

*In the opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Special Counsel, assuming continuing compliance by the Board with various covenants in the Trust Agreement and the Series 2004C Lease Agreement, under existing statutes, regulations, rulings and court decisions and subject to the conditions described under "TAX EXEMPTION" herein, the interest portion of Basic Rent Payments (a) is excludable from gross income of the holders of the Series 2018 Certificates except as otherwise described under the caption "TAX EXEMPTION," and (b) is not an item of tax preference for purposes of the federal alternative minimum tax. However, it should be noted that such interest portion is included in adjusted current earnings in calculating corporate alternative minimum taxable income for taxable years beginning prior to January 1, 2018. Such interest portion also may be subject to other federal tax consequences of ownership of the Series 2018 Certificates. No opinion is expressed with respect to the federal income tax consequences of any payments received with respect to the Series 2018 Certificates following termination of the Series 2004C Lease Agreement as a result of an event of non-appropriation or event of default thereunder. See "TAX EXEMPTION" for a discussion of Special Counsel's opinion.*

**\$64,995,000**

**REFUNDING CERTIFICATES OF PARTICIPATION  
(School Board of Hillsborough County, Florida Master Lease Program),  
Series 2018**

**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 Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2018 (the "Series 2018 Certificates") evidence an undivided proportionate interest in the Basic Rent Payments to be made by The School Board of Hillsborough County, Florida (the "Board"), as the governing body of the School District of Hillsborough County, Florida (the "District") under a Master Lease-Purchase Agreement dated as of April 1, 1994, as amended (the "Master Lease"), with the Hillsborough School Board Leasing Corporation, a Florida not-for-profit corporation (the "Corporation"), particularly as amended and supplemented by the Fifth Amended and Restated Lease Schedule No. 2004C, dated as of November 1, 2018 (the "Fifth Amended and Restated Lease Schedule No. 2004C" and, together with the Master Lease, the "Series 2004C Lease Agreement") providing for the financing and refinancing of certain educational facilities within the District and the current refunding of all of the outstanding Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2015B (the "Refunded Certificates"). Pursuant to an Assignment of Lease Agreement, dated as of April 1, 1994, as amended, and particularly as amended by a Thirty-Third Amendment to Assignment of Lease Agreement, dated as of November 1, 2018 (collectively, the "Assignment"), the Corporation has assigned by outright assignment to the Trustee (as defined herein) for the benefit of the Owners of the Series 2018 Certificates all of its rights, title, and interest in and to the Series 2004C Lease Agreement, except certain rights relating to indemnification, the right to enter into additional Lease Schedules (as defined herein), and its obligation not to impair the tax status of the Series 2018 Certificates, but including the right of the Corporation to receive Lease Payments.

Certain of the Series 2018 Certificates are subject to optional prepayment prior to their stated maturities. See "THE SERIES 2018 CERTIFICATES – Optional Prepayment" herein. The Series 2018 Certificates are not subject to extraordinary prepayment as set forth herein. See "THE SERIES 2018 CERTIFICATES – No Extraordinary Prepayment" herein.

**THE BOARD IS NOT LEGALLY REQUIRED TO APPROPRIATE MONEYS TO MAKE LEASE PAYMENTS, WHICH CONSIST OF BASIC RENT, SUPPLEMENTAL RENT, AND ALL OTHER AMOUNTS OWING UNDER THE MASTER LEASE. THE BASIC RENT AND, CONSEQUENTLY, THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST ARE PAYABLE SOLELY FROM THE BOARD'S AVAILABLE REVENUES (AS DEFINED HEREIN) APPROPRIATED THEREFOR, AND NEITHER THE BOARD, THE DISTRICT, HILLSBOROUGH COUNTY, FLORIDA (THE "COUNTY"), THE STATE OF FLORIDA (THE "STATE"), NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY ANY SUMS DUE UNDER THE SERIES 2004C LEASE AGREEMENT EXCEPT FROM AVAILABLE REVENUES APPROPRIATED FOR SUCH PURPOSE. BASIC RENT IS SUBJECT TO ANNUAL APPROPRIATION BY THE BOARD ON AN ALL-OR-NONE BASIS. THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST AND THE PAYMENTS DUE FROM THE BOARD UNDER THE SERIES 2004C LEASE AGREEMENT AND THE CONTRACTUAL OBLIGATIONS OF THE BOARD UNDER THE SERIES 2004C 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, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. THE ISSUANCE OF THE SERIES 2018 CERTIFICATES WILL NOT DIRECTLY OR INDIRECTLY OBLIGATE THE BOARD, THE DISTRICT, THE COUNTY, THE STATE, 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 2018 CERTIFICATES WILL HAVE NO RECOURSE TO THE POWER OF AD VALOREM TAXATION OF THE BOARD OR ANY OTHER GOVERNMENTAL ENTITY. SEE "RISK FACTORS" HEREIN.**

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, including the appendices, to obtain information essential to the making of an informed investment decision.

*The Series 2018 Certificates are offered when, as and if delivered and received by the Underwriters (as defined herein), subject to the 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, Akerman LLP, 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. Certain legal matters will be passed upon for the Underwriters by GrayRobinson, P.A., Tampa, Florida. The Series 2018 Certificates are expected to be delivered to the Underwriters in New York, New York through the facilities of DTC on or about November 14, 2018.*

**Citigroup**

**BofA Merrill Lynch**

**Wells Fargo Securities**

\$64,995,000  
**REFUNDING CERTIFICATES OF PARTICIPATION**  
(School Board of Hillsborough County, Florida Master Lease Program),  
Series 2018

**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**

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

<b>Maturity (July 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>Initial CUSIP Number**</b>
2019	\$1,090,000	5.000%	1.920%	101.918	43232VUQ2
2021	910,000	5.000	2.200	107.115	43232VUR0
2022	1,025,000	5.000	2.310	109.313	43232VUS8
2023	1,200,000	5.000	2.420	111.234	43232VUT6
2024	985,000	5.000	2.520	112.939	43232VUU3
2025	1,010,000	5.000	2.650	114.200	43232VUV1
2026	555,000	5.000	2.800	115.017	43232VUW9
2027	4,965,000	5.000	2.910	115.846	43232VUX7
2028	6,870,000	5.000	3.020	116.435	43232VUY5
2029	6,250,000	5.000	3.110*	115.621*	43232VUZ2
2030	40,135,000	5.000	3.210*	114.724*	43232VVA6

\* Callable premium certificates. Price and yield calculated to first optional prepayment date of July 1, 2028.

\*\* The Board is not responsible for the use of the CUSIP Numbers referenced herein nor is any representation made by the Board as to their correctness. The CUSIP Numbers provided herein are included solely for the convenience of the readers of this Offering Statement.

