School Board and Trustee stating that the Repo meets guidelines under state law for legal investment of public funds.

(12) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If, however, the issue is only rated by S&P (i.e.,

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there is no Moody's rating), then the pre-refunded municipal bonds must have been pre-refunded with cash, Investment Securities referred to in paragraph (i) above, or AAA rated pre-refunded municipals to satisfy this condition.

(13) Units of participation in the Local Government Surplus Funds Trust Fund established pursuant to Part IV, Section 218, Florida Statutes, or any similar common trust fund which is established pursuant to State law as a legal depository of public funds.

(14) Other forms of investments approved in writing by the Credit Enhancers, Standard & Poor's Corporation and Moody's Investors Service.

"Person" means an individual, corporation, partnership, association, joint stock company, trust, unincorporated organization, government or political subdivision.

"Plans and Specifications" means, in regard to a Project, the Board's plans and specifications for such Project, on file or to be on file with the Board, as the same may be amended from time to time in accordance with the Lease Agreement.

"Pledged Accounts" means, in regard to each Series of Certificates, the separate account, if any, established in the Redemption Fund, and separate subaccounts, if any, established in the Project Account, Costs of Issuance Account, Capitalized Interest Account, the Reserve Account, the Principal Account and the Interest Account at the time such Series shall be issued.

"Premises" means, in regard to a Project, the parcels of real property leased by the Board to the Corporation pursuant to the Ground Lease, which real property shall be described in an exhibit to the Ground Lease.

"Prepayment Amount" means, in regard to a Project, the amount set forth in the Lease Schedule relating thereto.

"Prepayment Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Prepayment Premium" means the amount of prepayment premium, if any, due on any Optional Prepayment Date. The amount of such prepayment premium shall be calculated in accordance with the Trust Agreement.

"Prepayment Price" means, with respect to any Certificate or portion thereof, the principal amount or portion thereof, plus the applicable Prepayment Premium, if any, payable upon prepayment thereof pursuant to such Certificate or the Trust Agreement.

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"Prerefunded Obligations" means any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (1) which are rated, based on the escrow, in the highest rating category of S&P and Moody's; and (2) (a) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in paragraph (1) of the definition of "Permitted Investments", which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the date or dates pursuant to such irrevocable instructions, as appropriate, and (b) which fund is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate.

"Principal Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Principal Component" means the portion of each Basic Rent Payment constituting principal as set forth in the Lease Schedules.

"Principal and Interest Requirements" means the respective amounts which are required in each Fiscal Year to provide for:

(1) the interest payable on all Certificates then Outstanding, which is payable on each interest Payment Date in such Fiscal Year,

(2) the principal on all Serial Certificates then Outstanding, which is payable upon the maturity of the Serial Certificates in such Fiscal Year, and

(3) the Amortization Installment for all Term Certificates then Outstanding, which is payable for such Fiscal Year.

In determining the amount of the Principal and Interest Requirements for any Fiscal Year, if interest on the Certificates is payable from the proceeds of such Certificates or from other amounts set aside irrevocably for such purpose at the time such Certificates are issued, interest on such Certificates shall be included in Principal and Interest Requirements only in proportion to the amount of interest payable in the then current Fiscal Year from amounts other than amounts so funded to pay such interest. For purposes of this definition, all amounts payable on a Capital Appreciation Certificate shall be considered a principal payment due in the year of its maturity or earlier mandatory redemption.

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"Principal Office" means the designated corporate trust office of the Trustee which shall initially be in Tampa, Florida, or the designated corporate trust office of any successor Trustee.

"Project" shall mean the Land, the Buildings, and/or the Equipment, as described in the Lease Schedule relating thereto, as the same may be amended or modified from time to time in accordance with the terms of the Lease Agreement.

"Project Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Project Budget" means, in regard to a Project, the budget for expenditure of moneys in the subaccount in the Project Account established for such Project as set forth in the Lease Schedule relating thereto.

"Project Costs" or "Costs of the Project" means, in regard to a Project, all costs of payment of, or reimbursement for, acquisition, construction and installation of such Project, including but not limited to, architectural and engineering costs and costs of feasibility, environmental and other reports, inspection costs, permit fees, filing and recording costs and sales and use taxes and the cost of title insurance, and, in addition, Costs of Issuance to the extent that the amounts on deposit in the Costs of Issuance Account are insufficient to pay all Costs of Issuance in full. Project Costs shall specifically include any portion of the total costs of such Project or any portion thereof paid by the Board from funds other than proceeds of the Certificates prior to the Closing Date for which the Board seeks reimbursement by filing a Requisition with the Trustee in the manner required by Section 6.03 of the Trust Agreement.

"Project Description" means, in regard to a Project, the description of such Project as set forth in the Lease Schedule relating thereto.

"Project Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Project Schedule" means, in regard to a Project, the timetable for disbursements from the subaccount of the Project Account established therefor for acquisition, construction, delivery and installation of the components of such Project as set forth in the Lease Schedule relating thereto.

"Purchasers" means the original purchasers of a Series of Certificates.

"Qualified Financial Institution" means (1) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve

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System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America; or (2) the Government National Mortgage Foundation or any successor thereto or the Federal National Mortgage Foundation or any successor thereto; provided that, for each such entity delineated in clauses (1) and (2), its unsecured or uncollateralized long-term debt obligations, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such entity, have been assigned a credit rating by Moody's of "Aa" or better or by S&P of "AA" or better.

"Real Estate Taxes" shall mean all real estate taxes, public and governmental charges and assessments, including all extraordinary or special assessments, or assessments against any of the personal property included in the Projects, all costs, expenses and attorneys' fees incurred by Lessor in contesting or negotiating with public authorities as to any of same and all sewer and other similar taxes and charges.

"Rebate Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Record Date" means the 15th day of the month preceding any Payment Date (whether or not a Business Day).

"Refunding Certificates" means Certificates issued for purposes of refunding Outstanding Certificates pursuant to Section 4.13 of the Trust Agreement.

"Refunding Securities", except as otherwise provided by Supplemental Trust Agreement, means the United States Obligations and the Prerefunded Obligations.

"Renewal Lease Term" means, in regard to a Project, the period commencing on the day after the last day of the Initial Lease Term and ending on the following June 30. Thereafter, "Renewal Lease Term" shall refer to each succeeding one (1) year term commencing on the day after the last day of the previous Renewal Lease Term and ending on the following June 30.

"Renewal Term Termination Date" means, in regard to a Project, the termination date for the then current Renewal Lease Term which shall be the last day of such Renewal Lease Term.

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political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"State" means the State of Florida.

"Stipulated Loss Value" means an amount calculated in accordance with Section 5.08 of the Lease Agreement.

"Superintendent" means the Superintendent of the District, or such Person as shall be authorized to act on his or her behalf.

"Supplemental Rent" shall have the meaning set forth in Section 4.03(e) of the Lease Agreement.

"Supplemental Trust Agreement" means any supplement to or amendment to the Trust Agreement entered into in accordance with Article XI of the Trust Agreement.

"Taxable Certificates" means Certificates for which the Interest Component of the Basic Rent Payments relating thereto shall be includible in gross income for purposes of federal income taxation.

"Term Certificates" means those Certificates designated as Term Certificates pursuant to the Supplemental Trust Agreement authorizing the issuance thereof which are subject to mandatory redemption by Amortization Installments.

"Termination Date" means the date on which the Lease Agreement terminates pursuant to the terms thereof.

"Trust Agreement" means the Master Trust Agreement, dated as of April 1, 1994, between the Corporation and the Trustee, as now and hereafter amended, modified or supplemented by Supplemental Trust Agreements.

"Trust Estate" means all right, title and interest of the Trustee in and to the property and interests therein described in Section 3.03 of the Trust Agreement.

"Trustee" means NationsBank of Florida, N.A., Tampa, Florida, or its successor in interest as the Trustee under the Trust Agreement.

"United States Obligations" means the obligations and securities described in paragraph (1) of the definition of "Permitted Investments."

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"Request and Authorization" means a request and authorization from the Corporation and the Board to the Trustee to authenticate and deliver Certificates in accordance with the terms thereof and of the related Supplemental Trust Agreement, and substantially in the form attached to the Trust Agreement as Exhibit C.

"Requisition" means a requisition of the Board to receive amounts from the Project Fund to pay Project Costs or Costs of Issuance in the form attached to the Lease Agreement as Exhibit B.

"Reserve Account" means the account by that name established under Section 6.02 of the Trust Agreement.

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

"Reserve Requirement" means, in regard to a subaccount established in the Reserve Account to secure a Series of Certificates, such amounts, if any, as shall be provided in the Supplemental Trust Agreement authorizing the issuance of such Series and in the Lease Schedule relating thereto, provided such Requirement not exceed the lesser of (1) the maximum Principal and Interest Requirements on account of the Outstanding Certificates of the Series secured by such subaccount in the current or any subsequent Fiscal Year, (2) one hundred twenty-five percent (125%) of the average annual Principal and Interest Requirements on account of the Outstanding Certificates of the Series secured by such subaccount in the current or any subsequent Fiscal Years, and (3) ten percent (10%) of the proceeds of such Series of Certificates.

"S&P" or "Standard & Poor's Corporation" means Standard & Poor's Corporation, or any successor thereto.

"Serial Certificates" means the Certificates designated as Serial Certificates pursuant to the Trust Agreement.

"Series" means all the Certificates delivered on original issuance in a simultaneous transaction and identified pursuant to Section 4.01 of the Trust Agreement and the Supplemental Trust Agreement authorizing the issuance of such Certificates as a separate Series, regardless of variations in maturity, interest rate and other terms.

"Special Counsel" shall mean Nabors, Giblin & Nickerson, P.A., Tampa, Florida, or any other attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the exemption of the interest on obligations issued by states and

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"Variable Rate Certificates" means Certificates issued with a variable, adjustable, convertible or other similar rate which is not fixed in percentage for the entire term thereto at the date of issue.

"Vendor" means, with respect to a Project, the Person or Persons appointed by the Board to sell Equipment relating to such Project.

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EXHIBIT B

(FORM OF CERTIFICATE OF PARTICIPATION)

Certificate of Participation
(School Board of Hillsborough County, Florida Master Lease Program)
Evidencing an Undivided Proportionate Interest of the Owners
thereof in Basic Rent Payments to be made under
a Master Lease-Purchase Agreement by the School Board of
Hillsborough County, Florida

Interest Rate Dated Date Maturity Date CUSIP

REGISTERED OWNER:

PRINCIPAL AMOUNT:

This is to certify that the Registered Owner stated above is the registered owner of this Certificate and is entitled to receive on the Maturity Date stated above, the Principal Amount stated above. This Certificate and the "Certificate Principal Amount" and "Certificate Interest Payments" hereunder (as each is defined below) represent a proportionate undivided interest in the right to receive the Principal Component and Interest Component of Basic Rent Payments payable under the Master Lease-Purchase Agreement, dated as of April 1, 1994 (the "Lease Agreement"), between the Hillsborough School Board Leasing Corporation, a single-purpose Florida not-for profit corporation, as lessor (the "Corporation") and the School Board of Hillsborough County, Florida, a school board of the State of Florida and the governing body of the School District of Hillsborough County, Florida, as lessee (the "Board"). Pursuant to a Ground Lease dated as of April 1, 1994 (the "Ground Lease") the Board has or will demise to the Corporation the Premises and the portions of the Projects on or a part thereof to the extent set forth therein (as each such term are defined in the Lease Agreement). The Corporation's rights under the Lease Agreement (other than certain rights specified in the Lease Agreement) and the Ground Lease have been assigned by absolute and outright assignment, without recourse, to NationsBank of Florida, N.A., Tampa, Florida, as trustee (the "Trustee") under the Master Trust Agreement, dated as of April 1, 1994 (the "Trust Agreement") among the Trustee, the Corporation and the Board and under the Assignment of Lease Agreement and Assignment of Ground Lease Agreement, each dated as of April 1, 1994, between the Corporation and the Trustee.

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The aforesaid Principal Amount represents a proportionate undivided interest in the Principal Component of the Basic Rent Payment (the "Certificate Principal Amount") under the Lease Agreement coming due on the Maturity Date. The Owner is also entitled to receive, on _____, and semiannually thereafter on each _____ and _____ (each such date being referred to herein as a "Payment Date") to and including the Maturity Date or the date of redemption, whichever is earlier, the Owner's proportionate undivided interest in the Interest Component of the Basic Rent Payment (the "Certificate Interest Payments") coming due with respect to such Payment Dates. Interest on the Principal Amount represented by this Certificate shall accrue from the Dated Date at the Interest Rate set forth above. Said amounts are payable in lawful money of the United States of America, which at the time of payment is legal tender for the payment of public and private debts. The Principal Amount is payable at the Principal Office of the Trustee (which as of the Dated Date hereof is located in Tampa, Florida) and interest is payable by check or draft of the Trustee mailed on each Payment Date to the Registered Owner of record on the fifteenth (15th) day of the month preceding the Payment Date (the "Record Date"); provided, however, that at the request and expense of the Registered Owner of \$1,000,000 or more in aggregate principal amount of Certificates, interest shall be paid by wire transfer on the Payment Date to a bank account designated in writing to the Trustee by the Registered Owner at least five days prior to said Payment Date.

The Basic Rent Payments under the Lease Agreement are payable solely from moneys specifically appropriated from the Board's Available Revenues (as defined in the Trust Agreement) and the moneys on deposit with the Trustee under the Trust Agreement. The Lease Agreement is subject to renewal at the end of each fiscal year of the Board which renewal will only occur if the Board approves a budget for such ensuing fiscal year which specifically appropriates funds for such purpose.

This Certificate is one of a series of certificates of participation in the aggregate principal amount of \$ _____ (the "Certificates") issued to finance _____ (the "Series Project") for lease to the Board pursuant to the Lease Agreement. The Board may, from time to time, lease other Projects (as defined in the Trust Agreement) from the Corporation pursuant to the Lease Agreement. The acquisition, construction and installation of each such Project shall be financed by the issuance of a series of certificates of participation pursuant to the Trust Agreement. Each series of certificates of participation issued to finance a Project shall be secured independently of other series of certificates of participation. The Board has agreed in the Lease Agreement to budget and appropriate in each fiscal year from Available Revenues sufficient moneys to make the Lease Payments (as defined in the Trust Agreement) for all Projects, including the Series _____ Project, leased under the Lease Agreement or for none

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of them. The Board may issue Completion Certificates (as defined in the Trust Agreement) which shall be on parity with the Certificates upon satisfying the conditions described therefor in the Trust Agreement.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS CERTIFICATE SET FORTH ON THE REVERSE HEREOF WHICH FURTHER PROVISIONS SHALL, FOR ALL PURPOSES, HAVE THE SAME EFFECT AS IF SET FORTH IN THIS PLACE.

All capitalized terms not otherwise defined herein shall have the meaning set forth in the Trust Agreement.

THE BASIC RENT PAYMENTS AND, CONSEQUENTLY, THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST ARE PAYABLE SOLELY FROM THE BOARD'S AVAILABLE REVENUES. THE BASIC RENT PAYMENTS ARE SUBJECT TO ANNUAL APPROPRIATION BY THE BOARD. THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST AND THE PAYMENTS DUE FROM THE BOARD UNDER THE LEASE AGREEMENT AND THE CONTRACTUAL OBLIGATIONS OF THE BOARD UNDER THE LEASE AGREEMENT DO NOT CONSTITUTE A GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE BOARD, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION.

The Trustee has no obligation or liability to the Registered Owner to make payments of the Certificate Principal Amount or Certificate Interest Payments with respect to this Certificate, other than from the Trust Estate. The Trustee's sole obligations are to administer, for the benefit of the Certificate Owners, the various funds and accounts established under the Trust Agreement and to exercise various responsibilities under the Trust Agreement.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be executed by facsimile signature of an authorized officer as of the date stated above.

NATIONSBANK OF FLORIDA, N.A., not in its individual capacity but solely as Trustee, under the Master Trust Agreement, dated as of April 1, 1994.

(SEAL)

By: _____
Authorized Signatory

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CERTIFICATE OF AUTHENTICATION

This Certificate is one of the Certificates designated as Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series _____ Evidencing an Undivided Proportionate Interest of the Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Hillsborough County, Florida described in the within-mentioned Trust Agreement.

Date of Authentication:

NATIONSBANK OF FLORIDA, N.A., not in its individual capacity but solely as Trustee, under the Master Trust Agreement, dated as of April 1, 1994.

(SEAL)

By: _____
Authorized Signatory

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This Certificate has been executed by the Trustee pursuant to the terms of the Trust Agreement. Copies of the Lease Agreement, the Ground Lease, the Assignment of Lease Agreement, the Assignment of Ground Lease Agreement and the Trust Agreement are on file at the Principal Office of the Trustee, and reference to the Lease Agreement, the Ground Lease, the Assignment of Lease Agreement, the Assignment of Ground Lease Agreement and the Trust Agreement and any and all amendments to said agreements is made for a description of the covenants of the Board, the nature, extent and manner of enforcement of such covenants, the rights and remedies of the Owners of the Certificates with respect thereto and the terms and conditions upon which the Certificates are delivered thereunder. To the extent and in the manner permitted by the terms thereof, the provisions of the Lease Agreement and the Trust Agreement may be amended by the parties thereto.

This Certificate may be transferred only by recording the transfer on the Certificate Register, which shall be kept for that purpose by the Trustee at the Principal Office of the Trustee. A transfer of this Certificate shall be registered and a new Certificate prepared, authenticated and delivered upon surrender of this Certificate for cancellation accompanied by a written instrument of transfer in a form approved by the Trustee and duly executed by the Registered Owner hereof or his or her duly authorized attorney or legal representative. Upon the registration of the transfer and the surrender of this Certificate, the Trustee shall provide in the name of the transferee, a new fully registered Certificate or Certificates of the same aggregate principal amount, maturity and tenor as the surrendered Certificate. No exchange or transfer of any Certificates shall be required of the Trustee (1) during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Certificates and ending at the close of business on the day of such mailing, (2) for Certificates called for redemption, or (3) during a period beginning at the opening of business on the Record Date next preceding a date set for payment of interest and ending on such date set for payment of interest. Interest on the Certificates shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months.

The Certificates are delivered in the form of fully registered Certificates in denominations of \$5,000 each or any whole multiple thereof, and upon surrender thereof at the Principal Office of the Trustee with a written request of exchange satisfactory to the Trustee duly executed by the Registered Owner or his duly authorized attorney or legal representative in writing, may, at the option of the Registered Owner thereof, be exchanged for an equal aggregate Principal Amount of Certificates of any other authorized denominations and of the same Interest Rate and Maturity Date.

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When Certificates are redeemed by lot, selection of Certificates for prepayment and redemption shall be in such manner as the Trustee shall determine; provided, however, that the portion of any Certificate to be redeemed shall be in the principal amount of \$5,000 or any whole multiple thereof, and that in selecting portions of Certificates for redemption, the Trustee shall treat each such Certificate as representing that number of Certificates which is obtained by dividing the principal amount of such Certificates by \$5,000.

When redemption is authorized or required, the Trustee shall give to the Registered Owner notice, at the expense of the Board, of the redemption of this Certificate. Such notice shall specify, among other things: (1) that the whole or a designated portion of this Certificate is to be redeemed, (2) the date of redemption, and (3) the place or places where the redemption will be made.

Notice of such redemption shall be mailed, postage prepaid, not more than 60 days or fewer than 30 days prior to said date of redemption, to the Registered Owner of any Certificate to be redeemed. Such mailing shall not be a condition precedent to such redemption, and failure to so mail any such notice, or any defect in such notice as mailed, shall not affect the validity of the proceedings for the redemption of the Certificates.

The following abbreviations, when used in the inscription on the face of the within Certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM -- as tenants in common
TEN ENT -- as tenants by the entireties
JT TEN -- as joint tenants with right of survivorship and not as tenants in common
UNIF TRANS MIN ACT -- (Cust.)
Custodian for
under Uniform Transfers to Minors Act of (State)

Additional abbreviations may also be used though not in list above.

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ASSIGNMENT

EXHIBIT C

For value received _____, the undersigned do(es) hereby sell, assign and transfer unto _____, whose Social Security or other identifying number is _____, the within registered Certificate and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the Certificate Register of the Trustee with full power of substitution in the premises.

Dated: _____

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

NOTICE: The signature to this assignment must correspond with the name of the Registered Holder as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or other identifying number of such assignee must be supplied.

(FORM OF REQUEST AND AUTHORIZATION)

1. The undersigned, being the duly qualified and acting _____ of Hillsborough School Board Leasing Corporation, a single-purpose Florida not-for-profit corporation (the "Corporation"), hereby authorizes and requests NationsBank of Florida, N.A., as Trustee under that certain Trust Agreement, dated as of April 1, 1994 (the "Trust Agreement"), among it, the Corporation and the School Board of Hillsborough County, Florida to deliver the _____ aggregate principal amount of Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program, Series _____ Evidencing an Undivided Proportionate Interest of the Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Hillsborough County, Florida (the "Series _____ Certificates"), dated as of April 1, 1994, in the respective maturities and at the respective interest rates set forth in Schedule A hereto, as authorized by the Trust Agreement, in fully registered form, to _____ (the "Underwriters"), on the date hereof, upon receipt from the Underwriters of the purchase price for the Series _____ Certificates, which is computed as follows:

Table with 2 columns: Description and Amount. Rows include Principal Amount, Less: Underwriters' Discount, Less: Original Issue Discount, Plus: Accrued interest from to the date hereof, Purchase Price, Amount received on date hereof.

2. Said sum shall be immediately deposited by you in the Pledged Accounts relating to such Series _____ Certificates as follows in accordance with the provisions of the Trust Agreement.

- TO THE CREDIT OF THE "SERIES _____ SUBACCOUNT OF THE PROJECT ACCOUNT" \$ _____
TO THE CREDIT OF THE "SERIES _____ SUBACCOUNT OF THE COSTS OF ISSUANCE ACCOUNT" \$ _____
TO THE CREDIT OF THE "SERIES _____ SUBACCOUNT OF THE CAPITALIZED INTEREST ACCOUNT" \$ _____

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TO THE CREDIT OF THE "SERIES _____
SUBACCOUNT OF THE RESERVE ACCOUNT" \$ _____

TO THE CREDIT OF THE "SERIES _____
SUBACCOUNT OF THE INTEREST ACCOUNT" \$ _____

TOTAL DEPOSITS \$ _____

TERMS OF SERIES _____ CERTIFICATES

3. The following terms shall have the following meanings with respect to the Series _____ Certificates:

(a) "Reserve Requirement" shall mean _____

(b) "Credit Enhancer" shall mean _____

(c) "Commencement Date" shall mean _____

4. The redemption provisions relating to the Series _____ Certificates shall be as provided in schedule A attached hereto.

DATED: _____

HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION

By: _____
Title:

SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

By: _____
Title:

ACCEPTED:
NATIONS BANK OF FLORIDA, N.A., as Trustee

By: _____
Title:

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SERIES 2007 SUPPLEMENTAL TRUST AGREEMENT

by and among

**THE BANK OF NEW YORK TRUST COMPANY, N.A.
(successor to NationsBank of Florida, N.A.),
as Trustee**

and

**HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION,
as Lessor**

and

**SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA,
as Lessee**

Dated as of April 1, 2007

***Relating to*
Certificates of Participation
(School Board of Hillsborough County, Florida Master Lease Program),
Series 2007**

**Evidencing An Undivided Proportionate Interest of Owners
thereof in Basic Rent Payments to be made under a Master Lease-Purchase
Agreement by the School Board of Hillsborough County, Florida**

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SERIES 2007 SUPPLEMENTAL TRUST AGREEMENT

THIS SERIES 2007 SUPPLEMENTAL TRUST AGREEMENT, dated as of April 1, 2007 (the "Series 2007 Supplemental Trust Agreement"), supplementing the Master Trust Agreement, dated as of April 1, 1994, as amended and supplemented (the "Trust Agreement"), by and among **THE BANK OF NEW YORK TRUST COMPANY, N.A.** (successor to NationsBank of Florida, N.A.), a national banking association with corporate trust powers qualified to accept trusts of the type set forth in the Trust Agreement (the "Trustee"), the **HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION**, a not-for-profit educational corporation duly organized and existing under the laws of the State of Florida (the "Corporation"), and the **SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA**, acting as the governing body of the Hillsborough County School District (the "Board").

WITNESSETH:

WHEREAS, the Board has heretofore deemed it in its best interests to lease-purchase certain real and/or personal property from time to time and has heretofore entered into a Master Lease-Purchase Agreement, dated as of April 1, 1994, as amended and supplemented (the "Lease Agreement"), between the Corporation, as lessor, and the Board, as lessee; and

WHEREAS, pursuant to the Lease Agreement, the Board may from time to time, by execution of a Lease Schedule to the Lease Agreement (a "Lease Schedule"), direct the Corporation to acquire, construct and lease-purchase to the Board the items of property described in such Lease Schedule (which items of property are collectively referred to herein as the "Projects"); and

WHEREAS, provision for the payment of the cost of acquiring, constructing and installing each Project will be made by the issuance and sale from time to time of a Series (as defined in the Trust Agreement) of Certificates of Participation issued under the Trust Agreement (the "Certificates"), which shall be secured by and be payable from the right of the Corporation to receive Basic Rent Payments (as defined in the Trust Agreement) to be made by the Board pursuant to the Lease Agreement and related Lease Schedule; and

WHEREAS, the Trustee has agreed to deliver a Series of Certificates pursuant to and upon receipt of a Request and Authorization (as defined in the Trust Agreement) from the Corporation and the Board and the terms of this Series 2007 Supplemental Trust Agreement; and

WHEREAS, the Corporation has assigned by absolute outright assignment to the Trustee all of its right, title and interest in and to the Lease Agreement and the Lease Payments (as defined in the Trust Agreement), other than its rights of indemnification, its

**ARTICLE VII
MISCELLANEOUS**

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obligations pursuant to Section 6.03 of the Lease Agreement and its right to enter into Lease Schedules from time to time, pursuant to the Assignment of Lease Agreement, dated as of April 1, 1994, as amended and supplemented (the "Assignment of Lease Agreement"), between the Corporation and the Trustee; and

WHEREAS, the Board has heretofore caused the Trustee to execute, authenticate and deliver, under the Trust Agreement multiple Series of Certificates of Participation for the purpose of financing or refinancing the costs of Projects; and

WHEREAS, each Series of Certificates (other than Completion and Refunding Certificates) is secured independently from each other Series of Certificates; and

WHEREAS, the Board and the Corporation shall enter into Lease Schedule No. 2007, dated as of the date hereof, for the lease-purchase of various educational facilities more particularly described in said Lease Schedule No. 2007; and

WHEREAS, the Trustee has received a Request and Authorization from the Corporation and the Board relating to the issuance of \$84,685,000 aggregate principal amount of "Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2007 Evidencing an Undivided Proportionate Interest of the Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Hillsborough County, Florida"; and

WHEREAS, such Series 2007 Certificates shall be secured in the manner provided in the Trust Agreement and shall have the terms and provisions contained in this Series 2007 Supplemental Trust Agreement; and

WHEREAS, all things necessary to make the Series 2007 Certificates, when authenticated by the Trustee and issued as provided herein and in the Trust Agreement, the valid, binding and legal obligations according to the terms thereof, have been done and performed, and the creation, execution and delivery of this Series 2007 Supplemental Trust Agreement, and the creation, execution and issuance of the Series 2007 Certificates subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THIS SERIES 2007 SUPPLEMENTAL TRUST AGREEMENT WITNESSETH:

**ARTICLE I
DEFINITIONS**

SECTION 101. DEFINITIONS. Words and terms which are defined in the Trust Agreement, shall have the same meanings ascribed to them when used herein, unless the context or use indicates a different meaning or intent. In addition to the words and terms elsewhere defined in this Series 2007 Supplemental Trust Agreement, the following words and terms as used in this Series 2007 Supplemental Trust Agreement shall have the following meanings unless the context or use indicates another or different meaning or intent:

"Financial Guaranty Insurance Policy" means the municipal bond insurance policy issued by the Insurer guaranteeing the scheduled payment when due of the principal and interest in respect of the Series 2007 Certificates as provided therein.

"Lease Schedule No. 2004C" means Lease Schedule No. 2004C, as amended, relating to the Series 2004C Project, dated as of November 1, 2004 which shall be part of the Lease Agreement.

"Lease Schedule No. 2006A" means Lease Schedule No. 2006A, as amended, relating to the Series 2006A Project, dated as of January 1, 2006 which shall be part of the Lease Agreement.

"Lease Schedule No. 2007" means Lease Schedule No. 2007 relating to the Series 2007 Project, dated as of April 1, 2007 which shall be part of the Lease Agreement.

"MBIA" or **"Insurer"** or **"Credit Enhancer"** means MBIA Insurance Corporation, or any successor thereto.

"Related Documents" means the Trust Agreement, the Lease Agreement, the Ground Lease, the Assignment of Lease Agreement and the Assignment of Ground Lease, as all such documents are supplemented and amended.

"Reserve Requirement" means, with respect to the Series 2007 Certificates, zero dollars (\$0.00).

"Series 2007 Account of the Prepayment Fund" means the account established in the Prepayment Fund established pursuant to Section 6.02 of the Trust Agreement and Section 401 hereof.

"Series 2007 Certificates" means the \$84,685,000 aggregate principal amount of Certificates of Participation authorized to be issued under Section 4.01 of the Trust Agreement and Section 201 hereof.

**ARTICLE II
THE SERIES 2007 CERTIFICATES**

SECTION 201. AUTHORIZATION OF SERIES 2007 CERTIFICATES.

(a) There is hereby created a Series of Certificates to be issued under the Trust Agreement to be known as "Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2007 Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Hillsborough County, Florida." The aggregate principal amount of Series 2007 Certificates which may be issued is hereby expressly limited to \$84,685,000; provided, however, Completion Certificates may be issued in the manner provided in Section 4.12 of the Trust Agreement. The Series 2007 Certificates shall be issued for the purposes of (a) financing the acquisition, construction and installation of certain educational and related facilities to be leased to the Board, and (b) paying Costs of Issuance of the Series 2007 Certificates. The Series 2007 Certificates shall bear interest from their dated date and shall be issuable as fully registered Certificates without coupons in denominations of \$5,000 and integral multiples thereof. The Series 2007 Certificates shall be lettered and numbered R-1 and upward.

(b) Except as otherwise provided in the Trust Agreement, the Series 2007 Certificate shall be dated as of their date of delivery. Interest on the Series 2007 Certificates shall be payable on each Payment Date, commencing July 1, 2007. The Series 2007 Certificates shall be payable in the manner provided in the Trust Agreement.

(c) The Series 2007 Certificates maturing on July 1 in the years 2008 through 2027, inclusive and 2031 (bearing interest at 4.50%) shall be Serial Certificates. The Series 2007 Certificates maturing on July 1, 2031 (bearing interest at 4.75%) shall be Term Certificates. The Series 2007 Certificates shall be in substantially the form set forth in Exhibit B to the Trust Agreement.

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"Series 2007 Pledged Accounts" means the Series 2007 Subaccount of the Project Account, the Series 2007 Subaccount of the Costs of Issuance Account, the Series 2007 Subaccount of the Principal Account, the Series 2007 Subaccount of the Interest Account and the Series 2007 Account of the Prepayment Fund.

"Series 2007 Project" means the property and improvements described as the "Series 2007 Project" in Lease Schedule No. 2007, as the same may be amended or modified from time to time.

"Series 2007 Subaccount of the Costs of Issuance Account" means the subaccount established in the Costs of Issuance Account pursuant to Sections 6.02 and 6.04 of the Trust Agreement and Section 401 hereof.

"Series 2007 Subaccount of the Interest Account" means the subaccount established in the Interest Account pursuant to Sections 6.02 and 6.06 of the Trust Agreement and Section 401 hereof.

"Series 2007 Subaccount of the Principal Account" means the subaccount established in the principal account pursuant to Sections 6.02 and 6.06 of the Trust Agreement and Section 4.01 hereof.

"Series 2007 Subaccount of the Project Account" means the subaccount established in the Project Account pursuant to Sections 6.02 and 6.03 of the Trust Agreement and Section 401 hereof.

"Series 2007 Supplemental Trust Agreement" means this instrument, as may be amended and supplemented.

"Trustee" means The Bank of New York Trust Company, N.A. (successor to NationsBank of Florida, N.A.) and any successor thereto.

(d) The Series 2007 Certificates shall bear interest at the respective rates and shall mature on July 1 of each of the years in the respective principal amounts set opposite each year in the following schedule:

Principal Amount	Maturity (July 1)	Interest Rate
\$2,025,000	2008	4.000%
2,105,000	2009	4.000
2,190,000	2010	4.000
2,275,000	2011	4.000
2,370,000	2012	4.000
1,245,000	2013	3.750
1,215,000	2013	4.000
2,560,000	2014	4.000
2,660,000	2015	4.000
2,765,000	2016	4.000
2,875,000	2017	4.000
2,995,000	2018	4.000
3,115,000	2019	4.125
3,235,000	2020	4.125
25,000	2021	4.250
3,350,000	2021	5.000
1,300,000	2022	4.250
2,245,000	2022	5.000
485,000	2023	4.300
3,220,000	2023	5.000
640,000	2024	4.375
3,255,000	2024	5.000
4,080,000	2025	5.000
2,275,000	2026	4.375
2,010,000	2026	4.500
2,500,000	2027	4.375
1,775,000	2027	4.500
900,000	2031	4.500
22,985,000	2031	4.750

SECTION 202. ISSUANCE OF SERIES 2007 CERTIFICATES. The Series 2007 Certificates shall be issued upon delivery to the Trustee of the documents referred to in Section 4.02(a) of the Trust Agreement and the payment of the purchase price therefor.

SECTION 203. THE SERIES 2007 PROJECT. The Series 2007 Project shall be acquired, constructed and installed as provided in the Trust Agreement, the Lease Agreement and Lease Schedule No. 2007.

SECTION 204. LETTER OF INSTRUCTIONS. Attached hereto as Schedule I is the Letter of Instructions relating to the Series 2007 Certificates as required by Section 6.12 of the Trust Agreement. The Trustee, the Corporation and the Board agree to abide by the provisions of such Letter of Instructions in accordance with and to the extent of the terms of the Trust Agreement.

SECTION 205. FULL BOOK-ENTRY. Notwithstanding the provisions set forth in Section 201 hereof or Section 4.06 of the Trust Agreement, the Series 2007 Certificates shall be initially issued in the form of a separate single certificated fully registered Series 2007 Certificate for each of the maturities of the Series 2007 Certificates. Upon initial issuance, the ownership of each such Series 2007 Certificate shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Except as provided in this Section, all of the outstanding Series 2007 Certificates shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC. As long as the Series 2007 Certificates shall be registered in the name of Cede & Co., all payments of interest on the Series 2007 Certificates shall be made by the Trustee by check or draft or by wire transfer to Cede & Co., as Holder of the Series 2007 Certificates.

With respect to Series 2007 Certificates registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, the Board, the Corporation and the Trustee shall have no responsibility or obligation to any participant in the DTC book-entry program or to any indirect participant (collectively, a "Participant"). Without limiting the immediately preceding sentence, the Board, the Corporation and the Trustee shall have no responsibility or obligation with respect to (A) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Series 2007 Certificates, (B) the delivery to any Participant or any other Person other than a Certificate Owner, as shown in the registration books kept by the Trustee, of any notice with respect to the Series 2007 Certificates, including any notice of prepayment, or (C) the payment to any Participant or any other Person, other than a Certificate Owner, as shown in the registration books kept by the Trustee, of any amount with respect to principal of, premium, if any, or interest on the Series 2007 Certificates. The Board, the Corporation and the Trustee may treat and consider the Person in whose name each Series 2007 Certificate is registered in the registration books

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**ARTICLE III
APPLICATION OF SERIES 2007 CERTIFICATE PROCEEDS**

SECTION 301. APPLICATION OF SERIES 2007 CERTIFICATE PROCEEDS. The proceeds of the Series 2007 Certificates (not including any underwriting discount) shall be applied by the Trustee as follows:

(1) Deposit to the credit of the Series 2007 Subaccount of the Costs of Issuance Account an amount equal to the Costs of Issuance of the Series 2007 Certificates (\$580,826.08) (\$316,000.00 of which shall be wired directly to MBIA by UBS Securities LLC upon delivery in order to pay the Financial Guaranty Insurance Policy premium);

(2) Deposit to the credit of the Series 2007 Subaccount of the Project Account of the Project Fund the balance of the proceeds from the sale of the Series 2007 Certificates (\$85,000,000.00).

All moneys on deposit in the Subaccounts described in this Section shall be applied in accordance with Section 401 hereof and shall be disbursed by the Trustee in the manner and for the purposes described in the Trust Agreement.

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kept by the Trustee as the Holder and absolute owner of such Series 2007 Certificate for the purpose of payment of principal of, premium, if any, and interest with respect to such Series 2007 Certificate, for providing notices with respect to such Series 2007 Certificate, for the purpose of registering transfers with respect to such Series 2007 Certificate, for the purpose of providing notices of prepayment, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Series 2007 Certificates only to or upon the order of the respective holders, as shown in the registration books kept by the Trustee, or their respective attorneys duly authorized in writing, as provided herein and all such payments shall be valid and effective to fully satisfy and discharge the Board's obligations with respect to payment of principal of, premium, if any, and interest on the Series 2007 Certificates to the extent of the sum or sums so paid. No Person other than a holder, as shown in the registration books kept by the Trustee, shall receive a certificated Series 2007 Certificate evidencing the obligation of the Board to make payments of principal of, premium, if any, and interest pursuant to the provisions hereof. Upon delivery by DTC to the Board of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in the Trust Agreement with respect to transfers during certain time periods, the words "Cede & Co." herein shall refer to such new nominee of DTC; and upon receipt of such notice, the Board shall promptly deliver a copy of the same to the Trustee.

Upon (A) receipt by the Board of written notice from DTC (i) to the effect that a continuation of the requirement that all of the outstanding Series 2007 Certificates be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the Series 2007 Certificates or (ii) to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of DTC hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, or (B) determination by the Board, in its sole discretion upon compliance with applicable DTC policies and procedures, that such book-entry only system is burdensome to the Board, the Series 2007 Certificates shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names holders shall designate, in accordance with the provisions hereof. In such event, the Board shall issue and the Trustee shall authenticate, transfer and exchange Series 2007 Certificates of like principal amount and maturity, in denominations of \$5,000 or any integral multiple thereof to the holders thereof in accordance with the provisions of the Trust Agreement. The foregoing notwithstanding, until such time as participation in the book-entry only system is discontinued, the provisions set forth in the Blanket Issuer Letter of Representations previously executed by the Board and delivered to DTC shall apply to the payment of principal of and interest on the Series 2007 Certificates.

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**ARTICLE IV
ESTABLISHMENT OF SERIES 2007 PLEDGED ACCOUNTS**

SECTION 401. ESTABLISHMENT OF SERIES 2007 PLEDGED ACCOUNTS. In accordance with Section 6.02(b) of the Trust Agreement, there is hereby established with the Trustee, solely for the benefit of the Owners of the Series 2007 Certificates, the following accounts and subaccounts:

(a) The "School Board of Hillsborough County, Florida Master Lease Series 2007 Subaccount of the Project Account."

(b) The "School Board of Hillsborough County, Florida Master Lease Series 2007 Subaccount of the Costs of Issuance Account."

(c) The "School Board of Hillsborough County, Florida Master Lease Series 2007 Subaccount of the Interest Account."

(d) The "School Board of Hillsborough County, Florida Master Lease Series 2007 Subaccount of the Principal Account."

(e) The "School Board of Hillsborough County, Florida Master Lease Series 2007 Account of the Prepayment Fund."

The moneys on deposit in the Accounts and Subaccounts described in this Section shall be disbursed by the Trustee in the manner and for the purposes described in the Trust Agreement. The moneys in the Series 2007 Pledged Accounts shall be invested solely in Permitted Investments; provided moneys in the Series 2007 Subaccount of the Interest Account representing accrued and interest, if any, on the Series 2007 Certificates shall be invested solely in direct obligations of (including obligations issued or held in book-entry form on the books of) the Department of the Treasury of the United States of America.

SECTION 402. SECURITY FOR SERIES 2007 CERTIFICATES. The Series 2007 Certificates shall be secured in the manner provided in the Trust Agreement and shall receive all the benefits of the Trust Estate created thereunder; provided, such portion of the Trust Estate which is derived from the sale, re-letting or other disposition of the Series 2007 Project and any cash, securities and investments in the Series 2007 Pledged Accounts shall be utilized solely for the benefit of the Owners of the Series 2007 Certificates. The Owners of the Series 2007 Certificates shall have no claim against, nor receive any benefits from, any portion of the Trust Estate derived from the sale, re-letting or other disposition of Projects, other than the Series 2007 Project, or any cash, securities and investments in the Pledged Accounts, other than the Series 2007 Pledged Accounts. Notwithstanding the foregoing, any portion of the Trust Estate derived from the sale, re-letting or other disposition of that portion of the Series 2007 Project comprised of High

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School "SSS" and Middle School "RR" shall be applied for the benefit, on a proportionate basis, of the Certificates then secured under Lease Schedule No. 2004C, Lease Schedule No. 2006A and Lease Schedule No. 2007 based on the dollar amount of such facilities financed or refinanced thereunder and any portion of the Trust Estate derived from the sale, re-letting or other disposition of that portion of the Series 2007 Project comprised of Middle School "SS and Elementary School "N" shall be applied for the benefit, on a proportionate basis, of the Certificates then secured under Lease Schedule No. 2006A and Lease Schedule No. 2007 based on the dollar amount of such facilities financed or refinanced thereunder.

SECTION 403. CREDIT ENHANCEMENT. The Series 2007 Certificates shall be further secured by the Financial Guaranty Insurance Policy issued by MBIA, which shall be the Credit Enhancer and Insurer for the Series 2007 Certificates. MBIA shall have all the rights provided for such Credit Enhancer under the terms of the Trust Agreement and under the terms hereof and the Related Documents.

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4.07 of the Lease Agreement unless the Board has delivered to the Trustee the prior written consent of MBIA which consent shall not be unreasonably withheld.

(c) The Series 2007 Certificates maturing on July 1, 2031 (bearing interest at 4.75%), are subject to mandatory prepayment prior to maturity in part, from payments of the principal portion of Basic Rent Payments on each July 1 in the years and in the amounts set forth below at a Prepayment Price of par plus the interest accrued to the Prepayment Date.

<u>July 1 of the Year</u>	<u>Principal Amount</u>
2028	\$4,465,000
2029	4,680,000
2030	4,900,000
2031*	8,950,000

*Final maturity

(d) The Series 2007 Certificates shall be called for prepayment upon the notice and in the manner provided in Article V of the Trust Agreement.

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**ARTICLE V
PREPAYMENT OF SERIES 2007 CERTIFICATES**

SECTION 501. PREPAYMENT DATES AND PRICES OF SERIES 2007 CERTIFICATES; TRANSFER OF AMOUNTS REMAINING IN SERIES 2007 SUBACCOUNT OF PROJECT ACCOUNT.

(a) The Series 2007 Certificates are subject to prepayment only as provided in this Section. The Series 2007 Certificates are subject to extraordinary prepayment, in whole or in part, on any Mandatory Prepayment Date (if in part, in any order of maturity as directed by the Board or, in the absence of such direction, in inverse order of maturity and by lot within maturities), without prepayment premium, at the principal amount, together with accrued interest to the Mandatory Prepayment Date from the Net Proceeds of insurance or condemnation deposited with the Trustee pursuant to Section 5.08(c) of the Lease Agreement. Notwithstanding the provisions of Section 6.03(g) of the Trust Agreement, the Series 2007 Certificates are not subject to prepayment from amounts transferred by the Trustee from the Series 2007 Subaccount of the Project Account to the Series 2007 Account of the Prepayment Fund. Any amounts remaining in the Series 2007 Subaccount of the Project Account after completion of the Series 2007 Project shall be transferred by the Trustee to the Series 2007 Subaccount of the Interest Account. Subsequent to an Event of Non-Appropriation and termination of the Lease Agreement as described in Section 7.01 of the Lease Agreement, the Series 2007 Certificates are also subject to extraordinary mandatory prepayment and redemption, in whole or in part, on any Mandatory Prepayment Date (if in part, with the prior written consent of MBIA and, if consented to, in such order of maturities as directed by MBIA and by lot within a maturity), without premium, at the principal amount, together with accrued interest to the Mandatory Prepayment Date, if and to the extent requested by MBIA. For purposes of this paragraph, the Mandatory Prepayment Date shall be the next succeeding Payment Date; provided, however, if such Payment Date occurs within forty (40) days of receipt by the Trustee of the moneys to be used for such prepayment, the Mandatory Prepayment Date shall be the second succeeding Payment Date.

(b) The Series 2007 Certificates maturing on and before July 1, 2017 shall not be subject to prepayment at the option of the Board. The Series 2007 Certificates maturing after July 1, 2017 may be prepaid at the option of the Board, from prepayments of Basic Rent made by the Board pursuant to the Lease Agreement, in whole or in part on July 1, 2017 or any date thereafter, and if in part, by lot within a maturity in such manner as may be designated by the Trustee, at a Prepayment Price equal to 100% of the principal amount of the Series 2007 Certificates or portions thereof to be prepaid plus accrued and unpaid interest thereon to the optional prepayment date, without premium.

Notwithstanding any provisions of Section 4.06 of the Lease Agreement, any optional prepayments relating to a Group within the Series 2007 Project shall not result in a termination or release of the Lessor's leasehold estate in such Group pursuant to Section

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**ARTICLE VI
PROVISIONS RELATING TO SERIES 2007 CERTIFICATES**

SECTION 601. PROVISIONS REGARDING FINANCIAL GUARANTY INSURANCE POLICY; ADDITIONAL OBLIGATIONS OF THE BOARD. The following provisions relating to the Series 2007 Certificates shall apply so long as the MBIA Financial Guaranty Insurance Policy is in full force and effect:

(a) In connection with the issuance of Additional Certificates, there shall be delivered to MBIA by the Board a copy of the disclosure document, if any, circulated with respect to such Additional Certificates. No (i) Completion Certificates may be issued and (ii) Additional Certificates may be issued bearing interest at a variable rate (whether directly or indirectly pursuant to an interest rate swap or other similar derivative instrument), in each case without the prior written consent of MBIA.

(b) Copies of any amendments made to the documents executed in connection with the issuance of the Series 2007 Certificates which are consented to by MBIA shall be sent to Standard & Poor's Ratings Services by the Board. Any amendments made to the Related Documents which require the consent of the Certificate Holders shall also require the consent of MBIA. MBIA must receive advance written notice of all amendments requiring consent.

(c) MBIA shall receive notice from the Board of the resignation or removal of the Trustee and the appointment of a successor thereto.