## ADDITIONAL INFORMATION

The Series 2018 Certificates are being delivered by The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as successor 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 amended (the "Master Trust Agreement"), and particularly, as amended and supplemented by a Series 2018 Supplemental Trust Agreement, dated as of November 1, 2018 (the "Series 2018 Supplemental Trust Agreement" and, together with the Master Trust Agreement, the "Trust Agreement"), each among the Board, the Trustee, and the Corporation. The Interest Component of Basic Rent Payments represented by the Series 2018 Certificates is payable on January 1 and July 1 of each year, commencing January 1, 2019 (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 2018 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 2018 Certificates (the "Beneficial Owners") will not receive physical delivery of Series 2018 Certificates. Ownership by the Beneficial Owners of the Series 2018 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 2018 Certificates will be made directly to Cede & Co., which will in turn remit such payments to the DTC Participants for subsequent disbursement to the Beneficial Owners. The Principal Component of Basic Rent Payments represented by the Series 2018 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 current term of the Series 2004C Lease Agreement will continue through and including June 30, 2019. The Series 2004C Lease Agreement is automatically renewable annually thereafter through June 30, 2030, unless sooner terminated as described herein. In addition to the Series 2004C Lease Agreement, the Board has previously entered into a Series 1998 Lease Agreement, a Series 1999 Lease Agreement, a Series 2000 Lease Agreement, a Series 2001B 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 2005-QZAB Lease Agreement, a Series 2006A Lease Agreement, a Series 2007 Lease Agreement, and a Series 2010B Lease Agreement (each as defined herein), and may enter into other leases under the Master Lease. There are 54 schools and 45 additions to schools leased under the Master Lease. **Based on the District's budgeted unweighted full time equivalent enrollment for Fiscal Year 2018-19 of 215,996 students, approximately 31.07% of the District's students will attend classes in facilities leased under the Master Lease (including the Series 2004C Project) during the Fiscal Year 2018-19.** To determine the above percentage, the number of students attending each facility was calculated as follows: for schools that are built and operating, the number of students for the Fiscal Year 2018-19 was used; for the additions, the number of student stations attributable to each specific classroom for Fiscal Year 2018-19 based on the type of school (elementary, middle, or high) or gymnasium, but does not include cafeterias, media centers, and other facilities that do not have any student stations attributable to them.

**When the 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 2004C 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 2018 Certificates have any interest in or right to any proceeds of the disposition of facilities leased under any lease other than the Series 2004C Lease Agreement. The proceeds of any such disposition of the Series 2004C Project leased under the Series 2004C Lease Agreement shall be applied to the payment of the Series 2018 Certificates; however, proceeds from the portion of the Series 2004C Project comprised of Steinbrenner High School would be applied to the Series 2018 Certificates on a pro rata basis with the Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2015A (the "Series 2015A Certificates") and the Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2016A (the "Series 2016A Certificates"). See "SECURITY FOR THE SERIES 2018 CERTIFICATES – Master-Lease Aspects" herein. The Series 2004C Project includes Designated Equipment, which consists of certain designated educational facilities and equipment components not constituting fixtures of the educational facilities. None of the Holders of the Series 2018 Certificates will be granted any interest in Designated Equipment. Should termination of the Master Lease occur, the Series 2018 Certificates will not be prepaid except to the extent the Trustee has or receives moneys available for such purpose from the disposition of the Series 2004C Project leased under the Series 2004C Lease Agreement (other than Designated Equipment). Special Counsel will express no opinion as to tax exemption or the effect of securities laws with respect to the Series 2018 Certificates following an event of non-appropriation or an event of default under the Master Lease which results in termination the Series 2004C Lease Agreement. Transfers of the Series 2018 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 Series 2004C Lease Agreement (see "TAX EXEMPTION" and "RISK FACTORS" herein).

***PARTICIPANTS IN THE FINANCING***

**LESSOR**

Hillsborough School Board Leasing Corporation  
Tampa, Florida

**LESSEE**

The School Board of Hillsborough County, Florida  
Tampa, Florida

**BOARD MEMBERS**

Sally A. Harris, Chair<sup>(1)</sup>  
Tamara P. Shamburger, Vice Chair  
Lynn L. Gray, Member  
April Griffin, Member<sup>(2)</sup>  
Sally Harris, Member  
Melissa Snively, Member<sup>(3)</sup>  
Susan L. Valdes, Member<sup>(4)</sup>

**DISTRICT OFFICIALS**

Jeff Eakins, Superintendent of Schools  
Gretchen Saunders, Chief Business Officer

**COUNSEL TO THE BOARD**

Akerman LLP  
Tampa, Florida

**SPECIAL COUNSEL**

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

**DISCLOSURE COUNSEL**

Bryant Miller Olive P.A.  
Tampa, Florida

**FINANCIAL ADVISOR**

Ford & Associates, Inc.  
Tampa, Florida

**TRUSTEE**

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

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<sup>(1)</sup> Sally A. Harris was defeated by Stacy Hahn in the primary election on August 28, 2018.

<sup>(2)</sup> April Griffin did not seek reelection. Karen Perez and Henry "Shake" Washington are running in the general election on November 6, 2018.

<sup>(3)</sup> Melissa Snively was reelected in the primary election on August 28, 2018.

<sup>(4)</sup> Susan L. Valdes resigned effective November 6, 2018, in order to run for the Florida House of Representatives, District 62. Steve Cona and William Henry Person are running in the general election on November 6, 2018.

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 2018 Certificates by any person in any jurisdiction to which it is unlawful for such person to make such offer, solicitation, or sale. 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.

The information contained in this Offering Statement has been provided by the Board, 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 and its book-entry only system of registration 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.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2018 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.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2018 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 2018 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 2018 CERTIFICATES.

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

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

REFERENCES TO WEBSITE ADDRESSES PRESENTED HEREIN ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER'S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEBSITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS OFFERING STATEMENT FOR PURPOSES OF RULE 15c2-12.

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 2018 Certificates are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

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## **OFFERING STATEMENT**

**related to**

**\$64,995,000**

### **REFUNDING CERTIFICATES OF PARTICIPATION**

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

**Series 2018**

**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"), as governing body of the School District of Hillsborough County, Florida (the "District"), and the sale and delivery of the Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2018 (the "Series 2018 Certificates"), which are being issued in the aggregate principal amount of \$64,995,000. The Series 2018 Certificates are being issued pursuant to a Master Trust Agreement, dated as of April 1, 1994, as amended (the "Master Trust Agreement"), and particularly as amended and supplemented by the Series 2018 Supplemental Trust Agreement, dated as of November 1, 2018 (the "Series 2018 Supplemental Trust Agreement" and, together with the Master Trust Agreement, 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 Mellon Trust Company, N.A., Jacksonville, Florida, as successor trustee to NationsBank of Florida, N.A. (the "Trustee"), who is also serving as Paying Agent and Registrar.

The Series 2018 Certificates represent an undivided proportionate interest of the owners thereof in the right to receive a portion of the Basic Rent Payments (as defined herein) payable under a Master Lease-Purchase Agreement, dated as of April 1, 1994, as amended (the "Master Lease"), by and between the Corporation and the Board, as amended and supplemented by the Fifth Amended and Restated Lease Schedule No. 2004C, dated as of November 1, 2018 (the "Fifth Amended and Restated Lease Schedule No. 2004C" and, together with the Master Lease, the "Series 2004C Lease Agreement") providing for current refunding of all of the Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2015B (the "Refunded Certificates"), which financed and refinanced the lease purchase of the Series 2004C Project (as defined herein). See "PLAN OF REFINANCE" herein.

The rights, title, and interest of the Corporation in the Series 2004C Lease Agreement, including the right of the Corporation to receive Basic Rent (as 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 2018 Certificates have been irrevocably assigned by outright assignment to the Trustee pursuant to the Assignment of Lease Agreement, dated as of April 1, 1994, as amended, and particularly as amended by a Thirty-Third Amendment to Assignment of Lease Agreement, dated as of November 1, 2018 (collectively, the "Assignment").

The Board currently holds title to the sites on which the Series 2004C Project is located (the "Series 2004C Project Lands"). Pursuant to the Series 2004C Ground Lease, dated as of November 1, 2004,

as amended and supplemented (the "Series 2004C Ground Lease"), the Board is leasing the Series 2004C Project Lands to the Corporation. The term of the Series 2004C Ground Lease commenced on the dated date of the Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2004C (the "Series 2004C Certificates") and ends on July 1, 2036, subject to Permitted Encumbrances (as defined in the Series 2004C Ground Lease), and subject to earlier termination or extension as set forth therein. See "THE MASTER LEASE PROGRAM – THE SERIES 2004C GROUND LEASE" herein. The rights, title, and interest of the Corporation in the Series 2004C Ground Lease, including the leasehold estate created by the Series 2004C Ground Lease and any buildings and improvements thereon, have been irrevocably assigned by outright assignment to the Trustee pursuant to the Assignment of Ground Lease, dated as of November 1, 2004, as amended and supplemented (the "Series 2004C Ground Lease Assignment"). See "APPENDIX G: SERIES 2004C GROUND LEASE AGREEMENT AND SERIES 2004C GROUND LEASE ASSIGNMENT."

### **The Refunded Certificates**

In September 2015, the Board entered into the Fourth Amended and Restated Lease Schedule No. 2004C to the Master Lease (together with the Master Lease, the "Current Series 2004C Lease Agreement") to finance and refinance certain educational and related facilities (the "Series 2004C Project"). See "THE REFINANCED PROJECTS" herein. The Series 2004C Lease Agreement relates to the Refunded Certificates. The Refunded Certificates are currently outstanding in the principal amount of \$73,990,000. Upon the issuance of the Series 2018 Certificates, the Board will enter into the Fifth Amended and Restated Lease Schedule No. 2004C, which amends and restates the Current Series 2004C Lease Agreement, in its entirety, and provides for the refinancing of that portion of the costs of the Series 2004C Project represented by the Refunded Certificates. Subject to the Board's right of non-appropriation, the Series 2004C Lease Agreement is automatically renewable through June 30, 2030. See "PLAN OF REFINANCE" herein.

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## The Prior Certificates

The following table presents a summary of the existing Lease Schedules, the related projects financed and refinanced thereby, the final termination date of each Lease Schedule, the related Series of Certificates, and the outstanding principal amount of such Certificates after the issuance of the Series 2018 Certificates and the refunding of the Refunded Certificates. See "INTRODUCTION – The Refunded Certificates" and "THE PRIOR CERTIFICATES" herein for information regarding the issuance of each Series of Certificates.

Lease Schedule	Projects Financed	Final Termination Date of Lease	Related Series of Certificates	Outstanding Principal
Series 1998 Lease	Series 1994 Project	06/30/2023	Series 2017C	\$97,380,000
	Series 1995 Project		Series 2017D	12,895,000
	Series 1998 Project			
Series 1999 Lease	Series 1999 Project	06/30/2025	Series 2010A	76,890,000
Series 2000 Lease	Series 2000 Project	06/30/2026	Series 2015A	36,455,000
Series 2001B Lease	Series 2001B Project	06/30/2026	Series 2017A	30,240,000
Series 2002 Lease	Series 2002 Project	06/30/2028	Series 2014A	1,531,921
			Series 2017B	51,915,000
Series 2003B Lease	Series 2003B Project	06/30/2029	Series 2012A	69,050,000
Series 2004B Lease	Series 2004B Project	06/30/2026	Series 2014A	26,183,079
Series 2004-QZAB Lease	Series 2004-QZAB Project	06/30/2020	Series 2004-QZAB	541,896 <sup>(1)</sup>
Series 2004C Lease	Series 2004C Project	06/30/2030	Series 2018	64,995,000
Series 2005-QZAB Lease	Series 2005-QZAB Project	12/20/2020	Series 2005-QZAB	439,835 <sup>(1)</sup>
Series 2006A Lease	Series 2006A Project	06/30/2031	Series 2015A	58,200,000
Series 2007 Lease	Series 2007 Project	06/30/2031	Series 2016A	50,810,000
Series 2010B Lease	Series 2010B Project	11/30/2028	Series 2010B	23,182,500
			Total	<u>\$600,709,231<sup>(2)</sup></u>

<sup>(1)</sup> Amounts remaining to be deposited to the applicable sinking fund such that amounts deposited therein together with the interest earnings thereon will equal the total principal and interest due on the respective maturity dates.

<sup>(2)</sup> See table entitled Anticipated Capital Outlay Millage Levy Required to Cover Maximum Annual Payments.

## Purpose of the Issue

The Series 2018 Certificates are being issued for the purpose of providing funds sufficient, together with other legally available funds of the Board, to (i) currently refund all of the outstanding Refunded Certificates and thereby refinance a portion of the acquisition, installation, and construction of a portion of the Series 2004C Project, and (ii) to pay certain costs of issuance with respect to the Series 2018 Certificates.

## Continuing Disclosure

The Board has agreed to undertake, for the benefit of the Owners of the Series 2018 Certificates, to provide certain annual financial information and operating data and notice of certain material events when and if they occur relating to the District and the Series 2018 Certificates pursuant to Rule 15c2-12

promulgated under the Securities Exchange Act of 1934, as amended. See "CONTINUING DISCLOSURE" herein.

### **Other Information**

Brief descriptions of the Series 2018 Certificates, the Board, the Corporation, the Series 2004C Lease Agreement, the Trust Agreement, the Assignment, the Series 2004C Ground Lease, and the Series 2004C Ground Lease Assignment, are each included in this Offering Statement. All references herein to the Series 2018 Certificates, the Series 2004C Lease Agreement, the Trust Agreement, the Assignment, the Series 2004C Ground Lease, and the Series 2004C Ground Lease Assignment are qualified in their entirety by reference to the respective complete documents. Copies or forms of the Trust Agreement; the Series 2004C Lease Agreement; the Assignment; the Series 2004C Ground Lease and the Series 2004C Ground Lease Assignment 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.

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 the laws of the State of Florida (the "State"), including particularly Chapters 1000 through 1013, Florida Statutes (collectively, the "Act"), and the judicial decisions related thereto, the Board has the power and authority to enter into transactions such as that contemplated by the Series 2004C Lease Agreement, the Series 2004C Ground Lease, and the Trust Agreement. The Board authorized doing so pursuant to a resolution duly adopted by the Board on October 16, 2018 (the "Resolution").

### **PLAN OF REFINANCE**

All of the outstanding Refunded Certificates are being currently refunded and prepaid on the date of delivery of the Series 2018 Certificates the ("Prepayment Date"), at a Prepayment Price of 100%, plus accrued interest to the Prepayment Date, pursuant to the plan of refinancing. The moneys required to refund and prepay the Refunded Certificates will be derived from a portion of the proceeds of the Series 2018 Certificates and other legally available funds of the Board.