(d) MBIA shall receive copies of all notices required to be delivered to Certificate Holders (from the Trustee) and, on an annual basis, copies of the Board's audited financial statements and Annual Budget (from the Board).

(e) MBIA shall be provided with a copy of the completion certificate delivered by an Authorized Officer of the Board pursuant to Section 6.03(g)(i) of the Trust Agreement. The Trustee shall notify MBIA in writing of the date on which the Series 2007 Subaccount of the Project Account is closed in accordance with Section 6.03(g) of the Trust Agreement.

(f) Neither the Board nor the Corporation may enter into any sublease with respect to the Series 2007 Project without the prior written consent of MBIA. The term of any such sublease shall match the term of Lease Schedule No. 2007.

(g) Unless expressly agreed to by MBIA in its sole discretion, no substitution or release of the Series 2007 Project shall be permitted. At a minimum, MBIA will require the following:

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(i) a certificate of useful life demonstrating that the useful life of the substituted property meets or exceeds the remaining term of the Series 2007 Certificates;

(ii) Special Counsel must provide an opinion in form and content satisfactory to MBIA stating, in essence, that such substitution will not adversely affect the exclusion from gross income of interest payable on the Series 2007 Certificates;

(iii) there shall be no prior liens on the substituted property; and

(iv) title insurance shall be provided for any substituted land and prior to release of any leased property, evidence shall be provided to MBIA that any existing title insurance policy on such property is not adversely affected.

(h) Claims Upon the Financial Guaranty Insurance Policy.

(i) In the event that, on the second Business Day, and again on the Business Day, prior to a Payment Date, the Trustee has not received sufficient moneys to pay all of the principal portion and interest portion of the Basic Lease Payments represented by the Series 2007 Certificates due on the second following or following, as the case may be, Business Day, the Trustee shall immediately notify MBIA or its designee on the same Business Day by telephone, teletype or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

(ii) If the deficiency is made up in whole or in part prior to or on the Payment Date, the Trustee shall so notify MBIA or its designee.

(iii) In addition, if the Trustee has received written notice that any Series 2007 Certificateholder has been required to disgorge payments of principal or interest represented by the Series 2007 Certificates to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes a voidable preference to such Series 2007 Certificateholder within the meaning of any applicable bankruptcy laws, then the Trustee shall notify MBIA or its designee of such fact by telephone, teletype or telegraphic notice, confirmed in writing by registered or certified mail.

(iv) The Trustee is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Series 2007 Certificates as follows:

A. If and to the extent there is a deficiency in amounts required to pay interest represented by the Series 2007 Certificates, the Trustee shall (a) execute and deliver to State Street Bank and Trust Company, N.A., or

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from the Board, with interest thereon as provided and solely from the sources stated in the Trust Agreement and the Series 2007 Certificates; and

B. They will accordingly pay to MBIA the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in the Trust Agreement and the Series 2007 Certificates, but only from the sources and in the manner provided herein for the payment of principal of and interest represented by the Series 2007 Certificates to Certificate Holders, and will otherwise treat MBIA as the owner of such rights to the amount of such principal and interest.

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its successors under the Financial Guaranty Insurance Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing MBIA as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to MBIA of the claims for interest to which such deficiency relates and which are paid by MBIA, (b) receive as designee of the respective Holders (and not as Trustee) in accordance with the terms of the Financial Guaranty Insurance Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders; and

B. If and to the extent of a deficiency in amounts required to pay principal represented by the Series 2007 Certificates, the Trustee shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing MBIA as agent for such Holders in any legal proceeding relating to the payment of such principal and an assignment to MBIA of any of the Series 2007 Certificates surrendered to the Insurance Paying Agent to the extent of the principal amount thereof then due as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if the payment of such principal from the Insurance Paying Agent is received), (b) receive as designee of the respective Holders (and not as Trustee) in accordance with the terms of the Financial Guaranty Insurance Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such Holders.

(v) Payments with respect to claims for the interest portion and the principal portion of Basic Lease Payments represented by the Series 2007 Certificates disbursed by the Trustee from proceeds of MBIA shall not be considered to discharge the obligation of the Board with respect to such Series 2007 Certificates, and MBIA shall to the extent of the payments so made by it become the owner of such unpaid Series 2007 Certificates and claims for the interest in accordance with the terms of the assignment made to it under the provisions of this subsection or otherwise.

(vi) Irrespective of whether any such assignment is executed and delivered, the Board and the Trustee hereby agree for the benefit of MBIA:

A. They recognize that to the extent MBIA makes payments, directly or indirectly (as by paying through the Trustee), on account of the interest portion or the principal portion of Basic Lease Payments represented by the Series 2007 Certificates, MBIA will be subrogated to the rights of such Holders to receive the amount of such principal and interest

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ARTICLE VII MISCELLANEOUS

SECTION 701. PROVISIONS OF TRUST AGREEMENT NOT OTHERWISE MODIFIED. Except as expressly modified or amended hereby, the Trust Agreement shall remain in full force and effect. To the extent of any conflict between the terms of the Trust Agreement and this Series 2007 Supplemental Trust Agreement, the terms hereof shall control.

SECTION 702. THIRD PARTY BENEFICIARIES. Nothing in this Series 2007 Supplemental Trust Agreement, express or implied, is to or shall be construed to confer upon or to give to any person or party other than the Corporation, and its assignee, the Trustee, the Credit Enhancer and the Board any rights, remedies or claims under or by reason of this Series 2007 Supplemental Trust Agreement or any covenants, condition or stipulation hereof; and all covenants, stipulations, promises and agreements in this Series 2007 Supplemental Trust Agreement contained by or on behalf of the Corporation or the Board shall be for the sole and exclusive benefit of the Corporation, and its assignee, the Trustee, the Credit Enhancer and the Board. MBIA shall be deemed a third party beneficiary of this Series 2007 Supplemental Trust Agreement.

SECTION 703. COUNTERPARTS. This Series 2007 Supplemental Trust Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 704. HEADINGS. Any heading preceding the text of the several Articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Series 2007 Supplemental Trust Agreement, nor shall they affect its meaning, construction or effect.

SECTION 705. LAWS. This Series 2007 Supplemental Trust Agreement shall be construed and governed in accordance with the laws of the State.

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IN WITNESS WHEREOF, the parties have executed this Series 2007 Supplemental Trust Agreement by their officers thereunto duly authorized as of the date and year first written above.

THE BANK OF NEW YORK TRUST COMPANY, N.A., as Trustee

LETTER OF INSTRUCTIONS

(SEAL)

By: _____
Vice President

School Board of Hillsborough County, Florida
Tampa, Florida

The Bank of New York Trust Company, N.A. (successor to NationsBank of Florida, N.A.)
Jacksonville, Florida

HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION, as Lessor

(SEAL)

By: _____
President

Hillsborough School Board Leasing Corporation
Tampa, Florida

Re: \$84,685,000 Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2007 Evidencing An Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Hillsborough County, Florida

ATTEST:

Secretary

Ladies and Gentlemen:

SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA, as Lessee

(SEAL)

By: _____
Chairman

This letter of instructions is intended to set forth certain duties and requirements regarding the payment of rebatable arbitrage to the United States Treasury in compliance with Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code") to the extent necessary to preserve the tax-exempt treatment of interest on the above-referenced Certificates of Participation (the "Series 2007 Certificates"). The instructions contained in this letter are based upon said Section 148(f) of the Code and, by analogy, to the Regulations. However, it is not intended to be exhaustive.

ATTEST:

Superintendent/Secretary

The Series 2007 Certificates have been issued pursuant to a Master Trust Agreement, dated as of April 1, 1994, as amended and supplemented, in particular, as supplemented, by the Series 2007 Supplemental Trust Agreement, dated as of April 1, 2007 (collectively, the "Trust Agreement"), among The Bank of New York Trust Company, N.A. (successor to NationsBank of Florida, N.A.), as trustee (the "Trustee"), the Hillsborough School Board Leasing Corporation, a Florida not-for-profit corporation, as lessor (the "Corporation"), and the School Board of Hillsborough County, Florida, a school board of the State of Florida, as lessee (the "Board"). The Series 2007 Certificates

represent undivided proportionate interests of the Owners of the Series 2007 Certificates in the Basic Rent Payments to be made under a Master Lease-Purchase Agreement, dated as of April 1, 1994, as amended and supplemented, in particular as supplemented by Lease Schedule No. 2007, dated as of April 1, 2007 (collectively, the "Lease Agreement"), between the Corporation and the Board. Pursuant to an Assignment of Lease Agreement, dated as of April 1, 1994, between the Corporation and the Trustee, as supplemented, the Corporation has assigned all of its rights, title and interest in and to the Lease Agreement (other than certain rights and obligations specifically excepted therein), including, without limitation, the right to receive the Basic Rent Payments, when due, to the Trustee for the benefit of the Owners of the Series 2007 Certificates.

Since the requirements of said Section 148(f) are subject to amplification and clarification, it may be necessary to supplement or modify the instructions contained in this letter from time to time to reflect any additional or different requirements of said Section and the Regulations or to specify that actions set forth in this letter are no longer required or that some further or different action is required to maintain or assure the exemption from federal income tax of the interest on the Series 2007 Certificates.

For purposes of this letter, any instructions relating to a fund, account or subaccount established under the Trust Agreement shall be deemed to apply only to that portion of such fund, account or subaccount allocable to the Series 2007 Certificates.

1. Tax Covenants. Pursuant to the Trust Agreement, the Corporation and the Board have made certain covenants designed to assure that the Interest Component of the Basic Rent Payments is and shall remain excludable from gross income for purposes of federal income taxation. In order to preserve this exemption neither the Corporation nor the Board should, directly or indirectly, use or permit the use of any proceeds of the Series 2007 Certificates or the Lease Payments or any other funds or take or omit to take any action that would cause the Series 2007 Certificates to be "arbitrage bonds" within the meaning of Section 148 of the Code or that would cause the Interest Component of the Basic Rent Payments to be subject to be included in gross income for federal income tax purposes under the provisions of the Code. The Board must comply with all other requirements as shall be determined by Special Counsel to be necessary or appropriate to assure that the Interest Component of the Basic Rent Payments will be excludable from gross income for purposes of federal income taxation. To that end, the Corporation and the Board shall comply with all requirements of Section 148 of the Code to the extent applicable to the Series 2007 Certificates.

2. Definitions. Capitalized terms used in this letter, but not otherwise defined herein, shall have the same meanings set forth in Exhibit A to the Trust Agreement and in the Board's Certificate as to Arbitrage and Certain Other Tax Matters relating to the Series 2007 Certificates.

"Certificate Year" means any one-year period (or shorter period from the Issue Date) ending on the close of business on the day preceding the anniversary of the Issue Date; provided, however, that the Board may select any other day as the end of a Certificate Year if such selection is made prior to the earlier of the final maturity date of the Series 2007 Certificates or the fifth anniversary of the Issue Date.

"Computation Date" means (i) any date selected by the Board which is not more than 5 years later than the latter of (x) the date of issue or (y) the most recent Computation Date and (ii) the date all Series 2007 Certificates are finally paid or discharged; provided, however, that for purposes of paying any penalty due as a result of an election of the Board pursuant to Section 3(e) hereof, the Computation Date shall be the last day of each six-month period described in said Section 3(e).

"Code" means the Internal Revenue Code of 1986, as amended.

"Computation Date" means each date selected by the Board as a computation date pursuant to Section 1.148-3(e) of the Regulations and the Final Computation Date.

"Fair Market Value" means, when applied to a Nonpurpose Investment, the Fair Market Value of such Investment as determined in accordance with Section 4 hereof.

"Final Computation Date" means the date the Series 2007 Certificates are discharged.

"Gross Proceeds" means, with respect to the Series 2007 Certificates:

- (1) Amounts constituting Sale Proceeds of the Series 2007 Certificates.
- (2) Amounts constituting Investment Proceeds of the Series 2007 Certificates.
- (3) Amounts constituting Transferred Proceeds of the Series 2007 Certificates.
- (4) Other amounts constituting Replacement Proceeds of the Series 2007 Certificates.
- (5) Amounts that constitute Pledged Moneys (as defined below) and that are derived directly or indirectly from the Board (or a governmental unit of which the Board is a part) or any other person who substantially benefits from the issuance of the Series 2007 Certificates.

"Investment Proceeds" means any amounts actually or constructively received from investing proceeds of the Series 2007 Certificates.

"Investment Property" means any security, obligation or other property held principally as a passive vehicle for the production of income, within the meaning of Section 1.148-1(b) of the Regulations.

"Issue Date" means April 24, 2007.

"Net Proceeds" means Sale Proceeds, less the portion of such Proceeds invested in a reasonably required reserve or replacement fund under the Code.

"Nonpurpose Investment" shall have the meaning ascribed to such term in Section 148 of the Code and shall include any Investment Property in which Gross Proceeds are invested which is not acquired to carry out the governmental purpose of the Series 2007 Certificates, e.g., obligations acquired with Gross Proceeds that are invested temporarily until needed for the governmental purpose of the Series 2007 Certificates, that are used to discharge a prior issue, or that are invested in a reasonably required reserve or replacement fund.

"Nonpurpose Payments" shall include the payments with respect to Nonpurpose Investments specified in Section 1.148-3(d)(1)(i)-(v) of the Regulations.

"Nonpurpose Receipts" shall include the receipts with respect to Nonpurpose Investments specified in Section 1.148-3(d)(2)(i)-(iii) of the Regulations.

"Pledged Moneys" means moneys that are reasonably expected to be used directly or indirectly to pay debt service on the Series 2007 Certificates (or to reimburse a municipal bond insurer) or as to which there is a reasonable assurance that such moneys or the earnings thereon will be available directly or indirectly to pay debt service on the Series 2007 Certificates (or to reimburse a municipal bond insurer) if the Board encounters financial difficulties.

"Pre-Issuance Accrued Interest" means amounts representing interest that has accrued on an obligation for a period of not greater than one year before its issue date but only if those amounts are paid within one year after the Issue Date.

"Proceeds" means any Sale Proceeds, Investment Proceeds and Transferred Proceeds of the Certificates.

"Qualified Administrative Costs" means reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage and selling commissions that are comparable to those charged nongovernmental entities in transactions not involving tax-exempt bond proceeds, but not legal and accounting fees, recordkeeping, custody or similar costs. In addition, with respect to a guaranteed investment contract or investments purchased for a yield restricted defeasance escrow, such costs will be considered reasonable if (1) the amount of the fee the Board treats as a Qualified Administrative Cost does not exceed the lesser of (a) \$30,000, or (b) the greater of (x)

.2% of the "computational base", or (y) \$3,000; and (2) the Board does not treat as Qualified Administrative Costs more than \$85,000 in brokers' commissions or similar fees with respect to all guaranteed investment contracts and investments for yield restricted defeasance escrows purchased with Gross Proceeds of the issue. For purposes of this definition only, "computational base" shall mean, with respect to guaranteed investment contracts, the amount of Gross Proceeds the Board reasonably expects, as of the date the contract is acquired, to be deposited in the guaranteed investment contract over the term of the contract and for investments other than guaranteed investment contracts, "computational base" shall mean the amount of Gross Proceeds initially invested in such investments. The above-described safe harbor dollar amounts shall be increased each calendar year after 2004 for cost-of-living adjustments pursuant to Section 1.148-5(e) of the Regulations.

"Rebatable Arbitrage" means, as of any Computation Date, the excess of the future value of all Nonpurpose Receipts over the future value of all Nonpurpose Payments.

"Rebate Fund" means the Rebate Fund established pursuant to the Trust Agreement and described in Section 3 hereof.

"Regulations" means Treasury Regulations Sections 1.148-0 through 1.148-11, 1.149(b)-1 and (d)-1, and 1.150-0 through 1.150-2, as amended, and any regulations amendatory, supplementary or additional thereto.

"Replacement Proceeds" means amounts that have a sufficiently direct nexus to the Series 2007 Certificates or to the governmental purpose of the Series 2007 Certificates to conclude that the amounts would have been used for that governmental purpose if the Proceeds of the Series 2007 Certificates were not used or to be used for that governmental purpose. For this purpose, governmental purposes include the expected use of amounts for the payment of debt service on a particular date. The mere availability or preliminary earmarking of amounts for a governmental purpose, however, does not in itself establish a sufficient nexus to cause those amounts to be Replacement Proceeds. Replacement Proceeds include, but are not limited to, amounts held in a sinking fund or a pledged fund. For these purposes, an amount is pledged to pay principal or interest on the Series 2007 Certificates if there is reasonable assurance that the amount will be available for such purposes in the event that the issuer encounters financial difficulties.

"Sale Proceeds" means any amounts actually or constructively received by the Board from the sale of the Series 2007 Certificates, including amounts used to pay underwriters' discount or compensation and interest other than Pre-Issuance Accrued Interest. Sale Proceeds shall also include, but are not limited to, amounts derived from the sale of a right that is associated with a Series 2007 Certificate and that is described in Section 1.148-4(b)(4) of the Regulations.

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"Special Counsel" means Nabors, Giblin & Nickerson, P.A., Tampa, Florida or such other firm of nationally recognized bond counsel as may be selected by the Board.

"Tax-Exempt Investment" means (i) an obligation the interest on which is excluded from gross income pursuant to Section 103 of the Code, (ii) United States Treasury-State and Local Government Series, Demand Deposit Securities, and (iii) stock in a tax-exempt mutual fund as described in Section 1.150-1(b) of the Regulations. Tax-Exempt Investment shall not include a specified private activity bond as defined in Section 57(a)(5)(C) of the Code. For purposes of these Rebate Instructions, a tax-exempt mutual fund includes any regulated investment company within the meaning of Section 851(a) of the Code meeting the requirements of Section 852(a) of the Code for the applicable taxable year; having only one class of stock authorized and outstanding; investing all of its assets in tax-exempt obligations to the extent practicable; and having at least 98 percent of (1) its gross income derived from interest on, or gain from the sale of or other disposition of, tax-exempt obligations or (2) the weighted average value of its assets represented by investments in tax-exempt obligations.

"Transferred Proceeds" shall have the meaning provided therefor in Section 1.148-9 of the Regulations.

"Universal Cap" means the value of all then outstanding Series 2007 Certificates.

"Value" (of a Series 2007 Certificate) means with respect to a Series 2007 Certificate issued with not more than two percent original issue discount or original issue premium, the outstanding principal amount, plus accrued unpaid interest; for any other Series 2007 Certificate, its present value.

"Value" (of an Investment) shall have the following meaning in the following circumstances:

(1) **General Rules.** Subject to the special rules in the following paragraph, an issuer may determine the value of an investment on a date using one of the following valuation methods consistently applied for all purposes relating to arbitrage and rebate with respect to that investment on that date:

- (a) an investment with not more than two percent original issue discount or original issue premium may be valued at its outstanding stated principal amount, plus accrued unpaid interest on such date;
- (b) a fixed rate investment may be valued at its present value on such date; and
- (c) an investment may be valued at its Fair Market Value on such date.

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(2) **Special Rules.** Yield restricted investments are to be valued at present value provided that (except for purposes of allocating Transferred Proceeds to an issue, for purposes of the Universal Cap and for investments in a commingled fund other than a bona fide debt service fund unless it is a certain commingled fund):

(a) an investment must be valued at its Fair Market Value when it is first allocated to an issue, when it is disposed of and when it is deemed acquired or deemed disposed of, and provided further that;

(b) in the case of Transferred Proceeds, the Value of a Nonpurpose Investment that is allocated to Transferred Proceeds of a refunding issue on a transfer date may not exceed the Value of that investment on the transfer date used for purposes of applying the arbitrage restrictions to the refunded issue.

"Yield on the Series 2007 Certificates" means, for all Computation Dates, the Yield expected as of the date hereof on the Series 2007 Certificates over the term of such Series 2007 Certificates computed by:

(1) using as the purchase price of the Series 2007 Certificates, the amount at which such Series 2007 Certificates were sold to the public within the meaning of Sections 1273 and 1274 of the Code; and

(2) assuming that all of the Series 2007 Certificates will be paid at their scheduled maturity dates or in accordance with any mandatory redemption requirements.

"Yield" means, generally, the discount rate which, when used in computing the present value of all the unconditionally payable payments of principal and interest on an obligation and all the payments for qualified guarantees paid and to be paid with respect to such obligation, produces an amount equal to the present value of the issue price of such obligation. Present value is computed as of the date of issue of the obligation. There are, however, many additional specific rules contained in the Regulations which apply to the calculation and recalculation of yield for particular obligations and such rules should be consulted prior to calculating the yield for the Series 2007 Certificates on any Computation Date. Yield shall be calculated on a 360-day year basis with interest compounded semi-annually. For this purpose the purchase price of a Nonpurpose Investment or Tax-Exempt Investment is its Fair Market Value, as determined pursuant to Section 4 of this letter, as of the date that it becomes allocated to Gross Proceeds of the Series 2007 Certificates.

3. Payment of Rebatable Arbitrage.

(a) In order to maintain the exemption from federal income tax of the Interest Component of the Basic Rent Payments, the Trustee, upon the written direction of the Board in accordance with Section 6.12 of the Trust Agreement, shall pay the Rebatable

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Arbitrage to the United States Government at the times and in the amounts determined herein from amounts on deposit in the Rebate Fund. For purposes of determining the Rebateable Arbitrage, the Board should cause the calculations to be made by competent tax counsel or other financial or accounting advisors or persons to ensure correct application of the rules contained in the Code and the Regulations relating to arbitrage rebate and, if the Board fails to retain such advisors for such purpose, the Trustee should retain such advisors for such purpose, but only at the expense of the Board.

(b) Within 30 days after any Computation Date, the Board must calculate or cause to be calculated the Rebateable Arbitrage or any penalty due pursuant to Section 3(d) below. The Board agrees to pay the Trustee the amount of the Rebateable Arbitrage for deposit to the Rebate Fund on or before the same must be remitted by the Trustee. Upon receipt of such Rebateable Arbitrage from the Board, but in no event later than 60 days following the Computation Date, the Trustee must remit (but only from amounts received from the Board) an amount which when added to the future value of previous rebate payments is not less than 90 percent (100 percent with respect to the Computation Date on the final repayment or retirement of the Series 2007 Certificates plus the income, if any, from the investment of the Rebateable Arbitrage due the United States Government after the final Computation Date) of the Rebateable Arbitrage.

Each payment must be accompanied by Internal Revenue Service Form 8038-T.

(c) The obligation to pay Rebateable Arbitrage to the United States, as described in this letter, shall be treated as satisfied with respect to the Series 2007 Certificates if (i) Gross Proceeds are expended for the governmental purpose of the Series 2007 Certificates by no later than the date which is six months after the Issue Date and if it is not anticipated that any other Gross Proceeds will arise during the remainder of the term of the Series 2007 Certificates and (ii) the requirement to pay Rebateable Arbitrage, if any, to the United States with respect to the portion of the Reserve Account allocable to the Series 2007 Certificates, if any, is met. For purposes described above, Gross Proceeds do not include (i) amounts deposited in a bona fide debt service fund, so long as the funds therein constitute bona fide debt service funds, or a reasonably required reserve or replacement fund (as defined in Section 1.148-1 of the Regulations) and meeting the requirements of Section 1.148-2(f) of the Regulations), (ii) amounts that, as of the Issue Date, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the date which is six months after the Issue Date, (iii) amounts representing Sale or Investment Proceeds derived from any Purpose Investment (as defined in Section 1.148-1 of the Regulations) and earnings on those payments, and (iv) amounts representing any repayments of grants (as defined in Section 1.148-6(d)(4) of the Regulations). If Gross Proceeds are in fact expended by such date, then, except as to amounts, if any, on deposit in the Reserve Account, Rebateable Arbitrage with respect to such Gross Proceeds need not be calculated and no payment thereof to the United States Department of Treasury

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(e) As an alternative to subsection (d) above, the obligation to pay Rebateable Arbitrage to the United States, as described in this letter, is treated as satisfied with respect to the Series 2007 Certificates if the "Available Construction Proceeds" (as defined in Section 148(f)(4)(c)(vi) of the Code) are expended for the governmental purposes of the issue within the periods set forth below:

(i) at least 10% of such Available Construction Proceeds are spent within the six-month period beginning on the Issue Date;

(ii) at least 45% of such Available Construction Proceeds are spent within the 1-year period beginning on the Issue Date;

(iii) at least 75% of such Available Construction Proceeds are spent within the eighteen-month period beginning on the Issue Date; and

(iv) at least 100% of such Available Construction Proceeds are spent within the 2-year period beginning on the Issue Date.

For purposes of this Section 3(e), the term Available Construction Proceeds means the Net Proceeds of the construction issue, increased by earnings on the Net Proceeds, earnings on amounts in the Reserve Account to the extent that such amounts were not funded from proceeds of the Series 2007 Certificates, and earnings on all of the foregoing earnings, and reduced by the amount, if any, of the Net Proceeds deposited to the Reserve Account and amounts used to pay issuance costs (including bond insurance premium).

As set forth in Section 148(f)(4)(B)(iv)(III) of the Code, for purposes of the expenditure requirements set forth in this paragraph (e), 100% of the Available Construction Proceeds of the Series 2007 Certificates is treated as expended for the governmental purposes of the issue within the 2-year period beginning on the Issue Date if such requirement is met within the 3-year period beginning on the Issue Date and such requirement would have been met within such 2-year period but for a reasonable retainage (not exceeding 5% of the Available Construction Proceeds of the Series 2007 Certificates). Any failure to satisfy the final spending requirement shall be disregarded if the Board exercises due diligence to complete the project financed by the Series 2007 Certificates and the amount of the failure does not exceed the lesser of (i) 3% of the issue price of the Series 2007 Certificates or (ii) \$250,000.

For purposes of Section 148(f)(4)(C)(vii) of the Code, in the event the Board fails to meet the expenditure requirements referred to above, the Board does not elect to pay, in lieu of the Rebateable Arbitrage otherwise required to be paid with respect to such Gross Proceeds, a penalty with respect to the close of each 6-month period after the Issue Date equal to 1.5% of the amount of the Available Construction Proceeds of the Series 2007 Certificates which, as of the close of such period, are not spent as required by the expenditure provisions set forth above. The penalty referred to above shall cease to apply

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need be made. Use of Gross Proceeds to redeem Series 2007 Certificates shall not be treated as an expenditure of such Gross Proceeds.

Notwithstanding the foregoing, if Gross Proceeds which were reasonably expected to be Gross Proceeds on the Issue Date actually become available after the date which is six months after the Issue Date, as determined by the Board, then the requirements described herein relating to the calculation of Rebateable Arbitrage and the payment thereof to the United States must be satisfied, except that no such calculation or payment need be made with respect to the initial six-month period. Any other amounts not described in this Section which constitute Gross Proceeds, other than a bona fide debt service fund, will be subject to rebate.

(d) As an alternative to Section 3(c) above, the obligation of the Board to pay Rebateable Arbitrage to the United States, as described herein, shall be treated as satisfied with respect to the Series 2007 Certificates if the Gross Proceeds are expended for the governmental purposes of the issue within the periods set forth below:

(i) at least 15% of such Gross Proceeds are spent within the six-month period beginning on the Issue Date;

(ii) at least 60% of such Gross Proceeds are spent within the 1-year period beginning on the Issue Date; and

(iii) at least 100% of such Gross Proceeds are spent within the 18-month period beginning on the Issue Date.

As set forth in Section 1.148-7(d)(2) of the Regulations, for purposes of the expenditure requirements set forth in this paragraph (d), 100% of the Gross Proceeds of the Series 2007 Certificates shall be treated as expended for the governmental purposes of the issue within the 18-month period beginning on the Issue Date if such requirement is met within the 30-month period beginning on the Issue Date and such requirement would have been met within such 18-month period but for a reasonable retainage (not exceeding 5% of the Net Proceeds of the Series 2007 Certificates). If Gross Proceeds are in fact expended by such dates, then Rebateable Arbitrage need not be calculated and no payment thereof to the United States Department of Treasury need be made. Any failure to satisfy the final spending requirement shall be disregarded if the Board exercises due diligence to complete the project financed by the Series 2007 Certificates and the amount of the failure does not exceed the lesser of (i) 3% of the issue price of the Series 2007 Certificates or (ii) \$250,000. Use of Gross Proceeds to redeem the Series 2007 Certificates shall not be treated as an expenditure of such Gross Proceeds. For purposes of this paragraph (d), "Gross Proceeds" shall be modified as described in paragraph (c) above.

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only after the Series 2007 Certificates (including any refunding obligations issued with respect thereto) are no longer outstanding. The Board makes no election with respect to the above-described penalty.

In order to qualify for the exemption from the obligation to pay Rebateable Arbitrage to the United States pursuant to this paragraph (e), at least 75% of the Available Construction Proceeds of the Series 2007 Certificates must be used for construction expenditures with respect to property which is owned by a governmental unit or an organization described in Section 501(c)(3) of the Code (subject in all respects to the provisions of Section 142(b)(1)(B) of the Code). The term "construction" includes reconstruction and rehabilitation of existing property. If only a portion of an issue is to be used for construction expenditures, such portion and such other portion of such issue may, at the election of the Board, be treated as a separate issue for purposes of this subsection (e) (although the remaining portion may not be entitled to the benefits of paragraph 3(d) hereof). The Board hereby elects not to treat any portion of the Series 2007 Certificates as a separate issue.

(f) The Board and the Trustee should keep or cause to be kept proper books of records and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Series 2007 Certificates, including moneys derived from, pledged to, or to be used to make payments on the Series 2007 Certificates. Such records shall, at a minimum, be sufficient to enable the Board to calculate the Rebateable Arbitrage and, if necessary, shall specify the account or fund to which each investment (or portion thereof) is to be allocated and shall set forth, in the case of each investment security, (i) its purchase price, (ii) identifying information, including par amount, coupon rate, and payment dates, (iii) the amount received at maturity or its sale price, as the case may be, including accrued interest, (iv) the amounts and dates of any payments made with respect thereto, and (v) the dates of acquisition and disposition or maturity.

4. Market Price Rules. Except as provided below, the Board agrees to comply with the requirements relating to the "Fair Market Value" of acquired Nonpurpose Investments, as defined in Section 1.148-5(d) of the Regulations ("Fair Market Value"). All investments required to be made pursuant to this letter shall be made to the extent permitted by law. In this regard, the Board agrees, among other things, that it will not acquire or cause to be acquired a Nonpurpose Investment (or any other investment acquired with Gross Proceeds or on deposit in the Rebate Fund), for a price in excess of its Fair Market Value or sell any such investment at a price (determined without any reduction for transaction costs) less than its Fair Market Value, except as provided below. For this purpose, the following rules shall apply:

(a) **Established securities markets.** Except as otherwise provided below, any market especially established to provide a security or obligation to an issuer of municipal

obligations shall not be treated as an established market and shall be rebuttably presumed to be acquired or disposed of for a price that is not its Fair Market Value.

(b) Arm's-length price. Any transaction in which a Nonpurpose Investment is directly purchased with Gross Proceeds, or in which a Nonpurpose Investment allocable to Gross Proceeds is disposed of, shall be undertaken in a bona fide arm's-length manner, and no amount shall be paid to reduce the yield on the Nonpurpose Investment.

(c) Safe harbor for establishing Fair Market Value for guaranteed investment contracts and Nonpurpose Investments purchased for a yield restricted defeasance escrow. In the case of a guaranteed investment contract or Nonpurpose Investments purchased for a yield restricted defeasance escrow, the purchase price shall not be considered to be an arm's-length price unless all the following conditions are met:

(i) The Board makes a bona fide solicitation ("Bona Fide Solicitation") for the purchase of the investment that satisfies all of the following requirements:

(1) The bid specifications are in writing and are timely forwarded to potential providers;

(2) The bid specifications include all terms of the bid that may directly or indirectly affect the yield or the cost of the investment;

(3) The bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Board or any other person (whether or not in connection with the bond issue), and that the bid is not being submitted solely as a courtesy to the Board or any other person for purposes of satisfying these requirements;

(4) The terms of the bid specifications are such that there is a legitimate business purpose for each term other than to increase the purchase price or reduce the yield of the investment (e.g., for solicitations of Nonpurpose Investments for a yield restricted defeasance escrow, the hold firm period must be no longer than the Board reasonably requires);

(5) For purchases of guaranteed investment contracts only, the terms of the solicitation take into account the Board's reasonably expected deposit and draw down schedule for the amounts to be invested;

(6) All potential providers have an equal opportunity to bid (e.g., no potential provider is given the opportunity to review other bids before providing a bid); and

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(B) The lowest cost bona fide bid (including any broker's fees) is not greater than the cost of the most efficient portfolio comprised exclusively of State and Local Government Series Securities from the United States Department of the Treasury, Bureau of Public Debt. The cost of the most efficient portfolio of State and Local Government Series Securities is to be determined at the time that bids are required to be submitted pursuant to the terms of the bid specifications. If such State and Local Government Series Securities are not available for purchase on the day that bids are required to be submitted because sales of those securities have been suspended, the cost comparison described in this paragraph is not required.

(iv) The provider of the investments or the obligor on the guaranteed investment contract certifies the administrative costs that it pays (or expects to pay) to third parties in connection with supplying the investment.

(d) The Board shall retain certificates and records documenting compliance with the above requirements until three years after the last outstanding Series 2007 Certificate is redeemed including, but not limited to, the following:

(i) For purchases of guaranteed investment contracts, a copy of the contract, and for purchases of Nonpurpose Investments other than guaranteed investment contracts, the purchase agreement or confirmation;

(ii) The receipt or other record of the amount actually paid by the Board for the investments, including a record of any administrative costs paid by the Board and the certification required in paragraph (c)(iv) above;

(iii) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results;

(iv) The bid solicitation form and, if the terms of the purchase agreement or the guaranteed investment contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation; and

(v) For purchase of Nonpurpose Investments other than guaranteed investment contracts, the cost of the most efficient portfolio of State and Local Government Series Securities, determined at the time that the bids were required to be submitted.

Certificates in substantially the forms of subparagraphs (v) and (vi) above must be obtained to evidence the foregoing.

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(7) At least three providers are solicited for bids that have an established industry reputation as a competitive provider of the type of investments being purchased.

(ii) The bids received by the Board must meet all of the following requirements:

(1) The Board receives at least three bids from providers that the Board solicited under a Bona Fide Solicitation and that do not have a material financial interest in the issue. A lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the issue date of the issue. In addition, any entity acting as a financial advisor with respect to the purchase of the investment at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue. A provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(2) At least one of the three bids described in paragraph (c) (ii)(1) above is from a provider that has an established industry reputation as a competitive provider of the type of investments being purchased; and

(3) If the Board uses an agent to conduct the bidding process, the agent did not bid to provide the investment.

(iii) The winning bid must meet the following requirements:

(1) *Guaranteed investment contracts.* If the investment is a guaranteed investment contract, the winning bid is the highest yielding bona fide bid (determined net of any broker's fees).

(2) *Other Nonpurpose Investments.* If the investment is not a guaranteed investment contract, the following requirements are met:

(A) The winning bid is the lowest cost bona fide bid (including any broker's fees). The lowest bid is either the lowest cost bid for the portfolio or, if the Board compares the bids on an investment-by-investment basis, the aggregate cost of a portfolio comprised of the lowest cost bid for each investment. Any payment received by the Board from a provider at the time a guaranteed investment contract is purchased (e.g., an escrow float contract) for a yield restricted defeasance escrow under a bidding procedure meeting these requirements is taken into account in determining the lowest cost bid.

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5. Records. The Board and the Trustee should retain all records with respect to the calculations required by this letter for at least six years after the date on which the last of the principal of and interest on the Series 2007 Certificates has been paid, whether upon maturity, redemption, or acceleration thereof.

6. Modification Upon Receipt of Special Counsel Opinion. Notwithstanding any provision of this letter, if the Board and the Trustee shall receive an opinion of Special Counsel that any specified instructions set forth in this letter are no longer required or that some further or different action is required to maintain or assure the exclusion from federal gross income of the Interest Component of the Basic Rent Payments, the Board and the Trustee may conclusively rely on such opinion in complying with the requirements of this letter and the instructions contained in this letter shall be deemed to be modified to that extent. The provisions of this and the instructions contained in this letter may be amended or modified in any manner which is necessary to comply with such regulations as may be promulgated by the United States Treasury Department from time to time.

7. Accounting for Gross Proceeds. In order to perform the calculations required by the Code and the Regulations, it is necessary to track the investment and expenditure of all Gross Proceeds. To that end, the Board must adopt reasonable and consistently applied methods of accounting for all Gross Proceeds. Appendix I hereto sets forth a description of the required allocation and accounting rules with which the Board agrees to comply.

8. Administrative Costs of Investments. Except as otherwise provided in this Section 8, an allocation of Gross Proceeds to a payment or receipt on a Nonpurpose Investment is not adjusted to take into account any costs or expenses paid, directly or indirectly, to purchase, carry, sell or retire the Nonpurpose Investment (administrative costs). Thus, administrative costs generally do not increase the payments for, or reduce the receipts from, Nonpurpose Investments.

In determining payments and receipts on Nonpurpose Investments, Qualified Administrative Costs are taken into account by increasing payments for, or reducing the receipts from, the Nonpurpose Investments. Qualified Administrative Costs are reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody and similar costs. General overhead costs and similar indirect costs of the Board such as employee salaries and office expenses and costs associated with computing Rebatable Arbitrage are not Qualified Administrative Costs.

Allocation and accounting rules are provided in Appendix I attached hereto.

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9. Board Obligations. Except for any Rebataable Arbitrage which accrues prior to the date of termination of the Lease, the Board shall have no further obligations hereunder subsequent to the termination of the Lease Agreement.

10. Trustee Obligations. Except for matters set forth in Sections 3(a), (b) and (f) hereof and Section 6.12 of the Trust Agreement, the parties hereto agree that the Trustee shall have no further obligations hereunder or under the Trust Agreement relating to the matters set forth in this letter.

Respectfully submitted,

NABORS, GIBLIN & NICKERSON, P.A.

Acknowledged:

SCHOOL BOARD OF HILLSBOROUGH
COUNTY, FLORIDA

By: _____
Chairman

THE BANK OF NEW YORK TRUST COMPANY, N.A., as Trustee

By: _____
Vice President

HILLSBOROUGH SCHOOL BOARD LEASING
CORPORATION

By: _____
President

ALLOCATION AND ACCOUNTING RULES

(a) **General Rule.** Any issuer may use any reasonable, consistently applied accounting method to account for Gross Proceeds, investments and expenditures of an issue. An accounting method is "consistently applied" if it is applied uniformly within a Fiscal Period (as hereinafter defined) and between Fiscal Periods to account for Gross Proceeds of an issue and any amounts that are in a commingled fund.

(b) **Allocation of Gross Proceeds to an Issue.** Amounts are allocable to one issue at a time as Gross Proceeds. Amounts cease to be allocated to an issue as Proceeds only when those amounts (i) are allocated to an expenditure for a governmental purpose; (ii) are allocated to Transferred Proceeds of another issue of obligations; or (iii) cease to be allocated to that issue at retirement of the issue or under the Universal Cap.

(c) **Allocation of Gross Proceeds to Investments.** Upon the purchase or sale of a Nonpurpose Investment, Gross Proceeds of an issue are not allocated to a payment for that Nonpurpose Investment in an amount greater than, or to a receipt from that Nonpurpose Investment in an amount less than, the Fair Market Value of the Nonpurpose Investment as of the purchase or sale date. The Fair Market Value of a Nonpurpose Investment is adjusted to take into account Qualified Administrative Costs allocable to the investment. Thus, Qualified Administrative Costs increase the payments for, or decrease the receipts from, a Nonpurpose Investment.

(d) **Allocation of Gross Proceeds to Expenditures.** Reasonable accounting methods for allocating funds from different sources to expenditures for the same governmental purpose include a "specific tracing" method, a "gross-proceeds-spent-first" method, a "first-in-first-out" method or a ratable allocation method, so long as the method used is consistently applied. An allocation of Gross Proceeds of an issue to an expenditure must involve a current outlay of cash for a governmental purpose of the issue. A current outlay of cash means an outlay reasonably expected to occur not later than five banking days after the date as of which the allocation of Gross Proceeds to the expenditure is made.

(e) **Commingled Funds.** Any fund or account that contains both Gross Proceeds of an issue and amounts in excess of \$25,000 that are not Gross Proceeds of that issue if the amounts in the fund or account are invested and accounted for collectively, without regard to the source of the funds deposited therein, constitutes a "commingled fund." All payments and receipts (including deemed payments and receipts) on investments held by a commingled fund must be allocated (but not necessarily distributed) among each different source of funds invested in the commingled fund in accordance with a consistently applied, reasonable ratable allocation method. Reasonable

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ratable allocation methods include, without limitation, methods that allocate payments and receipts in proportion to either (i) the average daily balances of the amounts in the commingled fund from each different source of funds during any consistent time period within its fiscal year, but at least quarterly (the "Fiscal Period"); or (ii) the average of the beginning and ending balances of the amounts in the commingled fund from each different source of funds for a Fiscal Period that does not exceed one month.

Funds invested in the commingled fund may be allocated directly to expenditures for governmental purposes pursuant to a reasonable consistently applied accounting method. If a ratable allocation method is used to allocate expenditures from the commingled fund, the same ratable allocation method must be used to allocate payments and receipts on investments in the commingled fund.

Generally a commingled fund must treat all its investments as if sold at Fair Market Value either on the last day of the fiscal year or on the last day of each Fiscal Period. The net gains or losses from these deemed sales of investments must be allocated to each different source of funds invested in the commingled fund during the period since the last allocation. This mark-to-market requirement does not apply if (i) the remaining weighted average maturity of all investments held by a commingled fund during a particular fiscal year does not exceed 18 months, and the investments held by the commingled fund during that fiscal year consist exclusively of obligations; or (ii) the commingled fund operated exclusively as a reserve fund, sinking fund or replacement fund for two or more issues of the same issuer. Subject to the Universal Cap limitation, and the principle that amounts are allocable to only one issue at a time as Gross Proceeds, investments held by a commingled fund must be allocated ratably among the issues served by the commingled fund in proportion to either (i) the relative values of the bonds of those issues; (ii) the relative amounts of the remaining maximum annual debt service requirements on the outstanding principal amounts of those issues; or (iii) the relative original stated principal amounts of the outstanding issues.

(f) **Universal Cap.** Amounts that would otherwise be Gross Proceeds allocable to an issue are allocated (and remain allocated) to the issue only to the extent that the Value of the Nonpurpose Investments allocable to those Gross Proceeds does not exceed the Value of all outstanding bonds of the issue. Nonpurpose Investments allocated to Gross Proceeds in a bona fide debt service fund for an issue are not taken into account in determining the Value of the Nonpurpose Investments, and those Nonpurpose Investments remain allocated to the issue. To the extent that the Value of the Nonpurpose Investments allocable to the Gross Proceeds of an issue exceed the Value of all outstanding bonds of that issue, an issuer should seek the advice of Bond Counsel for the procedures necessary to comply with the Universal Cap.

(g) **Expenditure for Working Capital Purposes.** Subject to certain exceptions, the Proceeds of an issue may only be allocated to "working capital expenditures" as of

any date to the extent that those expenditures exceed "available amounts" as of that date (i.e., "proceeds-spent-last").

For purposes of this section, "working capital expenditures" include all expenditures other than "capital expenditures." "Capital expenditures" are costs of a type properly chargeable (or chargeable upon proper election) to a capital account under general federal income tax principles. Such costs include, for example, costs incurred to acquire, construct or improve land, buildings and equipment having a reasonably expected useful life in excess of one year. Thus, working capital expenditures include, among other things, expenditures for current operating expenses and debt service.

For purposes of this section, "available amount" means any amount that is available to an issuer for working capital expenditure purposes of the type financed by the issue. Available amount excludes Proceeds of the issue but includes cash, investments and other amounts held in accounts or otherwise by an issuer for working capital expenditures of the type being financed by the issue without legislative or judicial action and without a legislative, judicial or contractual requirement that those amounts be reimbursed. Notwithstanding the preceding sentence, a "reasonable working capital reserve" is treated as unavailable. A working capital reserve is reasonable if it does not exceed five percent of the actual working capital expenditures of an issuer in the fiscal year before the year in which the determination of available amounts is made. For purpose of the preceding sentence only, in determining the working capital expenditures of an issuer for a prior fiscal year, any expenditures (whether capital or working capital expenditures) that are paid out of current revenues may be treated as working capital expenditures.

The proceeds-spent-last requirement does not apply to expenditures to pay (i) any Qualified Administrative Costs; (ii) fees for qualified guarantees of the issue or payments for a qualified hedge for the issue; (iii) interest on the issue for a period commencing on the Issue Date and ending on the date that is the later of three years from the Issue Date or one year after the date on which the financed project is placed in service; (iv) the United States for yield reduction payments (including rebate payments) or penalties for the failure to meet the spend down requirements associated with certain spending exceptions to the rebate requirement; (v) costs, other than those described in (i) through (iv) above, that do not exceed five percent of the Sale Proceeds of an issue and that are directly related to capital expenditures financed by the issue (e.g., initial operating expenses for a new capital project); (vi) principal or interest on an issue paid from unexpected excess sale or Investment Proceeds; (vii) principal or interest on an issue paid from investment earnings on a reserve or replacement fund that are deposited in a bona fide debt service fund; and (viii) principal, interest or redemption premium on a prior issue and, for a crossover refunding issue, interest on that issue. Notwithstanding the preceding paragraph, the exceptions described above do not apply if the allocation merely

substitutes Gross Proceeds for other amounts that would have been used to make those expenditures in a manner that gives rise to Replacement Proceeds.

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APPENDIX E

FORM OF MASTER LEASE AND SERIES 2007 LEASE AGREEMENT

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MASTER LEASE-PURCHASE AGREEMENT

by and between

**HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION,
as Lessor**

and

**SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA,
as Lessee**

Dated as of April 1, 1994

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MASTER LEASE-PURCHASE AGREEMENT

THIS MASTER LEASE-PURCHASE AGREEMENT, is made and entered into as of April 1, 1994 (the "Lease Agreement"), by and between HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION, a single-purpose, not-for-profit corporation organized and existing under the laws of the State of Florida (the "Corporation"), and the SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA, a school board duly organized and existing under the laws of the State of Florida (the "Board"), acting as the governing body of the Hillsborough County School District;

WITNESSETH:

In consideration of the mutual covenants hereinafter contained and for other valuable consideration, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS AND GENERAL PROVISIONS

SECTION 1.01. DEFINITIONS. The capitalized words and terms used herein shall have the meanings assigned to such words and terms in Exhibit A attached hereto, unless the context clearly requires some other meaning.

SECTION 1.02. RULES OF CONSTRUCTION. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

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

ARTICLE II

RECITALS

SECTION 2.01. STATUS AND POWERS OF CORPORATION. The Corporation is a not-for-profit corporation duly organized and existing pursuant to Chapter 617, Florida Statutes, and is authorized to purchase and to sell or lease or otherwise dispose of property. Pursuant to such authority, the Corporation is authorized to undertake and perform the actions and duties more particularly described herein.