### **THE PRIOR CERTIFICATES**

#### **Series 1998 Lease Agreement**

In November 2017, the Board entered into the Sixth Amended and Restated Lease Schedule No. 1998 to the Master Lease (together with the Master Lease, the "Series 1998 Lease Agreement"), to finance and refinance certain educational and related facilities (the "Series 1994 Project," the "Series 1995 Project," and the "Series 1998 Project") thereunder. See "THE PRIOR PROJECTS – Series 1994 Projects, – Series 1995 Projects, and – Series 1998 Projects" herein. The Series 1998 Lease Agreement relates to (i) the Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series



2017C (the "Series 2017C Certificates"), which are currently outstanding in the principal amount of \$97,380,000, all of which is allocable to the Series 1998 Lease Agreement; and (ii) the Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2017D (the "Series 2017D Certificates"), which are currently outstanding in the principal amount of \$12,895,000, all of which is allocable to the Series 1998 Lease Agreement. Subject to the Board's right of non-appropriation, the Series 1998 Lease Agreement is automatically renewable annually through June 30, 2023.

#### **Series 1999 Lease Agreement**

In April 2010, the Board entered into the Second Amended and Restated Lease Schedule No. 1999 to the Master Lease (together with the Master Lease, the "Series 1999 Lease Agreement") to finance and refinance certain educational and related facilities (the "Series 1999 Project"). See "THE PRIOR PROJECTS – Series 1999 Project" herein. The Series 1999 Lease Agreement relates to the Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2010A (the "Series 2010A Certificates"). The Series 2010A Certificates are currently outstanding in the principal amount of \$76,890,000, all of which is allocable to the Series 1999 Lease Agreement. Subject to the Board's right of non-appropriation, the Series 1999 Lease Agreement is automatically renewable annually through June 30, 2025.

#### **Series 2000 Lease Agreement**

In August 2015, the Board entered into the Fourth Amended and Second Restated Lease Schedule No. 2000 to the Master Lease (together with the Master Lease, the "Series 2000 Lease Agreement") to finance and refinance certain educational and related facilities (the "Series 2000 Project"). See "THE PRIOR PROJECTS – Series 2000 Project" herein. The Series 2000 Lease Agreement relates to the Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2015A (the "Series 2015A Certificates"). The Series 2015A Certificates are currently outstanding in the principal amount of \$94,655,000, of which \$36,455,000 have been allocated to the Series 2000 Lease Agreement. Subject to the Board's right of non-appropriation, the Series 2000 Lease Agreement is automatically renewable annually through June 20, 2026.

#### **Series 2001B Lease Agreement**

In May 2017, the Board entered into the Second Amended and Second Restated Lease Schedule No. 2001B to the Master Lease (together with the Master Lease, the "Series 2001B Lease Agreement") to finance and refinance certain educational and related facilities (the "Series 2001B Project"). See "THE PRIOR PROJECTS – Series 2001B Project" herein. The Series 2001B Lease Agreement relates the Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2017A (the "Series 2017A Certificates"), which are currently outstanding in the principal amount of \$30,240,000, all of which is allocable to the Series 2001B Lease Agreement. Subject to the Board's right of non-appropriation, the Series 2001B Lease Agreement is automatically renewable annually through June 30, 2026.

#### **Series 2002 Lease Agreement**

In November 2017, the Board entered into a Third Amended and Restated Lease Schedule No. 2002 to the Master Lease (together with the Master Lease, the "Series 2002 Lease Agreement") to finance

and refinance certain educational and related facilities (the "Series 2002 Project"). See "THE PRIOR PROJECTS – Series 2002 Project" herein. The Series 2002 Lease Agreement relates to (i) the Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2014A (the "Series 2014A Certificates"), which are currently outstanding in the principal amount of \$27,715,000, of which \$1,531,921 is allocable to the Series 2002 Lease Agreement; and (ii) the Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2017B (the "Series 2017B Certificates"), which are currently outstanding in the principal amount of \$51,915,000, all of which is allocable to the Series 2002 Lease Agreement. Subject to the Board's right of non-appropriation, the Series 2002 Lease Agreement is automatically renewable annually through June 30, 2028.

#### **Series 2003B Lease Agreement**

In April 2012, the Board entered into an Amended and Restated Lease Schedule No. 2003B to the Master Lease (together with the Master Lease, the "Series 2003B Lease Agreement") to finance and refinance certain educational and related facilities (the "Series 2003B Project"). See "THE PRIOR PROJECTS – Series 2003B Project" herein. The Series 2003B Lease Agreement relates to the Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2012A (the "Series 2012A Certificates"). The Series 2012A Certificates are currently outstanding in the principal amount of \$69,050,000, all of which is allocable to the Series 2003B Lease Agreement. Subject to the Board's right of non-appropriation, the Series 2003B Lease Agreement is automatically renewable annually through June 30, 2029.

#### **Series 2004B Lease Agreement**

In April 2014, the Board entered into the Amended and Restated Lease Schedule No. 2004B to the Master Lease (together with the Master Lease, the "Series 2004B Lease Agreement") to finance and refinance certain educational and related facilities (the "Series 2004B Project"). See "THE PRIOR PROJECTS – Series 2004B Project" herein. The Series 2004B Lease Agreement relates to the Series 2014A Certificates. The Series 2014A Certificates are currently outstanding in the principal amount of \$27,715,000, of which \$26,183,079 is allocable to the Series 2004B Lease Agreement. Subject to the Board's right of non-appropriation, the Series 2004B Lease Agreement is automatically renewable annually through June 30, 2026.

#### **Series 2004-QZAB Lease Agreement**

In June 2004, the Board entered into the Lease Schedule No. 2004-QZAB to the Master Lease (together with the Master Lease, the "Series 2004-QZAB Lease Agreement") to finance certain educational and related facilities (the "Series 2004-QZAB Project"). See "THE PRIOR PROJECTS – Series 2004-QZAB Project" herein. The Series 2004-QZAB Lease Agreement relates to Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2004-QZAB (the "Series 2004-QZAB Certificates"), all of which are currently outstanding; however, \$541,896 remains to be deposited into a sinking fund related thereto. Amounts deposited to the sinking fund are invested pursuant to a forward delivery agreement, which, together with interest earnings thereon, are expected to be equal to the principal amount of Series 2004-QZAB Certificates at maturity. Subject to the Board's right of non-appropriation, the Series 2004-QZAB Lease Agreement is automatically renewable annually through June 3, 2020.

### **Series 2005-QZAB Lease Agreement**

In December 2005, the Board entered into the Lease Schedule No. 2005-QZAB to the Master Lease (together with the Master Lease, the "Series 2005-QZAB Lease Agreement") to finance certain educational and related facilities (the "Series 2005-QZAB Project"). See "THE PRIOR PROJECTS – Series 2005-QZAB Project" herein. The Series 2005-QZAB Lease Agreement relates to Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2005-QZAB (the "Series 2005-QZAB Certificates"), all of which are currently outstanding; however, \$439,835 remains to be deposited into a sinking fund related thereto. Amounts deposited to the sinking fund are invested pursuant to a forward delivery agreement, which, together with interest earnings thereon, are expected to be equal to the principal amount of the Series 2005-QZAB Certificates at maturity. Subject to the Board's right of non-appropriation, the Series 2005-QZAB Lease Agreement is automatically renewable annually through December 20, 2020.

### **Series 2006A Lease Agreement**

In September 2015, the Board entered into the Second Amended and Restated Lease Schedule 2006A to the Master Lease (together with the Master Lease, the "Series 2006A Lease Agreement") to finance and refinance certain educational and related facilities (the "Series 2006A Project"). See "THE PRIOR PROJECTS – Series 2006A Project" herein. The Series 2006A Lease Agreement relates to the Series 2015A Certificates. The Series 2015A Certificates are currently outstanding in the principal amount of \$94,655,000, of which \$58,200,000 is allocable to the Series 2006A Lease Agreement. See "THE PRIOR CERTIFICATES – Series 2007 Lease Agreement" herein. Subject to the Board's right of non-appropriation, the Series 2006A Lease Agreement is automatically renewable annually through June 30, 2031.

### **Series 2007 Lease Agreement**

In March 2016, the Board entered into the Amended and Restated Lease Schedule No. 2007 to the Master Lease (together with the Master Lease, the "Series 2007 Lease Agreement") to finance and refinance certain educational and related facilities (the "Series 2007 Project"). See "THE PRIOR PROJECTS – Series 2007 Project" herein. The Series 2007 Lease Agreement relates to the Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2016A (the "Series 2016A Certificates"). The Series 2016A Certificates are currently outstanding in the principal amount of \$50,810,000, all of which is allocable to the Series 2007 Lease Agreement. Subject to the Board's right of non-appropriation, the Series 2007 Lease Agreement is automatically renewable annually through June 30, 2031.

The Series 2007 Lease Agreement provides that the portion of the Series 2007 Project comprised of Steinbrenner High School is secured on a pro rata basis by the Series 2004C Lease Agreement, the Series 2006A Lease Agreement, and the Series 2007 Lease Agreement and the portion of the Series 2006A Project and the Series 2007 Project comprised of Barrington Middle School is secured on a pro rata basis by the Series 2006A Lease Agreement and the Series 2007 Lease Agreement.

### **Series 2010B Lease Agreement**

In December 2010, the Board entered into the Lease Schedule No. 2010B to the Master Lease (the "Series 2010B Lease Agreement") to finance certain educational and related facilities (the "Series 2010B Project"). See "THE PRIOR PROJECTS – Series 2010B Project" herein. The Series 2010B Lease Agreement

relates to the Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2010B (Qualified School Construction Bonds – Federally Taxable – Issuer Subsidy) (the "Series 2010B Certificates"), all of which are currently outstanding; however, \$23,182,500 remains to be deposited into a sinking fund related thereto. Amounts deposited to the sinking fund are invested pursuant to a forward delivery agreement, which, together with interest earnings thereon, are expected to be equal to the principal amount of the Series 2010B Certificates at maturity. Subject to the Board's right of non-appropriation, the Series 2010B Lease Agreement is automatically renewable annually through November 30, 2028.

The Series 2004-QZAB Certificates, the Series 2005-QZAB Certificates, the Series 2010A Certificates, the Series 2010B Certificates, the Series 2012A Certificates, the Series 2014A Certificates, the Series 2015A Certificates, the Series 2016A Certificates, the Series 2017A Certificates, the Series 2017B Certificates, the Series 2017C Certificates, and the Series 2017D Certificates are referred to herein, collectively, as the "Prior Certificates." Similarly, the Series 1994 Project, the Series 1995 Project, the Series 1998 Project, the Series 1999 Project, the Series 2000 Project, the Series 2001B Project, the Series 2002 Project, the Series 2003B Project, the Series 2004B Project, the Series 2004-QZAB Project, the Series 2005-QZAB Project, the Series 2006A Project, the Series 2007 Project, and the Series 2010B Project are collectively referred to herein as the "Prior Projects." Moreover, the Series 1998 Lease Agreement, the Series 1999 Lease Agreement, the Series 2000 Lease Agreement, the Series 2001B Lease Agreement, the Series 2002 Lease Agreement, the Series 2003B Lease Agreement, the Series 2004B Lease Agreement, the Series 2004-QZAB Lease Agreement, the Series 2005-QZAB Lease Agreement, the Series 2006A Lease Agreement, the Series 2007 Lease Agreement, and the Series 2010B Lease Agreement are referred to herein, collectively, as the "Prior Lease Agreements."

## **THE SERIES 2018 CERTIFICATES**

### **General**

The Series 2018 Certificates are issuable as fully registered Certificates in denominations of \$5,000 or any integral multiple thereof. The Series 2018 Certificates shall be dated their date of delivery and shall mature in the years and principal amounts and bear interest at the rates set forth on the inside cover page of this Offering Statement. The Series 2018 Certificates shall initially be issued exclusively in "book-entry" form and ownership of one fully registered Series 2018 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.

The Interest Component of Basic Rent Payments represented by the Series 2018 Certificates is payable on January 1 and July 1 of each year, commencing January 1, 2019. Said interest component shall represent an undivided proportionate interest of the Interest Component of Basic Rent Payments due on December 15 and June 15 of each year (each a "Payment Date") as set forth in the Series 2004C Lease Agreement, to and including the maturity date of each Series 2018 Certificate, or upon earlier prepayment, 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 2018 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. DTC will act as securities depository and payment will be made as described below under "– Book-Entry Only System."

The principal amount of the Series 2018 Certificates payable at maturity or upon earlier prepayment thereof shall represent an undivided proportionate interest in the Principal Component of Basic Rent Payments on each of the dates set forth in the Series 2004C Lease Agreement. The Principal Component of Basic Rent Payments represented by the Series 2018 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.

### **Book-Entry Only System**

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

DTC will act as securities depository for the Series 2018 Certificates. The Series 2018 Certificates will be registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. Purchases of beneficial ownership interests in the Series 2018 Certificates will be made in book entry-only form, in the denominations hereinbefore described. Purchasers of beneficial ownership interests in the Series 2018 Certificates ("Beneficial Owners") will not receive Series 2018 Certificate representing their ownership interests in the Series 2018 Certificates, except in the event that use of the book entry-only system for the Series 2018 Certificates is discontinued. One fully registered certificate will be issued for each maturity of the Series 2018 Certificates, and deposited with DTC.

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

Purchases of Series 2018 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018 Certificates on DTC's records. The ownership interest of each actual purchaser of each Series 2018 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 2018 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2018 Certificates, except in the event that use of the book entry system for the Series 2018 Certificates is discontinued.

To facilitate subsequent transfers, all Series 2018 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 2018 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 2018 Certificates. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2018 Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2018 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2018 Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Series 2018 Certificate documents. For example, Beneficial Owners of the Series 2018 Certificates may wish to ascertain that the nominee holding the Series 2018 Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of the notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the Series 2018 Certificates within an issue are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such certificates to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2018 Certificates unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 2018 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Prepayment proceeds and interest payments on the Series 2018 Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or

registered in "street name," and will be the responsibility of such Participants and not of DTC, Agent, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee for the Series 2018 Certificates. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

None of the Corporation, the Board or the Trustee can give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Series 2018 Certificates paid to DTC or its nominee, or any prepayment or other notices, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve or act in a manner described in this Offering Statement.

For every transfer and exchange of beneficial interests in the Series 2018 Certificates, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other government charge that may be imposed in relation thereto.

DTC may discontinue providing its services as depository with respect to the Series 2018 Certificates at any time by giving reasonable notice to the Board. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered to DTC.

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

## **Prepayment**

Optional Prepayment. The Series 2018 Certificates maturing on and after July 1, 2029 may be prepaid at the option of the Board from prepayments of Basic Rent made by the Board pursuant to the Series 2004C Lease Agreement, in whole or in part on July 1, 2028 or any date thereafter, and if in part, by lot in such manner as may be designated by the Trustee, at a Prepayment Price equal to the principal amount of the Series 2018 Certificates or portion thereof to be prepaid, plus accrued and unpaid interest thereon to the optional prepayment date, without premium.