SECTION 2.02. STATUS AND POWERS OF BOARD. The Board is a school board of the State of Florida and is authorized by the laws and Constitution of the State of Florida, particularly the Act, to lease-purchase and acquire real and personal property for the common benefit and in furtherance of its public purposes.

SECTION 2.03. PURPOSE OF AGREEMENT. In order to provide for its governmental and proprietary needs and in furtherance of its public purposes, the Board desires from time to time to lease Projects from the Corporation. The Corporation is able and willing, for adequate consideration, to lease such Projects to the Board.

SECTION 2.04. RELATED AGREEMENTS. The parties hereto acknowledge, approve of, and consent to the terms of the following documents:

(a) the Assignment of Lease Agreement, pursuant to which the Corporation assigns by outright assignment all of its right, title and interest in this Lease Agreement to the Trustee, other than its rights of indemnification, its right to enter into Lease Schedules from time to time and its obligations provided in Section 6.03 of the Lease Agreement;

(b) the Ground Lease(s), pursuant to which the Board has or will demise the Premises (as defined in Exhibit A attached hereto) to the Corporation and granted a leasehold estate in the portions of the Projects on or being part of the Premises and not otherwise excluded thereunder;

(c) the Assignment(s) of Ground Lease Agreement, pursuant to which the Corporation by outright assignment assigns all of its right, title and interest in the Ground Lease(s) to the Trustee; and

(d) the Trust Agreement pursuant to which the Trustee, the Board and the Corporation agree to implement this Lease Agreement by providing from time to time for the delivery of Series of Certificates to fund the Projects, for the administration of

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ARTICLE III

ACQUISITION OF PROJECTS;
BOARD TO BE AGENT OF CORPORATION

SECTION 3.01. DEPOSIT OF MONEYS; LEASE SCHEDULES. (a) In order to induce the Board to lease a Project from the Corporation and to assure the Board that the moneys needed to pay the Costs of such Project and Costs of Issuance relating to such Project will be available without delay, the Corporation and the Board, simultaneous with the delivery of a Lease Schedule relating to such Project by the Board, shall cause to be deposited with the Trustee, the proceeds of the Series of Certificates which shall finance the acquisition, construction and installation of such Project. Such proceeds shall be deposited in such funds, accounts and subaccounts established pursuant to the Trust Agreement as shall be described in the Lease Schedule relating to such Project and the Supplemental Trust Agreement pursuant to which such Series of Certificates are authorized to be issued.

(b) Whenever the Board, in its discretion, determines to lease a Project hereunder, it shall prepare and submit to the Corporation a Lease Schedule relating to such Project. Such Lease Schedule shall be in substantially the form set forth as Exhibit C hereto. The Corporation shall have no obligation to acquire, construct or install, or cause to be acquired, constructed or installed pursuant to Section 3.03 hereof, any portion of a Project until the Corporation has been furnished with a Lease Schedule describing such Project and complying with the provisions of the following paragraph.

(c) Each Lease Schedule submitted by the Board to the Corporation shall be accompanied by the following items:

(i) A certified copy of a resolution duly adopted by the Board authorizing the lease-purchase of the Project described in the Lease Schedule, the Lease Schedule and the Supplemental Trust Agreement relating to the Series of Certificates for which such Lease Schedule was established;

(ii) A certificate of the Chairman of the Board reaffirming the Board's covenants, representations and warranties made hereunder, except as modified by the Lease Schedule, and stating no default has occurred and is continuing under this Lease Agreement;

(iii) An executed copy of the applicable Ground Lease relating to the Project described in the Lease Schedule;

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certain funds, accounts and subaccounts for the benefit of the Owners and, under the circumstances contemplated in such Trust Agreement and in this Lease Agreement, the exercise by the Trustee of certain remedies for the benefit of the Owners.

SECTION 2.05. CONSTRUCTION OF THIS LEASE AGREEMENT. For all purposes of this Lease Agreement, reference to the "assignee" of the Corporation means the Trustee acting on behalf of the Owners of the Certificates issued pursuant to the Trust Agreement.

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(iv) An executed copy of the Supplemental Trust Agreement relating to the issuance of the Series of Certificates which shall fund the Project described in the Lease Schedule;

(v) An executed copy of a Memorandum of Lease with respect to the Project described in the Lease Schedule; and

(vi) An executed copy of a Memorandum of Ground Lease with respect to the Project described in the Lease Schedule.

SECTION 3.02. RIGHT OF ENTRY. In order to enable the Corporation to carry out the terms of this Lease Agreement, to provide for the acquisition, construction and installation of the Projects and to facilitate the exercise of remedies upon an Event of Default or Event of Non-Appropriation hereunder, the Board hereby grants a right of entry to the Corporation, its agents and assignees, including, without limitation, the Trustee, and, subject to the provisions of Section 7.03 hereof, at reasonable times and upon reasonable notice, to each of the Projects. The Board represents that it is empowered to grant such right of entry to the Trustee and the Corporation.

SECTION 3.03. ACQUISITION AND CONSTRUCTION OF THE PROJECTS.

(a) The Corporation shall provide for the acquisition, construction and installation of each Project by the Board, as agent of the Corporation, pursuant to applicable State law and Section 3.08 hereof. Title to each Project shall be in the name of the Corporation, except as otherwise provided in Section 4.07 hereof or in Section 7.07 of the Trust Agreement. The Trustee shall establish a separate subaccount in the Project Account for each Project leased hereunder in accordance with Section 6.02 of the Trust Agreement. Amounts on deposit in each subaccount of the Project Account held by the Trustee pursuant to the Trust Agreement shall be disbursed by the Trustee to the Board or the Person designated by the Board to pay Costs of the Project for which such subaccount was established. Such disbursements shall be made pursuant to Requisitions submitted by the Board to the Trustee in accordance with the procedures set forth in the Trust Agreement. Such Requisitions shall be in the form set forth as Exhibit B hereto and shall be accompanied by such further documentation as set forth herein and in Section 6.03 of the Trust Agreement. The Corporation hereby agrees that the Board may be reimbursed for expenditures of moneys made by the Board for Project Costs in anticipation of the issuance of Certificates to fund such Project Costs by filing Requisitions, with the documentation required by Section 6.03 of the Trust Agreement. The Board hereby agrees that, upon its receipt of such reimbursement, the title to any portion of a Project previously acquired will be transferred to the Corporation other than Designated Equipment.

(b) The Corporation and the Board agree that they will assure that each Project will be acquired, constructed and installed in

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accordance with the Plans and Specifications. The Corporation and the Board further agree that each Project will be acquired, constructed and installed in accordance with the Project Budget and the Project Schedule relating thereto, which shall be provided in the Lease Schedule for such Project. The Board may, at any time prior to the Completion Date for a Project, make modifications to such Project and substitute items or components constituting a portion of such Project, subject to the provisions of this Section 3.03(b), if (i) the Board files with the Trustee, as assignee of the Corporation, a certificate of an Authorized Officer of the Board notifying the Trustee of such modification, addition or substitution, identifying the portion of such Project which is modified, added or substituted, and certifying that after such modification, addition or substitution, amounts on deposit in the subaccount of the Project Account relating to such Project, together with interest earnings thereon and any additional legally available sums of the Board deposited therein, will be sufficient to pay all remaining Costs of such Project, including Project Costs incurred in connection with such modification, addition or substitution and any Project Costs which shall have accrued but remain unpaid as of such date, (ii) if the modification, addition or substitution involves Equipment, either the items of substituted Equipment have a useful life equal to or greater than the useful life of the items of Equipment for which it has been substituted or the Credit Enhancer, if any, of the Certificates which shall finance the acquisition of such Equipment approves of a shorter useful life for such substituted Equipment, (iii) the Plans and Specifications, the Project Description, the Project Budget, the Project Schedule and, if necessary, the Estimated Completion Date for such amended or modified Project are each amended, as necessary, to take into account the portion of such Project which is modified, added or substituted, (iv) except as otherwise provided in Section 4.07 hereof, title to the substituted, added or modified portion of the Project shall be in the name of the Corporation, (v) if the modification or substitution involves Equipment, the substituted, added or modified Equipment shall be placed in the same Group as the Equipment for which there has been a substitution or the Credit Enhancer, if any, of the Certificates which shall finance the acquisition of such Equipment approves of the substituted or modified Equipment being placed in a different Group, and (vi) no change shall be made in the schedule of Basic Rent Payments. If the total Costs of such Project exceed the amount estimated therefor, the Board shall take the actions set forth in Section 3.05 hereof as a condition precedent to such modification, addition or substitution. The Board agrees not to lease-purchase any Equipment hereunder except to the extent consented to by the Department or otherwise permitted by applicable law.

(c) For purposes of this Lease Agreement, all materials and services in respect of which amounts are paid by the Trustee for the acquisition, construction and installation of a Project

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The Board shall take possession of each Project, or portion thereof, upon delivery and acceptance and, where applicable, substantial completion of installation thereof. No delay in the completion of a Project, or any portion thereof, nor any extension of the Estimated Completion Date as permitted herein shall relieve the Board of its obligation to pay the Lease Payments to the extent provided herein.

(f) The Corporation and the Board shall at all times keep title to each Project and their respective interests hereunder and under the Ground Lease(s) free and clear of all liens and encumbrances of every kind whatsoever, except Permitted Encumbrances.

SECTION 3.04. PAYMENT OF COSTS OF ISSUANCE. Payment of Costs of Issuance for each Series of Certificates shall be made pursuant to Requisitions from moneys deposited with the Trustee in the subaccount of the Costs of Issuance Account established for such Series. Costs of Issuance shall be disbursed in accordance with and upon compliance with Section 6.04 of the Trust Agreement.

SECTION 3.05. LIMITATIONS ON ACQUISITION AND CONSTRUCTION. The amount of moneys available under the Trust Agreement to pay for Project Costs and Costs of Issuance for each Project is limited to an aggregate dollar amount of not more than the Maximum Cost provided in the Lease Schedule for such Project. If the Board agrees to an increase in the cost with respect to any portion of a Project or there is a cost overrun as a result of a substitution or modification in a Project as described in Section 3.03(b) hereof, and in either case, the amount in the subaccount of the Project Account relating thereto, together with interest earnings thereon, is not sufficient to pay such Project Costs and complete the acquisition, construction and installation of such Project, then the Board either (a) shall deposit to the credit of such subaccount of the Project Account the additional funds necessary to reduce such deficiency to zero (as certified to the Trustee in writing by an Authorized Officer of the Board), or (b) shall provide to the Corporation an amended Project Budget showing changes to such Project the result of which is no cost deficiency and certified to the Trustee as accurate in writing by an Authorized Officer of the Board.

SECTION 3.06. WARRANTIES; DISCLAIMERS. The Board, upon execution of a Requisition for any portion of a Project, thereby shall represent, without further act, that it has (a) thoroughly inspected such portion of such Project described therein, and (b) satisfied itself that such portion of such Project is suitable for its purposes. THE CORPORATION, NOT BEING THE VENDOR, THE DEVELOPER OR THE CONTRACTOR OF ANY PROJECT OR THE VENDOR'S AGENT, DEVELOPER'S AGENT OR CONTRACTOR'S AGENT, MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE TITLE TO, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DESIGN OR CONDITION OF, OR AS TO

(including moneys disbursed pursuant to Section 6.04 of the Trust Agreement for Costs of Issuance) shall be deemed accepted by the Board hereunder upon execution of the corresponding Lease Schedule and the Board shall thereby be deemed to have agreed that it has received valuable consideration for the portion of the Basic Rent representing Costs of Issuance and will, subject to the provisions of Section 7.01 hereof, pay the Lease Payments in respect of same. The provisions of this Section 3.03(c) shall not in any way limit or affect the Corporation's or the Board's rights to pursue warranty or other claims arising therefrom against any contractor, vendor or supplier of labor or materials of a Project, or any portion thereof. Each Requisition executed by the Board and submitted to the Trustee shall certify that the Board has inspected and accepted the portion of the Project which is the subject of such Requisition. Execution by the Board of a Requisition shall constitute full approval and acceptance of the items or portions of the Project identified therein for all purposes hereunder.

(d) The Corporation and the Board further agree to assure that, where applicable, the Contractors and Developers of a Project involving construction of a Building carry appropriate performance bonds, agree to liquidated damages on a daily basis for construction and delivery delays and comply with workers' compensation laws and affirmative action standards of the Board; provided, however, that (i) this provision shall not apply to any contract the total payments on which do not exceed \$100,000 and (ii) this provision shall not prohibit or limit the Board to provide for actual damages with respect to design or construction defects. Proceeds of liquidated damages received by the Corporation or the Board shall be deposited, before the Completion Date, into the subaccount of the Project Account relating to such Project and, after the Completion Date, into the subaccount of the Interest Account relating to such Project to be held for Basic Rent Payments; provided, however, that if liquidated damages are to be imposed through withholding payment from the Contractors, then the Board shall direct the Trustee to withdraw from the subaccount of the Project Account relating to such Project an amount equal to said liquidated damages and to deposit such amount in the subaccount of the Interest Account relating to such Project.

(e) The Estimated Completion Date of a Project may be extended if the Trustee shall receive an amended Lease Schedule but in no event shall such date extend beyond the third anniversary of the date of issuance of the Certificates financing said Project (unless the Estimated Completion Date has, pursuant to certification complying with the provisions of the Code, been initially established beyond the third anniversary, in which case such date shall not be extended past the date initially established) unless the Trustee shall receive an opinion of Special Counsel that such extension will not cause the Interest Component on the Basic Rent Payments to become includible in gross income of the recipients thereof for the purpose of federal income taxation.

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THE QUALITY, CAPACITY OF THE MATERIAL OR WORKMANSHIP IN ANY PROJECT OR ANY WARRANTY THAT ANY PROJECT WILL SATISFY THE REQUIREMENTS OF ANY LAW, RULE, SPECIFICATIONS OR CONTRACT WHICH PROVIDES FOR SPECIFIC MACHINERY, OPERATORS OR SPECIAL METHODS. It is agreed that all such risks, as among the Corporation and the Board, are to be borne by the Board at its sole risk and expense, and the Board hereby agrees to look solely to the Vendors, Contractors or Developers of the Projects for all such matters. THE CORPORATION MAKES NO PATENT WARRANTIES OR REPRESENTATIONS WHATSOEVER. THE CORPORATION SHALL NOT BE LIABLE FOR ANY ACTUAL, CONSEQUENTIAL, INDIRECT OR SPECIAL DAMAGES.

SECTION 3.07. UNEXPENDED MONEYS. The Corporation and the Board agree that unexpended moneys remaining in a subaccount of the Costs of Issuance Account funded from a Series of Certificates shall, upon payment in full of Costs of Issuance relating to such Series, be deposited in the subaccount of the Project Account relating to such Series and that excess moneys, if any, remaining in a subaccount of the Project Account funded from a Series of Certificates shall, on the Completion Date, be applied as a prepayment of Basic Rent Payments for such Series in accordance with Section 6.03(g) of the Trust Agreement.

SECTION 3.08. APPOINTMENT OF AGENCY. (a) The Corporation hereby appoints the Board as its agent to carry out all phases of the acquisition, construction and installation of the Projects, and the Board, as agent of the Corporation, assumes all rights, duties, responsibilities and liabilities of the Corporation regarding acquisition, construction and installation of the Projects, except as limited herein.

(b) The Board, as agent of the Corporation, may enter into any purchase order, agreement or contract required for acquisition, construction and installation of a Project, or any portion thereof, including a turn-key Construction Contract with a Developer, upon being assured that moneys sufficient for the payment thereof are then on deposit in the subaccount of the Project Account related thereto. Each such purchase order, agreement and contract shall be executed by the Board, as agent for the Corporation, in accordance with Section 6A-2, Florida Administrative Code. The benefits of all bids received by the Board for the components of a Project shall be deemed to be assigned by the Board to Corporation. The Board shall comply with all applicable laws in letting contracts or purchase orders in regard to the acquisition, construction and installation of a Project.

(c) Prior to the Completion Date for such Project, the Board, as agent of the Corporation, shall have the right to make any changes in the description of a Project or modify or substitute components thereof, or of any component or portion thereof, whenever the Board deems such changes to be necessary and

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appropriate; provided, however, that the Board must comply with the provisions of Section 3.03(b) hereof.

(d) The Board, as agent of the Corporation, shall have sole responsibility for, and shall supervise, acquisition, construction and installation of each Project. The Board shall monitor the performance by each Vendor, Developer or Contractor to the extent the Board deems appropriate. The Board shall permit the Corporation, or its assignee, to inspect each Project at any and all reasonable times upon giving the Board prior notice of the inspection. The Corporation or its assignee shall comply with all rules and regulations established by the Board with respect to personal safety and security during such inspections.

(e) The Corporation hereby assigns to the Board all rights and powers to enforce and execute in its own name or the name of the Corporation such purchase orders, agreements or contracts as are required for each Project which enforcement may be at law or in equity; provided, however, that the assignment made by the Corporation herein shall not prevent the Corporation, or its assignee, from asserting said rights and powers in its own behalf following written notice to the Board.

(f) Except with respect to Completion Certificates, the Corporation shall not be responsible for payment of, nor shall it pay nor permit to be paid by Trustee pursuant to the Trust Agreement, any amount for a Project in excess of the amount available therefor in the subaccount of the Project Account related thereto held by Trustee pursuant to the Trust Agreement. The Board shall pay said excess amount as provided in Section 3.05 hereof.

(g) The Corporation, or its assignee, shall have the right to inspect periodically the books and records of the Board relating to each Project, and the Board shall permit the Corporation, or its assignee, to make such inspections thereof at all reasonable times and upon reasonable notice as the Board shall deem appropriate.

(h) The Board agrees that it will be the sole responsibility of the Board that each Project will be acquired, constructed and installed in accordance with the Plans and Specifications, as the same may be amended from time to time as permitted herein. The Board shall be obligated, subject to the conditions stated herein, to pay in full the Lease Payments regardless of whether such Project is acquired, constructed or installed in accordance with the Plans and Specifications.

(i) The Board shall use its best efforts to acquire, construct and install each Project by the dates set forth in the Project Schedule relating thereto. The Board hereby agrees to use its best efforts to obtain, in each Construction Contract, provisions such that if the acquisition, construction or installation of any portion of such Project has not been completed

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ARTICLE IV

LEASE OF PROJECTS; LEASE PAYMENTS

SECTION 4.01. LEASE OF PROJECTS. In consideration of the payment of the Board to the Corporation, or its assignee, of the Lease Payments and for other valuable consideration, the Corporation hereby leases from time to time each Project to the Board upon the terms and conditions contained herein, as modified by the Lease Schedule relating to such Project. The Board may modify each Project or may substitute or dispose components or portions of a Project as provided in Sections 3.03(b), 5.13 and 5.14 hereof.

SECTION 4.02. TERM OF AGREEMENT. Effective as of the Commencement Date described in the Lease Schedule relating to each Project, the Corporation agrees to rent and lease to the Board and the Board agrees to rent and lease from the Corporation each such Project for the Initial Lease Term. The Initial Lease Term of each Project shall commence on the Commencement Date relating thereto and terminate on the Initial Lease Termination Date relating thereto. Unless this Lease Agreement is terminated pursuant to Sections 4.06, 7.01 or 7.03 hereof, this Lease Agreement will automatically be renewed on the Initial Lease Termination Date for each Project and each succeeding Renewal Term Termination Date relating thereto for the next succeeding Renewal Lease Term until all Lease Payments in regard to all the Projects shall be made and the Certificates are no longer Outstanding. Each Renewal Lease Term shall be for a period of one (1) year. The number of Renewal Lease Terms plus the Initial Lease Term for a Project shall not exceed the Maximum Lease Term described in the Lease Schedule for such Project.

SECTION 4.03. LEASE PAYMENTS. (a) For the right to use and possession of each of the Projects, the Board shall, subject to the provisions of Sections 4.06 and 7.01 hereof, pay to the Trustee, as assignee of the Corporation, the Basic Rent and the Supplemental Rent as hereinafter described.

(b) The Board agrees to pay as lease rental hereunder for each Project, the Basic Rent on or prior to the Basic Rent Payment Dates as set forth in the Lease Schedule relating thereto, as the same may be modified or amended from time to time following any prepayment of Basic Rent for the lease of such Project. Basic Rent Payments consist of a Principal Component and an Interest Component which shall be stated in each Lease Schedule. The portion of Basic Rent attributable to the Interest Component shall not exceed the maximum rate permitted by Section 215.84, Florida Statutes. Each Project may be divided into Groups of leased property as described in the Lease Schedule relating thereto. The Principal Component and Interest Component attributed to each Group of leased property

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by the Contractor or Developer through the fault of such Contractor or Developer by such dates, the Board may assess liquidated damages against the Contractor or Developer for each day completion is delayed in an amount equal to the part of the Lease Payments associated with such portion of such Project not completed, prorated to obtain a daily rate.

(j) To the extent that a Project consists of the acquisition of Land (rather than improvements to real property), nothing in this Lease Agreement shall be construed to prohibit the acquisition of such Land by the exercise of the power of eminent domain so long as the title to such real property will ultimately vest in the Corporation and so long as such acquisition shall be permitted by applicable law. The Corporation hereby agrees to take all action reasonably requested by the Board to enable the Board to institute and prosecute successfully any eminent domain proceedings instituted by the Board.

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shall be provided in the Lease Schedule relating thereto. The Board hereby agrees that it shall make all Basic Rent Payments coming due on each Basic Rent Payment Date on or prior to each such Basic Rent Payment Date in accordance with the applicable Lease Schedule, subject to the provisions of Sections 4.06 and 7.01 hereof. THE BOARD SHALL NOT BUDGET AND APPROPRIATE AVAILABLE REVENUES FOR A PORTION OF THE PROJECTS LEASED PURSUANT TO THIS LEASE AGREEMENT; IT MUST BUDGET AND APPROPRIATE LEASE PAYMENTS FOR ALL OF THE PROJECTS DESCRIBED ON ALL LEASE SCHEDULES ENTERED INTO PURSUANT TO THIS LEASE AGREEMENT OR NONE OF THEM. All Basic Rent Payments shall be paid in arrears. The Board shall pay the Basic Rent due hereunder to the Trustee at its Principal Office and the Trustee shall apply same as provided in the Trust Agreement. The Board shall specify which subaccount of the Interest Account and Principal Account the Basic Rent Payments shall be deposited in. To the extent that moneys have been deposited and are available with the Trustee from the proceeds of a Series of Certificates for the purpose of paying Basic Rent relating to a Project pursuant to Section 6.01 of the Trust Agreement, the amount to be appropriated shall not be reduced but the Board shall not be required to transfer funds to the Trustee for payments of such Basic Rent, and the Board shall receive a credit against its obligation to pay such Basic Rent for such amounts on deposit with the Trustee.

(c) Each annual aggregate payment of Basic Rent due hereunder shall be for the right to possess the Projects for each Fiscal Year in which moneys have been appropriated by the Board to pay the Basic Rent coming due in such Fiscal Year, provided that the Basic Rent for the period for which a portion of the proceeds of a Series of the Certificates have been deposited with the Trustee shall be paid from such proceeds, it being hereby acknowledged that said moneys constitute special funds held by the Trustee pursuant to this Lease Agreement and the Trust Agreement to be applied for such purpose.

(d) Commencing with the first Basic Rent Payment Date for the initial Project and on each Basic Rent Payment Date thereafter during which any Projects are leased hereunder, there shall be applied as a credit (provided there are no delinquent Basic Rent Payments) against the aggregate amount of Basic Rent payable on such date for the corresponding Lease Schedule an amount which shall be stated in a report of the Trustee given to the Board pursuant to Section 6.11 of the Trust Agreement, which amount shall be equal to the sum of (i) the amount of interest and other income deposited in each subaccount of the Interest Account pursuant to Sections 6.05 and 6.10 of the Trust Agreement since the date of the previous report made by the Trustee pursuant to Section 6.11 of the Trust Agreement, (ii) the amount of moneys, if any, transferred to subaccounts of the Interest Account and Prepayment Fund pursuant to Section 6.03(g) of the Trust Agreement since the date of the previous report made by the Trustee pursuant to Section 6.11 of the Trust Agreement, (iii) the amount of moneys, if any, transferred to

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each subaccount of the Interest Account pursuant to Section 6.07(f) of the Trust Agreement since the date of the previous report made by the Trustee pursuant to Section 6.11 of the Trust Agreement, plus (iv) the amount, if any, on deposit in each subaccount of the Principal Account and Interest Account on the date of the report made by the Trustee pursuant to Section 6.11 of the Trust Agreement which is not derived from the sources described in clauses (i), (ii) and (iii) above. In the event that the total amount of credit exceeds the Basic Rent due on the Basic Rent Payment Date for the corresponding Lease Schedule, the amount of said excess shall be applied as a credit against subsequent Basic Rent Payments for such Lease Schedule. In addition, the Basic Rent may be reduced if the Board chooses to prepay any or all of the Basic Rent. Whenever moneys in the Lease Payment Fund, including all subaccounts of the Reserve Account, shall be sufficient to pay the principal of, Amortization Installments, and interest coming due on the Certificates, moneys in the Reserve Account shall be deposited in the corresponding subaccount of the Interest Account and the Principal Account as required to pay the Certificates of such Series, and no further Basic Rent Payments shall be required hereunder. Should any Basic Rent be paid later than the Basic Rent Payment Date to which such Basic Rent pertains, such Basic Rent shall bear interest at the Overdue Rate from such Basic Rent Payment Date to and inclusive of the date of actual payment.

(e) In addition to the Basic Rent, the Board hereby agrees to pay and discharge from time to time as provided herein, as Supplemental Rent, all other amounts, liabilities and obligations which the Board assumes or agrees to pay to the Corporation, the Trustee, any Credit Enhancers or the issuer of any Reserve Account Insurance Policy or Reserve Account Letter of Credit pursuant to the terms and provisions of any agreements between the Board and such parties, or to others with respect to this Lease Agreement, the Trust Agreement or the Projects, together with interest on any overdue amount, at the Overdue Rate to the date of actual payment. Supplemental Rent shall include, but not be limited to, any redemption premium attributable to the Certificates, the fees and expenses (including reasonable counsel fees and expenses) incurred by the Trustee pursuant to the Trust Agreement or hereunder, all fees and expenses of the Corporation relating to the lease of the Projects or to its corporate existence, and all ongoing expenses relating to the financing of the Projects. The Supplemental Rent shall be paid to Trustee for application in accordance with the terms hereof and of the Trust Agreement.

(f) The Board hereby authorizes the Trustee, as assignee of the Corporation, (i) to create a Reserve Account to be held by the Trustee under the Trust Agreement and to create a separate subaccount within the Reserve Account for each Series of Certificates unless otherwise provided by the Lease Schedule relating thereto, (ii) to deposit in each subaccount of the Reserve Account either a portion of the proceeds from the sale of the

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Series of Certificates relating thereto or a Reserve Account Letter of Credit/Insurance Policy equal to the Reserve Requirement relating to such Series or combination thereof, and (iii) to use such amounts or amounts drawn on the Reserve Account Letter of Credit/Insurance Policy deposited in each subaccount of the Reserve Account as set forth in Section 6.07 of the Trust Agreement. In the event the aggregate amount of any cash, the value of any Permitted Investments and the stated amount of any Reserve Account Letter of Credit/Insurance Policy in a subaccount of the Reserve Account shall be less than the Reserve Requirement provided therefor, the Board shall pay to the Trustee (x) in the event such deficiency is due to a transfer from the Reserve Account, from moneys budgeted and appropriated as Basic Rent during the current Fiscal Year and (y) in the event such deficiency is due to a reduction in value of amounts on deposit in the Reserve Account, the Board shall pay to the Trustee, in each case as Supplemental Rent, an amount equal to such deficiency within thirty (30) days of receipt of notice of the deficiency from the Trustee. In the event the Trustee makes a draw on a Reserve Account Letter of Credit/Insurance Policy to pay debt service on a Series of Certificates, the Board shall cause the amount which the Trustee can draw upon such Reserve Account Letter of Credit/Insurance Policy to be reinstated to equal the Reserve Requirement for such Series (or its original stated amount, if the Board shall have deposited into the related subaccount of the Reserve Account a combination of cash and a Reserve Account Letter of Credit/Insurance Policy pursuant to this Section). In the event a Reserve Account Letter of Credit/Insurance Policy on deposit in a subaccount of the Reserve Account expires or is terminated, the Board shall, simultaneously with such expiration or termination, either replace such Letter of Credit/Insurance Policy with a subsequent Reserve Account Letter of Credit/Insurance Policy with a stated amount equal to that of the expired or terminated Letter of Credit/Insurance Policy or transfer to the Trustee, for deposit in such subaccount of the Reserve Account in which such Policy had been deposited, an amount of cash equal to the stated amount of such expired or terminated Letter of Credit/Insurance Policy.

(g) The Board hereby agrees to deposit with the Trustee from Available Revenues as required from time to time, any amounts required to be deposited in the Rebate Fund pursuant to Section 6.12 of the Trust Agreement. Such amounts shall be deemed Supplemental Rent hereunder. The obligation of the Board to pay such rebate requirement shall survive a Default or Event of Non-Appropriation, termination of this Lease Agreement and payment of all Outstanding Certificates; provided, however, the Board shall be liable only for such rebate requirement which would be owing to the United States Treasury if the same became due at the time of the termination of the Lease Agreement.

(h) The Corporation and the Trustee are entitled to accept, receive and cash or deposit any payment made by the Board for any

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reason or purpose in any amount whatsoever. No endorsement or statement on any check or letter of the Board shall be deemed as accord and satisfaction or otherwise recognized for any purpose whatsoever. The acceptance of any such payment shall be without prejudice to the Corporation's and Trustee's right to recover any and all amounts owed by the Board hereunder and the Corporation's and Trustee's right to pursue any other available remedy but in all events payable only from Available Revenues lawfully appropriated to the payment of amounts coming due under this Lease Agreement.

SECTION 4.04. PAYMENT IN LAWFUL MONEY; NO SET-OFF. Each Lease Payment shall be paid by the Board in lawful money of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, to or upon the order of the Corporation at the Principal Office of Trustee or at such other place as the Corporation, or its assignee, shall designate. Notwithstanding any dispute between the Board and the Corporation, but in all events subject to Sections 4.06 and 7.01 hereof, the Board shall make or cause to be made each and all Lease Payments when due and shall not withhold or permit to be withheld any Lease Payments pending the final resolution of such dispute nor shall the Board assert or permit to be asserted any right of setoff, abatement or counter-claim against the obligation to make Lease Payments as set forth herein.

SECTION 4.05. SOURCE OF LEASE PAYMENTS. (a) The Board represents and warrants that for each Initial Lease Term and upon the renewal hereof for any Renewal Lease Term for the Projects the obligation of the Board to make Lease Payments hereunder, for such Fiscal Year of the Board, shall constitute a current expense of the Board and shall not in any way be construed to be a debt of the Board in contravention of any applicable constitutional, statutory or charter limitations or requirements concerning the creation of indebtedness by the Board. THE PAYMENTS DUE HEREUNDER ARE TO BE MADE ONLY FROM THE BOARD'S AVAILABLE REVENUES APPROPRIATED FOR SUCH PURPOSE AND NEITHER THE BOARD, THE DISTRICT, THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY ANY SUMS DUE TO THE CORPORATION OR THE TRUSTEE HEREUNDER FROM SOURCES OTHER THAN APPROPRIATED AVAILABLE REVENUES AND THE FAITH AND CREDIT OF NEITHER THE BOARD, THE DISTRICT, NOR THE STATE OF FLORIDA NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS PLEDGED FOR PAYMENT OF SUCH SUMS DUE HEREUNDER AND THE OBLIGATIONS ARISING HEREUNDER DO NOT CONSTITUTE AN INDEBTEDNESS OF THE BOARD, THE DISTRICT, OR THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISION OR LIMITATION.

(b) All payments of Basic Rent required to be made by the Board under this Lease Agreement shall be made when due without notice or demand, and, subject to Section 7.01 hereof, shall be absolute and unconditional and without any set-off, counterclaim, abatement, deduction or defense (other than payment) whatsoever.

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The Board shall not make partial payment of the Basic Rent coming due on any Basic Rent Payment Date.

(c) Subject to the Board's right of Non-Appropriation pursuant to Section 7.01 hereof, the Board hereby covenants to direct its Superintendent to provide for the Lease Payments in each annual tentative Budget which shall be submitted to the Board. Except as otherwise provided in Section 7.01 hereof, the Board agrees to take such action as may be necessary to include all Lease Payments (other than Lease Payments to the extent paid from Certificate proceeds then on deposit in the Lease Payment Fund) due hereunder as a separately stated line item in its Budget and to appropriate in each Fiscal Year from Available Revenues an amount necessary to make the Lease Payments due in such Fiscal Year. During the term of this Lease Agreement, the Board will furnish to the Trustee, as assignee of the Corporation, and each Credit Enhancer a copy of the portion of each official tentative and final Budget of the Board relating to such line item within twenty (20) days after it is printed. Anything in this Lease Agreement or the Trust Agreement notwithstanding, the Board and the Corporation agree that this Lease Agreement, the Trust Agreement and all of the Board's obligations to make the Lease Payments are subject to, and can be terminated by the Board upon the happening of, an Event of Non-Appropriation as described in Section 7.01 hereof; provided, however, that the Board shall not be released from or subject to relief with respect to any obligations on its part arising or accruing prior to such termination including, without limitation, any obligation to deposit rebatable arbitrage in the Rebate Fund which may accrue prior to such termination.

(d) The Board hereby agrees that within three Business Days after the adoption or approval of either the tentative or the final Budget which does not include the full amount of the Lease Payments, it will give notice of that fact to the Trustee and each Credit Enhancer.

(e) In the event the Interest Component of a Basic Rent Payment for the lease of a Project shall be calculated on a variable rate basis, the Board agrees that, subject to Section 7.01 hereof, it shall budget for the payment of such Interest Component for each Fiscal Year an amount equal to such Interest Component which would be payable if it were calculated at the lesser of (i) one hundred twenty percent (120%) of the average interest rate on the Variable Rate Certificates during the immediately preceding six month period (or such lesser period as such Variable Rate Certificates shall have been Outstanding), or (ii) the Maximum Interest Rate relating to such Variable Rate Certificates.

SECTION 4.06. OPTIONAL PREPAYMENT; DEFERANCE. (a) The Board shall have the option, so long as no Event of Default hereunder has occurred and is continuing, from any moneys then available for such purpose, on any Optional Prepayment Date for the Series of

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Certificates relating to a Project, to prepay all or a portion of the Basic Rent relating to such Project or Group within such Project upon not less than forty-five (45) days written notice given prior to such Optional Prepayment Date to the Trustee accompanied by the deposit of the amount of such prepaid Basic Rent with the Trustee not less than thirty-five (35) days prior to the applicable Optional Prepayment Date. Optional prepayments made pursuant to this Section 4.06 may be allocated to a particular Project, or any Group of leased property within a Project. Any prepayment notice delivered pursuant to this Section 4.06(a) shall state (i) that the Board is exercising its right of prepayment pursuant to Section 4.06(a) of the Lease Agreement, (ii) the amount of such prepayment and the Lease Schedule or Lease Schedules to which it pertains, (iii) the Optional Prepayment Date to which such prepayment applies, (iv) the amount of prepayment applicable to a Project or Group within a Project and, therefore, to the Series of Certificates and maturities of such Series relating thereto, and (v) that the deposit with the Trustee of such prepaid amount constitutes an irrevocable option of the Board to prepay Basic Rent in the amount of such prepayment. Each prepayment shall be in an amount equal to a principal amount of Certificates (in denominations of \$5,000 or any whole multiple thereof in the case of Current Interest Certificates and in denominations of \$5,000 maturity value and any whole multiples thereof in the case of Capital Appreciation Certificates) to be redeemed on such Optional Prepayment Date, plus the Prepayment Premium, if any, applicable to a redemption of Certificates on the Optional Prepayment Date designated by the Board in such notice of prepayment, all as provided in the Trust Agreement. Interest on Certificates to be redeemed pursuant to an optional prepayment under this Section accrued to the Optional Prepayment Date set forth in the notice of prepayment above shall be paid by the Trustee from moneys on deposit in the account of the Prepayment Fund and the subaccount of the Interest Account which are pledged to the payment of such Certificates.

(b) In the event of a prepayment, in part, of Basic Rent Payments for a Project or Group within a Project, such Basic Rent Payments provided in the Lease Schedule relating thereto shall be adjusted downward by the Trustee to reflect the reduction in the Principal Component and Interest Component of the remaining Basic Rent resulting from such prepayment. Such adjustment shall be done in such manner as to match remaining payments of Basic Rent provided in such Lease Schedule with principal and interest coming due on Certificates which remain outstanding related thereto.

(c) So long as no Event of Default has occurred and is continuing, the Board may secure the payment of Basic Rent for a Project or Group within a Project by a deposit with the Trustee, as provided in Section 12.01 of the Trust Agreement, of either (i) an amount of moneys which is sufficient to pay such Basic Rent, including the Principal Component, Interest Component and

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Prepayment Premium, if any, on the Basic Rent Payment Dates or Optional Prepayment Dates, if applicable, and any Supplemental Rent which may be due, or (ii) Refunding Securities, together with cash, if required, in such amount as will, together with interest to accrue thereon, be fully sufficient to pay such Basic Rent including the Principal Component, Interest Component and Prepayment Premium, if any, on their Basic Rent Payment Dates or Optional Prepayment Dates, if applicable, and any Supplemental Rent which may be due. Upon the Board meeting the requirement of this Section 4.06(c), the Corporation shall be entitled to payment of such Basic Rent Payments solely from such cash and/or Refunding Securities.

(d) In the event Refunding Certificates are issued which refund only a portion of an Outstanding Series of Certificates, the schedule of Basic Rent Payments for the corresponding Project and Group within such Project affected by such Refunding Certificates will remain the same but a credit will be given to the Board by the Trustee to take into account that payment of a portion of the Principal Component and the Interest Component which has been provided for by such refunding or defeasance of such portion of such Certificates from the issuance of said Refunding Certificates.

(e) In the event of a deposit with the Trustee of moneys and/or Refunding Securities for the purpose of paying or providing for payment of Certificates in accordance with Article XII of the Trust Agreement, all covenants, agreements and other obligations of the Board under this Lease Agreement, with respect to such Certificates shall be deemed performed except (i) those provisions hereof which by their express terms survive any such payment and defeasance and (ii) the obligation of the Board to make or cause to be made, Basic Rent Payments and Supplemental Rent payments on or for such Certificates from the moneys and/or Refunding Securities deposited pursuant to said Article XII of the Trust Agreement.

(f) In the event the Board prepays Basic Rent for a Group within a Project pursuant to Sections 4.06(a) or 4.06(c) hereof, such Prepayment shall be allocated, to the extent practicable, to maturities of Certificates relating to such Group.

SECTION 4.07. TITLE. (a) Until the date on which payment, or provision for payment as provided in Section 4.06(c) hereof, of the Lease Payments relating to a Project or Group within a Project, other than Designated Equipment, has been made, title to such Project or Group within a Project (including all substitutions thereto) upon acquisition, construction and installation thereof shall remain vested in the Corporation, subject to Permitted Encumbrances and subject to the terms of the Trust Agreement. At such time as payment, or provision for payment as provided in Section 4.06(c) hereof, of all Lease Payments relating to a Project or Group within a Project, other than Designated Equipment, has been made in full, the Board shall be considered to have exercised

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ARTICLE V

COVENANTS; REPRESENTATIONS AND WARRANTIES

an option to purchase such Project or Group within a Project, as the case may be, and fee simple title to such Project or Group within a Project free and clear of all encumbrances, except Permitted Encumbrances, shall vest automatically in the Board. Title to a portion of the Project which has been substituted for pursuant to Section 5.14 hereof and a portion of a Project disposed by the Board pursuant to Section 5.13 hereof shall vest automatically in the Board. The Corporation shall deliver any and all documents required to assure vesting of title. The Corporation hereby appoints the Board as its agent to prepare and file or record in appropriate offices such documents as may be necessary to cause record title to such Project or Group within a Project to be in the Board.

(b) Title to all Designated Equipment shall, upon acquisition thereof, vest free and clear in the Board. Even if this Lease Agreement is terminated pursuant to Sections 7.01 or 7.03 hereof prior to the time Basic Rent Payments for Designated Equipment have been made in full by the Board, the Certificate Owners shall have no rights to or remedies against the Designated Equipment.

SECTION 5.01. THE BOARD'S GENERAL COVENANTS. The Board agrees that this Lease Agreement shall continue in full force and effect, subject to the provisions relating to termination hereof, regardless of the inability or unwillingness of the Board to use any Project because of any reason whatsoever, including, but not limited to, wear, act of God, war, strike, condemnation, loss or damage, defect, obsolescence or breach of warranty. The Board covenants and represents that this Lease Agreement and the performance of the Board's obligations hereunder have been duly approved, authorized, executed and delivered with all proper procedures fully complied with, and that this Lease Agreement is a valid, legal and binding obligation of the Board enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or similar laws and equitable principles. The Board further covenants and represents as follows:

(a) The Board is a duly created school board existing under the laws of the State of Florida and is the governing body of the District.

(b) There are no pending or threatened lawsuits or administrative or other proceedings contesting the authority for, authorization or performance of, or expenditure of funds pursuant to, this Lease Agreement.

(c) The Board shall only lease Projects for which it has an immediate need and for which it expects to make immediate use, which need shall not be temporary or be expected to diminish during the Maximum Lease Term related thereto, except for the Designated Equipment.

(d) Prior to leasing any Project hereunder the Board shall certify to the Trustee if there are any circumstances presently known to the Board affecting the Board that could reasonably be expected to alter its foreseeable need for such Project or adversely affect its ability or willingness to budget Available Revenues for the payment of sums due hereunder.

(e) Prior to leasing any Project hereunder the Board shall review its projected revenues, expenses and anticipated Available Revenues for the Maximum Lease Term and shall not lease such Project unless it reasonably expects that it shall have on hand Available Revenues sufficient to timely make all payments as they become due under this Lease Agreement during the term this Lease Agreement is anticipated to be outstanding.

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(f) Subject to the provisions of Section 7.01 of this Lease Agreement, the Board intends to make appropriations for payments for each Fiscal Year only from Available Revenues.

(g) All procedures required by applicable law regarding the award or negotiation of contracts relating to the acquisition, construction and installation of a Project will be complied with by the Board.

(h) At the Corporation's or the Trustee's request, the Board shall execute and deliver to the Corporation or the Trustee all instruments and do all other acts reasonably necessary to effectuate the intent of this Lease Agreement.

(i) The Board shall permit the Corporation and the Trustee, and their representatives and agents, at all reasonable times, to inspect the Projects; provided, however, that the Trustee and the Corporation are not obliged to make any inspections of the Projects.

(j) The Board shall promptly correct (or cause the Vendor, Contractor or Developer to correct) any defect in the acquisition, construction and installation of a Project or departure from the Plans and Specifications related thereto, except to the extent said Plans and Specifications are modified pursuant to the provisions hereof.

(k) The Board shall give the Trustee prompt written notice of any material litigation or proceedings concerning the Board or any Project and of any dispute concerning the Board or any Project if the dispute may substantially interfere with the timely acquisition, construction and installation of such Project or with the Board's ability to meet its obligations under this Lease Agreement.

(l) The Board shall commence (or cause the Contractor or Developer to commence) construction of a Project involving construction of a Building and diligently pursue construction to completion of such Project on or before the Estimated Completion Date without permitting any lien, claim, or assessment (actual or contingent) to be asserted or filed against such Project for any material, labor, or other item furnished in connection with the construction, which claim, lien, or assessment is not satisfied or transferred to bond within twenty (20) days after it is asserted or filed. At all times during the acquisition and construction of such Project, and to the extent required by applicable law, the Board shall, or shall cause the Contractor or Developer to, comply with the Florida Mechanics' Lien Law, Chapter 713, Florida Statutes, and with all requirements imposed by all governmental authorities having jurisdiction over the acquisition and construction and by all insurance underwriters providing insurance for such Project. Except for Construction Contracts which do not

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amend the Lease Schedule relating thereto and the applicable Ground Lease to include a metes and bounds description of the Land so acquired.

(q) If an Event of Default or an Event of Non-Appropriation hereunder has occurred, at the Trustee's option with the consent of the applicable Credit Enhancer, the Trustee, as assignee of the Corporation, may make, but is not required to make, any or all subsequent disbursements from a subaccount of the Project Account directly to the Vendors, Contractors or Developers of the Project related to such subaccount. The Board's execution of this Lease Agreement and the related Lease Schedules constitutes an irrevocable authorization for the Trustee to make disbursements directly to such Vendors, Contractors or Developers. In the absence of negligence or misconduct on the part of the Trustee, the Board agrees that all disbursements made to the Vendors, Contractors or Developers shall constitute full performance of the Trustee's obligations to the Board under this Lease Agreement. The Trustee's decision to make a disbursement shall not constitute a waiver of any of the provisions of this Lease Agreement and the related Lease Schedules. If the Board is in default under this Lease Agreement and the Board is unable to cure its default, the Trustee's decision to make a disbursement shall not preclude the Trustee, as assignee of the Corporation, from declaring the Board in default under this Lease Agreement.

SECTION 5.02. ADDITIONAL COVENANTS, REPRESENTATIONS AND WARRANTIES. (a) The Board represents and warrants that execution of each Requisition by the Board shall constitute an affirmation of the completeness and accuracy of the following representations and warranties as of the date of such execution:

(i) The Board has delivered to the Trustee a complete, fully executed copy of the Construction Contracts, purchase orders and agreements for the acquisition, construction and installation of the Project described in such Requisition, and such contracts, purchase orders and agreements are presently in full force and effect according to their respective terms; the Board is not in default under such contracts, purchase orders and agreements; and the Board has no knowledge of any violation of such contracts, purchase orders and agreements.

(ii) There are no governmental actions or proceedings (except actions or proceedings that are fully covered by insurance) pending or, to the Board's knowledge, threatened affecting the Board or the Project described in such Requisition, which, if adversely determined, would materially adversely impair the Board's ability to perform its obligations under this Lease Agreement.

(iii) The Board knows of no violation and has no notice of a violation of any court order or of any law, regulation,

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exceed \$500,000, the Board shall cause each Contractor or Developer to obtain and deliver to the Board performance and payment bonds covering one hundred percent (100%) of the value or costs under each Construction Contract for the construction of such Project.

(m) In the case of a Project involving construction of a Building, the Board shall provide the Corporation, Credit Enhancer for the Certificates the proceeds of which shall be used to finance the acquisition and construction of such Project and the Trustee the following additional assurances:

(i) If requested and applicable, but only as and when available, all certificates of occupancy, footing or Corporation surveys, "as built" surveys, certificates, appraisals, reports, endorsements, and agreements, the names of all Persons with whom the Board has contracted or intends to contract with in connection with the acquisition, construction and installation of such Project, schedules of all statements for labor and materials for the acquisition, construction and installation of such Project together with copies of all statements, copies of all budget revisions concerning the acquisition, construction and installation of such Project indicating the funds required at any given time to complete such acquisition, construction and installation, and any other documents reasonably required to be furnished.

(ii) If requested, during the acquisition, construction and installation of such Project and upon completion of such acquisition, construction and installation, furnish an Architect's or Engineer's written opinion to the effect that such Project, as constructed, complies with all restrictions recorded and with all applicable governmental laws, regulations, rules, ordinances, orders and codes relating to the construction thereof.

(iii) Furnish when available, a certificate of occupancy and all other similar certificates required to be issued by any governmental agency in connection with the acquisition, construction, installation or occupancy of such Project.

(n) In the case of a Project involving construction of a Building, the Board shall continuously employ or cause to be employed a licensed Architect to supervise the acquisition, construction and installation of such Project.

(o) In the case of a Project involving construction of a Building, the Board shall continuously employ or cause to be employed a licensed Engineer to supervise the acquisition, construction and installation of such Project.

(p) Simultaneously with the acquisition of any component of a Project constituting Land, the Corporation and the Board shall

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ordinance, rule, order, code or requirement of any governmental authority having jurisdiction over all or any portion of the Project described in such Requisition that may materially detrimentally affect the development and operation of such Project as planned.

(iv) In the case of a Project involving construction of a Building, all governmental permits and approvals required for the construction and installation of such Project have been obtained, except for permits which may be obtained in the normal course without undue delay or unusual expense and which the Board hereby covenants to obtain.

(v) All utility services necessary for the construction of the Project and the operation of the Project have been extended to the Project, including, but not limited to, water, storm and sanitary sewer facilities, electricity and telephone service or sufficient amounts have been deposited in the corresponding account of the Project Fund for such purpose.

(vi) Except for drives located on the Project, the rights of way for all roads necessary for the proposed utilization of the Project have either been acquired by the appropriate governmental authority or dedicated to and accepted by the appropriate governmental authority or sufficient amounts have been deposited in the corresponding account of the Project Fund for such purpose. All such roads are improved or, if not improved, all necessary steps have been taken by the Board and the responsible governmental authority to assure their completion before the date when access to the Project via such roads will be necessary. All curb cuts and traffic signals required in connection with the operation of the Project are complete or are approved for construction by all necessary governmental authorities.

(vii) All representations, warranties, covenants and agreements made by the Board in connection with this Lease Agreement may be relied upon by the Corporation and the Trustee notwithstanding any independent investigation made on behalf of the Corporation or the Trustee.

(b) The inability of the Board to affirm the completeness and accuracy of the representations and warranties in Section 5.02(a) hereof in regard to a Requisition shall not cause the Trustee to not honor the request to pay the amounts described in such Requisition unless the Board is in default under this Lease Agreement.

SECTION 5.03. QUIET ENJOYMENT. The parties hereto mutually covenant that the Board, by keeping and performing the covenants and agreements herein contained, shall at all times during the term of this Lease Agreement peaceably and quietly have, hold and enjoy

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each Project without suit, trouble or hindrance from the Corporation and free from any claims against the Corporation and the Trustee and all persons claiming thereunder, by or through the Trustee or the Corporation.

SECTION 5.04. PUBLIC LIABILITY AND PROPERTY DAMAGE INSURANCE. The Board shall maintain or cause to be maintained, throughout the Lease Term, subject to the requirements of State law and if reasonably available from a commercial carrier, a standard comprehensive general liability insurance policy or policies in protection of the Board and the Corporation (and the Corporation's assigns hereunder), their members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by the acquisition, installment or operation of the Projects. Said policy or policies shall provide coverage equal to the liability limits set forth in Section 768.28, Florida Statutes, as the same may be amended from time to time, and in a minimum amount of \$100,000 for damage to property (subject, in each case, to a deductible clause of not to exceed \$25,000). Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried or required to be carried by the Board, and may be maintained in whole or in part in the form of self-insurance by the Board, provided such self-insurance complies with the provisions of Section 5.07 hereof. The Net Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the Net Proceeds of such insurance shall have been paid.

SECTION 5.05. FIRE AND EXTENDED COVERAGE INSURANCE AND FLOOD INSURANCE. (a) The Board shall procure and maintain, or cause to be procured and maintained, throughout the Lease Term, subject to the requirements of State law, insurance against loss or damage to any part of the Projects by fire or lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, also cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to one hundred percent (100%) of the replacement cost of the Projects, or the aggregate coverage of all such policies on the Projects shall at least equal the Principal Component of the Basic Rent Payments then remaining unpaid, whichever is greater (except that such insurance may be subject to deductible clauses not to exceed \$100,000 in the aggregate for any one loss). Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried or required to be carried by the Board, and may be maintained in whole or in part in the form of self-insurance by the Board, provided such self-insurance complies with the provisions of Section 5.07 hereof. The Net

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SECTION 5.07. SELF-INSURANCE. Any self-insurance maintained by the Board pursuant to the foregoing provisions, shall comply with the following terms:

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

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

(c) The self-insurance claims reserve fund shall be held in a bank account credited for the purpose of maintaining such self-insurance funds, which bank account may be under the control of the Board and may be commingled with other Board moneys; and

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

(e) The Board may obtain the required insurance coverages through a self-insured governmental pool which meets the criteria described above.

(f) Amounts deposited into the self-insurance claims reserve fund shall not be subject to appropriation by the Board in order to apply such funds to pay claims.

SECTION 5.08. RISK OF LOSS; STIPULATED LOSS VALUES; USE OF PROCEEDS. (a) As between the Corporation and the Board, the Board hereby assumes the entire risk of loss, from any and every cause whatsoever to the Projects.

(b) Except as provided in Section 5.08(c) hereof, the Board shall cause the Net Proceeds relating to a Project of any insurance or condemnation award or of any appropriation made in connection with a self-insurance election received pursuant to Sections 5.05 and 5.07 hereof and of any title insurance award in excess of the Replacement Amount for such Project to be applied to the prompt repair, restoration or replacement of such destroyed, damaged, lost or condemned Project (which repair, restoration or replacement property shall become part of such Project). The title to all replacement portions to such Project, other than Designated Equipment, shall be in the name of the Corporation. Except as otherwise provided herein, any such Net Proceeds shall be deposited with the Trustee in the subaccount of the Project Account from which the acquisition and construction of such Project was financed and shall be disbursed by the Trustee in accordance with the Trust Agreement; provided, however, that any amounts remaining after

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Proceeds of such insurance shall be applied as provided in Section 5.06 hereof.

(b) Flood insurance shall be separately maintained by the Board for any property included in a Project which is located in a federally designated flood plain, in such amounts per occurrence as are available at commercially reasonable costs and in minimum amounts necessary to qualify for federal disaster relief programs. In the event the Board considers flood insurance to be unavailable at commercially reasonable rates, it shall so notify the Trustee and the Credit Enhancer(s), if any, for the Project(s) to which such flood insurance relates. If such Credit Enhancer(s) identify insurance for such coverage at commercially reasonable rates, the Board shall be obligated to obtain such insurance. In the event that such Credit Enhancer(s) and the Board determine that flood insurance is unavailable at commercially reasonable rates, such flood insurance shall be maintained in whole in the form of self-insurance by the Board in compliance with the provisions of Section 5.07 hereof.

(c) The insurance required to be maintained by the Board pursuant to this Section 5.05 shall be provided by carriers rated at least "A" by Standard & Poor's Corporation (a "Qualified Insurer") unless the Credit Enhancer(s), if any, for the Project(s) to which such insurance relates shall approve an insurer with a lower rating. If an insurer's rating falls below "A" (or, with respect to an insurer approved as aforesaid with a rating lower than "A", falls below the rating such insurer had when approved), such insurer shall be replaced with a Qualified Insurer unless the Credit Enhancer(s), if any, for the Project(s) to which such insurance relates shall approve an insurer with a lower rating.

SECTION 5.06. NET PROCEEDS OF INSURANCE; FORM OF POLICIES. Each policy of insurance obtained pursuant to or required by Section 5.05 hereof which relates to the Projects shall provide that all proceeds thereunder shall be payable to the Trustee for the benefit of the Owners of the Certificates. Proceeds of self-insurance maintained pursuant to Sections 5.05 and 5.07 hereof shall be paid by the Board to the Trustee for the benefit of the Owners of the Certificates. Copies of all policies of insurance required by this Lease Agreement shall be delivered to the Trustee. The Board shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease Agreement, and shall promptly furnish or cause to be furnished to the Trustee evidence of such payments. All such policies shall provide that the Trustee shall be given not less than thirty (30) days notice of each expiration, any intended cancellation and any intended reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

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completion of such repair, restoration or replacement shall be paid to the Board. If such Net Proceeds are insufficient to pay for such repair, restoration or replacement, the Board shall (from the Board's Available Revenues) simultaneously deposit the amount of such deficiency with the Trustee, which deficiency shall constitute Supplemental Rent. Any Net Proceeds of insurance or condemnation award or of any appropriation made in connection with self-insurance election which is equal to or less than the Replacement Amount for such Project may, at the option of the Board, be deposited to the subaccount of the Interest Account relating to Certificates which financed or refinanced such Project.

(c) The Board may elect not to repair, restore or replace a Project which has been destroyed, damaged, lost or condemned, or any portion thereof, with the Net Proceeds of any insurance or condemnation award or of any appropriation made in connection with a self-insurance election, by filing a certificate with the Trustee stating that (i) it has made such election, (ii) it is not in the best interests of the Board to repair, restore or replace such Project, or portion thereof, and (iii) the Board intends to abandon and cease to operate such Project, or portion thereof, damaged, destroyed, lost or condemned; provided, further, there shall be a Mandatory Prepayment in the amount of the Stipulated Loss Value (as hereinafter described) of the Project, or portion thereof, which is not repaired, restored or replaced, and if the Net Proceeds are insufficient therefor, the deficiency shall constitute Supplemental Rent hereunder and shall be immediately due and payable from the Board's Available Revenues.

(d) The Stipulated Loss Value attributable to a loss of all of a Project shall be computed as the amount necessary to pay the Principal Component of and Interest Component on the Series of Certificates, the proceeds of which financed or refinanced the acquisition and construction of such Project, on the next succeeding Mandatory Prepayment Date. In the event that less than all of a Project then subject to this Lease Agreement suffers such a loss, damage or destruction, the Stipulated Loss Value shall be the product of (i) the result computed by the foregoing sentence multiplied by (ii) a fraction, the numerator of which is the original cost of the portion of such Project suffering such loss, damage or destruction and the denominator of which is the aggregate Project Cost for the entire Project then subject to this Lease Agreement, including those items suffering such loss, damage or destruction. In each case, the Stipulated Loss Value shall also include any Supplemental Rent then due hereunder. Upon payment of such Stipulated Loss Value by Board, such Stipulated Loss Value shall be deposited to the credit of the account established in the Prepayment Fund for the sole benefit of the Owners of the Series of Certificates, the proceeds of which were used to finance or refinance the acquisition and construction of such Project. In the event of payment of the Stipulated Loss Value of a portion of the Project, the schedule of Basic Rent Payments in the Lease Schedule

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for such Project shall be adjusted downward by the Trustee to reflect the reduction in the Principal Component and Interest Component and the remaining Basic Rent resulting from such mandatory prepayment. Such adjustment shall be done in such manner as to match remaining aggregate payments of Basic Rent relating to the destroyed, damaged or condemned Project with principal of and interest coming due on the Series of Certificates which remain Outstanding, the proceeds of which were used to finance or refinance the acquisition and construction of such Project.

SECTION 5.09. PAYMENT OF TAXES. The Board will pay or cause to be paid all taxes, assessments and other governmental charges, if any, that may be levied, assessed or charged upon any Project, or any part thereof, promptly as and when the same shall become due and payable; provided, however, that the Board shall not be required to pay any such tax, assessment or charge, if the validity thereof shall concurrently be contested in good faith by appropriate proceedings, the interests of the Corporation and the Trustee shall not be in jeopardy and if the Board shall set aside, or cause to be set aside, reserves deemed by it to be adequate with respect thereto; and, provided, further, that the Board, upon the commencement of any proceedings to foreclose the lien of any such tax, assessment, or charge, will forthwith pay, or cause to be paid, any such tax, assessment or charge, unless contested in good faith as aforesaid. The Board will not suffer any Project or any part thereof, to be sold for any taxes, assessments or other charges whatsoever, or to be forfeited therefor. The Board will also pay or cause to be paid all taxes, assessments and other governmental charges which may be imposed on the Corporation or its operations as a result of the transactions, including the formation and organization of the Corporation, contemplated by this Lease Agreement.

SECTION 5.10. CARE AND USE OF PROJECTS. (a) The Board, at its expense, shall maintain each Project in good operating condition, repair and appearance, and protect same from deterioration other than normal wear and tear; shall cause each Project to be used in compliance with the requirements of applicable laws, ordinances and regulations and the requirements of any policy of insurance required under Sections 5.04 and 5.05 hereof; shall cause each Project to be operated by competent persons only and shall obtain, at the Board's expense, all permits and licenses, if any, required by law for the operation of each Project. The Board agrees that neither the Corporation nor the Trustee shall be responsible for latent defects, wear and tear or gradual deterioration or loss of service or use of any Project or any part thereof. The Board shall have the benefit of all warranties, contracts and rights against any Vendor, Contractor, Developer, materialmen or supplier. Neither the Corporation nor the Trustee shall be liable to the Board or anyone else for any liability, injury, claim, loss, damage or expense of any kind or nature caused directly or indirectly by the inadequacy of any

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necessary to relieve and release the Project from such claim or in any other manner which, as a matter of law, will result within such period of thirty (30) days in releasing the Corporation and its assignee and Corporation's and its assignee's interest or interests from such claim.

SECTION 5.13. ENCUMBRANCES OR SALES. (a) Except as permitted in this Lease Agreement and except for Permitted Encumbrances, the Board will not create or suffer to be created any mortgage, pledge, lien, charge or encumbrance upon any Project or any portion thereof, or upon any real or personal property (which is not a portion of the Project) essential to the operation of such Project. The Board will not sell or otherwise dispose of any portion of a Project or any such property essential to the proper operation of a Project, except as provided below and in Section 5.14 hereof.

(b) In the manner and subject to the conditions for disposal of property of the Board by law, the Board may sell portions of a Project, other than Equipment, for fair market value upon the following conditions:

(i) The Board shall give notice to the Trustee and the applicable Credit Enhancer, if any, of each such sale not less than thirty (30) days prior to such sale;

(ii) The Board determines pursuant to a certificate of an Authorized Officer that such portion of a Project is no longer needed for the purposes of such Project or such portion should be replaced with property having greater usefulness or value;

(iii) Such disposition shall not, in the opinion of Special Counsel, cause the Interest Component of the Basic Rent Payments received by the Owners of the Certificates to become includible in gross income of such Owners for purposes of federal income taxation; and

(iv) The Board shall use the proceeds of such sales either (A) to provide property (which shall become a part of the Project) of equal usefulness and value to the Board or (B) apply the Stipulated Loss Value (calculated in accordance with Section 5.08(d) hereof) thereof (but only if such value exceeds the corresponding Prepayment Amount) as a prepayment of Basic Rent.

The Corporation and the Trustee (subject to the provisions of the Trust Agreement) agree to take all action within their powers required to enable the Board to sell or otherwise dispose of any such property.

SECTION 5.14. SUBSTITUTION OF EQUIPMENT. Subsequent to the Completion Date of a Project, the Board may substitute for an item of Equipment which constitutes a part of such Project other

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Project or any item supplied by any Vendor, Contractor, Developer, materialmen or supplier or any other party, any interruption of use or loss of service or use or performance of any Project, any loss of business or other consequence or damage, whether or not resulting directly or indirectly from any of the foregoing.

(b) All obligations of the Board under this Section shall be at the Board's sole cost and expense. All costs of operation of each Project and all costs of repair and replacement of each Project resulting from ordinary wear and tear or want of care on the part of the Board shall be the sole responsibility of the Board.

SECTION 5.11. [RESERVED].

SECTION 5.12. OTHER LIENS. (a) The Board shall keep each Project and all parts thereof free from judgments and, except as to Permitted Encumbrances, free from all liens, claims, demands and encumbrances of whatsoever nature or character, to the end that each Project may at all times be maintained and preserved, and the Board shall keep each Project free from any claim or liability which might impair or impede the operation of such Project or the security granted in the Trust Estate to Certificate Owners by the Trust Agreement; provided, however, that the Board shall not be required to pay any such liens, claims or demand if the validity thereof shall concurrently be contested in good faith by appropriate proceedings, if interests of the Corporation and the Trustee shall not be in jeopardy and if the Board shall set aside or cause to be set aside reserves deemed by it to be adequate with respect thereto; and, provided, further, that the Board upon the commencement of any proceedings to foreclose the lien of any such charge or claim, will forthwith pay or cause to be paid any such charge or claim unless contested in good faith as aforesaid. The Board agrees not to lease-purchase any Equipment hereunder except to the extent consented to by the Department or otherwise permitted by applicable law.

(b) The Board shall never, under any circumstances, have the power to subject the interest of the Corporation or its assignee in the Project to any mechanic's or materialman's lien or liens of any kind.

(c) The Board covenants and agrees with the Corporation that the Board will not permit or suffer to be filed or claimed against the interests of the Corporation and its assignee in the Project during the Lease Term any lien or claim of any kind and, if such lien be claimed or filed, it shall be the duty of the Board, within thirty (30) days after the Board shall have been given written notice of such claim being filed in the Public Records of Hillsborough County, Florida to cause the Project to be released from such claim, either by payment or by posting of a bond or by the payment into a court of competent jurisdiction the amount

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equipment by filing with the Trustee, as assignee of the Corporation, a certificate of an Authorized Officer of the Board stating that such substitute equipment (a) has the same or a greater remaining useful life than the Equipment to be substituted (determined at the time of substitution), (b) has a fair market value equal to or greater than the fair market value of the item of Equipment for which it is substituted (determined at the time of substitution), (c) is free and clear of all liens and encumbrances, except the Permitted Encumbrances, (d) has been titled in the name of the Corporation, except in the case of Designated Equipment which shall be titled in the name of the Board, (e) constitutes "Equipment" under this Lease Agreement, and (f) is essential to the operation of the school system. The Board may substitute Equipment which does not meet any of the foregoing provisions if it receives the written consent of Credit Enhancer for the Certificates, the proceeds of which were used to finance the acquisition of such Equipment, to do so.

SECTION 5.15. PROSECUTION AND DEFENSE OF SUITS. (a) The Board shall promptly, upon request of the Corporation, or its assignee, from time to time take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to any Project, or any portion thereof, and shall prosecute all such suits and other proceedings as may be appropriate for such purpose and shall, to the extent permitted and limited by applicable law and only from Available Revenues, indemnify or cause to be indemnified the Corporation, and its assigns, for all loss, cost, damage and expense, including reasonable attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceedings.

(b) The Board shall defend, or cause to be defended against every suit, action or proceeding at any time brought against the Corporation, or its assignee, or its or their directors, officers and employees upon any claim arising out of the receipt, application or disbursement of any moneys held by the Trustee or arising out of the construction of any Project involving the rights of the Corporation, or its assignee, or its or their directors, officers and employees under this Lease Agreement or any act or omission of the directors, officers and employees done or omitted to be done within the scope of their respective office or employment, other than an act or omission which is the result of misconduct or negligence by such parties; provided, that the Corporation, and its assignee, at their election, may appear in and defend any such suit, action or proceeding. To the extent permitted and limited by applicable law and only from Available Revenues, the Board shall indemnify or cause to be indemnified the Corporation, and its assignee, against any and all claims, demands, costs or liability claimed or asserted by any person, arising out of such receipt, application or disbursement.

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SECTION 5.16. FURTHER ASSURANCES. Whenever and so often as requested so to do by the Corporation or its assignee, the Board will promptly execute and deliver or cause to be delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully to vest in the Corporation, or its assignee, all rights, interest, powers, benefits, privilege and advantages conferred or intended to be conferred upon the Corporation by this Lease Agreement.

SECTION 5.17. REPORTING REQUIREMENTS. Upon request, the Board will furnish, or cause to be furnished, to the Corporation, or its assignee, and each Credit Enhancer detailed certified reports of audit covering the operations of the Board for said Fiscal Year showing the general funds, revenues and expenses for such period.

SECTION 5.18. CORPORATION NOT LIABLE. Neither the Corporation nor its members, officers, agents, employees, nor its assignee, shall be liable to the Board or to any other party whomsoever for any death, injury or damage that may result to any Person or property by or from any cause whatsoever in, on or about any Project. To the extent permitted and limited by applicable law and solely from Available Revenues, the Board shall indemnify or cause to be indemnified and hold the Corporation, its members, officers, agents, employees, and its assignee, harmless from, and defend or cause to be defended each of them against, any and all claims, liens and judgments for death of or injury to any Person or damage to property whatsoever occurring in, on or about any Project.

SECTION 5.19. INDEMNIFICATION DUE TO TRUSTEE AND CORPORATION. The Board shall pay, or cause to be paid, to the Trustee, as assignee of the Corporation, fees, compensation and expenses due under the Trust Agreement upon billing therefor by the Trustee, as assignee of the Corporation, provided the payment of such fees, compensation and expenses shall be agreed to in writing by the Board. In addition, to the extent permitted and limited by applicable law and solely from Available Revenues, the Board shall and hereby agrees to indemnify, or cause indemnification of, and hold, or cause to be held, the Corporation and the Trustee, as assignee of the Corporation, harmless from and against all claims, losses and damages, including reasonable legal fees and expenses, arising out of (a) the use, maintenance, condition or management of the Projects by the Board, (b) any breach or default on the part of the Board in the performance of any of its obligations under this Lease Agreement, (c) any act of negligence of the Board, or of any of its agents, contractors, servants, employees or licensees with respect to the Projects, (d) the authorization of payment of Project Costs by the Board, (e) the defense against actions or proceedings in which the validity of this Lease Agreement is or

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imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Corporation, or upon the Projects, except Permitted Encumbrances.

SECTION 5.24. DEBT NOT ASSUMED BY CORPORATION. The parties hereto expressly acknowledge and agree that the Corporation (and its assigns hereunder), by the entering into of this Lease Agreement and the other Financing Documents, does not assume or guarantee, or otherwise obligate itself for, or become liable for, the payment of, or contingently agree to purchase, any debt of any Person.

SECTION 5.25. CONSENT TO DISMISS. The Board acknowledges that the Corporation is a third party lease purchase financing source for the Projects and the Board hereby agrees to consent to, and to refrain from objection to, a motion made by the Corporation to be dismissed from any lawsuit brought by a third party arising out or in any way relating to this Lease Agreement with respect to any Project or the ownership, rental, possession, operation, condition, sale or return of any Project. This covenant by the Board to consent to and refrain from objection to such a motion to dismiss shall include the Corporation's assigns and their respective agents, employees, officers and directors. It is understood by and between the Corporation and the Board that this covenant is not intended to be and is not an indemnity.

SECTION 5.26. WAIVER OF LAWS. The Board shall not at any time insist upon or plead in any manner whatsoever, or claim or suffer or take the benefit or advantage of any stay or extension law now or at any time hereafter in force which may adversely affect the covenants and agreements contained in this Lease Agreement and the benefit and advantage of any such law or laws is hereby expressly waived by the Board to the extent that the Board may legally make such waiver.

SECTION 5.27. LIMITATION OR INDEMNIFICATION. The amount of indemnification provided by the Board to the Corporation in Sections 5.15, 5.18 and 5.19 shall not exceed the liability limits set forth in Section 768.28, Florida Statutes.

SECTION 5.28. VEHICLES. The Board and the Corporation agree not to lease-purchase any vehicles or rolling stock under the terms of this Lease Agreement.

SECTION 5.29. WAIVER OF DAMAGES. Neither the Corporation or the Trustee, nor their respective agents and employees, shall be liable for, and the Board waives, for each of their benefit, all claims for, damages, including but not limited to consequential damages, to person, property or otherwise, sustained by the Board or any person claiming through the Board resulting from any accident or occurrence in or upon any part of the Projects including, but not limited to, claims for damage resulting from:

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might be questioned and the payment or compromise of claims or demands asserted in any such actions or proceedings, or (f) the issuance of the Certificates. No indemnification will be made under this Section or elsewhere in this Lease Agreement for willful misconduct, gross negligence, negligence of breach of duty by the Trustee, its officers, agents, employees, successors or assigns.

SECTION 5.20. NO RECOURSE UNDER AGREEMENT. All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Lease Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any member, officer, employee or agent of the parties hereto in an individual capacity, and no recourse shall be had for the payment of Lease Payments pursuant to Section 4.03 hereof or for any claim based thereon under this Lease Agreement against any member, officer, employee or agent of the parties hereto.

SECTION 5.21. RESTRICTION AGAINST FLEDGE. The Corporation shall not pledge Lease Payments or other amounts derived from the Projects or from rights of the Corporation under this Lease Agreement nor shall the Corporation encumber or place any lien upon the Projects, except as otherwise provided in this Lease Agreement, the Trust Agreement and the Assignment Agreement.

SECTION 5.22. ASSIGNMENT BY CORPORATION. Except pursuant to the Assignment Agreement and except as set forth herein, the Corporation shall not assign this Lease Agreement, its rights to receive Lease Payments or its duties and obligations hereunder.

SECTION 5.23. NO VIOLATION OF OTHER AGREEMENTS. (a) The Board hereby represents that neither the execution and delivery of this Lease Agreement and the Trust Agreement, nor the fulfillment of and compliance with the terms and conditions hereof and thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of terms or violation of any other agreement to which the Board is a party or by which the Board is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Board, or upon the Projects, except Permitted Encumbrances.

(b) The Corporation hereby represents that neither the execution and delivery of this Lease Agreement, the Assignment Agreement and the Trust Agreement, nor the fulfillment of and compliance with the terms and conditions hereof and thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of terms or violation of any other agreement to which the Corporation is a party or by which the Corporation is bound, or constitutes a default under any of the foregoing, or results in the creation or

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(a) any equipment or appurtenances becoming out of repair; (b) the Board's failure to keep any part of the Projects in repair; (c) injury done or caused by wind, water or other natural element; (d) any defect in or failure of plumbing, heating or air conditioning equipment, electric wiring or installation thereof, gas, water and steam pipes, stairs, porches, railings or walks; (e) broken glass; (f) the backing up of any sewer pipe or downspout; (g) the bursting, leaking or running of any tank, tub, washstand, water closet, waste pipe, drain or any other pipe or tank upon or about the Projects; (h) the escape of steam or hot water; (i) water, snow or ice upon the Projects; (j) the failing of any fixture, plaster or stucco; (k) damage to or loss by theft or otherwise of property of the Board or others; (l) acts or omissions of persons in the Projects, other tenants in the Projects, occupants of nearby properties, or any other persons; and (m) any act or omission of owners of adjacent or contiguous property, or of the Corporation and the Trustee, and their respective agents or employees. All property of the Board kept in the Projects shall be so kept at the Board's risk only and the Board shall save the Corporation and the Trustee, and their respective agents and employees harmless from claims arising out of damage to the same, including subrogation claims by the Board's insurance carrier.

SECTION 5.30. OFFSET STATEMENT. Within ten (10) days after written request by either the Corporation or the Board the other party shall deliver, executed in recordable form, a declaration to any Person designated by the requesting party (a) ratifying this Lease Agreement and all Lease Schedules; (b) stating the commencement and termination dates; and (c) certifying (i) that this Lease Agreement and all Lease Schedules are in full force and effect and have not been assigned, modified, supplemented or amended (except by such writings as shall be stated); (ii) that all conditions under this Lease Agreement and all Lease Schedules to be performed by the other parties have been satisfied (stating exceptions, if any), to the extent known; (iii) that no defenses or offsets against the enforcement of this Lease Agreement and all Lease Schedules by the requesting party exist (or stating those claimed); (iv) as to advance Lease Payments, if any, paid by the Board; and (v) the date to which Supplemental Rent has been paid, and such other information as the requesting party reasonably requires. Persons receiving such statements shall be entitled to rely upon them.

SECTION 5.31. NON-MERGER OF LEASEHOLD. There shall be no merger of this Lease Agreement or of the leasehold estate hereby created with the fee estate in the Premises and the Project or any part thereof by reason of the fact that the same Person may acquire or hold, directly or indirectly, this Lease Agreement or leasehold estate hereby created or any interest in this Lease Agreement or in such leasehold estate and the fee estate in the Premises and the Project or any interest in such fee estate.

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SECTION 5.32. ENVIRONMENTAL MATTERS.

(a) **Definitions.** When used in this Section 5.32, the following terms shall have the following meanings in addition to the meanings specified elsewhere herein.

"Asbestos Containing Materials" shall mean material in friable form containing more than one percent (1%) of the asbestiform varieties of (a) chrysotile (serpentine); (b) crocidolite (riebeckite); (c) amosite (cummingtonite-grunerite); (d) anthophyllite; (e) tremolite; and (f) actinolite.

"Environmental Regulations" shall mean all Laws and Regulations, now or hereafter in effect, with respect to Hazardous Materials, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, as amended (42 U.S.C. Section 9601, et. seq.) (together with the regulations promulgated thereunder, "CERCLA"), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 9901, et. seq.) (together with the regulations promulgated thereunder, "RCRA"), the Emergency Planning and Community Right-to-Know Act, as amended (42 U.S.C. Section 11001, et. seq.) (together with the regulations promulgated thereunder, "Title III"), the Clean Water Act, as amended (33 U.S.C. Section 1321, et. seq.) (together with the regulations promulgated thereunder, "CWA"), the Clean Air Act, as amended (42 U.S.C. Section 7401, et. seq.) (together with the regulations promulgated thereunder, "CAA") and the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601, et. seq.) (together with the regulations promulgated thereunder, "TSCA"), and any state or local similar laws and regulations and any so-called local, state or federal "superfund" or "superlien" law.

"Hazardous Materials" shall have the meaning given in Section 5.32(b).

"Laws and Regulations" shall have the meaning given in Section 5.32(b).

"Release" shall have the meaning given in Section 5.32(b).

(b) The Board has, after due inquiry, no knowledge and has not given or received any written notice indicating that a Project or the past or present use thereof or any practice, procedure or policy employed by it in the conduct of its business materially violates any applicable law, regulation, code, order, rule, judgment or consent agreement, including, without limitation, those relating to zoning, building, use and occupancy, fire safety, health, sanitation, air pollution, ecological matters, environmental protection, hazardous or toxic materials, substances or wastes, conservation, parking, architectural barriers to the handicapped, or restrictive covenants or other agreements affecting title to such Project (collectively, "Laws and Regulations").

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Without limiting the generality of the foregoing, neither the Board nor to the best of its knowledge, after due inquiry, any prior or present owner, tenant or subtenant of any Project has, other than as set forth in subsections (b) and (c) of this Section 5.32 or as may have been remediated in accordance with Laws and Regulations, (i) used, treated, stored, transported or disposed of any material amount of flammable explosives, polychlorinated biphenyl compounds, heavy metals, chlorinated solvents, cyanide, radon, petroleum products, asbestos or any Asbestos Containing Materials, methane, radioactive materials, pollutants, hazardous materials, hazardous wastes, hazardous, toxic or regulated substances or related materials, as defined in CERCLA, RCRA, CWA, CAA, TSCA and Title III, and the regulations promulgated pursuant thereto, and in all other Environmental Regulations applicable to the Board, of any Project or the business operations conducted by the Board thereon (collectively, "Hazardous Materials") on, from or beneath a Project, (ii) pumped, spilled, leaked, disposed of, emptied, discharged or released (hereinafter collectively referred to as "Release") any material amount of Hazardous Materials on, from or beneath a Project, or (iii) stored any material amount of petroleum products at a Project in underground storage tanks, except as may be set forth as an exhibit to the Lease Schedule relating to such Project.

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

(d) No Project located in an area of high potential incidence of radon has an unventilated basement or subsurface portion which is occupied or used for any purpose other than the Corporation or support of such Project.

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

(f) The Board shall not use or permit a Project or any part thereof to be used to generate, manufacture, refine, treat, store, handle, transport or dispose of, transfer, produce or process Hazardous Materials, except, and only to the extent, if necessary

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to maintain such Project and then, only in compliance with all Environmental Regulations, and any state equivalent laws and regulations, nor shall it permit, as a result of any intentional or unintentional act or omission on its part or by any tenant, subtenant, licensee, guest, invitee, contractor, employee and agent, the storage, transportation, disposal or use of Hazardous Materials or the Release or threat of Release of Hazardous Materials on, from or beneath a Project excluding, however, those Hazardous Materials in those amounts ordinarily found in or used in the maintenance of such Project, the use, storage, treatment, transportation and disposal of which shall be in compliance with all Environmental Regulations. Upon the occurrence of any Release or threat of Release of Hazardous Materials, the Board shall promptly commence and perform, or cause to be commenced and performed promptly, all investigations, studies, sampling and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials so released, on, from or beneath a Project, in compliance with all Environmental Regulations. Notwithstanding anything to the contrary contained herein, underground storage tanks shall only be permitted subject to compliance with subsection (i) hereof and only to the extent necessary to maintain the improvements on a Project.

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

(h) Irrespective of whether any representation or warranty contained in this Section 5.32 is not true or correct, the Board shall, to the extent permitted by law and solely from Available Revenues, defend, indemnify and hold harmless the Trustee, the Certificateholders and the Credit Enhancers and each of its and their employees, agents, officers, directors, trustees, successors and assigns, from and against any claims, demands, penalties,

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fees, attorneys' fees (including, without limitation, attorneys' fees incurred to enforce this indemnification), consultants' fees, investigation and laboratory fees, liabilities, settlements (five (5) Business Days' prior notice of which the Trustee and the Credit Enhancers, as appropriate, shall have delivered to the Board), court costs, damages, losses, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, occurring in whole or in part, arising out of, or in any way related to, (1) the presence, disposal, Release, threat of Release, removal, discharge, storage or transportation of any Hazardous Materials on, from or beneath a Project, (2) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, (3) any lawsuit brought or threatened, settlement reached (five (5) Business Days' prior notice of which the Trustee and the Credit Enhancers, as appropriate, shall have delivered to the Board), or governmental order relating to Hazardous Materials on, from or beneath any of the Property, (4) any violation of Environmental Regulations or subsection (f) or (g) hereof by it or any of its agents, tenants, employees, contractors, licensees, guests, subtenants or invitees, and (5) the imposition of any governmental lien for the recovery of environmental cleanup or removal costs. To the extent that the Board is strictly liable under any Environmental Regulation, its obligation to the Trustee and the Credit Enhancers and the other indemnitees under the foregoing indemnification shall likewise be without regard to fault on its part with respect to the violation of any Environmental Regulation which results in liability to any indemnitee. Its obligations and liabilities under this subsection (h) shall survive any action by the Trustee or the Certificateholders or Credit Enhancers pursuant to the terms hereof or of the Trust Agreement or the Ground Lease(s) relating to the sale, rental or other disposal of a Project or the defeasance and the satisfaction of all Certificates.

(i) The Board shall conform to and carry out a reasonable program of maintenance and inspection of all underground storage tanks, and shall maintain, repair and replace such tanks in accordance with Laws and Regulations, including but not limited to Environmental Regulations. Any underground tanks shall be on a Project in good condition and repair and comply with all Laws and Regulations, including Environmental Regulations, except as set forth in this Section 5.32 and the Board shall take all actions to correct any violations of Laws and Regulations relating to any such tanks as set forth in this Section 5.32.

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ARTICLE VI

ASSIGNMENT; SUBLEASING;
NET LEASE; AMENDMENT

SECTION 6.01. ASSIGNMENT AND SUBLEASING BY THE BOARD. (a) Except as provided herein, this Lease Agreement may not be assigned by the Board without the written consent of the Corporation, or its assignee and each Credit Enhancer.

(b) Notwithstanding any other provision of this Lease Agreement any Project, or portion thereof, may be subleased by the Board, subject to Permitted Encumbrances and the rights and interests of the Trustee and each Credit Enhancer, in whole or in part, without the consent of the Corporation, subject, however, to each of the following conditions:

(i) no such sublease shall in any way adversely affect or release the Board from any of its duties, obligations and covenants under this Lease Agreement including, without limitation, the obligation of the Board to make Lease Payments hereunder; and

(ii) no such sublease shall, in the opinion of Special Counsel, cause the Interest Component of the Basic Rent Payments received by the Owners of the Certificates (other than Taxable Certificates) to become includible within gross income of the Owners for purposes of federal income taxation.

(c) Nothing herein shall prohibit the Board from permitting temporary use of any Project, or portion thereof, by third parties.

(d) If an Event of Default occurs under this Lease Agreement, all proceeds of any sublease entered into by the Board pursuant to this Section shall be remitted to the Trustee and shall be credited against Basic Rent Payments to be made by the Board. Any sublease agreement must be made terminable by the Trustee in the event this Lease Agreement is terminated for any reason.

SECTION 6.02. TRANSFER OF TAX BENEFITS. Nothing herein shall be deemed to prevent the Board from entering into any agreement or making any disposition for the sole purpose of transferring to one or more corporations, partnerships or individuals federal or state income tax benefits which would be available for any Project, or portion thereof, if owned by a private person, subject, however, to each of the following conditions:

(a) no such sublease shall in any way adversely affect or release the Board from any of its duties, obligations and covenants under this Lease Agreement including, without limitation, the obligation of the Board to make Lease Payments hereunder; and

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on any of the foregoing, during the term of this Lease Agreement; and the Board will pay all reasonable expenses incurred by the Corporation or the Trustee in connection with all filings or recordings of any documents relating to this Lease Agreement or the Corporation's or the Trustee's rights hereunder. The Corporation and the Trustee shall have the right, after reasonable written notice to the Board, to make any of the payments required of the Board under this Section with respect to the Projects, but shall not be obligated to pay the same, and may charge such payment with interest at the Overdue Rate from the date of payment, as Supplemental Rent to be paid by the Board on the next Basic Rent Payment Date.

SECTION 6.05. AMENDMENT. (a) This Lease Agreement may be amended in writing by the parties hereto or by their assignees on their behalf or in their name, without the consent of the Owners of the Certificates (but with the consent of each Credit Enhancer which is not in payment default under its municipal bond insurance policy or credit facility) thereof, for the purpose of (i) curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein, or (ii) resolving any questions arising under this Lease Agreement which the Board may deem necessary or desirable and not inconsistent with the provisions of this Lease Agreement, (iii) providing for additional security, (iv) providing for Lease Schedules, including adding to or deleting the covenants, representations and agreements contained herein as the same shall effect a particular Project, and (v) any other amendment, which in the judgment of the Board does not materially, adversely affect the interests of the Owners of the Certificates; provided, however, that no such amendment shall, in the opinion of Special Counsel, cause the Interest Component of Basic Rent Payments to become includible in gross income of the recipients thereof for purposes of federal income taxation; and provided, further, that the parties hereto or their assignees may rely in entering into any such amendment pursuant to this Section upon the opinion of Special Counsel stating that the requirements of this sentence have been met with respect to such amendment.

(b) In addition to the amendments authorized to be made pursuant to Section 6.05(a) hereof, this Lease Agreement may also be amended upon approval of a majority of aggregate principal amount of the Owners of Certificates then Outstanding or, if all Outstanding Certificates are secured by Credit Facilities and/or municipal bond insurance policies, upon the approval of the Credit Enhancers of all Certificates then Outstanding; provided that no such amendment shall impair the right of any Owners to receive his proportionate share of any Basic Rent Payment in accordance with his Certificate unless approved by the Owners of all Certificates then Outstanding.

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(b) no such agreement or disposition shall, in the opinion of Special Counsel, cause the Interest Component of the Basic Rent Payments received by the Owners of the Certificates (other than Taxable Certificates) to become includible in gross income of such Owners for purposes of federal income taxation.

SECTION 6.03. TAX COVENANTS. (a) The Board and the Corporation hereby covenant that, notwithstanding any other provision of this Lease Agreement, neither of them will make any use nor permit or direct the Trustee to make any use of the proceeds of the Certificates which will cause any of the Certificates or the Lease Agreement to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(b) The Board and the Corporation hereby agree that they will make no use nor permit any use to be made of the proceeds of the Certificates, Lease Payments or any Project, or portion thereof, which would cause any of the Certificates or the Lease Agreement to be "private activity bonds" within the meaning of Section 141(a) of the Code.

(c) Except for the exercise by the Board of its right to Non-Appropriate as set forth in Section 7.01 hereof, the Board and the Corporation hereby covenant that they will comply with all provisions of the Code necessary to maintain the exclusion of the Interest Component of the Basic Rent Payments from gross income for purposes of federal income taxation, including, in particular, the payment of any amount required to be rebated to the U.S. Treasury pursuant to the Code.

(d) Notwithstanding the foregoing provisions contained in this Section, the Board and the Corporation may agree to entering into a Lease Schedule pursuant to which the Interest Component on the Basic Rent Payments shall not be excluded from gross income for purposes of federal income taxation; provided, however, that fact must be clearly stated on the Certificates. Provisions herein relating to the requirement to maintaining the exclusion of such Interest Component from gross income for federal income taxation purposes shall not apply to such Basic Rent Payments.

SECTION 6.04. NET LEASE. The Board intends the Lease Payments hereunder to be net to the Corporation. The Board shall comply with all liabilities and pay from Available Revenues all required local, state and federal taxes, including without limitation, income, franchise, gross receipts, sales, use, documentary stamp, excise, and personal property taxes, Real Estate Taxes, assessments, licenses, registration fees, freight and transportation charges and any other charges imposed or liabilities incurred with respect to the ownership, possession or use of the Projects, payment of Lease Payments or any other payments by the Board hereunder, and any penalties, fines or interest imposed on the Board hereunder, and any penalties, fines or interest imposed

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ARTICLE VII

EVENT OF NON-APPROPRIATION; EVENTS OF DEFAULT AND REMEDIES

SECTION 7.01. EVENT OF NON-APPROPRIATION. (a) As provided herein, this Lease Agreement shall initially terminate at the end of the Initial Lease Term relating to a Project, but shall automatically be renewed for all Renewal Lease Terms relating thereto; provided, that such automatic renewal shall not occur and this Lease Agreement shall terminate as of the end of the current Initial or Renewal Lease Term if the Board does not approve a tentative Budget and a final Budget in accordance with State law which appropriates sufficient funds from Available Revenues for such purpose to continue making Lease Payments in full for the next succeeding Renewal Lease Term for all Projects leased hereunder beyond the end of the Initial Lease Term or the last Renewal Lease Term for which Lease Payments had been budgeted and appropriated (an "Event of Non-Appropriation"); provided, further, that in the event the Board's tentative or final Budget for such ensuing Renewal Lease Term is not enacted prior to the expiration of the then current Initial Lease Term or Renewal Lease Term relating to a Project, the Lease Term relating thereto shall be deemed renewed pending the enactment of such tentative Budget and final Budget and the Board shall be liable for any Lease Payments coming due during such period but only if the tentative Budget and final Budget makes available to the Board moneys which may legally be used to make the Lease Payments coming due during such period. Upon the occurrence of an Event of Non-Appropriation, the Board will not be obligated to pay Lease Payments beyond the then current Fiscal Year but will not be relieved of any obligations arising or accruing prior to such Event of Non-Appropriation including, without limitation, any obligation to deposit rebatable arbitrage in the Rebate Fund which may accrue prior to such Event of Non-Appropriation. The Board must deliver notice of the Event of Non-Appropriation to the Corporation, each Credit Enhancer and the Trustee within at least three Business Days thereof.

(b) If an Event of Non-Appropriation shall occur, the Board shall peaceably return possession of each Project to the Corporation, or its assignee or designee, within thirty (30) Business Days after the date on which such Event of Non-Appropriation occurs. The obligation to return the Projects shall survive the termination of this Lease Agreement. Under no circumstances shall the failure of the Board to appropriate sufficient moneys to pay Lease Payments constitute a Default or Event of Default hereunder or require payment of a penalty, or in any way limit the right of the Board to purchase or utilize, buildings, facilities or equipment similar in function to the property leased hereunder.

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SECTION 7.02. EVENTS OF DEFAULT. The following shall be "Events of Default" under this Lease Agreement and the terms "Events of Default" and "Default" shall mean, whenever they are used in this Lease Agreement any one or more of the following events:

(a) Failure by the Board to pay any Basic Rent Payment required to be paid hereunder on the Basic Rent Payment Date to which such Basic Rent Payment pertains, other than as a result of an Event of Non-Appropriation; or

(b) Failure by the Board to pay any Supplemental Rent required to be paid hereunder at the time specified herein and the continuation of said failure to the next occurring Basic Rent Payment Date, other than as a result of an Event of Non-Appropriation; or

(c) The Board fails to (i) return possession of all the Projects, other than Designated Equipment, to the Corporation, or its designee or assignee, subsequent to an Event of Non-Appropriation as required by Section 7.01 hereof, or (ii) transfer title to and possession of the Designated Equipment for which Basic Rent Payments have not been paid in full to the Corporation, or its designee or assignee, subsequent to termination of the Lease Agreement as required by Section 4.07(b) hereof; or

(d) Failure by the Board to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in Section 7.02(a) hereof, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the Board and each Credit Enhancer by the Corporation, or its assignee, unless the Corporation, or its assignee, or each Credit Enhancer have agreed in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Corporation, or its assignee, or the Credit Enhancers will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Board within the applicable period and diligently pursued until the default is corrected; or

(e) Any representation of the Board hereunder or in a Lease Schedule shall prove to have been false in any materially adverse respect at the time same was made, subject to the right of the Board to cure such misrepresentation in the manner set forth in Section 7.02(d) hereof; or

(f) A court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Board in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator,

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the term of this Lease Agreement, or enforce performance and observance of any obligation, agreement or covenant of the Board under this Lease Agreement; or

(iv) To terminate this Lease Agreement, if it has not been previously terminated pursuant to Section 7.01 hereof, and require the Board to surrender and transfer possession of all the Projects to the Corporation or its assignee, in which event the Board shall take all actions necessary to authorize, execute and deliver to the Corporation or its assignee all documents necessary to vest in the Corporation or its assignee all of the Board's interest in and to the Projects, and to discharge any lien created by or pursuant to this Lease Agreement in order that the Corporation or its assignee may sell or re-lease the Projects in accordance with applicable law; and shall upon request by the Corporation or its assignee, remove any Equipment from the Board's property to such location within the State of Florida as is specified by the Corporation or its assignee; or

(v) To terminate this Lease Agreement, if it has not been previously terminated pursuant to Section 7.01 hereof, and, without notice or demand, enter into and upon the property of the Board, or any part thereof, and repossess and retake the Projects and thereby restore the Corporation or its assignee, or its assignee, to its former possessory estate as owner and expel the Board and remove its effects forcefully, if necessary, without being taken or deemed to be guilty of any manner of trespass in order that the Corporation or its assignee may sell or re-lease the Projects in accordance with applicable law, and thereupon this Lease Agreement shall terminate and upon such termination the Board shall have no further possessory right whatsoever in the Projects; and the Board shall be responsible for the payment of damages in an amount equal to the Lease Payments which would have accrued hereunder, calculated on a daily basis, for any period during which the Board fails to surrender the Projects or for any other loss suffered by the Corporation or its assignee as a result of the Board's failure to surrender the Projects, all without prejudice to any remedy which might otherwise be available to the Corporation or its assignee for arrears of Lease Payments or for any breach of the Board's covenants herein contained.