No Extraordinary Prepayment in the Event of Damage, Destruction, or Condemnation. The Series 2018 Certificates shall not be subject to extraordinary prepayment from Net Proceeds of insurance or condemnation, and any amounts received therefrom shall be applied as provided in the Series 2004C Lease Agreement, as more particularly described below.

Notwithstanding the provisions set forth in Sections 5.08(c) and (d) of the Master Lease Agreement, if the Net Proceeds related to the Series 2004C Project are not greater than the amount of the Lease Payments represented by the Series 2018 Certificates coming due in the immediately following fiscal year under the Fifth Amended and Restated Lease Schedule No. 2004C, then such amounts shall be used first, to pay the Interest Component of the Series 2018 Certificates, for the next two interest Payment Dates and then to pay the Principal Component next coming due. In the event such Net Proceeds are greater than the amount of the Lease Payments coming due under the Fifth Amended and Restated Lease Schedule No. 2004C in the immediately following fiscal year, at the option of the Board, the Board shall apply the portion of the Net Proceeds of such insurance or condemnation award to (i) the acquisition,

construction, and installation of other Land and/or Buildings to be used for educational purposes that will be subject to the Fifth Amended and Restated Lease Schedule No. 2004C, or (ii) upon receipt of an approving opinion of Special Counsel, to the Series 2018 Subaccount of the Interest Account or Series 2018 Subaccount of the Principal Account, as applicable, to be credited against the payments next due to such accounts or subaccounts.

Selection of the Series 2018 Certificates for Prepayment. When Series 2018 Certificates are prepaid by lot, selection of Series 2018 Certificates for prepayment shall be in such manner as the Trustee shall determine; provided, however, that the portion of any Series 2018 Certificate to be prepaid shall be in the principal amount of \$5,000 or any whole multiple thereof, and that in selecting portions of Series 2018 Certificates for prepayment, the Trustee shall treat each such Series 2018 Certificate as representing that number of Series 2018 Certificates which is obtained by dividing the principal amount with respect to such Series 2018 Certificate by \$5,000.

DTC Procedures. Investors should note that while DTC is the registered owner of the Series 2018 Certificates, partial prepayments of the Series 2018 Certificates will be determined in accordance with DTC's procedures. The Board intends that prepayment allocations made by DTC, the DTC Participants, or such other intermediaries that may exist between the School Board and the Beneficial Owners of the Series 2018 Certificates be made in accordance with the method of selection of Series 2018 Certificates for a partial prepayment described above. However, the selection of the Series 2018 Certificates for prepayment in DTC's book-entry only system is subject to DTC's practices and procedures as in effect at the time of any such partial prepayment. The Board can provide no assurance that DTC, the DTC Participants, or any other intermediaries will allocate prepayments among Beneficial Owners in accordance with the method of selection of Series 2018 Certificates for a partial prepayment described above.

Notice of Prepayment. Notice of prepayment of the Series 2018 Certificates shall be mailed, postage prepaid, not more than 60 days nor fewer than 30 days prior to the date of prepayment, to the Owners of such Series 2018 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 such Series 2018 Certificates. Each such notice shall state: (i) the CUSIP numbers of all Series 2018 Certificates being prepaid, (ii) the original issue date of such Series 2018 Certificates, (iii) the maturity date and rate of interest borne by each Series 2018 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 2018 Certificates are to be prepaid, the certificate number (and, in the case of a partial prepayment of any Series 2018 Certificate, the principal amount) of each Series 2018 Certificate to be prepaid, (viii) that on such prepayment date, there shall become due and payable upon each Series 2018 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 2018 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 2018 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.

Notwithstanding any provisions to the Trust Agreement to the contrary, the Board is not required to deposit funds with the Trustee prior to the mailing by the Trustee of any notice of prepayment for the Series 2018 Certificates, provided that, in such case, notice of any prepayment of



Series 2018 Certificates shall explicitly state that the proposed prepayment is conditioned on there being on deposit in the applicable account or subaccount on the prepayment date sufficient funds to pay the full Prepayment Price of the Series 2018 Certificates to be prepaid or any other conditions as may be set forth in such notice of prepayment. In the event the conditions stated in the notice of prepayment are not satisfied on the proposed prepayment date, such prepayment shall not occur and such notice of prepayment shall be of no further force or effect.

So long as the Series 2018 Certificates are issued in book-entry only form, notice of prepayment will be mailed, postage prepaid (not less than 30 days before the Prepayment Date in the case of optional prepayment, unless a different notice period is required by DTC) to Cede & Co., as nominee for DTC, and the Trustee will not mail any prepayment notice directly to the Beneficial Owners of the Series 2018 Certificates. See "THE SERIES 2018 CERTIFICATES – Book-Entry Only System."

Effect of Prepayment. On the date fixed for prepayment, notice having been given in the manner and under the conditions provided in the Trust Agreement, the Series 2018 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 Series 2018 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 the Series 2018 Certificates to be prepaid, interest on the Series 2018 Certificates called for redemption shall cease to accrue as of the date set for prepayment; such Series 2018 Certificates shall cease to be entitled to any benefits or security under the Trust Agreement or to be deemed Outstanding; and the Owners of such Series 2018 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.

### **Negotiability, Registration, Transfer, and Exchange**

*So long as the Series 2018 Certificates are registered in the name of Cede & Co., as the nominee of DTC, the transfer and exchange of any Series 2018 Certificates shall be governed by rules established between DTC and its Participants. Upon the discontinuance of the book-entry only registration system for the Series 2018 Certificates, the following provisions described under this subheading shall apply for the Beneficial Owners.*

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 the Series 2018 Certificates as provided therein.

The transfer of any Series 2018 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 Series 2018 Certificate a new registered Series 2018 Certificate or Series 2018 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 Series 2018 Certificate surrendered or exchanged, of the same maturity and bearing interest at the same rate.

In all cases in which the Series 2018 Certificates shall be exchanged or the transfer of the Series 2018 Certificates shall be registered hereunder, the Trustee shall authenticate and deliver at the earliest practicable time Series 2018 Certificates in accordance with the provisions of this Trust Agreement. All Series 2018 Certificates surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the Trustee. Upon the cancellation of any Series 2018 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 Series 2018 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 Series 2018 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 Series 2018 Certificates as a condition precedent to such registration, transfer, or exchange. The Trustee shall not be required to transfer or exchange Series 2018 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 Series 2018 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.

The Series 2018 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 Series 2018 Certificates of the same maturity, of any denomination or denominations authorized by this Trust Agreement, bearing interest at the same rate, and in the same form as the Series 2018 Certificates surrendered for exchange.

#### **Series 2018 Certificates Mutilated, Destroyed, Stolen, or Lost**

In case any Series 2018 Certificates shall become mutilated or be destroyed, stolen, or lost, the Trustee shall cause to be executed, shall authenticate and deliver, a new Series 2018 Certificate of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Series 2018 Certificate or in lieu of and substitution for the Series 2018 Certificate destroyed, stolen, or lost, and the Owner shall pay the reasonable expenses and charges of the Trustee in connection therewith and, in the case of a Series 2018 Certificate destroyed, stolen, or lost, the Owner shall file with the Trustee evidence satisfactory to it that such Series 2018 Certificate was destroyed or lost, and of his ownership thereof, and as a condition precedent to delivery of such new Series 2018 Certificate the Trustee may require indemnity satisfactory to it.