SECTION 7.04. PROCEEDS OF SALE OR RE-LETTING. Moneys received by the Corporation, or its assignee, from the sale or re-letting of the Projects, or any portion thereof, as a result of an Event of Non-Appropriation or an Event of Default shall be the absolute property of the Corporation, or its assignee, and the Board shall have no right thereto. In the event that moneys received by the Corporation, or its assignee, from the sale or other disposition of a Project, including moneys or damages

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(or similar official) of the Board or for any substantial part of its property, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) days; or

(g) The Board shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of the Board or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due or shall take any corporate action in furtherance of any of the foregoing.

SECTION 7.03. REMEDIES ON DEFAULT. Upon the happening of an Event of Default as described in Section 7.02 hereof, the Corporation, or its assignee, may exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement, including, without limitation:

(i) Except in the case of an Event of Default under Section 7.02(c) hereof, without terminating this Lease Agreement, to re-enter and take possession of the Projects, or any portion thereof, other than Designated Equipment, and exclude the Board from using the same until the Default is cured; or

(ii) Except in the case of an Event of Default under Section 7.02(c) hereof, without terminating this Lease Agreement, to re-enter and take possession of the Projects, or any portion thereof, other than Designated Equipment, and sell, lease or sublease such Projects, or any portion thereof, in accordance with applicable law, for the account of the Board, holding the Board liable for the difference between (i) the purchase price, rent and other amounts paid by the purchaser, lessee or sublessee pursuant to such sale, lease or sublease and (ii) the Lease Payments and other amounts currently payable by the Board under and pursuant to this Lease Agreement; provided, however, that prior to termination of this Lease Agreement, the Projects, or any portion thereof, may be sold, re-let or otherwise disposed of only to such Person or Persons as shall not adversely affect the exclusion of the Interest Component on the Basic Rent Payments from gross income for purposes of federal income taxation; or

(iii) Except in the case of an Event of Default under Section 7.02(c) hereof, to take whatever action at law or in equity that may appear necessary or desirable to collect the Lease Payments then due and thereafter to become due during

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received pursuant to Section 7.03(b) hereof, exceed the amount necessary to pay the principal of and interest due on the Certificates which financed the acquisition and construction thereof to the date of payment thereof, together with all other amounts owing in regard to such Project, including Trustee fees and expenses (including, without limitation, the reasonable fees and expenses of Trustee's counsel), amounts owing in regard to any Ground Lease relating to such Project and any outstanding fees, expenses and other amounts due the Credit Enhancers, the Corporation, or its assignee, shall pay such surplus to the Board. Neither notice of sale or notice to pay rent or to deliver up possession of the Projects given pursuant to law nor any proceeding in unlawful detainer taken by the Corporation, or its assignee, shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of an Event of Default by the Board shall be or become effective by operation of law, or otherwise, unless and until the Corporation, or its assignee, shall have given written notice to the Board of the election on the part of the Corporation, or its assignee, to terminate this Lease Agreement as a result of such Event of Default.

SECTION 7.05. APPOINTMENT OF CORPORATION AS AGENT. The Board hereby irrevocably appoints the Corporation, and its assignee, as the agent and attorney-in-fact of the Board to enter upon and sell or re-let the Projects in accordance with the terms hereof upon the happening of an Event of Default or an Event of Non-Appropriation. To the greatest extent permitted by applicable law and only from Available Revenues, the Board hereby exempts and agrees to save harmless, the Corporation, and its assignee, from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and the sale or letting of the Projects. The Board hereby waives any and all claims for damages caused, or which may be caused, by the Corporation, or its assignee, in taking possession of the Projects, for all claims for damages that may result from the destruction of or injury to the Projects, and all claims for damages to or loss of any property belonging to the Board that may be in or upon the Projects. The Board agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Corporation, or its assignee, to enter and sell or re-let the Projects in accordance with the terms hereof. Notwithstanding the foregoing, the Board shall not be responsible for any costs incurred by the Corporation, or its assignee, to make the Projects suitable for reletting.

SECTION 7.06. NON-WAIVER. Nothing in this Article VII or in any other provision of this Lease Agreement shall affect or impair the obligation of the Board to pay the Lease Payments, to the extent herein provided. No delay or omission of the Corporation, or its assignee, to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of

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Default or any acquiescence therein, and every power and remedy given by this Article VII to the Corporation, and its assignee, may be exercised from time to time and as often as shall be deemed expedient by the Corporation, or its assignee.

SECTION 7.07. REMEDIES NOT EXCLUSIVE. No remedy herein or by law conferred upon or reserved to the Corporation, and its assignee, is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy, and every remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise may be exercised without exhausting and without regard to any other remedy conferred or by any law.

SECTION 7.08. STATUS QUO ANTE. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and then discontinued or abandoned, then, and in every such case, the Corporation, and its assignee, and the Board shall be restored to its and their former position and rights and remedies as if no such suit, action or proceedings had been brought or taken.

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If to the Board: School Board of Hillsborough County,
Florida
901 East Kennedy Blvd.
Tampa, Florida 33602
Attention: Superintendent and General
Director of Finance

If to the Trustee: NationsBank of Florida, N.A.
400 North Ashley Drive, 6th Floor
Tampa, Florida 33602
Attention: Corporate Trust Department

The parties hereto, by notice given hereunder, may, respectively, designate different addresses to which subsequent notices, certificates or other communications will be sent. A copy of all notices to one party to this Lease Agreement shall be transmitted to the other party to this Lease Agreement, and to the Trustee.

SECTION 8.05. BINDING EFFECT. This Lease Agreement shall inure to the benefit of and shall be binding upon the Corporation and the Board and their respective successors and assigns.

SECTION 8.06. SEVERABILITY. If any one or more of the covenants, stipulations, promises, agreements or obligations provided in this Lease Agreement on the part of the Corporation or the Board to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such covenant, stipulation, promise, agreement or obligation shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations herein contained and shall in no way affect the validity of the other provisions of this Lease Agreement.

SECTION 8.07. HEADINGS. Any headings preceding the text of the several Articles and Sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience or reference and shall not constitute a part of this Lease Agreement, nor shall they affect its meaning, construction or effect.

SECTION 8.08. APPLICABLE LAW. This Lease Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 8.09. CORPORATION AND BOARD REPRESENTATIVES. Whenever under the provisions of this Lease Agreement the approval of the Corporation or the Board is required or the Corporation or the Board are required to take some action at the request of the other, such approval of such request may be given for the Corporation by an Authorized Officer of the Corporation and for the Board by an Authorized Officer of the Board, and any party hereto shall be authorized to rely upon any such approval or request.

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ARTICLE VIII

ADMINISTRATIVE PROVISIONS

SECTION 8.01. PRESERVATION AND INSPECTION OF DOCUMENTS. All documents received by the Corporation, or its assignee, or the Board under the provisions of this Lease Agreement shall be retained in their respective possessions and shall be subject at all reasonable times to the inspection of the other party hereto and its assigns, agents and representatives, any of whom may make copies thereof.

SECTION 8.02. PARTIES OF INTEREST. Nothing in this Lease Agreement, expressed or implied, is to or shall be construed to confer upon or to give to any person or party other than the Corporation, and its assignee, the Credit Enhancers, the Trustee and the Board any rights, remedies or claims under or by reason of this Lease Agreement or any covenants, condition or stipulation hereof; and all covenants, stipulations, promises and agreements in this Lease Agreement contained by or on behalf of the Corporation or the Board shall be for the sole and exclusive benefit of the Corporation, and its assignee, the Board, the Credit Enhancers and the Trustee.

SECTION 8.03. NO RECOURSE UNDER AGREEMENT. All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Lease Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any member, officer, employee or agent of the parties hereto in an individual capacity, and no recourse shall be had for the payment of the Lease Payments or for any claim based thereon under this Lease Agreement against any member, officer, employee or agent of the parties hereto.

SECTION 8.04. NOTICES. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or deposited in the United States mail with postage fully prepaid

If to the Corporation: Hillsborough School Board Leasing
Corporation
c/o School Board of Hillsborough
County, Florida
901 East Kennedy Blvd.
Tampa, Florida 33602
Attention: Superintendent and General
Director of Finance

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SECTION 8.10. FURTHER ASSURANCES. The Corporation and the Board agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of any Project hereby leased or for carrying out the expressed intention of this Lease Agreement.

SECTION 8.11. CERTIFICATE OF OFFICERS. Every certificate with respect to compliance with a condition or covenant provided for in this Lease Agreement may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless the Person providing the certificate knows that the certificate or representations with respect to the matters upon which the certificate may be based are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

SECTION 8.12. BUSINESS DAYS. Any act or thing required to be done or exist on any date set forth herein which does not constitute a Business Day in any year shall be deemed to be done or to exist on such date if such act or thing is done or exists on the next date which constitutes a Business Day.

SECTION 8.13. EFFECT OF DISSOLUTION OF CORPORATION. In the event the Corporation for any reason shall be dissolved or its legal existence shall otherwise be terminated, all of the covenants, stipulations, obligations and agreements contained in this Lease Agreement by or on behalf of or for the benefit of the Corporation shall bind or inure to the benefit of the successor or successors of the Corporation from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the term "Corporation" as used in this Lease Agreement shall include such successor or successors.

SECTION 8.14. MEMORANDUM. Simultaneously with the execution of this Lease Agreement, the Corporation and the Board shall each execute, acknowledge and deliver a Memorandum of Lease Agreement with respect to this Lease Agreement for recording in the Public Records of Hillsborough County, Florida. Said Memorandum of Lease shall be substantially in the form of Exhibit B hereto and shall not in any circumstances be deemed to change or otherwise to affect any of the obligations or provisions of this Lease Agreement.

SECTION 8.15. RADON GAS. Section 404.056, Florida Statutes, requires that the following notification be given: "RADON GAS: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in

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buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit."

EXHIBIT A

SECTION 8.16. COUNTERPARTS. This Lease Agreement may be executed in several counterparts, each of which together with a counterpart executed by each of the other parties hereto shall constitute a single original and shall constitute but one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Lease Agreement to be executed in their respective names by their duly Authorized Officers as of the date first above written.

HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION, as Lessor

(SEAL)

By: Yvonne Kahlitick
President

Attest:

Walter L. Sikkles
Secretary

SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA, as Lessee

(SEAL)

By: Yvonne Kahlitick
Chairman

Attest:

Walter L. Sikkles
Superintendent/Secretary

DEFINITIONS

"Accreted Value" of a Capital Appreciation Certificate means the original principal amount thereof payable from the Principal Component of Basic Rent Payments plus interest payable from the Interest Component of Basic Rent Payments accrued thereon on the basis of a 360-day year consisting of twelve 30-day months compounded semi-annually on each Payment Date commencing on the Payment Date next succeeding the dated date of such Capital Appreciation Certificates to the date of maturity or redemption prior to maturity of such Capital Appreciation Certificates on the date of determination. The Accreted Value with respect to any date other than a Payment Date is the Accreted Value on the next preceding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates plus the percentage of the Accreted Value on the next succeeding Payment Date derived by dividing the number of days from the next preceding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates to the date of determination by the total number of days from the next succeeding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates to the next succeeding Payment Date.

"Act" means Chapters 230, 235 and 236, Florida Statutes, and other applicable provisions of law.

"Amortisation Installment" means an annual amount designated as such by the Trust Agreement, such amount to be included in the Basic Rent Payments and to be deposited by the Trustee to the credit of the Principal Account for the purpose of paying Term Certificates.

"Architect" means, with respect to a Project involving the construction of a Building, the architect or firm of architects appointed to perform the duties of the Architect in accordance with Section 5.01 of the Lease Agreement. The Architect may be an employee of the Board, the Developer or the Contractor.

"Assignment of Lease Agreement" means the Assignment of Lease Agreement, dated as of April 1, 1994, by and between the Corporation and the Trustee, as now or hereafter amended.

"Assignment(s) of Ground Lease Agreement" means the Assignment of Ground Lease Agreement, dated as of April 1, 1994, from the Corporation to the Trustee, as now or hereafter amended and any

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other Assignment of Ground Lease Agreement thereafter delivered by the Corporation to the Trustee pursuant to the terms of a Ground Lease executed and delivered in connection with a Lease-Schedule.

"Authorized Officer," when used with respect to the Corporation, means the President, Vice President, Secretary or Treasurer of the Corporation or their deputies or assistants or any other officer of the Corporation who is designated by the Board of Directors of the Corporation as an Authorized Officer for purpose of the Lease Agreement and the Trust Agreement in a written certificate signed by the Chairman of the Board of Directors of the Corporation and filed with the Trustee. The term "Authorized Officer," when used with respect to the Board, means the Chairman, the Superintendent or his designee or any other officer or employee of the Board designated by the Board as an Authorized Officer for purposes of the Lease Agreement and the Trust Agreement in a written certificate signed by the Chairman of the Board and filed with the Trustee.

"Available Revenues" means the moneys and revenues of the Board legally available under the Act to make the Lease Payments. "Available Revenues" shall include, but not be limited to, PECCO Funds, FEFP and the Capital Outlay Millage.

"Basic Rent" or "Basic Rent Payment" means the Basic Rent payments set forth in the Lease Schedules, as the same may be adjusted pursuant to the terms of the Lease Agreement.

"Basic Rent Payment Date" means the dates on which Basic Rent becomes due as described in the Lease Schedules. Such Basic Rent Payment Dates shall occur on each January 1 and July 1 unless a Lease Schedule states otherwise; provided, payments of Basic Rent shall be made at the time indicated in Section 4.03 of the Lease Agreement.

"Board" means the School Board of Hillsborough County, Florida, and any successor thereto.

"Budget" means the annual budget of revenues and expenses and capital expenditures required to be adopted by the Board for each Fiscal Year pursuant to the laws of the State. "Budget" shall include the Board's continuation Budget, tentative Budget and its final Budget.

"Buildings" means, in regard to a Project, the structures to be financed or refinanced from a disbursement from the Project Account and leased to the Board as part of a Project pursuant to the terms of the Lease Agreement and Trust Agreement and which is more particularly described in the Lease Schedule relating to such Project, as the same may be modified or changed from time to time in accordance with the terms of the Lease Agreement and Trust Agreement.

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"Business Day" means any day other than a Saturday or Sunday or a day on which the Trustee is authorized by law to be closed.

"Capital Appreciation Certificates" means the Certificates so designated by the Trust Agreement, which may be either Serial Certificates or Term Certificates and which shall bear interest payable at maturity or redemption.

"Capital Outlay Millage" means the revenues received by the Board from the levy of an ad valorem tax against non-exempt assessable property within the District and available to make Lease Payments pursuant to applicable law.

"Certificate" or "Certificates" means the certificates of participation prepared and delivered by the Trustee pursuant to the Trust Agreement.

"Certificate Register" means the books of the Trustee for registration of the ownership of the Certificates pursuant to Section 4.06 of the Trust Agreement.

"Closure Date" means, in regard to a Project, the date provided in the Lease Schedule relating thereto.

"Code" means the Internal Revenue Code of 1986, as amended, and all regulations and rules applicable thereto.

"Commencement Date" means, with respect to a Project, the date set forth in the Lease Schedule relating thereto.

"Completion Certificates" means Certificates issued for purposes of completing a Project pursuant to Section 4.12 of the Trust Agreement.

"Completion Date" shall have, in regard to a Project, the meaning ascribed thereto in Section 6.03(g) of the Trust Agreement.

"Construction Contract" means a contract entered into between the Board on behalf of the Corporation and the Contractor or Developer providing for the terms upon which the Contractor or Developer shall construct and install a Project, or portion thereof.

"Contractor" means, with respect to a Project, the Person or Persons appointed by the Board on behalf of the Corporation to act in such capacity.

"Corporation" means Hillsborough School Board Leasing Corporation, a single-purpose, not-for-profit corporation organized and existing under the laws of the State, and any successor thereto.

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"Costs of Issuance" means, in regard to a Series of Certificates and Lease Schedule related thereto, all costs and expenses related to the execution, sale and delivery of such Series of Certificates and execution and delivery of such Lease Schedule, including, but not limited to, costs paid or incurred by the Board, the Corporation or the Trustee for filing costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, financing discounts, legal fees and charges and reimbursements, financial and other professional consultant fees and charges and reimbursements, auditors fees and charges and reimbursements, costs of rating agencies or credit ratings, fees for execution, registration, transportation and safekeeping of the Certificates, credit enhancement premiums and charges and fees in connection with the foregoing.

"Costs of Issuance Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Credit Bank" shall mean as to any particular Series of Certificates, the Person (other than an Insurer) providing a letter of credit, a line of credit or another credit or liquidity enhancement facility, as designated in the Lease Schedule relating to such Certificates.

"Credit Enhancer" means, with regard to a Series of Certificates, any Insurer or Credit Bank that provides a municipal bond insurance policy or Credit Facility, respectively, with regard to such Series of Certificates.

"Credit Facility" shall mean as to any particular Series of Certificates, a letter of credit, a line of credit or another credit or liquidity enhancement facility (other than a municipal bond insurance policy issued by an Insurer), as designated in the Lease Schedule relating to such Certificates.

"Current Interest Certificates" means Certificates so designated by the Trust Agreement and on which the interest on which is payable to the Owner thereof on the Payment Dates with respect thereto.

"Department" means the Department of Education of the State of Florida.

"Designated Equipment" means Equipment for which title is required by the Department to be in the name of the Board upon acquisition thereof and which is described as such in the Lease Schedule relating thereto. All Designated Equipment must be consented to by the Department or otherwise permitted by applicable law.

"Developer" means, with respect to a Project, the Person or Persons which shall enter into a Construction Contract with the

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"Group" means, in regard to a Project, the group or groups of leased property which shall constitute a portion of such Project as described in the Lease Schedule related thereto.

"Initial Lease Term" means, in regard to a Project, the initial term of the lease of such Project from the Corporation to the Board pursuant to the terms of the Lease Agreement, which Initial Lease Term shall commence on the Commencement Date and shall end on the next succeeding June 30.

"Initial Lease Termination Date" means, in regard to a Project, the last day of the Initial Lease Term.

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

"Insurer" means such Person which shall be in the business of insuring or guaranteeing the payment of the principal of and interest on municipal securities.

"Interest Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Interest Component" means the portion of each Basic Rent Payment constituting interest as set forth in the Lease Schedules.

"Land" means, in regard to a Project, (1) the real property to be financed or refinanced by a disbursement from the Project Account, which shall be selected by the Board in the manner required by law, and (2) the leasehold interest of the Corporation in the Premises, if any, acquired pursuant to a Ground Lease, which, in either case, shall be leased to the Board as part of such Project pursuant to the terms of the Lease Agreement and which is more particularly described in the Lease Schedule relating thereto, to the extent identified and acquired by the Corporation on the Commencement Date.

"Lease Agreement" means the Master Lease-Purchase Agreement, dated as of April 1, 1994, by and between the Corporation, as lessor, and the Board, as lessee, including all Lease Schedules, as now or hereafter amended, modified or supplemented.

"Lease Payment Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Lease Payments" means, collectively, the Basic Rent, the Supplemental Rent and all other amounts owing under the Lease Agreement which are payable by the Board for the lease of the Projects pursuant to the Lease Agreement.

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Board to construct such Project, or portion thereof, on a "turn-key" basis.

"District" means the Hillsborough County School District, and any successor thereto.

"Engineer" means, with respect to a Project involving the construction of a Building, the professional engineer or firm of engineers appointed to perform the duties of the Engineer in accordance with Section 5.01 of the Lease Agreement. The Engineer may be an employee of the Board, the Contractor or the Developer.

"Equipment" means, in regard to a Project, the items of personal property to be financed or refinanced by disbursements from the Project Account and leased to the Board pursuant to the terms and provisions of the Lease Agreement and which are more particularly described in the Lease Schedule relating to such Project, or any substitutions therefor or additions thereto made in accordance with the provisions of the Lease Agreement. "Equipment" shall include Designated Equipment. All Equipment must be consented to by the Department or otherwise permitted by applicable law.

"Estimated Completion Date" means, with respect to a Project, the date provided in the Lease Schedule related thereto.

"Event of Default" or "Default," when referenced to the Lease Agreement, means an event of default or default under the Lease Agreement as set forth in Section 7.02 of the Lease Agreement, and, when referenced to the Trust Agreement, shall mean an event of default or default as set forth in Section 8.01 of the Trust Agreement.

"Event of Non-Appropriation" shall have the meaning ascribed thereto in Section 7.01 of the Lease Agreement.

"FEFF" means moneys received by the Board from the Florida Education Finance Program pursuant to the Act, to the extent the Department permits such moneys to be used to make Lease Payments.

"Fiscal Year" means the period commencing on July 1 of each year and continuing through the next succeeding June 30, or such other period as may be prescribed by law.

"Ground Leases" means, the Ground Lease Agreement, dated April 1, 1994, from the Board to the Corporation, as the same may be amended from time to time and any other Ground Lease Agreement or Supplement to the Ground Lease Agreement delivered in connection with a Lease Schedule.

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"Lease Schedule" means the Lease Schedule, the form of which is attached to the Lease Agreement as Exhibit C, which shall authorize the lease of a Project to the Board in accordance with the terms of the Lease Agreement.

"Lease Term" means, in regard to a Project, the term of the lease of such Project, pursuant to the provisions of the Lease Agreement and Lease Schedule relating thereto, which Lease Term shall commence on the first day of the Initial Lease Term and shall be equal to the Maximum Lease Term of such Project unless the Lease Agreement is earlier terminated in accordance therewith in which case the Lease Term shall end on such date of termination.

"Letter of Instructions" means the Letter of Instructions attached to each Supplemental Trust Agreement authorizing the issuance of a Series of Certificates as required by Section 6.12 of the Trust Agreement.

"Mandatory Prepayment" means the mandatory prepayment by the Board of all or a portion of the Lease Payments pursuant to Sections 3.07 and 5.08 of the Lease Agreement.

"Mandatory Prepayment Date" means, in regard to a Series of Certificates, the date on which such Certificates shall be redeemed pursuant to the Supplemental Trust Agreement authorizing the issuance thereof.

"Maximum Cost" means, in regard to a Project, the maximum cost of such Project which shall be stated in the Lease Schedule relating thereto.

"Maximum Interest Rate" means, with respect to any particular Series of Variable Rate Certificates, a numerical rate of interest, which shall be set forth in the Supplemental Trust Agreement authorizing the issuance of such Certificates, that shall be the maximum rate of interest such Certificates may at any time bear.

"Maximum Lease Term" means, in regard to a Project, the maximum term of the lease of such Project as provided in the Lease Schedule relating thereto.

"Moody's" or "Moody's Investors Service" means Moody's Investors Service, or any successor thereto.

"Net Proceeds," when used with respect to any insurance or condemnation award, means the amount of gross proceeds from such insurance or condemnation award remaining after payment of all expenses incurred in the collection of such gross proceeds.

"Optional Prepayment Date" means the date on which the moneys deposited by the Board pursuant to the exercise of a prepayment option under Section 4.06 of the Lease Agreement shall be applied

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to the redemption of a Series of Certificates in accordance with the Lease Schedule and Supplemental Trust Agreement relating thereto.

"Outstanding," when used with reference to Certificates means, as of a particular date, all Certificates theretofore issued under the Trust Agreement, except:

(1) Certificates theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(2) Certificates which have been paid or provision for payment has been made in accordance with Section 12.01 of the Trust Agreement; and

(3) Certificates in exchange for or in lieu of which other Certificates have been issued.

"Overdue Rate" means a rate of interest equal to the highest rate of interest which any of the Outstanding Certificates shall bear.

"Owner" or "Certificate Owner" or "Owner of Certificates" or any similar term, when used with respect to the Certificates means any Person who shall be the registered owner of any Outstanding Certificate.

"Payment Dates" means, with respect to the interest due on the Current Interest Certificates (other than Variable Rate Certificates), January 1 and July 1 of each year and, with respect to the principal of the Current Interest Certificates, July 1 in each of the years set forth in the Supplemental Trust Agreements relating to such Series of Certificates. With respect to Capital Appreciation Certificates, the Payment Date shall be July 1 in the years of maturity set forth in the Supplemental Trust Agreements relating to such Series of Certificates. The Payment Dates for Variable Rate Certificates shall be established in the Supplemental Trust Agreement authorizing the issuance of such Certificates.

"PECO Funds" means moneys received by the Board from the Public Education Outlay and Debt Service Fund which are permitted by the Act to be used for payment of Lease Payments.

"Permitted Encumbrances" means, in regard to a Project:

(1) the Lease Agreement and any liens and encumbrances created or permitted thereby;

(2) the Assignment of Lease Agreement and any liens and encumbrances created or permitted thereby;

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credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

(i) Farmers Home Administration ("FmHA"): Certificates of beneficial ownership.

(ii) Federal Housing Administration ("FHA"): Debentures.

(iii) General Services Administration: Participation Certificates.

(iv) Government National Mortgage Association ("GNMA" or "Ginnie Mae"): GNMA - guaranteed mortgage backed bonds; GNMA - guaranteed pass-through obligations (participation certificates).

(v) U.S. Maritime Administration: Guaranteed Title XI financing.

(vi) U.S. Department of Housing and Urban Development ("HUD"): Local Authority Bonds; Project Notes.

(3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following (non-full faith and credit) U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

(i) Federal Home Loan Bank System: Senior debt obligations.

(ii) Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac"): Participation Certificates; Senior debt obligations.

(iii) Federal National Mortgage Association ("FNMA" or "Fannie Mae"): Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal).

(iv) Student Loan Marketing Association ("SLMA" or "Sallie Mae"): Senior debt obligations.

(v) Resolution Funding Corp. (REFCORP): Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.

(vi) Farm Credit System: Consolidated systemwide bonds and notes.

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

(4) any Ground Lease and Assignment of Ground Lease applicable thereto and any liens and encumbrances created or permitted thereby;

(5) subject to the provisions of Section 5.01(1) of the Lease Agreement, any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right in respect thereof if payment is not yet due under the contract in question or if such lien is being contested in accordance with the provisions of the Lease Agreement;

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

(7) any mortgage and security interest in a Project, or portion thereof, granted by the Corporation to the Trustee for the benefit of the Owners of the Series of Certificates, the proceeds of which financed or refinanced the acquisition and construction of such Project, pursuant to Section 7.07 of the Trust Agreement; and

(8) any other liens or encumbrances permitted by the Lease Schedule relating to such Project.

"Permitted Investments", except as otherwise provided in Supplemental Trust Agreements, means:

(1) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America.

(2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies provided such obligations are backed by the full faith and

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(4) Money Market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by Standard & Poor's Ratings Group ("S&P") of AAa+G;

(5) Certificates of deposit secured at all times by collateral described in (1) and or (2) above. Certificates of deposit must have a one year or less maturity. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks whose short term obligations are rated "A-1+" or better by S&P. The collateral must be held by a third party and the Trustee must have a perfected first security interest in the collateral.

(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Corporation, including the Bank Insurance Fund and the Savings Association Insurance Fund.

(7) Investment agreements, including guaranteed investment contracts ("GIC's"), acceptable to the Credit Facility Issuer.

(8) Commercial paper rated "Prime-1" by Moody's Investors Service Inc. ("Moody's") and "A-1+" or better by S&P.

(9) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies.

(10) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1+" by S&P.

(11) Repurchase agreements ("Repos") providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the School Board or Trustee (buyer/lender), and the transfer of cash from the School Board or Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the School Board or Trustee in exchange for the securities at a specified date.

Repos must satisfy the following criteria:

(a) Repos must be between the School Board or Trustee and a dealer bank or securities firm satisfying the following criteria: (a) Primary dealers on the Federal Reserve reporting Dealer list which fall under the jurisdiction of the Securities Investor Protection Corporation ("SIPC") and which are rated "A" or better by S&P and Moody's, or (b) banks rated "A" or better by S&P and Moody's.

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(b) The written Repo contract must include the following:

(i) Securities which are acceptable for transfer are:

(a) Obligations described in paragraph (i) above.

(b) Obligations described in paragraph (ii) above, and obligations issued or guaranteed by FNMA or FHLMC.

(ii) The term of the Repo may be up to 30 days.

(iii) The collateral must be delivered to the Trustee (if the Trustee is not supplying the collateral) or a third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

(iv) The Trustee has perfected first priority security interest in the collateral.

(v) The collateral is free and clear of third party liens and in the case of SIPC brokers was not acquired pursuant to a Repo or reverse Repo.

(vi) Failure to maintain the requisite collateral percentage, after a two day restoration period, will require the Trustee to liquidate the collateral.

(vii) Valuation of collateral.

(a) The securities must be valued by the dealer bank or securities firm, as applicable, weekly, marked-to-market at current market price plus accrued interest.

(b) The value of collateral must be equal to 104% of the amount of cash transferred by the School Board or Trustee to the dealer bank or security firm under the Repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by the School Board or Trustee, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

(c) A legal opinion which must be delivered to the School Board and Trustee stating that the Repo meets guidelines under state law for legal investment of public funds.

(12) Pre-funded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If, however, the issue is only rated by S&P (i.e.,

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there is no Moody's rating), then the pre-refunded municipal bonds must have been pre-refunded with cash. Investment Securities referred to in paragraph (i) above, or AAA rated pre-refunded municipals to satisfy this condition.

(13) Units of participation in the Local Government Surplus Funds Trust Fund established pursuant to Part IV, Section 218, Florida Statutes, or any similar common trust fund which is established pursuant to State law as a legal depository of public funds.

(14) Other forms of investments approved in writing by the Credit Enhancers, Standard & Poor's Corporation and Moody's Investors Service.

"Person" means an individual, corporation, partnership, association, joint stock company, trust, unincorporated organization, government or political subdivision.

"Plans and Specifications" means, in regard to a Project, the Board's plans and specifications for such Project, on file or to be on file with the Board, as the same may be amended from time to time in accordance with the Lease Agreement.

"Pledged Accounts" means, in regard to each Series of Certificates, the separate account, if any, established in the Redemption Fund, and separate subaccounts if any, established in the Project Account, Costs of Issuance Account, Capitalized Interest Account, the Reserve Account, the Principal Account and the Interest Account at the time such Series shall be issued.

"Premises" means, in regard to a Project, the parcels of real property leased by the Board to the Corporation pursuant to the Ground Lease, which real property shall be described in an exhibit to the Ground Lease.

"Prepayment Amount" means, in regard to a Project, the amount set forth in the Lease Schedule relating thereto.

"Prepayment Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Prepayment Premium" means the amount of prepayment premium, if any, due on any Optional Prepayment Date. The amount of such prepayment premium shall be calculated in accordance with the Trust Agreement.

"Prepayment Price" means, with respect to any Certificate or portion thereof, the principal amount or portion thereof, plus the applicable Prepayment Premium, if any, payable upon prepayment thereof pursuant to such Certificate or the Trust Agreement.

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"Prerefunded Obligations" means any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (1) which are rated, based on the escrow, in the highest rating category of S&P and Moody's; and (2) (a) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in paragraph (1) of the definition of "Permitted Investments", which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the date or dates pursuant to such irrevocable instructions, as appropriate, and (b) which fund is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate.

"Principal Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Principal Component" means the portion of each Basic Rent Payment constituting principal as set forth in the Lease Schedules.

"Principal and Interest Requirements" means the respective amounts which are required in each Fiscal Year to provide for:

(1) the interest payable on all Certificates then Outstanding, which is payable on each interest Payment Date in such Fiscal Year,

(2) the principal on all Serial Certificates then Outstanding, which is payable upon the maturity of the Serial Certificates in such Fiscal Year, and

(3) the Amortization Installment for all Term Certificates then Outstanding, which is payable for such Fiscal Year.

In determining the amount of the Principal and Interest Requirements for any Fiscal Year, if interest on the Certificates is payable from the proceeds of such Certificates or from other amounts set aside irrevocably for such purpose at the time such Certificates are issued, interest on such Certificates shall be included in Principal and Interest Requirements only in proportion to the amount of interest payable in the then current Fiscal Year from amounts other than amounts so funded to pay such interest. For purposes of this definition, all amounts payable on a Capital Appreciation Certificate shall be considered a principal payment due in the year of its maturity or earlier mandatory redemption.

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"Principal Office" means the designated corporate trust office of the Trustee which shall initially be in Tampa, Florida, or the designated corporate trust office of any successor Trustee.

"Project" shall mean the Land, the Buildings, and/or the Equipment, as described in the Lease Schedule relating thereto, as the same may be amended or modified from time to time in accordance with the terms of the Lease Agreement.

"Project Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Project Budget" means, in regard to a Project, the budget for expenditure of moneys in the subaccount in the Project Account established for such Project as set forth in the Lease Schedule relating thereto.

"Project Costs" or "Costs of the Project" means, in regard to a Project, all costs of payment of, or reimbursement for, acquisition, construction and installation of such Project, including but not limited to, architectural and engineering costs and costs of feasibility, environmental and other reports, inspection costs, permit fees, filing and recording costs and sales and use taxes and the cost of title insurance, and, in addition, Costs of Issuance to the extent that the amounts on deposit in the Costs of Issuance Account are insufficient to pay all Costs of Issuance in full. Project Costs shall specifically include any portion of the total costs of such Project or any portion thereof paid by the Board from funds other than proceeds of the Certificates prior to the Closing Date for which the Board seeks reimbursement by filing a Requisition with the Trustee in the manner required by Section 6.03 of the Trust Agreement.

"Project Description" means, in regard to a Project, the description of such Project as set forth in the Lease Schedule relating thereto.

"Project Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Project Schedule" means, in regard to a Project, the timetable for disbursements from the subaccount of the Project Account established therefor for acquisition, construction, delivery and installation of the components of such Project as set forth in the Lease Schedule relating thereto.

"Purchasers" means the original purchasers of a Series of Certificates.

"Qualified Financial Institution" means (1) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve

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System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America; or (2) the Government National Mortgage Foundation or any successor thereto or the Federal National Mortgage Association or any successor thereto; provided that, for each such entity delineated in clauses (1) and (2), its unsecured or uncollateralized long-term debt obligations, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such entity, have been assigned a credit rating by Moody's of "Aa" or better or by S&P of "AA" or better.

"Real Estate Taxes" shall mean all real estate taxes, public and governmental charges and assessments, including all extraordinary or special assessments, or assessments against any of the personal property included in the Projects, all costs, expenses and attorneys' fees incurred by Lessor in contesting or negotiating with public authorities as to any of same and all sever and other similar taxes and charges.

"Rebate Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Record Date" means the 15th day of the month preceding any Payment Date (whether or not a Business Day).

"Refunding Certificates" means Certificates issued for purposes of refunding Outstanding Certificates pursuant to Section 4.13 of the Trust Agreement.

"Refunding Securities", except as otherwise provided by Supplemental Trust Agreement, means the United States Obligations and the Prerefunded Obligations.

"Renewal Lease Term" means, in regard to a Project, the period commencing on the day after the last day of the Initial Lease Term and ending on the following June 30. Thereafter, "Renewal Lease Term" shall refer to each succeeding one (1) year term commencing on the day after the last day of the previous Renewal Lease Term and ending on the following June 30.

"Renewal Term Termination Date" means, in regard to a Project, the termination date for the then current Renewal Lease Term which shall be the last day of such Renewal Lease Term.

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political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"State" means the State of Florida.

"Stipulated Loss Value" means an amount calculated in accordance with Section 5.08 of the Lease Agreement.

"Superintendent" means the Superintendent of the District, or such Person as shall be authorized to act on his or her behalf.

"Supplemental Rent" shall have the meaning set forth in Section 4.03(e) of the Lease Agreement.

"Supplemental Trust Agreement" means any supplement to or amendment to the Trust Agreement entered into in accordance with Article XI of the Trust Agreement.

"Taxable Certificates" means Certificates for which the Interest Component of the Basic Rent Payments relating thereto shall be includible in gross income for purposes of federal income taxation.

"Term Certificates" means those Certificates designated as Term Certificates pursuant to the Supplemental Trust Agreement authorizing the issuance thereof which are subject to mandatory redemption by Amortization Installments.

"Termination Date" means the date on which the Lease Agreement terminates pursuant to the terms thereof.

"Trust Agreement" means the Master Trust Agreement, dated as of April 1, 1994, between the Corporation and the Trustee, as now and hereafter amended, modified or supplemented by Supplemental Trust Agreements.

"Trust Estate" means all right, title and interest of the Trustee in and to the property and interests therein described in Section 3.03 of the Trust Agreement.

"Trustee" means NationsBank of Florida, N.A., Tampa, Florida, or its successor in interest as the Trustee under the Trust Agreement.

"United States Obligations" means the obligations and securities described in paragraph (1) of the definition of "Permitted Investments."

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"Request and Authorization" means a request and authorization from the Corporation and the Board to the Trustee to authenticate and deliver Certificates in accordance with the terms thereof and of the related Supplemental Trust Agreement, and substantially in the form attached to the Trust Agreement as Exhibit C.

"Requisition" means a requisition of the Board to receive amounts from the Project Fund to pay Project Costs or Costs of Issuance in the form attached to the Lease Agreement as Exhibit B.

"Reserve Account" means the account by that name established under Section 6.02 of the Trust Agreement.

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

"Reserve Requirement" means, in regard to a subaccount established in the Reserve Account to secure a Series of Certificates, such amounts, if any, as shall be provided in the Supplemental Trust Agreement authorizing the issuance of such Series and in the Lease Schedule relating thereto, provided such Requirement not exceed the lesser of (1) the maximum Principal and Interest Requirements on account of the Outstanding Certificates of the Series secured by such subaccount in the current or any subsequent Fiscal Year, (2) one hundred twenty-five percent (125%) of the average annual Principal and Interest Requirements on account of the Outstanding Certificates of the Series secured by such subaccount in the current or any subsequent Fiscal Years, and (3) ten percent (10%) of the proceeds of such Series of Certificates.

"S&P" or "Standard & Poor's Corporation" means Standard & Poor's Corporation, or any successor thereto.

"Serial Certificates" means the Certificates designated as Serial Certificates pursuant to the Trust Agreement.

"Series" means all the Certificates delivered on original issuance in a simultaneous transaction and identified pursuant to Section 4.01 of the Trust Agreement and the Supplemental Trust Agreement authorizing the issuance of such Certificates as a separate Series, regardless of variations in maturity, interest rate and other terms.

"Special Counsel" shall mean Nabors, Giblin & Nickerson, P.A., Tampa, Florida, or any other attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the exemption of the interest on obligations issued by states and

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"Variable Rate Certificates" means Certificates issued with a variable, adjustable, convertible or other similar rate which is not fixed in percentage for the entire term thereto at the date of issue.

"Vendor" means, with respect to a Project, the Person or Persons appointed by the Board to sell Equipment relating to such Project.

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EXHIBIT B

FORM OF REQUISITION FOR PAYMENT OF PROJECT COSTS

Date:
Requisition Number:
Total Disbursement Requested: \$
Certificates: [State Series of Certificates] (the "Certificates")
Lease Schedule No. (the "Lease Schedule")
Account or Subaccount of Project Account:
To: , as Trustee (the "Trustee")

The School Board of Hillsborough County, Florida (the "Board"), consistent with the terms of the Trust Agreement, dated as of April 1, 1994 (the "Trust Agreement"), among the Board, the Trustee and the Hillsborough School Board Leasing Corporation (the "Corporation"), requests a disbursement from the above-described account or subaccount of the Project Account in the aggregate amount set forth above, for payment or reimbursement of Project Costs incurred for the acquisition, construction and installation of a portion of the Project described in the Lease Schedule.

Capitalized terms used in this Requisition shall have the same meaning ascribed to them in the Trust Agreement.

The Board does hereby direct and instruct the Trustee to pay such Project Costs to the Vendor, Contractor or Developer pursuant to the attached invoices, bills and statements (or if indicated below, to reimburse the Board for payment of the attached invoices, bills and statements or to transfer moneys to the Board in order for it to pay such invoices, bills and statements) from moneys in the above-described account or subaccount of the Project Account, as follows:

Table with 4 columns: Amount, Payee, Description of Project Cost, Payment Instructions

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To induce the Trustee to approve this Requisition and disburse such moneys from the above-described account or subaccount of the Project Account, the undersigned certifies as follows:

1. The portions of the Project described in the Lease Schedule which are described in this Requisition have been thoroughly inspected and accepted by the Board in accordance with the terms of the Lease Agreement. The Board has satisfied itself that such portion of such Project is suitable for its purposes.

2. Attached hereto is an invoice and bill of sale for each item of Equipment specified on Schedule I attached hereto which constitutes a portion of the Project described in the Lease Schedule to be reimbursed hereby. Each item which constitutes Designated Equipment shall be so identified in Schedule II attached hereto. Each bill of sale indicates that title to such purchased items of Equipment, other than Designated Equipment, shall be in the name of the Corporation and title to items of Designated Equipment shall be in the name of the Board. Also attached hereto is a fully-executed purchase contract and title insurance policy for each item of Land identified in Schedule IV attached hereto which constitutes a portion of such Project to be reimbursed hereby.

3. The Board has previously provided the Trustee with all documents required by Section 6.03(d)(i) of the Trust Agreement prior to submitting any Requisition relating to construction of a Building which is part of the Project described in the Lease Schedule. Attached hereto is a copy of a certificate of the as required by Section 6.03(d)(ii) of the Trust Agreement relating to the construction of a Building which is part of the Project described in the Lease Schedule and identified on Schedule III attached hereto.

4. Attached hereto is a certification required by Section 6.03(d)(iii) of the Trust Agreement for any Architects' or Engineer's progress payments which are the subject of this Requisition, which payments are hereby approved by the Board.

5. There are no liens against any such portion of the Project to be reimbursed hereby, other than Permitted Encumbrances.

6. To date, the Board has timely complied with all its obligations under the Lease Agreement.

7. All funds previously disbursed by the Trustee for Project Costs from the above-described account or subaccount of the Project Account have been applied in accordance with the Requisitions requesting same and the amounts requested herein are to be used to pay for Project Costs which have not been previously paid for with disbursements from the above-described account or subaccount of the

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Project Account or included in previous Requisitions submitted by the Board to the Trustee.

8. The following constitutes an itemized list of the attachments to this certificate:

(insert itemized list)

9. The amount remaining in the above-described account or subaccount of the Project Account will, after payment of the amount set forth in this Requisition, be sufficient to pay all remaining applicable Project Costs relating to the Lease Schedule as currently estimated.

10. According to our records, the aggregate dollar amount disbursed for Project Costs relating to the Lease Schedule (including the amount requested in this Requisition) is \$.

11. Execution of this Requisition shall constitute an affirmation of the completeness and accuracy of the representations and warranties contained in Section 5.02 of the Lease Agreement as of the date of execution hereof.

SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

By:
Title:

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SCHEDULE I DESCRIPTION OF EQUIPMENT

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SCHEDULE II

SCHEDULE III

DESCRIPTION OF DESIGNATED EQUIPMENT

DESCRIPTION OF BUILDINGS

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SCHEDULE IV

DESCRIPTION OF LAND

FORM OF REQUISITION FOR PAYMENT OF COSTS OF ISSUANCE

Date: _____
 Requisition Number: _____
 Total Disbursement Requested: \$ _____
 Certificates: [State Series of Certificates] (the "Certificates")
 Lease Schedule No. _____
 Account or Subaccount of Costs of Issuance Account: _____
 To: _____, as Trustee (the "Trustee")

The School Board of Hillsborough County, Florida (the "Board"), consistent with the terms of the Trust Agreement, dated as of April 1, 1994 (the "Trust Agreement"), among the Board, the Trustee and the Hillsborough School Board Leasing Corporation (the "Corporation"), requests a disbursement from the above-described account or subaccount of the Costs of Issuance Account in the aggregate amount set forth above, for payment or reimbursement of Costs of Issuance relating to the Certificates.

Capitalized terms used in this Requisition shall have the same meaning ascribed to them in the Trust Agreement.

The Board does hereby direct and instruct the Trustee to pay the Costs of Issuance to the Person indicated below pursuant to the attached invoices (or if indicated below, to reimburse the Board for payment of the attached invoices or to transfer moneys to the Board in order for it to pay such invoices) from moneys in the above-described account or subaccount of the Costs of Issuance Account, as follows:

Amount	Payee	Description of Costs of Issuance	Payment Instructions
--------	-------	----------------------------------	----------------------

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To induce the Trustee to approve this Requisition and disburse such moneys from the above-described account or subaccount of the Costs of Issuance Account, the undersigned certifies as follows:

1. The Costs of Issuance which are described in the attached invoices have been approved by the Board.
2. Attached hereto is an invoice for such Costs of Issuance.
3. To date, the Board has timely complied with all its obligations under the Lease Agreement.
4. All funds previously disbursed by the Trustee for Costs of Issuance relating to the Certificates from the above-described account or subaccount of the Costs of Issuance Account have been applied in accordance with the Requisitions requesting same and the amounts requested herein are to be used to pay for Costs of Issuance relating to the Certificates which have not been previously paid for with disbursements from such account or subaccount of the Costs of Issuance Account or included in previous Requisitions submitted by the Board to the Trustee.
5. The following constitutes an itemized list of the attachments to this certificate:

(insert itemized list)

6. The amount remaining in the above-described account or subaccount of the Costs of Issuance Account, will, after payment of the amount set forth in this Requisition, be sufficient to pay all remaining applicable Costs of Issuance as currently estimated.
7. According to our records, the aggregate dollar amount disbursed for Costs of Issuance relating to the Certificates (including the amount requested in this Requisition) is \$_____.
8. Execution of this Requisition shall constitute an affirmation of the completeness and accuracy of the representations and warranties contained in Section 5.02 of the Lease Agreement as of the date of execution hereof.

SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

By: _____
Title: _____

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FORM OF LEASE SCHEDULE

Schedule No. _____
to the
Master Lease-Purchase Agreement,
dated as of April 1, 1994,
between
Hillsborough School Board Leasing Corporation
(the "Corporation")
and
School Board of Hillsborough County, Florida (the "Board")

THIS LEASE SCHEDULE NO. _____ (the "Lease Schedule") is hereby entered into under and pursuant to that certain Master Lease-Purchase Agreement, dated as of April 1, 1994 (the "Lease Agreement"), pursuant to which the Corporation has agreed to lease-purchase to the Board and the Board has agreed to lease-purchase from the Corporation, subject to the terms and conditions of the Lease Agreement, the Series _____ Project as herein described. All defined terms not otherwise defined herein shall have the respective meanings therefor set forth in the Lease Agreement. Reference to "Lease Agreement" herein shall include the terms of this Lease Schedule.

1. Series Project. The leased property, which is described in Section 6 of this Lease Schedule (the "Series Project"), and has a Maximum Cost of \$_____, shall be acquired, constructed and installed, and lease-purchased, by the Board from the Corporation pursuant to the terms of the Lease Agreement.

2. Commencement Date; Lease Term; Other Definitions. For purposes of this Lease Schedule and the Lease Agreement:

(a) The Commencement Date for the Series _____ Project is _____.

(b) The Initial Lease Termination Date of the lease of the Series _____ Project shall be _____. The Maximum Lease Term shall commence on the Commencement Date hereof and terminate on _____.

(c) The Estimated Completion Date is _____.

3. Certificates of Participation.

(a) The Certificates of Participation issued under the Trust Agreement and related to this Lease Schedule are

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identified as "Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program, Series _____ Evidencing an Undivided Proportionate Interest of the Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Hillsborough County, Florida" (the "Series _____ Certificates").

(b) The Credit Enhancer for the Series _____ Certificates shall be _____.

(c) The Reserve Requirement for the Series _____ Subaccount established in the Reserve Account under the Trust Agreement shall be _____.

(d) The Optional Prepayment Date shall be _____.

(e) The Closure Date of the Series _____ Subaccount of the Project Account established for the Series _____ Certificates, for purposes of Section 6.03(g) of the Trust Agreement, shall be _____.

(f) The Prepayment Amount relating to the Series _____ Subaccount of the Project Account established for the Series _____ Certificates, for purposes of Section 6.03(g) of the Trust Agreement, shall be _____.

4. Basic Rent. The Basic Rent payable by the Board to the Corporation with respect to the Series _____ Project under the Lease Agreement is described in Schedule A attached hereto.

5. Use of Certificate Proceeds. The proceeds of the Series _____ Certificates shall be disbursed as follows:

Deposit to Series _____
Subaccount of Project
Account established for
Series _____ Certificates

Deposit to Series _____
Subaccount of Costs of
Issuance Account established
for Series _____ Certificates

Deposit to Series _____
Subaccount of Capitalized
Interest Account established
for Series _____ Certificates

Deposit to Series _____ Subaccount
of the Interest Account established
for Series _____ Certificates

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Deposit to Series _____
Subaccount of Reserve
Account established for
Series _____
Certificates

6. The Series Project. The Project Description, Project Budget and Project Schedule for the Series _____ Project are attached hereto as Schedule B.

7. Designated Equipment. The Designated Equipment for the Series _____ Project is attached hereto as part of Schedule B.

8. The Land. A description of the Land, including any Ground Leases, is attached as Schedule C attached hereto.

9. Other Documents. The documents required by Section 3.01(c) of the Lease Agreement to be submitted with this Lease Schedule are attached hereto as Schedule D.

10. Assignment of Lease Agreement. The Corporation hereby acknowledges that all Lease Payments and its rights, title and interest in this Lease Schedule and, with certain exceptions, the Lease Agreement have been simultaneously assigned to the Trustee pursuant to the Assignment of Lease Agreement.

11. Other Permitted Encumbrances.

12. Special Terms and Conditions for Lease Schedule.

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IN WITNESS WHEREOF, each of the parties hereto have caused this Lease Schedule No. _____ to be executed by their proper corporate officers, all as of the _____ day of _____.

SCHEDULE A

HILLSBOROUGH SCHOOL BOARD
LEASING CORPORATION

By: _____

Title: _____

(SEAL)

Date: _____

Attest: _____

SCHOOL BOARD OF HILLSBOROUGH
COUNTY, FLORIDA

By: _____

Title: _____

(SEAL)

Date: _____

Attest: _____

BASIC RENT SCHEDULE

<u>Remaining Basic Rent Payment Date</u>	<u>Interest Component</u>	<u>Principal Component</u>	<u>Total Basic Rent Payment</u>	<u>Principal Component</u>
--	-------------------------------	--------------------------------	-------------------------------------	--------------------------------

[Provide Basic Rent Schedule for each Group within Project]

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SCHEDULE B

PROJECT DESCRIPTION, PROJECT BUDGET,
PROJECT SCHEDULE AND DESIGNATED EQUIPMENT

SCHEDULE C

DESCRIPTION OF THE LAND

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OFF. REC. 7398 562

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m

This document prepared by:

John R. Stokes, Esq.
Nabors, Giblin & Nickerson, P.A.
2502 Rocky Point Drive, Suite 1060
Tampa, Florida 33607

OFF. REC. 7398 561

RECORD VERIFIED
Richard Ake
Clerk of Circuit Court
Hillsborough County, Fla.
By Luis M. LeDuc, D.C.

MEMORANDUM OF LEASE AND

NOTICE OF OPTION

by and between

SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA
(the "Board")

to

HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION
(the "Corporation")

MEMORANDUM OF LEASE AND NOTICE OF OPTION

THIS MEMORANDUM OF LEASE AND NOTICE OF OPTION is made and executed effective as of the 1st day of April, 1994 by HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION, a Florida single-purpose, not-for-profit corporation with its principal office in Tampa, Florida (hereinafter referred to as the "Corporation"), and the SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA, the governing body of the School District of Hillsborough County, Florida, a body corporate and public of the State of Florida (hereinafter referred to as the "Board").

WITNESSETH:

The Corporation in consideration of the rent reserved and the terms, provisions, covenants, agreements and conditions contained in that certain Master Lease Agreement between the Corporation and the School Board dated April 1, 1994 (the "Lease Agreement"), hereby leases to the Board the Corporation's right, title and interest in and to the leasehold estate (created under the Ground Lease dated as of April 1, 1994 between the Board, as ground lessor, and the Corporation, as ground lessee), in the real property described in Exhibit A, attached hereto and made a part hereof, together with all buildings and other improvements hereafter located thereon (hereinafter referred to as the "Project"), for a term commencing on the date hereof and ending on July 1, 2024 (unless such term is sooner terminated pursuant to provisions of the Lease Agreement), on the terms, provisions, covenants, agreements and conditions contained in the Lease Agreement, including but not limited to the provisions recited hereinbelow:

SECTION 3.02. RIGHT OF ENTRY. In order to enable the Corporation to carry out the terms of this Lease Agreement, to provide for the acquisition, construction and installation of the Projects and to facilitate the exercise of remedies upon an Event of Default or Event of Non-Appropriation hereunder, the Board hereby grants a right of entry to the Corporation, its agents and assignees, including, without limitation, the Trustee, at reasonable times, and, prior to an Event of Default, upon reasonable notice, to each of the Projects. The Board represents that it is empowered to grant such right of entry to the Corporation and the Trustee.

SECTION 4.01. LEASE OF PROJECTS. In consideration of the payment of the Board to the Corporation, or its assignee, of the Lease Payments and for other valuable consideration, the Corporation hereby leases from time to time each Project to the Board upon the terms and conditions contained herein, as modified by the Lease Schedule relating to such Project. The Board may modify each Project or may substitute or dispose of components or portions of a Project as provided in Sections 3.03(b), 5.13 and 5.14 hereof.

RECORDED MAY 18 AM 11 21

94128365

RICHARD AKE
CLERK OF CIRCUIT COURT
HILLSBOROUGH COUNTY

SECTION 4.02. TERM OF AGREEMENT. Effective as of the Commencement Date described in the Lease Schedule relating to each Project, the Corporation agrees to rent and lease to the Board and the Board agrees to rent and lease from the Corporation, each such Project for the Initial Lease Term. The Initial Lease Term of each Project shall commence on the Commencement Date relating thereto and terminate on the Initial Lease Termination Date relating thereto. Unless this Lease Agreement is terminated pursuant to Sections 4.06, 7.01 or 7.03 hereof, this Lease Agreement will automatically be renewed on the Initial Lease Termination Date for each Project and each succeeding Renewal Term Termination Date relating thereto for the next succeeding Renewal Lease Term until all Lease Payments in regard to all the Projects and the Certificates are no longer Outstanding shall be made and the Certificates are no longer Outstanding. Each Renewal Lease Term shall be for a period of one (1) year. The number of Renewal Lease Terms plus the Initial Lease Term for a Project shall not exceed the Maximum Lease Term described in the Lease Schedule for such Project.

SECTION 4.06. OPTIONAL PREPAYMENT; DEFEASANCE. (a) The Board shall have the option, so long as no Event of Default hereunder has occurred and is continuing, from any moneys then available for such purpose, on any Optional Prepayment Date for the Series of Certificates relating to a Project, to prepay all or a portion of the Basic Rent relating to such Project or Group within such Project upon not less than forty-five (45) days written notice given prior to such Optional Prepayment Date to the Trustee accompanied by the deposit of the amount of such prepaid Basic Rent with the Trustee not less than thirty-five (35) days prior to the applicable Optional Prepayment Date. Optional prepayments made pursuant to this Section 4.06 may be allocated to a particular Project, or any Group of leased property within a Project. Any prepayment notice delivered pursuant to this Section 4.06(a) shall state (i) that the Board is exercising its right of prepayment pursuant to Section 4.06(a) of the Lease Agreement, (ii) the amount of such prepayment and the Lease Schedule or Lease Schedules to which it pertains, (iii) the Optional Prepayment Date to which such prepayment applies, (iv) the amount of prepayment applicable to a Project or Group within a Project and, therefore, to the Series of Certificates and maturities of such Series relating thereto, and (v) that the deposit with the Trustee of such prepaid amount constitutes an irrevocable option of the Board to prepay Basic Rent in the amount of such prepayment. Each prepayment shall be in an amount equal to the Prepayment Price of Certificates (in denominations of \$5,000 or any whole multiple thereof in the case of Current Interest Certificates and in denominations of \$5,000 maturity value and any whole multiples thereof in the case of Capital Appreciation Certificates) to be prepaid on such Optional Prepayment Date designated by the Board. In such notice of prepayment, all as provided in the Trust Agreement. Interest on Certificates to be prepaid pursuant to an optional prepayment under

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defeasance and (ii) the obligation of the Board to make or cause to be made, Basic Rent Payments and Supplemental Rent payments on or for such Certificates from the moneys and/or Refunding Securities deposited pursuant to said Article XII of the Trust Agreement.

(f) In the event the Board prepays Basic Rent for a Group within a Project pursuant to Sections 4.06(a) or 4.06(c) hereof, such Prepayment shall be allocated, to the extent practicable, to maturities of Certificates relating to such Group.

SECTION 4.07. TITLE. (a) Title to the Project (including all substitutions thereto) upon acquisition, construction and installation thereof shall vest in the Board, subject to Permitted Encumbrances and subject to the terms of the Trust Agreement and the grant of any leasehold estate in such Projects to the Corporation in accordance with the terms hereof and of the Ground Lease. At such time as payment, or provision for payment as provided in Section 4.06(c) hereof, of all Lease Payments relating to a Project or Group within a Project, other than Designated Equipment, has been made in full, the leasehold estate in such Project created by the terms hereof and of the Ground Lease shall terminate and be released. Title to a portion of the Project which has been substituted for pursuant to Section 5.14 hereof and a portion of a Project disposed by the Board pursuant to Section 5.13 hereof shall vest automatically in the Board free and clear of any leasehold estate in the Corporation. The Corporation shall deliver any and all documents required to assure vesting of title to the Projects in the Board and the release of any leasehold interest therein granted to the Corporation by the Board when permitted by the terms hereof and of the Ground Lease. The Corporation hereby appoints the Board as its agent to prepare and file or record in appropriate offices such documents as may be necessary to cause record title to such Project or Group within a Project to be in the Board.

(b) Title to all Designated Equipment shall, upon acquisition thereof, vest in the Board. If this Lease Agreement is terminated pursuant to Sections 7.01 or 7.03 hereof prior to the time Basic Rent Payments for Designated Equipment have been made in full by the Board, the Certificate Owners shall have no rights to or remedies against the Designated Equipment.

SECTION 5.03. QUIET ENJOYMENT. The parties hereto mutually covenant that the Board, by keeping and performing the covenants and agreements herein contained, shall at all times during the term of this Lease Agreement peaceably and quietly have, hold and enjoy each Project without suit, trouble or hindrance from the Corporation and free from any claims against the Corporation and the Trustee and all persons claiming thereunder, by or through the Trustee or the Corporation.

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this Section accrued to the Optional Prepayment Date set forth in the notice of prepayment above shall be paid by the Trustee from moneys on deposit in the account of the Prepayment Fund and the subaccount of the Debt Service Account which are pledged to the payment of such Certificates.

(b) In the event of a prepayment, in part, of Basic Rent Payments for a Project or Group within a Project, such Basic Rent Payments provided in the Lease Schedule relating thereto shall be adjusted downward by the Trustee to reflect the reduction in the Principal Component and Interest Component of the remaining Basic Rent resulting from such prepayment. Such adjustment shall be done in such manner as to match remaining payments of Basic Rent provided in such Lease Schedule with principal and interest coming due on Certificates which remain Outstanding related thereto.

(c) So long as no Event of Default has occurred and is continuing, the Board may secure the payment of Basic Rent for a Project or Group within a Project by a deposit with the Trustee, as provided in Section 12.01 of the Trust Agreement, of either (i) an amount of moneys which is sufficient to pay such Basic Rent, including the Principal Component, Interest Component and Prepayment Premium, if any, on the Basic Rent Payment Dates or Optional Prepayment Dates, if applicable, and any Supplemental Rent which may be due, or (ii) Refunding Securities, together with cash, if required, in such amount as will, together with interest to accrue thereon, be fully sufficient to pay such Basic Rent including the Principal Component, Interest Component and Prepayment Premium, if any, on their Basic Rent Payment Dates or Optional Prepayment Dates, if applicable, and any Supplemental Rent which may be due. Upon the Board meeting the requirement of this Section 4.06(c), the Corporation and its assignee shall be entitled to payment of such Basic Rent Payments solely from such cash and/or Refunding Securities.

(d) In the event Refunding Certificates are issued which refund only a portion of an Outstanding Series of Certificates, the schedule of Basic Rent Payments for the corresponding Project and Group within such Project affected by such Refunding Certificates will remain the same but a credit will be given to the Board by the Trustee to take into account that payment of a portion of the Principal Component and the Interest Component has been provided for by such refunding or defeasance of such portion of such Series of Certificates from the issuance of said Refunding Certificates.

(e) In the event of a deposit with the Trustee of moneys and/or Refunding Securities for the purpose of paying or providing for payment of Certificates in accordance with Article XII of the Trust Agreement, all covenants, agreements and other obligations of the Board under this Lease Agreement, with respect to such Certificates shall be deemed performed except (i) those provisions hereof which by their express terms survive any such payment and

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SECTION 5.12. OTHER LIENS. (a) The Board shall keep each Project and all parts thereof free from judgments and, except as to Permitted Encumbrances, free from all liens, claims, demands and encumbrances of whatsoever nature or character, to the end that each Project may at all times be maintained and preserved, and the Board shall keep each Project free from any claim or liability which might impair or impede the operation of such Project; provided, however, that the Board shall not be required to pay any such liens, claims or demand if the validity thereof shall concurrently be contested in good faith by appropriate proceedings, the interest of the Corporation and the Trustee shall not be in immediate jeopardy and if the Board shall set aside or cause to be set aside reserves deemed by it to be adequate with respect thereto; and, provided, further, that the Board upon the commencement of any proceedings to foreclose the lien of any such charge or claim, will forthwith pay or cause to be paid any such charge or claim unless contested in good faith as aforesaid. The Board agrees not to lease-purchase any Equipment hereunder except to the extent consented to by the Department or otherwise permitted by applicable law.

(b) The Board shall never, under any circumstances, have the power to subject the interest of the Corporation or its assignee in the Project to any mechanic's or materialman's lien or liens of any kind.

(c) The Board covenants and agrees with the Corporation that the Board will not permit or suffer to be filed or claimed against the interests of the Corporation and its assignee in the Project during the Lease Term any lien or claim of any kind and, if such lien be claimed or filed, it shall be the duty of the Board, within thirty (30) days after the Board shall have been given written notice of such claim being filed in the Public Records of Hillsborough County, Florida to cause the Project to be released from such claim, either by payment or by posting of a bond or by the payment into a court of competent jurisdiction the amount necessary to relieve and release the Project from such claim or in any other manner which, as a matter of law, will result within such period of thirty (30) days in releasing the Corporation and its assignee and Corporation's or assignee's interest or interests from such claim.

SECTION 5.13. ENCUMBRANCES OR SALES. (a) Except as permitted in this Lease Agreement and except for Permitted Encumbrances, the Board will not create or suffer to be created any mortgage, pledge, lien, charge or encumbrance upon any Project or any portion thereof, or upon any real or personal property (which is not a portion of the Project) essential to the operation of such Project. The Board will not sell or otherwise dispose of any portion of a Project or any such property essential to the proper operation of a Project, except as provided below and in Section 5.14 hereof.

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(b) In the manner and subject to the conditions for disposal of property of the Board by law, the Board may sell portions of a Project, other than Equipment, fair market value upon the following conditions:

(i) The Board shall give notice to the Trustee and the applicable Credit Enhancer of each such sale not less than thirty (30) days prior to such sale;

(ii) The Board determines pursuant to a certificate of an Authorized Officer that such portion of a Project is no longer needed for the purposes of such Project or such portion should be replaced with property having greater usefulness or value;

(iii) Such disposition shall not, in the opinion of the Special Counsel, cause the Interest Component of the Basic Rent Payments received by the Owners of the Certificates to become includible in gross income of such Owners for purposes of federal income taxation; and

(iv) The Board shall use the proceeds of such sales either (A) to provide property (which shall become a part of the Project) of equal usefulness and value to the Board or (B) apply the Stipulated Loss Value (calculated in accordance with Section 5.08(d) hereof) thereof (but only if such value exceeds the corresponding Prepayment Amount) as a prepayment of Basic Rent.

The Corporation and the Trustee agree to take all action within their powers required to enable the Board to sell or otherwise dispose of any such property.

SECTION 5.21. RESTRICTION AGAINST PLEDGE. The Corporation shall not pledge Lease Payments or other amounts derived from the Projects or from rights of the Corporation under this Lease Agreement nor shall the Corporation encumber or place any lien upon the Projects, except as otherwise provided in this Lease Agreement, the Trust Agreement and the Assignment of Lease Agreement.

SECTION 5.22. ASSIGNMENT BY CORPORATION. Except pursuant to the Assignment of Lease Agreement and except as set forth herein, the Corporation shall not assign this Lease Agreement, its rights to receive Lease Payments or its duties and obligations hereunder.

THIS MEMORANDUM OF LEASE AND NOTICE OF OPTION SHALL NOT IN ANY WAY LIMIT OR MODIFY THE TERMS OF THE LEASE AGREEMENT. THE TERMS OF THE LEASE AGREEMENT AS SET FORTH THEREIN SHALL CONTROL IN ALL RESPECTS WITH RESPECT TO MATTERS NOT COVERED IN THE PROVISIONS SET FORTH HEREINABOVE.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Lease and Notice of Option as of the day and year first above written.

WITNESS LESSOR: HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION

ATTEST: [Signature] By: [Signature] Name: Walter L. Sickles Title: Secretary Address: 901 East Kennedy Blvd. Tampa, Florida 33602 Name: Yvonne McKittrick Title: President Address: 901 East Kennedy Blvd. Tampa, Florida 33602

Date: May 18, 1994

(SEAL)

SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

ATTEST: [Signature] By: [Signature] Name: Walter L. Sickles Title: Superintendent/Secretary Address: 901 East Kennedy Blvd. Tampa, Florida 33602 Name: Yvonne McKittrick Title: Chairman Address: 901 East Kennedy Blvd. Tampa, Florida 33602

Date: May 18, 1994

STATE OF FLORIDA)) SS: COUNTY OF HILLSBOROUGH)

STATE OF FLORIDA)) SS: COUNTY OF HILLSBOROUGH)

The foregoing instrument was acknowledged before me this 18th day of May, 1994, by Yvonne McKittrick and Walter L. Sickles, the President and Secretary, respectively, of the HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION.

The foregoing instrument was acknowledged before me this 18th day of May, 1994, by Yvonne McKittrick and Walter L. Sickles, the Chairman and Superintendent/Secretary, respectively, of the SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA.



[Signature] Name: Charisse Ann Simpson Notary Public, State of Florida



[Signature] Name: Charisse Ann Simpson Notary Public, State of Florida

(NOTARIAL SEAL) My Commission Expires: Personally Known [checked] or Produced Identification Type of Identification Produced

(NOTARIAL SEAL) My Commission Expires: Personally Known [checked] or Produced Identification Type of Identification Produced

EXHIBIT A

OFF: 7398 571
REG: 7398 571

DESCRIPTION OF REAL PROPERTY

44114: 577

of August 1984
Hillsborough County, Florida,
doing the following:

lying 7.5' either side
the southerly 15 ft.
lots 12 & 13 less
lots 12 & 14 less
A less the easterly
Tract A less the
as recorded in Plat
of Hillsborough County, Florida,
South, Range 20 East.

M-F hereby grants
petual non-exclusive
nel along the common
parcel over the East
purpose of allowing
the drainage canal and

warehouse site
Lots 10, 12, 13, 14 and Lot 11, less the East 20.0 feet of Lot 11 of INTERSTATE
PARK OF COMMERCE, as recorded in Plat Book 52, page 32, Public Records of
Hillsborough County, Florida.

TOGETHER WITH perpetual ingress-egress easement over and across the North
30 feet of the following described property:

The East 20.0 feet of Lot 11 of INTERSTATE PARK OF COMMERCE, as
recorded in Plat Book 52, page 32, Public Records of Hillsborough County, Florida.

AND
OFF: 7398 572
REG: 7398 572

A tract in the NE¼ of the NE¼ of Section 19, Township 29 South, Range 20 East,
Hillsborough County, Florida, described as follows: From the NE corner of said
NE¼ of NE¼ of Section 19, run South along the East boundary of said NE¼ of the
NE¼ of Section 19 a distance of 452.95 feet, run thence West at right angles to said
East boundary of NE¼ of NE¼ of Section 19, a distance of 36.0 feet to the Point
of Beginning, which point is on the West right-of-way line of Faulknerburg Road;
from said point of beginning continue West a distance of 500.0 feet, run thence South
parallel to said East boundary of the NE¼ of the NE¼ of Section 19 a distance of
445.74 feet to a point which is 20.0 feet North of the South boundary of said NE¼
of the NE¼ of Section 19, run thence South 89°50'00" East parallel to said South
boundary of the NE¼ of the NE¼ of Section 19 a distance of 36.0 feet to the Point
on the West right-of-way line of Faulknerburg Road, which point is 30.0 feet West of
the East boundary of said NE¼ of the NE¼ of Section 19, run thence North along
said West right-of-way line of Faulknerburg Road a distance of 467.19 feet to the
Point of Beginning.

LESS AND EXCEPT: That part lying within 46.75 feet Westerly of a portion of the
centerline of construction for Faulknerburg Road per Hillsborough County Project
No. 86-184-C, lying within Sections 19 and 20, Township 29 South, Range 20 East,
Hillsborough County, Florida, said centerline of construction being more particularly
described as follows: From the NE corner of the NE¼ of the NE¼ of Section 19,
Township 29 South, Range 20 East, run thence S. 0°10'10" West 313.36 feet along
the East boundary of the NE¼ of the NE¼ of Section 19 to the centerline of survey for
Brandon Boulevard (State Road 60); thence North 65°36'40" West 71.13 feet along
said centerline of construction to its intersection with the CENTERLINE OF
CONSTRUCTION FOR FAULKNERBURG ROAD at Station 9+45.78, said point
being the "PI" of the curve; thence North 1°27'17" East 157.32 feet along said centerline of
survey to a point of curvature; thence Northwesterly 122.41 feet along the arc of a
curve to the left, having a radius of 2864.79 feet and a central angle of 62°36'34"
(chord bearing N. 10°17'51" E. 132.40 feet) to a point on the South boundary of the
NE¼ of said Section 19, said point lying North 87°57'17" West 18.83 feet from the
Southwest corner of the NE¼ of said Section 19, thence continue along said curve
Northwesterly 437.27 feet along the arc of a curve to the left, having a radius of
2864.79 feet and a central angle of 68°44'19" (chord bearing N. 0°14'21" E. 447.83 feet
to a point of tangency; thence North 0°14'21" East 600.04 feet to a point of
curvature; thence Northwesterly 447.84 feet along the arc of a curve to the left, having
a radius of 11459.16 feet and a central angle of 62°14'21" (chord bearing
N. 0°14'21" W. 447.81 feet) to a point of reverse curvature; thence Northwesterly
447.83 feet along the arc of a curve to the right, having a radius of 11459.16 feet and
a central angle of 62°14'21" (chord bearing N. 0°14'21" W. 447.80 feet) to a point of
tangency; thence North 0°14'21" East 600.04 feet, thence North 0°14'21" West 614
feet to Station 39+56.23 and a point on the North boundary of NE¼ of Section 20,
Township 29 South, Range 20 East, said point lying North 87°57'17" East 5.00 feet
from the Southwest corner of said Section 19, Township 29 South, Range 20 East,
Hillsborough County, Florida, less existing right-of-way.

THIS
COMPL
STAND
ACCO'

Lockhart Clement

OFF: 7398 573
REG: 7398 573

DESCRIPTION: All of Blocks 40 and 46 of BONITA SUBDIVISION, Plat Book 2,
Page 71, Public Records of Hillsborough County, Florida; and all of Blocks
39 and 45 of CORRECTED MAP OF BLOCKS 3, 9, 15, 21, 27, 33, 39 and 45 of
BONITA SUBDIVISION, Plat Book 5, Page 15, Public Records of Hillsborough
County, Florida; reserving, however, unto the City of Tampa, its successors
and assigns, a perpetual easement over and across the North 25 feet of said
Block 39 for sewer purposes; together with certain vacated streets and alleys
in Bonita Subdivision, Plat Book 2, Page 71, and corrected Map of Bonita
Subdivision, Plat Book 5, Page 15, Public Records of Hillsborough County,
Florida; more particularly described as follows, to wit: That certain 13
foot alley running East and West through Block 39, that certain 13 foot
alley running East and West through Block 40, that certain 13 foot alley
running East and West through Block 45, that certain 13 foot alley running
East and West through Block 46, 31st (Greswell) Avenue from 17th (Conway)
Street to 19th (Carlington) Street, and 18th (Waller) Street from the North
boundary of East Lake (Myra) Avenue to the Southern boundary of 32nd
(Louisa) Avenue, reserving unto the City of Tampa certain easements, herein-
below particularly described, for storm and sanitary sewer purposes:
(a) The East 23 feet of the North 25 feet of that part or portion of 18th
(Waller) Street vacated by Ordinance No. 1378-A. (b) A strip of land 25
feet wide bounded by lands parallel to and 7 feet Eastwardly and 18 feet
Westwardly, respectively, from the centerline of that part or portion of
18th (Waller) Street vacated by Ordinance No. 1378-A. (c) The 13 foot alley
running East and West through Block 40 and an extension Eastward thereof
to the Westerly boundary of the strip of land hereinabove described in sub-
section (b). (d) The 13 foot alley running East and West through Block
46 and Eastward extension thereof to the Westerly boundary of the strip
of land hereinabove described in subsection (b). (e) The 13 foot alley
running East and West through Block 39 and extension Westward thereof to
the Easterly boundary of the strip of land hereinabove described in sub-
section (b). (f) The 13 foot alley running East and West through Block
45 and extension Westward thereof to the Easterly boundary of the strip of
land hereinabove described in subsection (b).

FUND OWNER'S FORM
Schedule A

Policy No: OPM-730528 Effective Date: March 29, 1993 Agent's File Reference: H-0047
at 5:00 P.M. 18010/803

Amount of Insurance: \$500,000.00

- 1. Name of Insured: The School Board of Hillsborough County.
- 2. The estate or interest in the land described herein and which is covered by this policy is a fee simple (if other, specify same) and is at the effective date hereof vested in the named insured as shown by instrument recorded in Official Records Book 6223, Page 1734, of the Public Records of Hillsborough County, Florida.
- 3. The land referred to in this policy is described as follows:
The North 677.18 feet of the Northwest 1/4 of the Southeast 1/4 of Section 30, Township 29 South, Range 21 East, Hillsborough County, Florida.

I, the undersigned agent, hereby certify that
• the transaction insured herein is governed by RESPA, Yes No
• if Yes to the above, I have performed all "core title agent services." Yes No

THIS SURVEY NOT VALID UNLESS IMPRINTED WITH AN EMBOSSED SURVEYORS SEAL.
This Survey Prepared For HILLSBOROUGH COUNTY SCHOOL BOARD

SURVEYORS CERTIFICATE
This certifies that a survey of the above described property was made under my supervision and that the sketch hereon is a true and accurate representation thereof.

RECEIVED	
Foundation Survey	Final Survey
Orig. No.	Orig. No.
Date	Date

102 WEST WHITING STREET SUITE 200
TAMPA, FLORIDA 33601 TEL: 813/223-1871
HEIDT & ASSOCIATES, INC.
CIVIL ENGINEERING

TRIPLETT, REDMAN, MOODY,
SHANSON & BYRNE, P.A.
drc INSURING AGENT - ATTORNEY OR FIRM OF ATTORNEYS 1359
AGENT NO. 121 North Collins Street Plant City
MAILING ADDRESS CITY Florida 33566

FIRST AMENDMENT TO MASTER LEASE-PURCHASE AGREEMENT

by and between

**HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION,
as Lessor**

and

**SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA,
as Lessee**

Dated as of February 19, 2003

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FIRST AMENDMENT TO MASTER LEASE-PURCHASE AGREEMENT

THIS FIRST AMENDMENT TO MASTER LEASE-PURCHASE AGREEMENT, dated as of February 19, 2003 (the "First Amendment to Master Lease-Purchase Agreement"), amending the Master Lease-Purchase Agreement, dated as of April 1, 1994, as heretofore amended and supplemented (the "Lease Agreement"), by and between the **HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION**, a not-for-profit educational corporation duly organized and existing under the laws of the State of Florida (the "Corporation"), and the **SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA**, acting as the governing body of the Hillsborough County School District (the "Board").

WITNESSETH:

WHEREAS, the Board has heretofore deemed it in its best interests to lease-purchase certain real and/or personal property from time to time and has heretofore entered into a Master Lease-Purchase Agreement, dated as of April 1, 1994, as amended and supplemented (the "Lease Agreement"), between the Corporation, as lessor, and the Board, as lessee; and

WHEREAS, the Board desires to provide for the delivery from time to time of Hedge Agreements (defined herein); and

WHEREAS, in order to provide for the delivery of Hedge Agreements related to Outstanding Certificates it is necessary to amend certain provisions of the Lease Agreement;

NOW, THEREFORE, in consideration of the mutual agreements and covenants in the Trust Agreement (defined in the Lease Agreement) and Lease Agreement contained and for other valuable consideration, the parties hereto agree as follows:

SECTION 1. AUTHORIZATION. This First Amendment to Master Lease-Purchase Agreement is being entered into in accordance with (i) the provisions of the Act, (ii) a resolution of the Board adopted on February 18, 2003 and (iii) Section 6.05(b) of the Lease Agreement.

SECTION 2. DEFINITIONS. The words and terms which are defined in the Lease Agreement (as amended hereby), shall have the same meanings ascribed to them when used herein, unless the context or use indicates a different meaning or intent.

SECTION 3. AMENDMENTS TO EXHIBIT A (DEFINITIONS) TO THE LEASE AGREEMENT. (a) Exhibit A to the Lease Agreement is hereby amended by adding the following definitions of "Counterparty," "Hedge Agreement," "Hedge Obligations," "Hedge Receipts" and "Termination Fees":

"Counterparty" shall mean the Person entering into a Hedge Agreement with the Board.

"Hedge Agreement" shall mean an interest rate exchange agreement, an interest rate swap agreement, a forward purchase contract, a put option contract, a call option contract or any other financial product which is used by the Board as a hedging device with respect to its obligation to pay the interest portion of Basic Lease Payments represented by any of the Outstanding Certificates, entered into between the Board and a Counterparty and designated by the Board as a "Hedge Agreement" for the purposes of the Trust Agreement and Lease Agreement.

"Hedge Obligations" shall mean the periodic amounts required to be paid by the Board on the related notional amount under a Hedge Agreement determined in accordance with a formula set forth in the Hedge Agreement (similar to payment of interest on the related notional amount), but excluding Termination Fees which are not payable by a Credit Enhancer pursuant to the terms of any bond insurance policy or Credit Facility securing the obligation of the Board to make certain payments under a Hedge Agreement.

"Hedge Receipts" shall mean amounts received by the Board on the related notional amount from a Counterparty under a Hedge Agreement which may be net of any Hedge Obligations.

"Termination Fees" means any payments due by the Board under a Hedge Agreement, other than Hedge Obligations.

(b) Exhibit A to the Lease Agreement is hereby amended by amending and restating the definition of "Basic Rent" or "Basic Rent Payment" in its entirety with the following:

"Basic Rent" or "Basic Rent Payment" means (i) the Basic Rent Payments set forth in the Lease Schedules, as the same may be adjusted pursuant to the terms of the Lease Agreement and (ii) Hedge Obligations.

SECTION 4. AMENDMENTS TO SECTION 4.03 OF THE LEASE AGREEMENT. Subsections (b) and (c) of Section 4.03 of the Lease Agreement are hereby amended in their entirety to read as follows:

(b) The Board agrees to pay as lease rental hereunder for each Project, the Basic Rent on or prior to the Basic Rent Payment Dates as set forth in the Lease Schedule and/or Hedge Agreement relating thereto, as the same may be modified or amended from time to time following any prepayment of Basic Rent for the lease of such Project. Basic Rent Payments consist of a Principal Component and an Interest Component which shall be stated in each Lease Schedule; provided that Hedge Obligations shall always constitute an Interest Component. The portion of the Basic Rent attributable to the Interest Component shall not exceed the maximum rate permitted by Section 215.84, Florida Statutes. Each Project may be divided into Groups of leased property as described in the Lease Schedule relating thereto. The Principal Component and Interest Component attributed to each Group of leased property shall be provided in the Lease Schedule relating thereto. The Board hereby agrees that it shall make all Basic Rent Payments coming due on each Basic Rent Payment Date on or prior to each such Basic Rent Payment Date in accordance with the applicable Lease Schedule and/or Hedge Agreement, subject to the provisions of Sections 4.06 and 7.01 hereof. **THE BOARD SHALL NOT BUDGET AND APPROPRIATE AVAILABLE REVENUES FOR A PORTION OF THE PROJECTS LEASED PURSUANT TO THIS LEASE AGREEMENT; IT MUST BUDGET AND APPROPRIATE LEASE PAYMENTS FOR ALL OF THE PROJECTS DESCRIBED ON ALL LEASE SCHEDULES ENTERED INTO PURSUANT TO THIS LEASE AGREEMENT OR NONE OF THEM.** All Basic Rent Payments shall be paid in arrears. The Board shall pay the Basic Rent due hereunder to the Trustee at its Principal Office and the Trustee shall apply same as provided in the Trust Agreement. The Board shall specify which subaccount of the Interest Account and Principal Account the Basic Rent Payments shall be deposited in, provided that all Hedge Receipts shall be deposited in a subaccount of the Interest Account. To the extent that moneys have been deposited and are available with the Trustee from the proceeds of a Series of Certificates for the purpose of paying Basic Rent relating to a Project pursuant to Section 6.01 of the Trust Agreement, the amount to be appropriated shall not be reduced but the Board shall not be required to transfer funds to the Trustee for payments of such Basic Rent, and the Board shall receive a credit against its obligation to pay such Basic Rent for such amounts on deposit with the Trustee."

"(e) In addition to the Basic Rent, the Board hereby agrees to pay and discharge from time to time as provided herein, as Supplemental Rent, all other amounts, liabilities and obligations which the Board assumes or agrees to pay to the Corporation, the Trustee, any Credit Enhancers, Termination Fees due any Counterparties, and any amounts due to the issuer of any Reserve Account Insurance Policy or Reserve Account Letter of Credit pursuant to the terms and provisions of any agreements between the Board and such parties, or to others with respect to this Lease Agreement, the Trust Agreement, any Hedge Agreement or the Projects. Supplemental Rent shall include, but not be limited to, any redemption premium attributable to the Certificates, the fees and expenses (including reasonable counsel fees and expenses) incurred by the Trustee pursuant to the Trust Agreement or hereunder, all fees and expenses of the Corporation relating to the lease of the Projects or to its corporate existence, all ongoing expenses relating to the financing of the Projects. The Supplemental Rent shall be paid to Trustee for application in accordance with the terms hereof and of the Trust Agreement or, in the case of a Termination Fee, directly to the Counterparty."

SECTION 5. PROVISIONS OF LEASE AGREEMENT NOT OTHERWISE MODIFIED. Except as expressly modified or amended hereby, the Lease Agreement shall remain in full force and effect. To the extent of any conflict between the terms of the Lease Agreement and this First Amendment to Master Lease-Purchase Agreement, the terms hereof shall control.

SECTION 6. THIRD PARTY BENEFICIARIES. Nothing in this First Amendment to Master Lease-Purchase Agreement, express or implied, is to or shall be construed to confer upon or to give to any person or party other than the Corporation, and its assignee, the Trustee, the Credit Enhancers, Counterparties and the Board any rights, remedies or claims under or by reason of this First Amendment to Master Lease-Purchase Agreement or any covenants, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this First Amendment to Master Lease-Purchase Agreement contained by or on behalf of the Corporation or the Board shall be for the sole and exclusive benefit of the Corporation, and its assignee, the Credit Enhancers, Counterparties and the Board.

SECTION 7. COUNTERPARTS. This First Amendment to Master Lease-Purchase Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 8. HEADINGS. Any heading preceding the text of the several Articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this First Amendment to Master Lease-Purchase Agreement, nor shall they affect its meaning, construction or effect.

SECTION 9. LAWS. This First Amendment to Master Lease-Purchase Agreement shall be construed and governed in accordance with the laws of the State.

IN WITNESS WHEREOF, the parties have executed this First Amendment to Master Lease-Purchase Agreement by their officers thereunto duly authorized as of the date and year first written above.

HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION, as Lessor

(SEAL)

By: Carol W. Kurdeep
President

ATTEST:

Earl Howard
Secretary

SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA, as Lessee

(SEAL)

By: Carol W. Kurdeep
Chairman

ATTEST:

Earl Howard
Superintendent/Secretary

CONSENT:

MBIA INSURANCE CORPORATION

By: _____
Title: _____

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IN WITNESS WHEREOF, the parties have executed this First Amendment to Master Lease-Purchase Agreement by their officers thereunto duly authorized as of the date and year first written above.

HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION, as Lessor

(SEAL)

By: _____
President

ATTEST:

Secretary

SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA, as Lessee

(SEAL)

By: _____
Chairman

ATTEST:

Superintendent/Secretary

CONSENT:

MBIA INSURANCE CORPORATION

By: Angela P. Borchi
Title: Assistant Secretary

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SECOND AMENDMENT TO MASTER LEASE-PURCHASE AGREEMENT

by and between

**HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION,
as Lessor**

and

**SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA,
as Lessee**

Dated as of January 1, 2007

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SECOND AMENDMENT TO MASTER LEASE-PURCHASE AGREEMENT

THIS SECOND AMENDMENT TO MASTER LEASE-PURCHASE AGREEMENT, dated as of January 1, 2007 (the "Second Amendment to Master Lease-Purchase Agreement"), amending the Master Lease-Purchase Agreement, dated as of April 1, 1994, as heretofore amended and supplemented (the "Lease Agreement"), by and between the **HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION**, a not-for-profit educational corporation duly organized and existing under the laws of the State of Florida (the "Corporation"), and the **SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA**, acting as the governing body of the Hillsborough County School District (the "Board").

WITNESSETH:

WHEREAS, the Board has heretofore deemed it in its best interests to lease-purchase certain real and/or personal property from time to time and has heretofore entered into a Master Lease-Purchase Agreement, dated as of April 1, 1994, as amended and supplemented (the "Lease Agreement"), between the Corporation, as lessor, and the Board, as lessee; and

WHEREAS, as a result of the Board's inability to obtain windstorm damage insurance coverage in the amounts specified in Section 5.05 of the Lease Agreement, the Board desires to amend said Section 5.05 to reflect the changes in the insurance market since April 1, 1994;

NOW, THEREFORE, in consideration of the mutual agreements and covenants in the Trust Agreement (defined in the Lease Agreement) and Lease Agreement contained and for other valuable consideration, the parties hereto agree as follows:

SECTION 1. AUTHORIZATION. This Second Amendment to Master Lease-Purchase Agreement is being entered into in accordance with (i) the provisions of the Act, and (ii) Section 6.05(b) of the Lease Agreement.

SECTION 2. DEFINITIONS. The words and terms which are defined in the Lease Agreement (as amended hereby), shall have the same meanings ascribed to them when used herein, unless the context or use indicates a different meaning or intent.

SECTION 3. AMENDMENT OF SECTION 5.05 OF THE LEASE AGREEMENT. Section 5.05 of the Lease Agreement is hereby amended and restated in its entirety to read as follows:

"SECTION 5.05 FIRE AND EXTENDED COVERAGE INSURANCE AND FLOOD INSURANCE. (a) The Board shall procure and maintain, or cause

to be procured and maintained, throughout the Lease Term, subject to the requirements of State law, insurance against loss or damage to any part of the Projects by fire or lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, also cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the lesser of (i) one hundred percent (100%) of the replacement cost of the Projects, (ii) the Principal Component of the Basic Rent Payments then remaining unpaid, (iii) \$75,000,000 per occurrence or (iv) such lesser amount as is available to the Board at commercially reasonable costs, as set forth in a Certificate of an Insurance Consultant filed with the Board, the Trustee and each Credit Enhancer. Such insurance may be subject to deductible clauses not to exceed \$250,000 in the aggregate for any one loss or, in the case of windstorm damage, two percent (2%) of the replacement cost. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried or required to be carried by the Board, and may be maintained in whole or in part in the form of self-insurance by the Board, provided such self-insurance complies with the provisions of Section 5.07 hereof. The Net Proceeds of such insurance shall be applied as provided in Section 5.06 hereof. **The provisions of this Section 5.05, as amended, supersede in all respects the provisions contained in outstanding Lease Schedules (particularly, Section 10 thereof) related to property and casualty insurance in conflict hereto and dated prior to January 1, 2007.**

(b) Flood insurance shall be separately maintained by the Board for any property included in a Project which is located in a federally designated flood plain, in such amounts per occurrences as are available at commercially reasonable costs and in minimum amounts necessary to qualify for federal disaster relief programs. In the event the Board considers flood insurance to be unavailable at commercially reasonable rates, it shall so notify the Trustee and the Credit Enhancer(s), if any, for the Project(s) to which such flood insurance relates. If such Credit Enhancer(s) identify insurance for such coverage at commercially reasonable rates, the Board shall be obligated to obtain such insurance. In the event that such Credit Enhancer(s) and the Board determine that flood insurance is unavailable at commercially reasonable rates, such flood insurance shall be maintained in whole in the form of self-insurance by the Board in compliance with the provisions of Section 5.07 hereof.

(c) The insurance required to be maintained by the Board pursuant to this Section 5.05 shall be provided by carriers rated at least "A" by Standard & Poor's Corporation (a "Qualified Insurer" unless the Credit Enhancer(s), if any, for the Project(s) to which such insurance relates shall approve an insurer with a lower

rating. If an insurer's rating falls below "A" (or, with respect to an insurer approved as aforesaid with a rating lower than "A," falls below the rating such insurer had when approved), such insurer shall be replaced with a Qualified Insurer unless the Credit Enhancer(s), if any, for the Project(s) to which such insurance relates shall approve an insurer with a lower rating.

SECTION 4. PROVISIONS OF LEASE AGREEMENT NOT OTHERWISE MODIFIED. Except as expressly modified or amended hereby, the Lease Agreement shall remain in full force and effect. To the extent of any conflict between the terms of the Lease Agreement and this Second Amendment to Master Lease-Purchase Agreement, the terms hereof shall control.

SECTION 5. THIRD PARTY BENEFICIARIES. Nothing in this Second Amendment to Master Lease-Purchase Agreement, express or implied, is to or shall be construed to confer upon or to give to any person or party other than the Corporation, and its assignee, the Trustee, the Credit Enhancers, Counterparties and the Board any rights, remedies or claims under or by reason of this Second Amendment to Master Lease-Purchase Agreement or any covenants, condition or stipulation hereof; and all covenants, stipulations, promises and agreements in this Second Amendment to Master Lease-Purchase Agreement contained by or on behalf of the Corporation or the Board shall be for the sole and exclusive benefit of the Corporation, and its assignee, the Credit Enhancers, Counterparties and the Board.

SECTION 6. COUNTERPARTS. This Second Amendment to Master Lease-Purchase Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 7. HEADINGS. Any heading preceding the text of the several Articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Second Amendment to Master Lease-Purchase Agreement, nor shall they affect its meaning, construction or effect.

SECTION 8. LAWS. This Second Amendment to Master Lease-Purchase Agreement shall be construed and governed in accordance with the laws of the State.

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Master Lease-Purchase Agreement by their officers thereunto duly authorized as of the date and year first written above.

HILLSBOROUGH SCHOOL BOARD
LEASING CORPORATION, as Lessor

(SEAL)

By: *Jack R. Lamb*
President

ATTEST:

Maureen Elin
Secretary

SCHOOL BOARD OF HILLSBOROUGH
COUNTY, FLORIDA, as Lessee

(SEAL)

By: *Jack R. Lamb*
Chairman

ATTEST:

Maureen Elin
Superintendent/Secretary

CONSENT:

MBIA INSURANCE CORPORATION

By: _____
Title: _____

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Master Lease-Purchase Agreement by their officers thereunto duly authorized as of the date and year first written above.

HILLSBOROUGH SCHOOL BOARD
LEASING CORPORATION, as Lessor

(SEAL)

By: _____
President

ATTEST:

Secretary

SCHOOL BOARD OF HILLSBOROUGH
COUNTY, FLORIDA, as Lessee

(SEAL)

By: _____
Chairman

ATTEST:

Superintendent/Secretary

CONSENT:

MBIA INSURANCE CORPORATION

By: *Maureen Elin*
Title: Assistant Secretary

LEASE SCHEDULE NO. 2007

**Schedule No. 2007
to the
Master Lease-Purchase Agreement,
dated as of April 1, 1994,
between
Hillsborough School Board Leasing Corporation (the "Corporation")
and
School Board of Hillsborough County, Florida (the "Board")**

THIS LEASE SCHEDULE NO. 2007 (the "Lease Schedule") is hereby entered into under and pursuant to that certain Master Lease-Purchase Agreement, dated as of April 1, 1994 (the "Lease Agreement"), pursuant to which the Corporation has agreed to lease-purchase to the Board and the Board has agreed to lease-purchase from the Corporation, subject to the terms and conditions of the Lease Agreement, the Series 2007 Project as herein described. All defined terms not otherwise defined herein shall have the respective meanings therefor set forth in the Lease Agreement. Reference to "Lease Agreement" herein shall include the terms of this Lease Schedule.