Every Series 2018 Certificate issued in exchange or substitution for any Series 2018 Certificate which is mutilated, destroyed, lost, or stolen shall constitute an additional contractual obligation pursuant to the terms of the Trust Agreement, whether or not the destroyed, lost, or stolen Series 2018 Certificate shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of the Trust Agreement equally and proportionately with any and all other Certificates duly issued under the Trust Agreement.

## SECURITY FOR THE SERIES 2018 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 2004C Project, may be added to the Master Lease from time to time, and that Additional Certificates in addition to the Series 2018 Certificates will be issued under the Master Trust Agreement in connection with such Projects. The Board has previously entered into the Prior Lease Agreements, as described under the heading "THE PRIOR CERTIFICATES," in connection with the financing and refinancing, from time to time, of the Prior Projects.

The Series 2018 Certificates evidence undivided proportionate interests in the Basic Rent Payments to be made by the Board under the Series 2004C Lease Agreement. The Series 2018 Certificates are secured by and payable from the Trust Estate established for the Series 2018 Certificates pursuant to the Trust Agreement. The Trust Estate consists of, among other things, all estate, right, title, and interest of the Trustee in and to the Basic Rent Payments under the Series 2004C Lease Agreement and all amounts held in the funds and accounts under the Trust Agreement, allocable to the Series 2018 Certificates in accordance with the provisions of the Master Lease and the Trust Agreement, including investment earnings thereon, and any and all monies received by the Trustee pursuant to the Series 2004C Lease Agreement and the Trust Agreement which are not required to be remitted to the Board or the Corporation pursuant to the Master Lease or the Trust Agreement.

The owners of the Series 2018 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 2004C Project; however, with respect to the portion of the Series 2004C Project comprised of Steinbrenner High School, such benefits will be on a pro rata basis with the owners of the Series 2015A Certificates and the Series 2016A Certificates allocable to such portion of the Series 2004C Project (in each case, except for Designated Equipment). See "THE REFINANCED PROJECTS" herein. Such portion of the Trust Estate which is derived from the sale, re-letting, or other disposition of the Series 2004C Project will be utilized solely for the benefit of the owners of the Series 2018 Certificates; however, such portion of the Series 2004C Project comprised of Steinbrenner High School will be utilized for the benefit of the owners of the Series 2018 Certificates allocable to such portion of the Series 2004C Project, on a pro rata basis with the owners of the Series 2015A Certificates and the Series 2016A Certificates allocable to such portion of the Series 2004C Project. Any cash, securities, or investments in the Series 2018 Pledged Accounts shall be utilized solely for the benefit of the Owners of the Series 2018 Certificates. See "SECURITY FOR THE SERIES 2018 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 2004C 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 (as defined herein). 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 2004C Project; however, with respect to the portion of the Series 2004C Project comprised of Steinbrenner High School, such amounts will be on a

pro rata basis with the owners of the Series 2015A Certificates and the Series 2016A Certificates allocable to such portion of the Series 2004C Project (in each case, 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 2004C 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 2004C 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 make 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 2004C 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 2004C Lease Agreement for the Maximum Lease Term thereof (ending June 30, 2030). 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" includes 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, the Capital Outlay Millage Levy (as defined herein). See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS" and "OPERATING REVENUE OF THE DISTRICT" herein.

The Board has and may issue additional 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 2018 Certificates. The incurrence of such indebtedness by the Board may adversely affect the Board's ability to pay Basic Rent and Supplemental 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 BOARD, THE DISTRICT, HILLSBOROUGH COUNTY, FLORIDA (THE "COUNTY"), THE STATE, NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY ANY SUMS DUE UNDER THE SERIES 2004C LEASE AGREEMENT EXCEPT FROM AVAILABLE REVENUES APPROPRIATED FOR SUCH PURPOSE. BASIC RENT IS SUBJECT TO ANNUAL APPROPRIATION BY THE BOARD. THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST AND THE PAYMENTS DUE FROM THE BOARD UNDER THE SERIES 2004C LEASE AGREEMENT AND THE CONTRACTUAL OBLIGATIONS OF THE BOARD UNDER THE SERIES 2004C 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 2018 CERTIFICATES WILL NOT DIRECTLY OR INDIRECTLY OBLIGATE THE BOARD, THE DISTRICT, THE COUNTY, THE STATE, 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 2018 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 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 2004C PROJECT TO THE TRUSTEE.**

#### **Uniform Commercial Code**

The Series 2018 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. There is no limit on the number of additional Projects that may be financed thereunder. The Board may enter into additional Lease 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. PURSUANT TO THE MASTER LEASE, THE BOARD MAY NOT BUDGET AND APPROPRIATE BASIC RENT FOR A PORTION OF THE PROJECTS LEASED THEREUNDER; 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. See "- Limited Obligation of the Board" herein for further information regarding the effect of an Event of Non-appropriation under the Master Lease.

## 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 consists of a Project Account, Capitalized Interest Account, and a Costs of Issuance Account;
- (2) the "School Board of Hillsborough County, Florida Master Lease Payment Fund" (the "Lease Payment Fund"), which consists 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 2018 accounts and subaccounts, as applicable, will be established within the Principal Account, Interest Account, Costs of Issuance Account, and Prepayment Fund. No Series 2018 Certificates will be secured by a subaccount in the Reserve Account. See "RISK FACTORS – No Series 2018 Reserve Account" herein.

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 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 Amortization Installment of the Series of Certificates for which it was established as and when the same shall mature or are 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 Installments coming due on all Outstanding Certificates on the next succeeding principal Payment Date.

## **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 Certificates then Outstanding 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, the Master Lease, or the Series 2004C Ground Lease; and (3) take possession of the Projects, including the Series 2004C 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.

## **Refunding Certificates**

Refunding Certificates may be issued under and secured by the Trust Agreement for the purposes of (i) providing funds for refunding part or all of the 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 prepayment, (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 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, 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 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 as the Certificates to be refunded in accordance with the terms of the Trust Agreement. The Series 2018 Certificates constitute Refunding Certificates under the Trust Agreement.

## **Additional Certificates and Other Indebtedness**

Additional Series of Certificates ("Additional Certificates") may be issued under the Trust Agreement, in addition to the Series 2018 Certificates and the Prior Certificates, to finance additional Projects under the Master Lease without the consent of the Owners of the Series 2018 Certificates. 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.

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 2018 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. Other than the Note (as defined herein), there is currently no such indebtedness or other obligations currently outstanding. See "SHORT TERM FINANCING" herein.

### **THE MASTER LEASED PROJECTS**

That portion of the Series 2004C Project funded by the Refunded Certificates will be refinanced under the Board's existing Master Lease Purchase Program (the "Master Lease Program") with the Corporation pursuant to the Master Lease. The Projects financed and refinanced by the Board under the Master Lease Program are subject to annual appropriation on an all or none basis. Under certain conditions set forth in the Master Lease, the Board may substitute or add components to any of the Prior Projects and the Series 2004C Project and modify the Plans and Specifications thereof. Further, the Series 2004C Lease Agreement provides for the release of components of the Series 2004C Project from the lien of the Series 2004C Lease Agreement if certain requirements are met. See "THE REFINANCED PROJECTS – Substitution and Release of Series 2004C Project" herein. For a complete description of the facilities see "THE REFINANCED PROJECTS" and "THE PRIOR PROJECTS" herein.