1. Series 2007 Project. The leased property, which is described in Section 6 of this Lease Schedule (the "Series 2007 Project"), and has a Maximum Cost of \$85,000,000, shall be acquired, constructed and installed, and lease-purchased, by the Board from the Corporation pursuant to the terms of the Lease Agreement.

2. Commencement Date; Lease Term; Other Definitions. For purposes of this Lease Schedule and the Lease Agreement:

(a) The Commencement Date for the Series 2007 Project is April 24, 2007.

(b) The Initial Lease Termination Date of the lease of the Series 2007 Project shall be June 30, 2007. The Maximum Lease Term shall commence on the Commencement Date hereof and terminate on June 30, 2031.

(c) The Estimated Completion Date is August 1, 2008.

3. Certificates of Participation.

(a) The Certificates of Participation issued under the Trust Agreement and related to this Lease Schedule are identified as "Certificates of Participation

(School Board of Hillsborough County, Florida Master Lease Program), Series 2007 Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Hillsborough County, Florida" (the "Series 2007 Certificates").

- (b) The Credit Enhancer for the Series 2007 Certificates shall be MBIA Insurance Corporation ("MBIA").
- (c) The Reserve Requirement for the Series 2007 Subaccount established in the Reserve Account under the Trust Agreement shall be zero (\$0.00).
- (d) The Optional Prepayment Date shall be July 1, 2017.
- (e) The Prepayment Amount for purposes of 6.03(g) of the Trust Agreement is zero (\$0.00).
- (f) The Closure Date of the Series 2007 Subaccount of the Project Account established for the Series 2007 Certificates, for purposes of Section 6.03(g) of the Trust Agreement, shall be December 1, 2008.

4. **Basic Rent and Basic Rent Payment Dates.** The Basic Rent payable by the Board to the Corporation with respect to the Series 2007 Project under the Lease Agreement is described in Schedule A attached hereto. The Basic Rent Payment Dates with respect to the Series 2007 Certificates shall be June 15 and December 15 of each year, commencing June 15, 2007.

5. **Use of Certificate Proceeds.** The proceeds of the Series 2007 Certificates (net of underwriters' discount) shall be disbursed as follows:

Deposit to Series 2007 Subaccount of Project Account established for the Series 2007 Certificates.....	\$85,000,000.00
Deposit to Series 2007 Subaccount of Costs of Issuance Account established for the Series 2007 Certificates	\$580,826.08*

*\$316,000.00 of which shall be wired directly to MBIA at closing.

6. **The Series 2007 Project.** The Project Description, Project Budget and Project Schedule for the Series 2007 Project are attached hereto as Schedule B. **Notwithstanding any provision of the Lease Agreement to the contrary, that portion of the Series 2007 Project comprised of High School "SSS" and Middle School "RR" shall be secured, on a proportionate basis, by Lease Schedule No. 2004C, dated as of November 1, 2004 ("Lease Schedule No. 2004C"), Lease Schedule No.**

Notices. Copies of all notices required to be given to a Credit Enhancer pursuant to the Lease Agreement shall be given to MBIA at the following address:

MBIA Insurance Corporation
 113 King Street
 Armonk, New York 10504
 Attention: Surveillance

Supplemental Provisions Required by MBIA. For purposes of this Lease Schedule, the following provisions shall apply:

- (1) To the extent the Board elects to self-insure for any damage or liability as provided in Section 5.07 of the Lease Agreement, such self-insurance monies may not be commingled with other Board monies; and
- (2) The Board may not sublease the Series 2007 Project pursuant to Section 6.01 of the Lease Agreement without the prior consent of MBIA; and
- (3) MBIA shall direct and control all remedies relating to the Series 2007 Certificates pursuant to Section 7.03 of the Lease Agreement so long as MBIA has not defaulted on any of its payment obligations under the Financial Guaranty Insurance Policy.

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2006A, dated as of January 1, 2006 ("Lease Schedule No. 2006A") and this Lease Schedule No. 2007 and that portion of the Series 2007 Project comprised of Middle School "SS" and Elementary School "N" shall be secured, on a proportionate basis, by both Lease Schedule No. 2006A and this Lease Schedule No. 2007.

- 7. **Designated Equipment.** The Designated Equipment for the Series 2007 Project is attached hereto as part of Schedule B.
- 8. **The Land.** A description of the Land, including any Ground Leases, is attached as Schedule C attached hereto.
- 9. **Title Insurance.** For purposes of Section 6.03(c) of the Trust Agreement, the amount of title insurance applicable to each site on which the Series 2007 Project shall be located shall be the lesser of (i) \$1,000,000 per each Series 2007 Project site, (ii) the fair market or agreed upon value of each site or (iii) the amount agreed upon between the Board and the Credit Enhancer.
- 10. **Other Documents.** The documents required by Section 3.01(c) of the Lease Agreement to be submitted with this Lease Schedule are attached hereto as Schedule D.
- 11. **Assignment of Lease Agreement and Assignment of Ground Lease.** The Corporation hereby acknowledges that all Lease Payments and its rights, title and interest in this Lease Schedule and, with certain exceptions, the Lease Agreement have been assigned to the Trustee pursuant to the Twentieth Assignment of Lease Agreement, dated as of April 1, 1994, as supplemented and amended pursuant to an Twentieth Amendment to Assignment of Lease Agreement between the Corporation and the Trustee, dated as of April 1, 2007 and that all of its right, title and interest in the Ground Lease Agreement, dated as of April 1, 2007 have been assigned to the Trustee pursuant to the Assignment of Ground Lease, dated as of April 1, 2007.
- 13. **Other Permitted Encumbrances.** Those encumbrances set forth in the title policies delivered in connection with any Project component site.
- 14. **Special Terms and Conditions for Lease Schedule No. 2007.**

IN WITNESS WHEREOF, each of the parties hereto have caused this Lease Schedule No. 2007 to be executed by their proper corporate officers, all as of the 1st day of April, 2007.

HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION

By: _____
 President

(SEAL)

Attest: _____
 Secretary

SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

By: _____
 Chairman

(SEAL)

Attest: _____
 Superintendent/Secretary

TOTAL BASIC RENT SCHEDULE

(Rent due on June 15 and December 15 next preceding each Certificate Payment Date)

[See attached exhibits]

A-1

A-2

SCHEDULE B

SERIES 2007 PROJECT DESCRIPTION, SERIES 2007 PROJECT BUDGET, PROJECT SCHEDULE AND DESIGNATED EQUIPMENT

Under certain conditions set forth in the Master Lease, the Board may substitute or add components to the above described Series 2007 Project and modify the Plans and Specifications thereof.

PROJECT DESCRIPTION AND SCHEDULE

New High School "UUU" will be constructed on approximately 43 acres to be located in Plant City. The new school will be approximately 260,972 square feet and will accommodate approximately 2,468 student stations for grades 9 through 12. The school is expected to open in August 2008.

Completion of High School "SSS" will be constructed on approximately 50 acres to be located at Lutz Lake Fern Road and Suncoast Parkway. The new school will be approximately 247,748 square feet and will accommodate approximately 2,501 student stations for grades 9 through 12. The school is scheduled to open in August 2008. This portion of the Series 2007 Project is secured, on a proportionate basis, by Lease Schedule No. 2004C, Lease Schedule No. 2006A and this Lease Schedule No. 2007.

Completion of Middle School "RR" will be constructed on the Citrus Park Elementary school grounds. The new school will be approximately 135,874 square feet and will accommodate approximately 1,511 student stations for grades 6 through 8. The school is scheduled to open in August 2008. This portion of the Series 2007 Project is secured, on a proportionate basis, by Lease Schedule No. 2004C, Lease Schedule No. 2006A and this Lease Schedule No. 2007.

Completion of Middle School "SS" will be constructed on approximately 26 acres to be located in the Lake Hutto area. The new school will be approximately 136,580 square feet and will accommodate approx. 1,511 student stations for grades 6 through 8. The school is scheduled to open in August 2008. This portion of the Series 2007 Project is secured, on a proportionate basis, by both Lease Schedule No. 2006A and this Lease Schedule No. 2007.

Completion of Elementary School "N" will be constructed on approximately 15 acres to be located in the DG Farms area. The new school will be approximately 88,400 square feet and will accommodate approximately 1,094 student stations for grades K through 5. The school is scheduled to open in August 2008. This portion of the Series 2007 Project is secured, on a proportionate basis, by both Lease Schedule No. 2006A and this Lease Schedule No. 2007.

B-1

B-2

ESTIMATED PROJECT BUDGET*

<u>High School "UUU"</u>		
Building & Site Preparation	\$54,762,988	
Furniture, Fixtures and Equipment	<u>4,448,052</u>	
Subtotal	\$59,211,040	
<u>High School "SSS"</u>		
Building & Site Preparation	\$9,141,377	
Furniture, Fixtures and Equipment	<u>1,015,709</u>	
Subtotal	\$10,157,086	
<u>Middle School "RR"</u>		
Building & Site Preparation	\$2,738,657	
Furniture, Fixtures and Equipment	<u>304,295</u>	
Subtotal	\$3,042,952	
<u>Middle School "SS"</u>		
Building & Site Preparation	\$4,289,886	
Furniture, Fixtures and Equipment	<u>476,654</u>	
Subtotal	\$4,766,540	
<u>Elementary School "N"</u>		
Building & Site Preparation	\$7,040,144	
Furniture, Fixtures and Equipment	<u>782,238</u>	
Subtotal	\$7,822,382	
Total	<u>\$85,000,000</u>	

* Exclusive of any investment earnings.

B-3

ESTIMATED DRAWDOWN SCHEDULE

Date Amount

B-4

DESIGNATED EQUIPMENT

EXHIBIT A TO SCHEDULE B

All equipment components not constituting fixtures of the educational facilities described under the heading "PROJECT DESCRIPTION AND SCHEDULE" above.

EDUCATIONAL PLANT SURVEY EXCERPTS RELATED TO THE PROJECT COMPONENTS

[Not Required – See Attached FDOE Waiver]

B-5

E-39

B-6

SCHEDULE C

SCHEDULE D

DESCRIPTION OF THE LAND

DOCUMENTS REQUIRED BY SECTION 3.01(C) OF THE LEASE AGREEMENT

1. Resolution of the School Board.
2. Certificate of School Board.
3. Ground Lease Agreement.
4. Series 2007 Supplemental Trust Agreement.
5. Memorandum of Lease with respect to Series 2007 Project.
6. Memorandum of Ground Lease with respect to Series 2007 Project.

C-1

D-1

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APPENDIX F

FORM OF TWENTIETH AMENDMENT TO ASSIGNMENT OF LEASE AGREEMENT

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RECORD VERIFIED
Richard Ake
Clerk of Circuit Court
Hillsborough County, Fla.
By Luis M. LeDuc, D.C.

10
tr

This document prepared by:

cc: [unclear]
John R. Stokes, Esq.
Nabors, Giblin & Nickerson, P.A. ✓
2502 Rocky Point Drive, Suite 1060
Tampa, Florida 33607

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REC.

ASSIGNMENT OF LEASE AGREEMENT

by and between

HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION,
as Lessor

and

NATIONSBANK OF FLORIDA, N.A.,
as Trustee

Dated as of April 1, 1994

RICHARD AKE
CLERK OF CIRCUIT COURT
HILLSBOROUGH COUNTY

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THIS ASSIGNMENT OF LEASE AGREEMENT, is made and entered into as of April 1, 1994, by and between HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION, a single purpose, not-for-profit corporation duly organized and validly existing under the laws of the State of Florida (the "Corporation") and NATIONSBANK OF FLORIDA, N.A., a national banking association with corporate trust powers duly qualified to enter into this Assignment of Lease Agreement, not in its individual capacity but solely as trustee (the "Trustee");

WITNESSETH:

In the joint and initial exercise of their powers, in consideration of the mutual covenants herein contained, and for other valuable consideration, the parties hereto recite and agree as follows:

SECTION 1. RECITALS. (a) The Corporation and the Board have entered into the Master Lease-Purchase Agreement, dated as of April 1, 1994 (which, together with all amendments and Lease Schedules thereto, including, without limitation, Lease Schedule No. 1994, dated as of April 1, 1994, shall be referred to herein as the "Lease Agreement"), between the Corporation and the Board, whereby the Corporation has agreed to lease to the Board, and the Board has agreed to lease from the Corporation, the Projects, as described in the Lease Agreement.

(b) The Certificates shall be issued from time to time in order to finance the acquisition, construction and installation of the Projects and the proceeds of the Certificates shall be deposited with the Trustee and shall be held and applied in accordance with the Trust Agreement.

(c) Pursuant to the Lease Agreement, the Board is obligated to make certain Lease Payments to the Corporation, or its assignee. In order to secure the Certificates, the Corporation is willing to assign and transfer its rights and interests under the Lease Agreement to the Trustee for the benefit of the Owners of the Certificates.

(d) Each of the parties hereto has authority to enter into this Assignment of Lease Agreement, and has taken all actions necessary to authorize its officer to enter into it.

(e) The capitalized words and terms used in this Assignment of Lease Agreement, but not otherwise defined herein, shall have the meanings assigned to such words and terms in Exhibit A to the Lease Agreement.

SECTION 2. ASSIGNMENT. The Corporation, for good and valuable consideration received, does hereby irrevocably sell,

assign and transfer to the Trustee, by absolute and outright assignment, for the benefit of the Owners of the Certificates, all of its right, title and interest in the Lease Agreement (other than the right to receive indemnification pursuant to the Lease Agreement, the right to enter into Lease Schedules from time to time and its obligations provided in Section 6.03 of the Lease Agreement), including its right to receive Lease Payments from the Board under the Lease Agreement and its right to use, sell and relet the Projects (under the circumstances contemplated by the Lease Agreement), and the right to exercise such rights and remedies as are conferred on the Corporation by the Lease Agreement. All rights of the Corporation in each Lease Schedule shall be assigned to the Trustee upon execution and delivery thereof by absolute and outright assignment. The Lease Payments shall be applied, and the rights so assigned shall be exercised, by the Trustee as provided in the Trust Agreement. Except for any Lease Schedules which are hereafter attached to the Lease Agreement and hereafter assigned by the Corporation to the Trustee pursuant to an amendment to this Assignment of Lease Agreement, the sale, assignment and conveyance of the rights, title and interest of the Corporation under and to the Lease Agreement are immediately complete and effective for all purposes.

SECTION 3. ACCEPTANCE. The Trustee hereby accepts such assignment in trust for the purpose of securing payment of the Certificates and securing the rights of the Owners of the Certificates issued pursuant to the Trust Agreement.

SECTION 4. CONDITIONS. This Assignment Agreement shall confer no rights and impose no duties upon the Trustee beyond those expressly provided in the Trust Agreement.

SECTION 5. REPRESENTATIONS AND AGREEMENTS. (a) With respect to the sale, assignment and conveyance of the rights, title and interest of the Corporation under the Lease Agreement, the Corporation represents, warrants and covenants to and with the Trustee, for the benefit of the Owners of the Certificates, that:

(i) The Corporation is a single-purpose, not-for-profit corporation duly organized, validly existing and in good standing under the laws of the State of Florida, with corporate powers and authority to own its property and carry on its business as now being conducted.

(ii) The Corporation is duly qualified to transact business and hold property and is in good standing in the State of Florida and wherever necessary to perform its obligations under the Lease Agreement, the Trust Agreement and this Assignment Agreement.

(iii) The Corporation has full power, authority and legal right to enter into and perform its obligations under the Lease Agreement, the Trust Agreement and this Assignment

Agreement; and the execution, delivery and performance of the Lease Agreement, the Trust Agreement and this Assignment Agreement by the Corporation have been duly authorized by all necessary corporate actions on the part of the Corporation, do not require any stockholder approval or the approval or consent of any trustee or holder of any indebtedness or obligations of the Corporation or any other Person or such required approvals and consents have heretofore been duly obtained.

(iv) The execution, delivery and performance of the Lease Agreement, the Trust Agreement and this Assignment Agreement do not contravene any provision of any Articles of Incorporation or Bylaws of the Corporation, and do not and will not conflict with, violate or result in any breach of or constitute a default under any indenture, mortgage, contract, agreement or instrument to which the Corporation is a party or by which it or any of its property is bound or any constitutional or statutory provision, or order, rule, regulation, decree or ordinance of any federal or state court, government or governmental body having jurisdiction over the Corporation or any of its properties and by which the Corporation or any of its property is bound.

(v) To the Corporation's knowledge, the Lease Agreement and the Trust Agreement are in full force and effect and the Corporation is not in default thereunder; and, the Lease Agreement, the Trust Agreement and this Assignment Agreement are legal, valid and binding obligations of the Corporation, enforceable against the Corporation in accordance with their respective terms, all such enforcement being subject to certain laws relating to bankruptcy, reorganizations, moratoriums and creditors' rights generally and to the exercise of judicial discretion in accordance with general principles of equity.

(vi) The Corporation has complied, and will at all times hereafter comply, with and duly perform its obligations under the Lease Agreement, the Trust Agreement and this Assignment Agreement.

(vii) There is no pending, or to the knowledge of the Corporation, threatened, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency in any way affecting the ability of the Corporation to perform its obligations under the Lease Agreement, the Trust Agreement or this Assignment Agreement.

(viii) The Lease Agreement and the lease rights thereunder being herein assigned are free and clear of all claims, liens, mortgages, security interests and encumbrances arising through any act or omissions of the Corporation or any Person claiming by, through or under it, except the rights of the Board under

the Lease Agreement and encumbrances permitted thereunder, including the Permitted Encumbrances.

(b) From and after the date of delivery to the Trustee of this Assignment Agreement, the Corporation shall have no further rights or interest under the Lease Agreement with respect to same or in any Lease Payments (except any rights of indemnification of the Corporation under the Lease Agreement, the Corporation's right to enter into Lease Schedules from time to time and the Corporation's obligations under Section 6.03 of the Lease), the Projects or other moneys due with respect thereto or to become due under the Lease Agreement.

(c) The Corporation agrees to execute and deliver to the Trustee, upon request by the Trustee or the Owners of a majority in principal amount of the Certificates, any documents deemed necessary by the Trustee or such Owners to evidence further the assignment and conveyance herein made with respect to the Lease Agreement including, without limitation, any amendments hereto necessary or desirable to assign to the Trustee any Lease Schedules executed and delivered after the date hereof.

(d) The Corporation hereby irrevocably constitutes and appoints the Trustee, or its successors or assigns, as its lawful attorney, with full power of substitution and resubstitution, to collect and to sue on behalf of the Corporation in the name of the Corporation or otherwise in any court for any Lease Payments or other amounts due under the Lease Agreement, or any part thereof, to withdraw or settle any claims, suits or proceedings pertaining to or arising out of the Lease Agreement or pertaining to the Projects upon any terms, all without the assent of the Corporation; and, further, to take possession of and to endorse in the name of the Corporation any instrument for the payment of moneys received on account of the Lease Payments or other amounts due under the Lease Agreement.

(e) The Corporation has authorized and directed the Board to pay to the Trustee, its successors and assigns, all Lease Payments and all other amounts due and payable under the Lease Agreement.

(f) In order to secure payment of the Certificates, the Corporation hereby authorizes the Trustee to take possession of the Projects, and title thereto in accordance with the provisions of the Trust Agreement and Lease Agreement, and sell or relet such Projects, or any portion thereof, in the circumstances described in the Trust Agreement.

SECTION 6. NON-RECOURSE. The parties hereto agree that the assignment contained in this Assignment Agreement shall be non-recourse with respect to the Corporation, and the Corporation shall have no liability hereunder to the Trustee or the Owners of any Certificates, with respect to the occurrence of an Event of Default

or Event of Non-Appropriation by the Board under the Lease Agreement.

SECTION 7. NO INDIVIDUAL LIABILITY. All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Assignment Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any member, officer, employee or agent of the parties hereto in an individual capacity, and no recourse shall be had for the assignment effected by Section 2 hereof or for any claim based thereon under this Assignment Agreement against any member, officer, employee or agent of the parties hereto.

SECTION 8. AMENDMENTS UPON DELIVERY OF ADDITIONAL LEASE SCHEDULES. The Corporation hereby agrees to deliver to the Trustee upon the execution and delivery of any Lease Schedules after the date hereof an amendment to this Assignment of Lease Agreement which provides for the assignment of the rights of the Corporation in and to said Lease Schedule in accordance with the terms hereof and confirms the representations and agreements of the Corporation set forth in Section 5 hereto as of the date thereof.

SECTION 9. COUNTERPARTS. This Assignment Agreement may be executed in counterparts, and each of said counterparts shall be deemed an original for all purposes of this Assignment Agreement. All of such counterparts taken together shall be deemed to be one and the same instrument.

SECTION 10. LAW. This Assignment Agreement shall be construed under the laws of the State of Florida.

IN WITNESS WHEREOF, the parties have executed this Assignment Agreement by their officers thereunto duly authorized as of the day and year first written above.

HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION, as Lessor

By: Yvonne McKittrick
Name: Yvonne McKittrick
Title: President
Address: 901 East Kennedy Blvd.
Tampa, Florida 33602

Attest:

Walter L. Sickles
Name: Walter L. Sickles
Title: Secretary
Address: 901 East Kennedy Blvd.
Tampa, Florida 33602

NATIONSBANK OF FLORIDA, N.A., as Trustee

By: Shari B. Sawyer
Name: Shari B. Sawyer
Title: Vice President
Address: 400 North Ashley Dr.
6th Floor
Tampa, Florida 33602

Attest:

Jeanne Milkey
Name: Jeanne Milkey
Title: Trust Officer
Address: 400 North Ashley Dr.
6th Floor
Tampa, Florida 33602

STATE OF FLORIDA)
COUNTY OF HILLSBOROUGH) SS:

The foregoing instrument was acknowledged before me this 18th day of May, 1994, by Yvonne McKittrick and Walter Sickles, the President and Secretary, respectively, of the HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION.



Charisse Ann Simpson
Name: Charisse Ann Simpson
Notary Public, State of Florida

(NOTARIAL SEAL)

My Commission Expires:

Personally Known or Produced Identification
Type of Identification Produced _____

STATE OF FLORIDA)
) SS:
COUNTY OF HILLSBOROUGH)

The foregoing instrument was acknowledged before me this 17th day of May, 1994, by Shari B. Sawyers and Jeanne Milkey, the Vice President and Trust Officer, respectively, of NATIONSBANK OF FLORIDA, N.A.

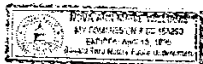
Shari B. Sawyers
Name:
Notary Public, State of Florida

(NOTARIAL SEAL)

My Commission Expires:

Personally Known or Produced Identification _____

Type of Identification Produced _____



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This document prepared by:

John R. Stokes, Esq.
Nabors, Giblin & Nickerson, P.A.
2502 Rocky Point Drive
Suite 1060
Tampa, Florida 33607

**TWENTIETH AMENDMENT TO
ASSIGNMENT OF LEASE AGREEMENT**

by and between

**HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION,
as Lessor**

and

**THE BANK OF NEW YORK TRUST COMPANY, N.A.
(successor to NationsBank of Florida, N.A.),
as Trustee**

Dated as of April 1, 2007

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TWENTIETH AMENDMENT TO
ASSIGNMENT OF LEASE AGREEMENT

THIS TWENTIETH AMENDMENT TO ASSIGNMENT OF LEASE
AGREEMENT, is made and entered into as of April 1, 2007, by and between the
HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION, a not-for-profit
corporation duly organized and validly existing under the laws of the State of Florida (the
"Corporation") and THE BANK OF NEW YORK TRUST COMPANY, N.A.
(successor to NationsBank of Florida, N.A.), a national banking association with
corporate trust powers duly qualified to enter into this Twentieth Amendment to
Assignment of Lease Agreement, not in its individual capacity but solely as trustee (the
"Trustee");

WITNESSETH:

In the joint and initial exercise of their powers, in consideration of the mutual
covenants herein contained, and for other valuable consideration, the parties hereto recite
and agree as follows:

SECTION 1. RECITALS. (a) The Corporation and the Board have
entered into the Master Lease-Purchase Agreement, dated as of April 1, 1994 (which,
together with all amendments and Lease Schedules thereto, shall be referred to herein as
the "Lease Agreement"), between the Corporation and the Board, whereby the
Corporation has agreed to lease to the Board, and the Board has agreed to lease from the
Corporation, the Projects, as described in the Lease Agreement.

(b) The Corporation and Trustee have entered into the Assignment of Lease
Agreement, dated as of April 1, 1994, as amended and supplemented as hereinafter
described (the "Assignment Agreement"), which Assignment Agreement has been
recorded at Official Records Book 7398, page 580, of the Public Records of Hillsborough
County, Florida.

(c) The Corporation and Trustee amended the Assignment Agreement to
acknowledge Lease Schedule No. 1995 by entering into the First Amendment to
Assignment of Lease Agreement, dated as of June 1, 1995 (the "First Amendment to
Assignment Agreement"), which First Amendment to Assignment Agreement has been
recorded at Official Records Book 7807, page 1543, of the Public Records of
Hillsborough County, Florida.

(d) The Corporation and Trustee amended the Assignment Agreement to
acknowledge Lease Schedule No. 1996 by entering into the Second Amendment to
Assignment of Lease Agreement, dated as of October 1, 1996 (the "Second Amendment
to Assignment Agreement"), which Second Amendment to Assignment Agreement has

been recorded at Official Records Book 8433, page 1107, of the Public Records of
Hillsborough County, Florida.

(e) The Corporation and Trustee amended the Assignment Agreement to
acknowledge Lease Schedule No. 1998 by entering into the Third Amendment to
Assignment of Lease Agreement, dated as of March 1, 1998 (the "Third Amendment to
Assignment Agreement"), which Third Amendment to Assignment Agreement has been
recorded at Official Records Book 8960, page 1451, of the Public Records of
Hillsborough County, Florida.

(f) The Corporation and Trustee amended the Assignment Agreement to
acknowledge Lease Schedule No. 1999 by entering into the Fourth Amendment to
Assignment of Lease Agreement, dated as of October 28, 1999 (the "Fourth Amendment
to Assignment Agreement"), which Fourth Amendment to Assignment Agreement has
been recorded at Official Records Book 09977, page 0554, of the Public Records of
Hillsborough County, Florida.

(g) The Corporation and Trustee amended the Assignment Agreement to
acknowledge Lease Schedule No. 2000-QZAB by entering into the Fifth Amendment to
the Assignment of Lease Agreement, dated April 11, 2000 (the "Fifth Amendment to the
Assignment Agreement") which Fifth Amendment to Assignment Agreement has been
recorded at Official Records Book 10133, page 0124, of the Public Records of
Hillsborough County, Florida.

(h) The Corporation and the Trustee amended the Assignment Agreement to
acknowledge Lease Schedule No. 2000 by entering into the Sixth Amendment to
Assignment of Lease Agreement, dated as of November 1, 2000 (the "Sixth Amendment
to Assignment Agreement") which Sixth Amendment to Assignment Agreement has
been recorded at Official Records Book 10486, page 0184, of the Public Records of
Hillsborough County, Florida.

(i) The Corporation and the Trustee amended the Assignment Agreement to
acknowledge Lease Schedule No. 2001A by entering into the Seventh Amendment to
Assignment of Lease Agreement, dated as of January 15, 2001 (the "Seventh Amendment
to Assignment Agreement") which Seventh Amendment to Assignment Agreement has
been recorded at Official Records Book 10655, page 1783, of the Public Records of
Hillsborough County, Florida.

(j) The Corporation and the Trustee amended the Assignment Agreement to
acknowledge Lease Schedule No. 2001B by entering into the Eighth Amendment to
Assignment of Lease Agreement, dated as of July 1, 2001 (the "Eighth Amendment to
Assignment Agreement") which Eighth Amendment to Assignment Agreement has
been recorded at Official Records Book 10991, page 1173, of the Public Records of
Hillsborough County, Florida.

(k) The Corporation and the Trustee amended the Assignment Agreement to
acknowledge Lease Schedule No. 2001-QZAB by entering into the Ninth Amendment to
Assignment of Lease Agreement, dated November 6, 2001 (the "Ninth Amendment to
Assignment Agreement"), which Ninth Amendment to Assignment Agreement has been
recorded at Official Records Book 11246, Page 1840, of the Public Records of
Hillsborough County, Florida.

(l) The Corporation and the Trustee amended the Assignment Agreement to
acknowledge Lease Schedule No. 2002 by entering into the Tenth Amendment to
Assignment of Lease Agreement, dated September 15, 2002 (the "Tenth Amendment to
Assignment Agreement"), which Tenth Amendment to Assignment Agreement has been
recorded at Official Records Book 12023, Page 1895, of the Public Records of
Hillsborough County, Florida.

(m) The Corporation and the Trustee amended the Assignment Agreement to
acknowledge Lease Schedule No. 2003B by entering into the Eleventh Amendment to
Assignment of Lease Agreement, dated as of September 1, 2003 (the "Eleventh
Amendment to Assignment Agreement"), which Eleventh Amendment to Assignment
Agreement has been recorded at Official Records Book 13553, Page 1648, of the Public
Records of Hillsborough County, Florida.

(n) The Corporation and the Trustee amended the Assignment Agreement to
acknowledge Fourth Amended and First Restated Lease Schedule No. 1996 by entering
into the Twelfth Amendment to Assignment of Lease Agreement, dated February 1, 2004
(the "Twelfth Amendment to Assignment Agreement"), which Twelfth Amendment to
Assignment Agreement has been recorded at Official Records Book 13808, Page 0337, of
the Public Records of Hillsborough County, Florida.

(o) The Corporation and the Trustee amended the Assignment Agreement to
acknowledge Lease Schedule No. 2004B by entering into the Thirteenth Amendment to
Assignment of Lease Agreement, dated as of February 1, 2004 (the "Thirteenth
Amendment to Assignment Agreement"), which Thirteenth Amendment to Assignment
Agreement has been recorded at Official Records Book 13592, Page 1343, of the Public
Records of Hillsborough County, Florida.

(p) The Corporation and the Trustee amended the Assignment Agreement to
acknowledge Lease Schedule No. 2004-QZAB by entering into the Fourteenth
Amendment to Assignment of Lease Agreement (the "Fourteenth Amendment to
Assignment Agreement"), which Fourteenth Amendment to Assignment Agreement has
been recorded at Official Records Book 13952, Page 1277, of the Public Records of
Hillsborough County, Florida.

(q) The Corporation and the Trustee amended the Assignment Agreement to
acknowledge Lease Schedule No. 2004C by entering into the Fifteenth Amendment to

Assignment of Lease Agreement (the "Fifteenth Amendment to Assignment Agreement"), which Fifteenth Amendment to Assignment Agreement shall be recorded in the Public Records of Hillsborough County, Florida.

(r) The Corporation and Trustee amended the Assignment Agreement to acknowledge Fourth Amended and First Restated Lease Schedule No. 2000 by entering into a Sixteenth Amendment to Assignment of Lease Agreement (the "Sixteenth Amendment to Assignment Agreement"), which Sixteenth Amendment to Assignment Agreement has been recorded at Official Records Book 15808, Page 0453, of the Public Records of Hillsborough County, Florida.

(s) The Corporation and Trustee amended the Assignment Agreement to acknowledge Lease Schedule No. 2005-QZAB by entering into a Seventeenth Amendment to Assignment of Lease Agreement (the "Seventeenth Amendment to Assignment Agreement"), which Seventeenth Assignment Agreement has been recorded at Official Records Book 15989, Page 1796, of the Public Records of Hillsborough County, Florida.

(t) The Corporation and Trustee amended the Assignment Agreement to acknowledge Lease Schedule No. 2006A by entering into an Eighteenth Amendment to Assignment of Lease Agreement (the "Eighteenth Amendment to Assignment Agreement"), which Eighteenth Assignment Agreement has been recorded at Official Records Book 17331, Page 742, of the Public Records of Hillsborough County, Florida.

(u) The Corporation and Trustee amended the Assignment Agreement to acknowledge Second Amended and Restated Lease Schedule No. 1998 and Amended and Restated Schedule No. 2001B by entering into a Nineteenth Amendment to Assignment of Lease Agreement (the "Nineteenth Amendment to Assignment Agreement"), which Nineteenth Assignment Agreement has been recorded at Official Records Book 17479, Page 1500, of the Public Records of Hillsborough County, Florida.

(v) The Corporation and the Trustee deem it necessary to further amend the Assignment Agreement to acknowledge Lease Schedule No. 2007 by entering into this Twentieth Amendment to Assignment of Lease Agreement (the "Twentieth Amendment to Assignment Agreement").

(w) The Certificates shall be issued from time to time in order to finance the acquisition, construction and installation of the Projects and the proceeds of the Certificates shall be deposited with the Trustee and shall be held and applied in accordance with the Trust Agreement.

(x) Pursuant to the Lease Agreement, the Board is obligated to make certain Lease Payments to the Corporation, or its assignee. In order to secure the Certificates,

Agreement. All of such counterparts taken together shall be deemed to be one and the same instrument.

SECTION 6. LAW. This Twentieth Amendment to Assignment Agreement shall be construed under the laws of the State of Florida.

IN WITNESS WHEREOF, the parties have executed this Twentieth Amendment to Assignment Agreement by their officers thereunto duly authorized as of the day and year first written above.

HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION, as Lessor

(SEAL)

Witness: _____
Name: _____

By: _____
Name: Jack Lamb
Title: President
Address: 901 East Kennedy Boulevard,
3rd Floor
Tampa, Florida 33602

ATTEST:

Witness: _____
Name: _____

By: _____
Name: MaryEllen Elia
Title: Secretary
Address: 901 East Kennedy Boulevard
3rd Floor
Tampa, Florida 33602

Witness: _____
Name: _____

THE BANK OF NEW YORK TRUST COMPANY, N.A., as Trustee
(successor to NationsBank of Florida, N.A.)

(SEAL)

Witness: _____
Name: _____

By: _____
Name: Barbara B. Buck
Title: Vice President
Address: Corporate Trust Division
10161 Centurion Parkway
Jacksonville, Florida 32256

Witness: _____
Name: _____

the Corporation is willing to assign and transfer its rights and interests under the Lease Agreement to the Trustee for the benefit of the Owners of the Certificates.

(y) Each of the parties hereto has authority to enter into this Twentieth Amendment to Assignment Agreement, and has taken all actions necessary to authorize its officer to enter into it.

(z) The capitalized words and terms used in this Twentieth Amendment to Assignment Agreement, but not otherwise defined herein, shall have the meanings assigned to such words and terms in Exhibit A to the Lease Agreement.

SECTION 2. ASSIGNMENT. The Corporation, for good and valuable consideration received, does hereby irrevocably sell, assign and transfer to the Trustee, for the benefit of the Owners of the Certificates, all of its right, title and interest in the Lease Agreement, as amended and supplemented, in particular as supplemented by Lease Schedule No. 2007 (other than the right to receive indemnification pursuant to the Lease Agreement, the right to enter into Lease Schedules from time to time and its obligations provided in Section 6.03 of the Lease Agreement), including its right to receive Lease Payments from the Board under the Lease Agreement and its right to use, sell and re-let the Projects (under the circumstances contemplated by the Lease Agreement), and the right to exercise such rights and remedies as are conferred on the Corporation by the Lease Agreement. All rights of the Corporation in each Lease Schedule shall be assigned to the Trustee upon execution and delivery thereof. The Lease Payments shall be applied, and the rights so assigned shall be exercised, by the Trustee as provided in the Trust Agreement. Except for any Lease Schedules which are hereafter attached to the Lease Agreement and hereafter assigned by the Corporation to the Trustee pursuant to an amendment to this Assignment of Lease Agreement, the sale, assignment and conveyance of the rights, title and interest of the Corporation under and to the Lease Agreement are immediately complete and effective for all purposes.

SECTION 3. ACCEPTANCE. The Trustee hereby accepts such assignment in trust for the purpose of securing payment of the Certificates and securing the rights of the Owners of the Certificates issued pursuant to the Trust Agreement.

SECTION 4. CONFLICTS; ASSIGNMENT AGREEMENT TO CONTINUE IN FORCE. Except as herein expressly amended and supplemented, the Assignment Agreement and all the terms and provisions thereof are and shall remain in full force and effect; provided, however, that in the event of a conflict between the terms of this Twentieth Amendment to Assignment Agreement and the Assignment Agreement, the terms of this Twentieth Amendment to Assignment Agreement shall govern.

SECTION 5. COUNTERPARTS. This Twentieth Amendment to Assignment Agreement may be executed in counterparts, and each of said counterparts shall be deemed an original for all purposes of this Twentieth Amendment to Assignment

STATE OF FLORIDA)
) SS:
COUNTY OF HILLSBOROUGH)

The foregoing instrument was acknowledged before me this ____ day of _____, 2007, by Jack Lamb and MaryEllen Elia, the President and Secretary, respectively, of the HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION. Such person(s) did not take an oath and:

- is/are personally known to me.
- produced a current Florida driver's license as identification.
- produced _____ as identification.

(SEAL)

Name:
Notary Public, State of Florida
My Commission Expires:

STATE OF FLORIDA)
) SS:
COUNTY OF DUVAL)

The foregoing instrument was acknowledged before me this ____ day of _____, 2007, by Barbara B. Buck, Vice President of The Bank of New York Trust Company, N.A., as trustee (successor to NationsBank of Florida, N.A.). Such person(s) did not take an oath and:

- is/are personally known to me.
- produced a current Florida driver's license as identification.
- produced _____ as identification.

(SEAL)

Name:
Notary Public, State of Florida
My Commission Expires:

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APPENDIX G
FORM OF GROUND LEASE

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GROUND LEASE AGREEMENT

by and between

**SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA,
as Lessor**

and

**HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION,
as Lessee**

Dated as of April 1, 2007

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WHEREAS, the Corporation desires to acquire from the Board, pursuant to this Ground Lease, and the Board is willing to grant to the Corporation, the right to utilize the Servient Property to the extent reasonably necessary for Access and for the Services and the Corporation and the Board desires to provide for the structural attachment of certain of the components of the Series 2007 Project to the Servient Buildings;

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

SECTION 1. LEASED PREMISES. (a) Pursuant to the terms and provisions hereof, the Board hereby leases, grants, demises and transfers the Premises and the Project, other than the Designated Equipment, to the Corporation. The Board hereby agrees to make all parcels of real property on which the Series 2007 Project is sited part of the Premises and subject to this Ground Lease. The Board shall execute, deliver and record one or more supplements to the Ground Lease upon acquisition of each such parcel.

(b) The aforesaid leasing, granting, demising and transfer of the Premises also includes the following rights ("Premises Rights") which such Premises Rights shall be deemed to be a part of the premises:

(i) The right to utilize the Servient Property for Access and for the Services reasonably necessary to the full use and enjoyment of the Premises; provided that the locations on the Servient Property utilized for such purposes shall be reasonably agreed upon by the Corporation and the Board; and provided, further, that the Servient Property Rights shall include, but not necessarily be limited to, the right to utilize for such purposes any portion of the Servient Property (e.g., the Servient Property Rights shall include, but not necessarily be limited to, the right to utilize for appropriate purposes, any drives, parking areas, drainage facilities or sewer, water, gas, electric or telephone lines from time to time located upon the Servient Property, together with the right to "tie-in" or "connect" thereto). If the Lease Agreement terminates prior to the termination of this Ground Lease, the Corporation and the Board shall each have the right to install such meters or submeters as may be reasonably appropriate to the end that the Corporation is charged for consumption of such utilities on the Premises.

(ii) The Servient Buildings and the Series 2007 Project may contain certain elements, features or parts which are structural elements of both the Servient Buildings and the Series 2007 Project (hereinafter referred to as "Common Structural Elements"). Such Common Structural Elements include, but are not necessarily limited to the following:

(A) All utility lines, ducts, conduits, pipes and other utility fixtures and appurtenances which are located on or within either the

THIS GROUND LEASE AGREEMENT (hereinafter referred to as this "Ground Lease") is made and entered into as of April 1, 2007, by and between the **SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA**, a school board duly organized and existing under the laws of the State of Florida (the "Board"), as lessor, acting as the governing body of the Hillsborough County School District, and the **HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION**, a single-purpose, not-for-profit corporation organized and existing under the laws of the State of Florida, having an office in Tampa, Florida (the "Corporation"), as lessee.

Capitalized terms not otherwise defined herein shall have the meanings set forth in Exhibit A to the Trust Agreement referred to herein.

WHEREAS, the Board is the owner of certain parcels of real property located in Hillsborough County, Florida and described in Exhibit A hereto (which, together with any easements or other rights or privileges in adjoining property inuring to the fee simple owner of such land by reason of ownership of such land and together with all parcels of real property hereunder made subject to the Ground Lease, is hereinafter referred to as the "Premises"); and

WHEREAS, the Corporation desires to acquire a leasehold interest in the Premises and construct thereon certain educational facilities (together with the acquisition of certain Equipment, the "Series 2007 Project") and to lease the Series 2007 Project, including a sublease of the Premises, to the Board, all in accordance with the terms and provisions of the Lease Agreement; and

WHEREAS, the Corporation desires to locate each such educational facility on the real property comprising the Premises;

WHEREAS, the Board owns that certain real property more particularly described on Exhibit B attached hereto and made a part hereof ("Servient Property") which such Servient Property now has or will hereafter have certain buildings, structures and improvements erected and situated thereon (collectively, the "Servient Buildings"); and

WHEREAS, it is anticipated that the Series 2007 Project may be attached to the Servient Property for pedestrian and vehicular ingress, egress and access to and from and between the Premises and the public roads adjoining the Servient Property (hereinafter referred to as "Access"); and may further be dependent upon the Servient Property for utility and other enjoyment of the Premises which such services include, but are not necessarily limited to, drainage, sewer and water service, electric and telephone service, gas service and parking of vehicles (collectively, the "Services"); and

Premises or the Series 2007 Project on the one hand or the Servient Property or Servient Buildings on the other hand and which, directly or indirectly, in any way, service the other.

(B) All division walls (hereinafter referred to as "Party Walls") between the Series 2007 Project and the Servient Buildings upon the common line between the Premises and the Servient Property (hereinafter referred to as the "Lot Line") provided that the mere fact that such a division wall is found not to be on the Lot Line shall not preclude that division wall from being the Party Wall.

(C) The roof and all roof support structures and any and all appurtenances to such roof and roof support structures including, without limitation, the roof covering, roof trim and roof drainage fixtures (collectively, the "Roofing") to the extent interrelated between the Series 2007 Project and the Servient Buildings. Should the Roofing of any building constituting a portion of the Project extend beyond the Lot Line, the right therefor is hereby granted and should the Roofing of the Servient Building extend beyond the Lot Line onto the premises, the right therefor is hereby reserved.

(D) The entire concrete floor slab or wood floor system if utilized in lieu thereof and all foundational and support structures and appurtenances thereto to the extent interrelated between the Series 2007 Project and the Servient Buildings (collectively referred to as "Flooring"). Should the Flooring of the Series 2007 Project extend beyond the Lot Line onto the Premises, the right therefor is hereby reserved.

(iii) The Premises Rights further include that right of the Series 2007 Project to encroach upon the Servient Property as a result of minor inaccuracies in survey, construction or reconstruction or due to settlement or movement. The encroaching Series 2007 Project shall remain undisturbed for as long as same exist and, for so long as such encroachment exists, that portion of the Servient Property on which same exists shall be deemed to be a part of the Premises. In addition, the Premises Rights include the right to utilize that portion of the Servient Property as may be reasonably necessary in order to maintain and repair the Series 2007 Project. The Premises Rights further include cross rights of support and use over, upon, across, under, through and into Common Structural Elements in favor of the Corporation (and like rights are hereby reserved unto the Board) for the continued use, benefit and enjoyment and continued support, service, maintenance and repair of all such Common Structural Elements.

(c) Subject to the Permitted Encumbrances, the Board hereby warrants that (i) the Board owns the Premises in fee simple title, has full and insurable title to the fee

estate in the Premises and owns unencumbered all such right, title and interest; (ii) all consents to or approvals of this Ground Lease required by law or any agreements or indentures binding upon the Board have been obtained; (iii) the Board has the right to lease the Premises to the Corporation pursuant to the terms and provisions hereof and to grant to the Board the Premises Rights; and (iv) this Ground Lease complies with all the requirements and restrictions of record applicable to the Premises and the Servient Property. The Board represents and warrants that none of the Permitted Encumbrances has an adverse effect on the use of the Premises or the enjoyment of the leasehold estate therein created under this Ground Lease.

SECTION 2. TERM. The initial term of this Ground Lease (the "Initial Ground Lease Term") shall be for the period commencing on the Commencement Date, and ending on the earlier of (a) the date on which the Series 2007 Certificates and any Completion Certificates related to the Series 2007 Project and any Certificates issued to refund the foregoing, have been paid or provision for payment of such Certificates has been made pursuant to Section 12.01 of the Trust Agreement and any Supplemental Rent arising under the Lease Agreement shall have been paid or provided for, or (b) July 1, 2036 (both dates inclusive). As used herein, the expression "term hereof," "Ground Lease Term" or any similar expression refers collectively to the Initial Ground Lease Term and to any renewals of the Initial Ground Lease Term exercised by the Corporation or its assignee as provided in Section 22 hereof.

SECTION 3. USE OF PREMISES. (a) It is the express intent of the parties hereto that, for as long as no Event of Default or Event of Non-Appropriation under the Lease Agreement has occurred:

(i) the Premises shall be used by the Corporation as the site for acquisition, construction and installation of the Buildings comprising a portion of the Series 2007 Project;

(ii) the Buildings and Equipment comprising a portion of the Series 2007 Project shall be acquired, constructed and installed by the Board as agent for the Corporation as provided in Section 3.08 of the Lease Agreement; and

(iii) title to the Premises shall be in the Board upon commencement of the Ground Lease Term and title to all components of the Series 2007 Project, other than Designated Equipment, shall be in name of Corporation pursuant to the Lease Agreement, and title to the Buildings comprising a portion of the Series 2007 Project constructed on the Premises shall remain severed from title to the Premises until the earlier of (A) the date on which the Series 2007 Certificates and any Completion Certificates related to the Series 2007 Project and any Certificates issued to refund the foregoing issued under the Trust Agreement shall no longer be Outstanding, and (B) the end of the Ground Lease Term.

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amounts payable under the Lease Agreement; provided, however, that any portion of such fair market rental not paid in any year due to the provisions of this clause (iii) shall remain due and payable and shall accumulate from year to year and shall be paid in any future years to the extent that moneys received in such year from the exercise of the remedies permitted by the Lease Agreement exceed the Principal and Interest Requirements and the fair market rental due in such years; and

(iv) the failure to pay any portion of the fair market rental in any year due to insufficiencies of moneys realized from the exercise of the remedies permitted under the Lease Agreement (A) shall not give rise to any obligation to pay interest on such unpaid fair market rental, and (B) shall not constitute a default under this Ground Lease by the Corporation or the Trustee as the assignee of the Corporation.

SECTION 5. OWNERSHIP OF IMPROVEMENTS AND SURRENDER OF PREMISES. (a) The Corporation or its assignee shall at all times during the Ground Lease Term have a leasehold estate in the Premises with full right to vest the use, enjoyment and possession of such leasehold estate therein in a Permitted Transferee.

(b) Possession and use of the Premises, together with all improvements thereon, shall, upon the last day of the Ground Lease Term or earlier termination of this Ground Lease, automatically revert to the Board free and clear of liens and encumbrances other than Permitted Encumbrances without necessity of any act by the Corporation or any Permitted Transferee. Upon such termination of this Ground Lease, the Corporation or its assignee shall peaceably and quietly surrender to the Board the Premises together with any improvements located in or upon the Premises. Upon such surrender of the Premises, the Corporation or any Permitted Transferee, at the reasonable request of the Board, shall execute an instrument in recordable form evidencing such surrender and shall deliver to the Board all books, records, construction plans, surveys, permits and other documents relating to, and necessary or convenient for, the operation of the Premises and the improvements thereon in the possession of the Corporation or any Permitted Transferee.

(c) Any personal property of the Corporation, any Permitted Transferee or any Person which shall remain on the Premises after expiration or earlier termination of the Ground Lease Term and for sixty (60) days after request by the Board for removal, shall, at the option of the Board, be deemed to have been abandoned and may be retained by the Board and the same may be disposed of, without accountability, in such manner as the Board may see fit.

(d) If the Corporation or any Permitted Transferee holds over or refuses to surrender possession of the Premises after expiration or earlier termination of this Ground

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(b) If the Lease Agreement has been terminated, the Corporation and each Permitted Transferee (as defined in Section 9(b) hereof) may use the Premises for any lawful purpose, in its sole discretion, and may alter, modify, add to or delete from the portions of the Series 2007 Project existing from time to time on the Premises.

(c) Neither the Corporation nor any Permitted Transferee shall use or permit the Premises to be used in violation of any valid present or future laws, ordinances, rules or regulations of any public or governmental authority at any time applicable thereto.

(d) The Board may at any time place portable educational facilities on the Premises. Such portables shall be owned by the Board.

SECTION 4. RENTAL. (a) So long as the Lease Agreement has not been terminated, the Corporation or its assignee shall pay to the Board as and for rental for the Premises the sum of ten dollars (\$10.00) per annum, which sum shall be due in advance on the Commencement Date (pro rated) and annually thereafter on the first day of each Renewal Lease Term.

(b) From and after the date on which the Lease Agreement has been terminated, the Corporation or its assignee shall pay as and for rental for the Premises an amount determined by an M.A.I. appraisal to be the fair market rental for the Premises (the "Appraisal"), which Appraisal shall be prepared by an appraiser selected by the Corporation (with the consent of the Trustee as assignee of the Corporation); provided, however, that such fair market rental and the payment thereof shall be subject to the following adjustments and conditions:

(i) if the Lease Agreement has been terminated on a date other than June 30 of any year, the fair market rental determined pursuant to the Appraisal shall be pro rated for the number of days between the date terminated and the next succeeding July 1;

(ii) for each twelve-month period beginning on the July 1 next succeeding the date on which terminated and beginning on each succeeding July 1, the amount of the fair market rental determined by the Appraisal shall be adjusted by the percentage (positive or negative) which is equal to the Implicit Price Deflator of the Consumer Price Index published by the United States Department of Commerce for the region of the United States where Florida is located or for the United States as a whole if not so published for such region;

(iii) the fair market rental due in any year shall be paid in the current year only to the extent that the moneys received by the Trustee as assignee of the Corporation from the exercise of the remedies permitted under the Lease Agreement during the preceding twelve months prior to such July 1 exceeded the Principal and Interest Requirements for such preceding twelve months and other

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Lease, the Corporation or any Permitted Transferee shall be a tenant at sufferance and shall pay a rental rate equal to the fair market rental of the Premises determined in the manner provided in Section 4(b) hereof.

(e) The provisions of Sections 5(a), 5(b) and 5(c) hereof shall not apply to vending machines or other commercial equipment or trade fixtures located in or about the Premises to the extent that such equipment is readily removable from the Premises without causing material harm or damage thereto and that such equipment is not owned by the Corporation or any Permitted Transferee.

SECTION 6. BOARD'S INTEREST NOT SUBJECT TO CERTAIN LIENS. It is mutually intended, stipulated and agreed that neither the fee simple title to nor any interest of the Board in the Premises may be subject to liens of any nature arising by reason of any act or omission of the Corporation or any Person claiming under, by or through the Corporation, including, but not limited to, mechanics' and materialmen's liens.

SECTION 7. INSURANCE. The Corporation covenants and agrees with the Board that the Corporation will cooperate with the Board in providing any information necessary for the Board to obtain and maintain in full force and effect insurance coverages desired by the Board or required by the Lease Agreement.

SECTION 8. CONDITION OF PREMISES, UTILITIES, CONCEALED CONDITIONS. (a) Except with regard to any environmental conditions and subject to the provisions of this Section 8, the Corporation agrees to accept the Premises in their presently existing condition, "as is."

(b) It is understood and agreed that the Board has determined that the Premises will safely or adequately support the Series 2007 Project, and hereby certifies same to the Corporation.

(c) The Board, at its sole expense, shall bring or cause to be brought to the Premises adequate connections for water, electrical power, storm sewerage and sewerage, and shall arrange with the appropriate utility companies for furnishing such services and shall provide to the Premises water service and capacity sufficient for operation, heating, ventilation and air conditioning equipment, and to the extent necessary to permit the Board to use the Series 2007 Project for the purposes intended or to permit such Series 2007 Project to comply with all requirements of law, the Corporation will provide and construct (but only to the extent of the proceeds of the Series 2007 Certificates available therefor) such roads, streets, sidewalks and other methods of ingress and egress necessary therefor. Nothing herein shall prohibit the Board from dedicating any such utilities or roads, streets and sidewalks to the appropriate governmental authority or duly constituted investor-owned utility as required or permitted by law, and the Corporation or the Trustee

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as assignee of the Corporation shall cooperate in such dedication by executing any deeds or other instruments required to effect such dedication.

SECTION 9. LIMITATION ON LEASEHOLD MORTGAGES, ASSIGNMENT AND SUBLETTING. (a) If the Lease Agreement has been terminated and subject to the terms and conditions herein provided, the Corporation may enter into a mortgage or mortgages of its leasehold interest created hereby in the Premises as security for the performance of its obligations under any financing obtained by the Corporation; provided, however, the fee title to the Premises shall not be subject to, or otherwise encumbered by, any such mortgage; provided, however, that each such leasehold mortgage shall be subject to the provisions of Section 9(d) hereof. Any such mortgage executed by the Corporation or its assignee pursuant to the provisions of the preceding sentence shall be hereinafter called a "Leasehold Mortgage" and the holder of any such mortgage shall be hereinafter called the "Leasehold Mortgagee."

(b) Except as expressly provided in this Section 9(b), the Corporation or its assignee shall not assign this Ground Lease, or any portion hereof, or sublease all or any portion of the Premises or the Project at any time. Except as expressly permitted in this Section 9(b), any purported assignment, partial assignment or sublease without the Board's prior written consent in violation of this Section 9(b) shall be null and void. So long as the Lease Agreement has not been terminated, (i) the Corporation may assign this Ground Lease to the Trustee for the benefit of the Owners of the Series 2007 Certificates and the Owners of any Completion Certificates related to the Series 2007 Project and the Owners of any Certificates issued to refund the foregoing, and (ii) the Corporation shall sublet all of the Premises to the Board (the "Initial Sublessee") under the Lease Agreement. If the Lease Agreement shall have been terminated, the Corporation or its assignee may sublet the Premises or assign its interest in this Ground Lease (a "Permitted Sublease") to any Person for any lawful purpose without the prior consent of the Board; provided, however, that no Permitted Sublease shall relieve the Corporation of any of its duties or obligations hereunder without the prior written consent of the Board; provided, however, that each Permitted Sublease shall be subject to the provisions of Section 9(d) hereof. "Permitted Transferee" shall mean a sublessee or assignee permitted by this Section 9(b).

(c) If the Lease Agreement shall have been terminated and the Corporation or its assignee proposes to create a Permitted Sublease of any portion of its interest in this Ground Lease, the Corporation or its assignees shall provide written notice thereof to the Board containing the names and addresses of the proposed assignee(s), sublessee(s) or transferee(s); provided, however, that failure to provide such notice shall not affect the validity or effectiveness of any Permitted Sublease to a Permitted Transferee.

(d) If the Lease Agreement shall have been terminated, nothing herein shall prevent the Corporation or its assignee from entering into a Leasehold Mortgage or a Permitted Sublease for individual parcels of land constituting the Premises. It shall not

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(c) In the event that the Board shall fail to pay any of the items required under this Section 12, the Corporation or its assignee may, at its sole option, pay the same and any amounts so advanced therefor by it shall become an additional obligation of the Board and Supplemental Rent under the Lease Agreement.

SECTION 13. DEFAULT BY THE CORPORATION. (a) Each of the following events shall be deemed a default by the Corporation hereunder and a breach of this Ground Lease:

(i) If the Corporation or its assignee shall fail to pay, when due, any rent or portion thereof, or any other sum, if any, which the Corporation or its assignee is obligated to pay under the terms and provisions of this Ground Lease, and such rent or other sums, if any, remain unpaid for a period of thirty (30) days after receipt of written notice to the Corporation from the Board;

(ii) If the Corporation or its assignee shall attempt to mortgage the leasehold estate hereby created in violation of Section 9(a) hereof or to assign this Ground Lease, or any portion thereof, or to sublease any portion of the Premises or the Series 2007 Project in violation of Section 9(b) hereof; or

(iii) If the Corporation or its assignee shall use the Premises for any purposes not permitted by this Ground Lease, and such use shall continue for a period of thirty (30) days after the Board shall have given written notice to the Corporation or its assignee to desist from such use.

(b) In the event that the item of default set forth in Section 13(a)(iii) above is of such a nature that it cannot be remedied within the time limits therein set forth, then the Corporation shall have such additional time as is reasonably necessary to cure such default provided that such Corporation diligently commences the curing of such default within such time and proceeds to completely cure the same in a timely and diligent manner.

(c) In the event that any Permitted Transferee or Leasehold Mortgagee exists of record at the time that a default occurs hereunder, the Board shall give notice thereof to each such Permitted Transferee and Leasehold Mortgagee and each such party shall have thirty (30) additional days from receipt of such notice to cure such default; provided, however, that if the default is of such a nature that the same cannot be cured in such time, then such party shall have such additional time as is reasonably necessary to cure such default provided that such party diligently commences the curing of such default within such time and proceeds completely to cure same within a timely and diligent manner.

SECTION 14. REMEDIES OF BOARD. Upon the occurrence of any event of default as set forth in Section 13 hereof which has not been cured (and is not in the process of being cured) under Section 13(b) or 13(c) hereof, but not otherwise, the

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be necessary for a Leasehold Mortgage or a Permitted Sublease to cover all of the Premises.

SECTION 10. UTILITY EASEMENTS. So long as the Lease Agreement has not been terminated, the Board reserves the right to grant nonexclusive utility easements, licenses, rights-of-way and other rights or privileges in the nature of easements to others over, under, through, across or on the Premises but only to the extent reasonably necessary to provide services to the Premises or any other real property adjacent to the Premises; provided, however, that such grant and any use permitted thereby is not detrimental to the use or operation of the Premises or to any other uses permitted hereunder after the Ground Lease Term, will not impose any cost upon the Corporation or its assignee, will not weaken, diminish or impair lateral or subjacent support to the improvements to the Premises, including, without limitation the Series 2007 Project, will not impair or diminish the security of any Leasehold Mortgagee or Permitted Transferee hereunder and the Board agrees to indemnify and save harmless, but only from Available Revenues, the Corporation or its assignee and any Leasehold Mortgagee and Permitted Transferee (whether the interest of such party in the Premises arises prior or subsequent to such grants) against any loss, claim, liability or damages, including legal costs and defense arising or accruing from the use or exercise of such easement.

SECTION 11. DUTIES DEEMED PERFORMED. All obligations of the Corporation hereunder which are assumed by the Initial Sublessee shall be deemed, as between the Board and the Corporation hereunder, fully performed whether or not such Initial Sublessee actually performs same.

SECTION 12. TAXES AND FEES. (a) The Board represents and warrants that this Ground Lease is and will be exempt from ad valorem and intangible taxation. However, for as long as the Lease Agreement is in effect, should the Premises thereon or any interest therein ever become subject to any such taxes, the Board agrees to pay any and all such lawful taxes, assessments or charges which at any time may be levied by any federal, state, county, city, or any tax or assessment levying body upon the Premises or the Series 2007 Project, or any interest in this Ground Lease, or any possessory right which the Corporation or its assignee may have in or to the Premises thereon by reason of its use or occupancy thereof or otherwise.

(b) Notwithstanding the foregoing provision, either the Board or the Corporation shall, after notifying the other party hereto of its intention to do so, have the right in its own name or behalf, or in the name and behalf of the other party hereto, to contest in good faith by all appropriate proceedings the amount, applicability or validity of any such tax or assessment, and in connection with such contest, the Board may refrain from paying such tax or assessment. Each party shall, upon request by the other party hereto, assist and cooperate with the other party hereto in any such proceedings.

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Board may take whatever action at law or in equity may appear necessary or desirable to enforce its rights hereunder; provided, the Board shall not have the right to terminate this Ground Lease until such time as the Series 2007 Certificates, any Completion Certificates related to the Series 2007 Project and any Certificates issued to refund the foregoing have been paid or provision for payment has been made pursuant to the terms and provisions of the Trust Agreement. The Board shall have recourse solely against the leasehold estate of the Corporation or its assignee in the Premises, and any proceeds thereof, for the payment of any liabilities of the Corporation or its assignee hereunder.

SECTION 15. NO WAIVERS. No waiver by either party hereto at any time of any of the terms, conditions, covenants or agreements of this Ground Lease, or noncompliance therewith, shall be deemed or taken as a waiver at any time thereafter of the same, nor of any other term, condition, covenant or agreement herein contained, nor of the strict and prompt performance thereof by the other party hereto. No delay, failure or omission of the Board to re-enter the Premises, nor by either party hereto to exercise any right, power, privilege or option arising from any default shall impair any right, power, privilege or option, or be construed to be a waiver of any such default, relinquishment thereof or acquiescence therein, and no notice by either party hereto shall be required to restore or revive time as being of the essence hereof after waiver by the Board of default in one or more instances. No option, right, power, remedy or privilege of the Board shall be construed as being exhausted or discharged by the exercise thereof in one or more instances. It is agreed that each and all of the rights, powers, options or remedies given to each party by this Ground Lease are cumulative, and no one of them shall be exclusive of the other or exclusive of any remedies provided by law.

SECTION 16. QUIET ENJOYMENT. The Board agrees that the Corporation and any Permitted Transferee, upon the payment of the rent and all other payments and charges, if any, to be paid by the Corporation or its assignee under the terms of this Ground Lease, and observing and keeping the agreements and covenants of this Ground Lease on its part to be observed and kept, shall lawfully and quietly hold, occupy and enjoy the Premises during the term of this Ground Lease, without hindrance or molestation from the Board or anyone claiming by, through or under the Board.

SECTION 17. TERMS BINDING UPON SUCCESSORS. All the terms, conditions and covenants of this Ground Lease shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

SECTION 18. CONDEMNATION. In the event that any Person, public or private, shall by virtue of eminent domain or condemnation proceedings, or by purchase in lieu thereof, at any time during the term of this Ground Lease acquire title to the Premises:

(a) For as long as the Lease Agreement has not been terminated, the Net Proceeds resulting therefrom shall be applied pursuant to the Lease Agreement.

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(b) If the Lease Agreement shall have been terminated, (i) if such Person acquires title to such substantial portion thereof that the Corporation determines that it cannot economically make use of the residue for the lawful purposes intended by this Ground Lease, such acquisition of title shall terminate this Ground Lease, effective as of the date on which the condemning party takes possession thereof, and the Net Proceeds resulting therefrom shall be applied first to payment of the amount secured by any Leasehold Mortgage then outstanding hereunder, second, to payment, on a pro rata basis, of any outstanding Series 2007 Certificates, any Completion Certificates related to the Series 2007 Project and any Certificates issued to refund the foregoing, and, third, the balance, if any shall be paid to the Board and the Corporation, as their respective interests may appear; and (ii) if such Person acquires title to a portion of the Premises only, and the Corporation determines that it can economically make beneficial use of the residue thereof for the lawful purposes intended by this Ground Lease, then this Ground Lease shall continue in full force and effect and the Net Proceeds resulting therefrom shall be paid to the Board and the Corporation, as their respective interests appear.

(c) It is understood that the foregoing provisions of this Section 18 shall not in any way restrict the right of the Board or the Corporation to appeal the award made by any court or other public agency in any condemnation proceeding.

SECTION 19. NON-MERGER OF LEASEHOLD. There shall be no merger of this Ground Lease or of the leasehold estate hereby created with the fee estate in the Premises or any part thereof by reason of the fact that the same Person may acquire or hold, directly or indirectly, this Ground Lease or leasehold estate hereby created or any interest in this Ground Lease or in such leasehold estate and the fee estate in the Premises or any interest in such fee estate. There shall be no merger of this Ground Lease with the Lease Agreement by reason of the fact that the Board is the owner of the fee title to the Premises and the leasehold estate in all or a portion of the Series 2007 Project created under the Lease Agreement or by reason of the fact that the Corporation is the owner of the leasehold estate in the Premises created hereby and is the owner of the fee title in the Series 2007 Project as provided in the Lease Agreement.

SECTION 20. MEMORANDUM OF GROUND LEASE. Unless mutually agreed to the contrary, simultaneously with the execution of this Ground Lease, the Board and the Corporation shall each execute, acknowledge and deliver a Memorandum of Ground Lease with respect to this Ground Lease. Said Memorandum of Ground Lease shall not in any circumstances be deemed to change or otherwise to affect any of the obligations or provisions of this Ground Lease.

SECTION 21. CHANGES TO PROPERTY DESCRIPTION. The Board reserves the right to substitute other land for, or add land to all or any portion of the premises described in Exhibit A hereto, as same may be supplemented by supplements to this Ground Lease from time to time. The Board will do so only after notice and public hearing and subsequent adoption of a resolution in accordance with the Act. Upon such

SECTION 26. RADON GAS. Section 404.056, Florida Statutes, requires that the following notification be given: "RADON GAS: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit."

SECTION 27. MISCELLANEOUS. (a) This Ground Lease shall be governed by, and be construed in accordance with, the laws of the State of Florida.

(b) Any notice required or desired to be given hereunder, or any items required or desired to be delivered hereunder, may be served or delivered personally or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

- If to the Board: School Board of Hillsborough County, Florida
901 East Kennedy Boulevard
Tampa, Florida 33602
Attention: Superintendent and General Director of Finance
- If to the Corporation: Hillsborough School Board Leasing Corporation
c/o School Board of Hillsborough County, Florida
901 East Kennedy Boulevard
Tampa, Florida 33602
Attention: Superintendent and General Director of Finance
- If to the Trustee: The Bank of New York Trust Company, N.A. (successor to NationsBank of Florida, N.A.)
10161 Centurion Parkway, 2nd Floor
Jacksonville, Florida 32256
Attention: Corporate Trust Department

or such other address or party as the party to be served may direct by written notice to the other party. If such notice is sent or delivery is made by registered or certified mail, such notice or delivery shall be deemed served, made and effective seventy-two (72) hours after posting.

(c) It is mutually acknowledged and agreed by the parties hereto that this Ground Lease contains the entire agreement between the Board and the Corporation with respect to the subject matter of this Ground Lease; that there are no verbal agreements, representations, warranties or other understandings affecting the same.

substitution the Memorandum of Ground Lease will be supplemented to reflect the change in legal description. Any such supplement shall be substantially in the form of Exhibit C attached hereto. Each substitution of a parcel of land subject to the provisions of this Ground Lease shall require the consent of the Credit Enhancer. Such consent by the Credit Enhancer shall only be required if the Credit Enhancer is not in default of its payment obligations under its Credit Facility or municipal Bond insurance policy.

SECTION 22. OPTION TO RENEW. In the event that the Lease Agreement shall have been terminated, and the Corporation, or the Trustee as the assignee of the Corporation, excludes the Board from possession of the Series 2007 Project, the Board grants to the Corporation and the Trustee the right and option to renew this Ground Lease for a period not to exceed ten years at a fair market rental to be determined, adjusted and paid in the manner and under the conditions set forth in Section 4(b) of this Ground Lease.

SECTION 23. ESTOPPEL CERTIFICATES. The Board, at any time and from time to time, upon not fewer than thirty (30) days prior written notice from the Corporation or the Trustee as assignee of the Corporation, will execute, acknowledge and deliver to the Corporation, the Trustee as assignee of the Corporation or any Permitted Transferee, a certificate of the Board certifying that this Ground Lease is unmodified (or, if there have been any modifications, identifying the same), that this Ground Lease is in full force and effect, if it is; and that there is no default hereunder (or, if so, specifying the default). It is intended that any such certificate may be relied upon by the Corporation or the Trustee as assignee of the Corporation or any Permitted Transferee.

SECTION 24. NONRECOURSE OBLIGATION OF THE CORPORATION. Notwithstanding anything to the contrary herein or in any exhibit, instrument, document or paper relating to this Ground Lease or any of the transactions contemplated hereby, the parties hereto hereby acknowledge and agree that upon the assignment by the Corporation of its rights hereunder to the Trustee pursuant to the Assignment of Lease Agreement and Assignment of Ground Lease Agreement, the Corporation shall have no further obligation, liability or responsibility hereunder and no party hereto nor their successors or assigns shall look to the Corporation for any damages, expenses, fees, charges or claims with respect to the failure of any obligations hereunder to be performed.

SECTION 25. NO RECOURSE UNDER AGREEMENT. All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Ground Lease shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any member, officer, employee or agent of the parties hereto in an individual capacity, and no recourse shall be had for the payment of rent pursuant to Section 4 hereof or for any claim based thereon under this Ground Lease Agreement against any member, officer, employee or agent of the parties hereto.

(d) Nothing herein contained shall be deemed to create a partnership or joint venture, nor shall the relationship between the parties be construed as principal and agent, or other than as landlord and tenant.

(e) The table of contents, headings and captions of this Ground Lease are inserted solely for convenience of reference, and under no circumstances shall they be treated or construed as part of, or as affecting, this Ground Lease.

(f) For purposes of computing any period of a number of days hereunder for notices or performance (but not for actual days of interest) of ten (10) days or fewer, Saturdays, Sundays and holidays shall be excluded.

(g) Any provision of this instrument in violation of the laws of the State of Florida shall be ineffective to the extent of such violation, without invalidating the remaining provisions of this instrument. In no event shall the Corporation or its assigns have any cause of actions against the officers or employees of the Board, or against any elected official of the Board based upon or materially related to any finding by any court that any or all provisions of this instrument violate Florida law.

(h) Nothing in this Ground Lease, expressed or implied, is to or shall be construed to confer upon or to give to any person or party other than the Corporation, and its assignee, the Trustee, the Credit Enhancer and the Board any rights, remedies or claims under or by reason of this Ground Lease or any covenants, condition or stipulation hereof; and all covenants, stipulations, promises and agreements in this Ground Lease contained by or on behalf of the Corporation or the Board shall be for the sole and exclusive benefit of the Corporation, and its assignee, the Credit Enhancer and the Board.

(i) This Ground Lease Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

(j) This Ground Lease may not be amended or modified without the prior written consent of the Credit Enhancer. Any action taken hereunder which requires or permits the consent, notice, direction or request of the Lessor or the Trustee, shall also require or permit the consent, notice, direction or request of the Credit Enhancer, which consent, direction or request shall not be unreasonably withheld.

IN WITNESS WHEREOF, the Board and the Corporation have caused this Ground Lease to be executed in duplicate, either of which may be considered an original, the day and year first above written.

SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA, as Lessor

(SEAL)

By: _____
Chairman

ATTEST:

By: _____
Superintendent/Secretary

HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION, as Lessee

(SEAL)

By: _____
President

ATTEST:

By: _____
Secretary

STATE OF FLORIDA)
) SS:
COUNTY OF HILLSBOROUGH)

The foregoing instrument was acknowledged before me this ____ day of _____, 2007, by Jack Lamb and MaryEllen Elia, the Chairman and Superintendent/Secretary, respectively, of the HILLSBOROUGH COUNTY SCHOOL BOARD. Such person(s) did not take an oath and:

- is/are personally known to me.
- produced a current Florida driver's license as identification.
- produced _____ as identification.

(SEAL)

Name:
Notary Public, State of Florida
My Commission Expires:

STATE OF FLORIDA)
) SS:
COUNTY OF HILLSBOROUGH)

EXHIBIT A

PREMISES DESCRIPTION

[SEE ATTACHED]

The foregoing instrument was acknowledged before me this ____ day of _____, 2007, by Jack Lamb and MaryEllen Elia, the President and Secretary, respectively, of the HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION. Such person(s) did not take an oath and:

- is/are personally known to me.
- produced a current Florida driver's license as identification.
- produced _____ as identification.

(SEAL)

Name:
Notary Public, State of Florida
My Commission Expires:

DESCRIPTION OF SERVICENT PROPERTY

[NONE]

[FIRST, SECOND, THIRD, ETC.]
GROUND LEASE SUPPLEMENT

This [First, Second, Third, etc.] Ground Lease Supplement ("Subject Supplement") is made and entered into as of ____ by the **SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA** (the "Board") acting as the governing body of the School District of Hillsborough County, Florida (the "District") and **HILLSBOROUGH COUNTY SCHOOL BOARD LEASING CORPORATION**, a single-purpose Florida not-for-profit corporation (the "Corporation"). All capitalized terms used herein and not otherwise defined shall have the meaning set forth therefor in the "Ground Lease" as hereinafter set forth.

WITNESSETH:

WHEREAS, the Board and the Corporation entered into a certain Ground Lease Agreement (the "Ground Lease") a memorandum of which was recorded in Official Records Book ____ at Page ____ of the Public Records of Hillsborough County, Florida; and

WHEREAS, the Board owns that certain real property more particularly described in Exhibit A attached hereto and made a part hereof ("Subject Parcel"); and

WHEREAS, the Subject Parcel is a portion of the Project and, as such, is to be subject to the Ground Lease as contemplated thereby; and

NOW, THEREFORE, in consideration of the premises and for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged by each party hereto by the other party hereto, the parties hereto do hereby acknowledge and agree as follows:

1. The foregoing recitations are true and correct and are incorporated herein by reference.
2. The Subject Parcel is hereby declared to be a part of the Premises (as defined in the Ground Lease) which constitutes a portion of the Project and, therefore, is a part of the Premises as set forth in the Ground Lease with the leasehold estate, operation and effect of the Ground Lease applying to the Subject Parcel as fully and to the same extent as if the Subject Parcel were described in the Ground Lease and therein set forth to be a part of the Premises.

B-1

C-2

3. The Ground Lease, as modified by previous Ground Lease Supplements and as modified hereby remains in full force and effect in accordance with the terms and provisions thereof.

IN WITNESS WHEREOF, each of the parties hereto have caused this Subject Supplement to be executed by their duly authorized officers or agents, all as of the day and year first above written.

SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

ATTEST:

Its:

By: _____
Its:

(SEAL)

HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION

ATTEST:

Title:

By: _____
Title:

(SEAL)

SIMULTANEOUS ASSIGNMENT

All of the rights of Hillsborough School Board Leasing Corporation hereunder are hereby assigned without recourse or warranty to _____, as Trustee, as successor in interest to and assignee of Hillsborough School Board Leasing Corporation under the Assignment.

HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION

By: _____
Title:

Dated: _____

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C-4

STATE OF FLORIDA)
) SS:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, by _____ and _____, the _____ and _____, respectively, of the _____. Such person(s) did not take an oath and:

- is/are personally known to me.
- produced a current Florida driver's license as identification.
- produced _____ as identification.

(SEAL)

Name:
Notary Public, State of Florida
My Commission Expires:

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STATE OF FLORIDA)
) SS:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, by _____ and _____, the _____ and _____, respectively, of the _____. Such person(s) did not take an oath and:

- is/are personally known to me.
- produced a current Florida driver's license as identification.
- produced _____ as identification.

(SEAL)

Name:
Notary Public, State of Florida
My Commission Expires:

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APPENDIX H

FORM OF TAX OPINION OF SPECIAL COUNSEL

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**FORM OF OPINION OF NABORS, GIBLIN & NICKERSON, P.A.,
WITH RESPECT TO THE SERIES 2007 CERTIFICATES**

Upon delivery of the Series 2007 Certificates in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Special Counsel, proposes to render its opinion with respect to such Series 2007 Certificates in substantially the following form:

(Closing Date)

School Board of Hillsborough County, Florida
Tampa, Florida

School Board Members:

We have acted as Special Counsel in connection with the execution and delivery of \$84,685,000 initial aggregate principal amount of Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2007 Evidencing An Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Hillsborough County, Florida (the "Series 2007 Certificates") in connection with the Series 2007 Lease described below.

In that capacity, we have examined various documents including (i) the Master Lease-Purchase Agreement, dated as of April 1, 1994, as amended and supplemented (the "Lease Agreement"), between the Hillsborough School Board Leasing Corporation, a single-purpose Florida not-for-profit educational corporation, as lessor (the "Corporation") and the School Board of Hillsborough County, Florida, as lessee (the "Board"); (ii) Lease Schedule No. 2007, dated as of April 1, 2007 ("Lease Schedule No. 2007" and, together with the Lease Agreement, the "Series 2007 Lease"), between the Corporation and the Board; (iii) the Master Trust Agreement, dated as of April 1, 1994, as amended and supplemented (the "Trust Agreement"), among The Bank of New York Trust Company, N.A. (successor to NationsBank of Florida, N.A.), Jacksonville, Florida, as trustee (the "Trustee"), the Board and the Corporation; (iv) the Series 2007 Supplemental Trust Agreement, dated as of April 1, 2007 (the "Series 2007 Supplemental

Trust Agreement"), among the Trustee, the Board and the Corporation; (v) the Assignment of Lease Agreement, dated as of April 1, 1994, as amended and supplemented, and particularly as amended by a Twentieth Amendment to Assignment of Lease Agreement, dated as of April 1, 2007 (collectively, the "Lease Assignment"), between the Corporation and the Trustee, pursuant to which the Corporation has assigned by outright and absolute assignment its rights, title and interest in the Series 2007 Lease (other than to its rights of indemnification, its right to enter into Lease Schedules from time to time and certain obligations provided in Section 6.03 of the Lease Agreement) to the Trustee; (vi) the Ground Lease Agreement, dated as of April 1, 2007 (the "Ground Lease Agreement"), between the Board, as lessor, and the Corporation, as lessee, pursuant to which the Board will grant to the Corporation a leasehold interest in certain real property owned or to be owned by the Board; and (vii) the Assignment of Ground Lease, dated as of April 1, 2007, from the Corporation to the Trustee. We have also examined a record of proceedings of the Board and the Corporation relating to the Series 2007 Lease, the Trust Agreement, the Series 2007 Supplemental Trust Agreement, the Lease Assignment and the Ground Lease Agreement.

Pursuant to the Series 2007 Lease, the Corporation will lease certain educational and related facilities (the "Series 2007 Project") to the Board and the Board will make lease payments to the Trustee, as assignee of the Corporation pursuant to the Lease Assignment, which will include Basic Rent Payments (as defined in the Trust Agreement). The proceeds of the Series 2007 Certificates shall be used principally to finance the acquisition, construction and installation of the Series 2007 Project as provided in the Series 2007 Lease.

The Series 2007 Certificates evidence an undivided proportionate interest in the Basic Rent Payments under the Series 2007 Lease. The Basic Rent Payments are payable solely from the Board's Available Revenues (as defined in the Trust Agreement) specifically appropriated for such purpose. The Board is not legally required to budget and appropriate Available Revenues for this purpose and the Basic Rent Payments are subject to annual appropriation by the Board. Neither the Board, the State of Florida, nor any political subdivision or agency thereof shall be obligated to pay any sums due under the Lease Agreement from any source other than Available Revenues appropriated for such purpose, and the faith and credit of the Board are not pledged for payment of such sums due thereunder and such sums do not constitute debt of the Board within the meaning of any constitutional or statutory provision or limitation.

The Board has previously and may, from time to time in the future, lease other Projects (as defined in the Trust Agreement) from the Corporation pursuant to the Lease Agreement. The acquisition, construction and installation of such Projects were or shall be financed and refinanced by the issuance of a series of certificates of participation pursuant to the Trust Agreement related to such Projects. Each series of certificates of participation issued to finance a Project (other than Completion Certificates and Refunding Certificates) is secured independently of other series of certificates of participation. The Board has agreed in the Lease Agreement to budget and appropriate in each fiscal year from Available Revenues sufficient moneys to make the Lease Payments (as defined in the Trust Agreement) for all Projects, including the Series 2007 Project, leased under the Lease Agreement or for none of them. The Board may also issue Completion Certificates or Refunding Certificates (as defined in the Trust Agreement) which shall be on parity with the Series 2007 Certificates upon satisfying the conditions described therefore in the Trust Agreement.

The Series 2007 Certificates are dated and shall bear interest from their date of delivery, except as otherwise provided in the Trust Agreement. The Series 2007 Certificates will mature on the dates, in the principal amounts, and will bear interest at the respective rates per annum, as provided in the Trust Agreement. Interest shall be payable on each July 1 and January 1, commencing July 1, 2007. The Series 2007 Certificates are subject to prepayment prior to maturity in accordance with the terms of the Trust Agreement.

As to questions of fact material to our opinion, we have relied upon the representations of the Board contained in the Lease Agreement and in the certified proceedings and other certifications of officials furnished to us without undertaking to verify the same by independent investigation. We have not undertaken an independent audit, examination, investigation or inspection of such matters and have relied solely on the facts, estimates and circumstances described in such proceedings and certifications. We have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

Based upon the foregoing, we are of the opinion that:

1. The Series 2007 Lease, the Ground Lease Agreement, the Trust Agreement and the Series 2007 Supplemental Trust Agreement have each been duly authorized,

executed and delivered by the Board and each constitutes a valid and legally binding obligation of the Board, enforceable in accordance with its respective terms.

2. The Series 2007 Certificates, upon proper execution and authentication by the Trustee, shall evidence an undivided proportionate interest in the Basic Rent Payments made by the Board under the Series 2007 Lease, and shall be entitled to the benefits and security of the Trust Agreement as supplemented by the Series 2007 Supplemental Trust Agreement.

3. Under existing statutes, regulations, rulings and court decisions, prior to the termination of the Series 2007 Lease resulting from an Event of Non-Appropriation or Event of Default thereunder, the Interest Component (as defined in the Trust Agreement) of the Basic Rent Payments received by the owners of the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax and environmental tax imposed on individuals and corporations; however, it should be noted that with respect to certain corporations, such Interest Component is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth above is subject to the condition that all requirements of the Internal Revenue Code of 1986, as amended, must be satisfied subsequent to the issuance of the Series 2007 Certificates in order that the Interest Component be (or continues to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the Interest Component to be so included in gross income retroactive to the date of issuance of the Certificates. The Board and the Corporation have covenanted in the Series 2007 Lease to comply with all such requirements. Ownership of the Certificates may result in collateral federal tax consequences to certain taxpayers. We express no opinion regarding such federal tax consequences arising with respect to the Certificates.

We express no opinion regarding the federal income tax or Florida tax consequences resulting from the ownership of the Series 2007 Certificates or the receipt by the owners thereof of payments on the Series 2007 Certificates following the termination of the Series 2007 Lease resulting from an Event of Non-Appropriation or Event of Default thereunder.

The opinions expressed in paragraphs 1 and 2 hereof are qualified to the extent that (i) the enforceability of the Series 2007 Lease, the Trust Agreement, the Ground Lease Agreement and the Series 2007 Supplemental Trust Agreement, and the rights of

the owners of the Series 2007 Certificates may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity, and (ii) we have assumed the due authorization, execution and delivery of the Trust Agreement and the Series 2007 Supplemental Trust Agreement by the Trustee.

It should be noted that (a) except as may expressly be set forth in an opinion delivered by us to the underwriters of the Series 2007 Certificates on the date hereof (upon which only they may rely), we have not been engaged or undertaken to review the accuracy, sufficiency or completeness of the Offering Statement or other offering material relating to the Series 2007 Certificates and we express no opinion relating thereto, and (b) we have not been engaged or undertaken to review the compliance with any federal or state law with regard to the sale or distribution of the Series 2007 Certificates and we express no opinion relating thereto.

We have examined the form of the Series 2007 Certificates and, in our opinion, the form of the Series 2007 Certificates is regular and proper.

Respectfully submitted,

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APPENDIX I

SPECIMEN OF CERTIFICATE INSURANCE POLICY

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FINANCIAL GUARANTY INSURANCE POLICY

**MBIA Insurance Corporation
Armonk, New York 10504**

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [INSERT NAME OF PAYING AGENT] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless the Insurer elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

**[PAR]
[LEGAL NAME OF ISSUE]**

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

The insurance provided by this policy is not covered by the Florida Insurance Guaranty Association created under chapter 631, Florida Statutes.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

COUNTERSIGNED:

MBIA Insurance Corporation

Resident Underwritten Agent

President

City, State

Attest:

Assistant Secretary

STD-RCS-FL-7
01/05

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APPENDIX J

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the School Board of Hillsborough County, Florida (the "School Board") in connection with the issuance of \$_____ Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program, Series 2007) Evidencing an Undivided Proportionate Interest of the Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Hillsborough County, Florida (the "Certificates"). The Certificates are being issued pursuant to the Master Trust Agreement, dated as of April 1, 1994, as amended and supplemented, among the School Board, The Bank of New York Trust Company, N.A., as trustee, and the Hillsborough School Board Leasing Corporation (the "Trust Agreement"). The School Board covenants and agrees as follows:

SECTION 1. PURPOSE OF DISCLOSURE CERTIFICATE. This Disclosure Certificate is being executed and delivered for the benefit of the Certificateholders and in order to assist the original underwriters of the Certificates in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934 (the "Rule").

SECTION 2. PROVISION OF ANNUAL INFORMATION. The School Board shall provide to all of the nationally recognized municipal securities information repositories described in Section 4 hereof (the "NRMSIRs"), and to any state information depository that is established within the State of Florida (the "SID"), within 30 days of its receipt of its audited financial statements from the State of Florida Auditor General (which receipt historically occurs approximately one year after the close of the School Board's Fiscal Year), the following information:

(A) audited financial statements of the School Board for the most recent Fiscal Year for which audited financial statements have been completed, prepared in accordance with Generally Accepted Accounting Principles, as modified by applicable State of Florida requirements and the governmental accounting standards promulgated by the Government Accounting Standards Board;

(B) additional financial information and operating data of the type included with respect to the School Board in the final offering statement prepared in connection with the sale and issuance of the Certificates (as amended, the "Official Statement"), including, but not limited to:

1. Updates of information set forth in the Official Statement relating to:
 - a. Number of schools, number of classroom instructors, number of full-time equivalent students and average expenditures per student.

- b. Debt statement of the School Board.
- c. Summary of general fund's revenue and expenses.
- d. Comparative ratios of bonded debt.
- e. Anticipated capital outlay millage required to cover debt service.
- f. Tax levies and taxes collected.
- g. School Board millage rates.
- h. Total assessed values and taxable values.

2. Description of any additional series of Certificates which are issued under the Trust Agreement.

3. Description of any material litigation which would have been disclosed in the Official Statement if such litigation had occurred and been ongoing at the time the Official Statement is dated.

4. Any other financial information or operating data of the type included in the Official Statement which the School Board determines would be material to a holder or prospective holders of the Certificates.

For purposes of this Disclosure Certificate, "Fiscal Year" means the period commencing on July 1 and ending on June 30 of the next succeeding year, or such other period of time provided by applicable law.

SECTION 3. REPORTING SIGNIFICANT EVENTS. The School Board shall provide to the NRMSIRs or the Municipal Securities Rulemaking Board (the "MSRB") and to the SID, on a timely basis, notice of any of the following events, if such event is deemed to have a material effect on the Certificates or the School Board's ability to satisfy its payment obligations with respect to the Certificates:

- (A) Principal and interest payment delinquencies;
- (B) Non-payment related defaults under the Trust Agreement or the Lease Agreement (as defined in the Trust Agreement);
- (C) Unscheduled draws on the debt service reserve fund reflecting financial difficulties;
- (D) Unscheduled draws on credit enhancement reflecting financial difficulties;

- (E) Substitution of credit or liquidity providers, or their failure to perform;
- (F) Adverse tax opinions or events affecting the Tax-Exempt status of the Certificates;
- (G) Modifications to rights of Certificateholders;
- (H) Calls on the Certificates;
- (I) Defeasance of the Certificates;
- (J) Release, substitution, or sale of property securing repayment of the Certificates;
- (K) Rating changes;
- (L) Occurrence of an Event of Non-Appropriation (as defined in the Trust Agreement); and
- (M) Notice of any failure on the part of the School Board to meet the requirements of Section 2 hereof.

The School Board may from time to time, in its discretion, choose to provide notice of the occurrence of certain other events, in addition to those listed in this Section 3, if, in the judgment of the School Board, such other events are material with respect to the Certificates, but the School Board does not specifically undertake to commit to provide any such additional notice of the occurrence of any material event except those events listed above.

For purposes of clause (F) above, such "adverse tax opinions or events affecting the Tax-Exempt status of the Certificates" shall include:

- (i) Receipt of an opinion of nationally recognized bond counsel to the effect that the Interest Component of the Basic Rent Payments (as such terms are defined in the Trust Agreement) represented by the Certificates is not Tax-Exempt; or
- (ii) Any audit, investigation or other challenge of the Tax-Exempt status of the Certificates by the Internal Revenue Service or in any administrative or judicial proceeding;
- (iii) The issuance of any regulation, decision or other official pronouncement by the Internal Revenue Service or other official tax authority or by any court adversely affecting the Tax-Exempt status of the Certificates or obligations of the same type as the Certificates or financing structures of the same type as financed by the Certificates.

For purposes of this Section 3, "Tax-Exempt" means that the Interest Component of the Basic Rent Payments (as such terms are defined in the Trust Agreement) represented by the Certificates is excluded from gross income for federal income tax purposes, whether or not such Interest Component is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

Whenever the School Board obtains knowledge of the occurrence of a significant event described in this Section 3, the School Board shall as soon as possible determine if such event would constitute material information for holders of Certificates, provided, that any event under clauses (D), (E), (F), (K), (L) or (M) above will always be deemed to be material.

SECTION 4. NRMSIRs. The NRMSIRs to which the School Board shall provide the information described in Sections 2 and 3 above, to the extent required, shall be the following organizations, their successors and assigns:

- (A) Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Phone: 609/279-3225
Fax: 609/279-5962
Email: Munis@Bloomberg.com

- (B) FT Interactive Data
Attn: NRMSIR
100 William Street, 15th Floor
New York, New York 10038
Phone: 212/771-6999
Fax: 212/771-7390
Email: NRMSIR@interactivedata.com

- (C) Standard & Poor's Securities Evaluations, Inc.
55 Water Street, 45th Floor
New York, New York 10041
Phone: 212/438-4595
Fax: 212/438-3975
Email: nrmsir_repository@sandp.com

(D) DPC Data Inc.
One Executive Drive
Fort Lee, New Jersey 07024
Phone: 201/346-0701
Fax: 201/947-0107
Email: nrmsir@dpcdata.com

(E) Any NRMSIRs that are established subsequently and approved by the SEC.

(F) A list of the names and addresses of all designated NRMSIRs as of any date may currently be obtained by calling the SEC's Fax on Demand Service at 202/942-8088 and requesting document number 0206 or by visiting the SEC's website at "www.sec.gov/info/municipal/nrmsir.htm."

SECTION 5. NO EVENT OF DEFAULT. Notwithstanding any other provision in the Trust Agreement to the contrary, failure of the School Board to comply with the provisions of this Disclosure Certificate shall not be considered an event of default under the Trust Agreement; provided, however, any Certificateholder may take such actions as may be necessary and appropriate, including pursuing an action for mandamus or specific performance, as applicable, by court order, to cause the School Board to comply with its obligations hereunder. For purposes of this Disclosure Certificate, "Certificateholder" shall mean any person who (A) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (B) is treated as the owner of any Certificate for federal income tax purposes.

SECTION 6. INCORPORATION BY REFERENCE. Any or all of the information required herein to be disclosed may be incorporated by reference from other documents, including official statements or debt issues of the School Board or related public entities, which have been submitted to each of the NRMSIRs, the MSRB, the SEC or the SID. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The School Board shall clearly identify each document incorporated by reference.

SECTION 7. DISSEMINATION AGENTS. The School Board may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor disseminating agent.

SECTION 8. TERMINATION. The School Board's obligations under this Disclosure Certificate shall terminate upon (A) the defeasance, prior redemption or payment in full of all of the Certificates, (B) the termination of the continuing disclosure requirements of the

Rule by legislative, judicial or administrative action, or, (C) the occurrence of an Event of Non-Appropriation (as defined in the Trust Agreement).

SECTION 9. AMENDMENTS. Notwithstanding any other provision of this Disclosure Certificate, the School Board may amend this Disclosure Certificate, and may waive any provision, if such amendment or waiver is supported by an opinion of counsel familiar in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 10. ADDITIONAL INFORMATION. Nothing in this Disclosure Certificate shall be deemed to prevent the School Board from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in its annual information described in Section 2 hereof or notice of occurrence of a significant event described in Section 3 hereof, in addition to that which is required by this Disclosure Certificate. If the School Board chooses to include any information in its annual information or notice of occurrence of a significant event in addition to that which is specifically required by this Disclosure Certificate, the School Board shall have no obligation under this Disclosure Certificate to update such information or include it in its future annual information or notice of occurrence of a significant event.

SECTION 11. OBLIGATED PERSONS. If any person, other than the School Board, becomes an Obligated Person (as defined in the Rule) relating to the Certificates, the School Board shall use its best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

**SCHOOL BOARD OF HILLSBOROUGH
COUNTY, FLORIDA**

Dated: April __, 2007

By: _____
Chairman

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CERTIFICATES OF PARTICIPATION (SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA MASTER LEASE PROGRAM), SERIES 2007