The District has 54 schools and 45 additions to schools subject to the Master Lease Program. Based on the District's budgeted unweighted full time equivalent enrollment for the Fiscal Year 2018-19 of approximately 215,996 students, approximately 31.07% of the District's students will attend classes in facilities leased under the Master Lease. To determine the above percentage, the number of students attending each facility was calculated as follows: for schools that are built and operating, the number of students for the Fiscal Year 2018-19 was used; for the additions, the number of student stations attributable to each specific classroom for Fiscal Year 2018-19 based on the type of school (elementary, middle, or high) or gymnasium, but does not include cafeterias, media centers, and other facilities that do not have any student stations attributable to them. For purposes of the foregoing calculation, the improvements that comprise Designated Equipment were not included. Such attendance levels may change at any time based on an increase or reduction in actual enrollment or further State legislative or constitutional requirements. See "LEGISLATIVE CHANGES AFFECTING DISTRICT REVENUES – Class Size Reduction" for a further description of the current Florida Constitutional requirements related to class size.

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 (other than Designated Equipment) for the duration of their applicable lease terms, including the Series 2004C Project, to the Trustee for the benefit of the Owners of the Certificates which financed or refinanced such Projects.



## THE REFINANCED PROJECTS

The Series 2004C Project consists of the acquisition, construction, and/or installation of the following educational facilities located in the District. The Series 2004C Project is being partially refinanced with proceeds of the Series 2018 Certificates. All components designated with an asterisk (\*) constitute Designated Equipment.

Earl J. Lennard High School Athletic Facility*	Deer Park Elementary School
Nancy Bartels Middle School	Gary Adult School
Summerfield Crossing Elementary School	Stowers Elementary School
Armwood High School Renovations and Remodeling*	Oak Park Elementary School
Steinbrenner High School (also a part of the Series 2006A Project and the Series 2007 Project)	

The Series 2004C Project was approved by the Board in connection with the Board's Capital Improvement Program. Construction was completed on all educational facilities comprising the Series 2004C Project during 2005 through 2012.

### Substitution and Release of Series 2004C Project

Under certain conditions set forth in the Master Lease, the Board may substitute or add components to the Series 2004C Project and modify the Plans and Specifications thereof. In addition, the Series 2004C Lease Agreement allows for the release of one or more facilities comprising a portion of the Series 2004C Project components at such time as the total construction cost of the remaining facilities components of the Series 2004C Project exceeds the remaining principal portion of the Basic Rent Payments payable with respect to the Series 2004C Project. Purchasers of the Series 2018 Certificates should carefully review such language in the Series 2004C Lease Agreement. See "APPENDIX E: MASTER LEASE-PURCHASE AGREEMENT, AS AMENDED, AND FORM OF FIFTH AMENDED AND RESTATED LEASE SCHEDULE NO. 2004C" for the specific amendments.

### Series 2004C Designated Equipment

The Series 2004C Project includes Designated Equipment which consists of athletic facilities at Earl J. Lennard High School, the renovations and remodeling at Armwood High Schools, and equipment components not constituting fixtures of the educational facilities described above. The Owners of the Series 2018 Certificates will not be granted any interest in Designated Equipment. Approximately 24% of the Series 2004C Project constitutes Designated Equipment.

## THE PRIOR PROJECTS

The following descriptions of other Projects are general descriptions of projects currently subject to the Master Lease. Under certain conditions of the Master Lease, the Board may substitute components of the respective Projects and modify the plans and specifications therefor. All components designated with an asterisk (\*) constitute Designated Equipment.

### **Series 1994 Project**

The Series 1994 Project consists of the acquisition, construction, and/or installation of the following educational facilities located in the District.

Benito Middle School	Durant High School
Walker Middle School	Blake High School
Burnett Middle School	Plant City High School Addition
Sickles High School	Carrollwood Elementary School Addition
Wharton High School	

### **Series 1995 Project**

The Series 1995 Project consists of the acquisition, construction, and/or installation of the following educational facilities located in the District.

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

### **Series 1998 Project**

The Series 1998 Project consists of the acquisition, construction, and/or installation of the following educational facilities located in the District.

Springhead Elementary School	Middleton High School (land for site only)
Wilson Elementary School Addition	Westchase Middle School
Media Centers at 15 elementary schools	Baycrest Elementary School Addition
Media Centers and Classrooms at eight elementary schools	Woodbridge Elementary School Addition
Completion of Series 1995 Project	Completion of Blake High School
Riverview High School Addition	Franklin Middle School Addition
Durant High School Addition	Alonso High School Athletic Facility*
Freedom High School Athletic Facility*	Lake Magdalene Addition

### **Series 1999 Project**

The Series 1999 Project consists of the acquisition, construction, and/or installation of the following educational facilities located in the District:

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

### **Series 2000 Project**

The Series 2000 Project consists of the acquisition, construction, and/or installation of the following educational facilities located in the District:

Farnell Middle School	Cimino Elementary School
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 addition*	Lopez ESE addition
West Tampa Elementary School addition	Westshore Elementary School addition*

### **Series 2001B Project**

The Series 2001B Project consists of the acquisition, construction, and/or installation of the following educational facilities located in the District:

Jennings Middle School	Ippolito Elementary School
East County Career Center	Grady Elementary School
Broward Elementary School Classrooms	Heritage Elementary School
Nelson Elementary School	Sessums Elementary School
ESE/East County Career Center	Kingswood Elementary School Classrooms
MacFarlane Center Food Service/Media Center	Sligh Middle School Gymnasium

### **Series 2002 Project**

The Series 2002 Project consists of the acquisition, construction and/or installation of the following educational facilities located in the District:

Corr Elementary School	Just Early Childhood Center
Turner Elementary School	Stewart Middle School (Classroom additions)
Bartels Middle School	Woodbridge Elementary School (Classroom additions)
Collins Elementary School	Smith Middle School Completion*
Middleton High School Athletic Facility*	
Hammond Elementary School	

### **Series 2003B Project**

The Series 2003B Project consists of the acquisition, construction, and/or installation of the following educational facilities located in the District:

Spoto High School	Frost Elementary School
Fishhawk Elementary School	Rampello Downtown Partnership School
Knights Elementary School Classroom Additions	

**Series 2004B Project**

The Series 2004B Project consists of the acquisition, construction, and/or installation of the following educational facilities located in the District:

Earl J. Lennard High School  
New parking facility serving Rampello  
Downtown Partnership School

Inez Doby Elementary School  
Ruskin Elementary School Additions\*

**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 2005-QZAB Project\***

The Series 2005-QZAB Project consists 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 Series 2006A Project consists of the acquisition, construction, and/or installation of the following educational facilities located in the District:

Steinbrenner High School  
Smith Middle School  
Gaither High School Renovations\*

Barrington Middle School  
Reddick Elementary School

**Series 2007 Project**

The Series 2007 Project consists of the acquisition, construction, and/or installation of the following educational facilities located in the District:

Strawberry Crest High School  
Completion of Steinbrenner High School

Completion of Barrington Middle School  
Bloomingdale High School renovations\*

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### **Series 2010B Project\***

The Series 2010B Project consists of certain renovations to the following educational facilities located in the District:

Marshall Middle School	Sulphur Springs Elementary School
Brandon High School	Mort Elementary School
Twin Lakes Elementary School	Woodbridge Elementary School
Forest Hills Elementary School	Wilson Elementary School
Grady Elementary School	Temple Terrace Elementary School
Monroe Middle School	Alexander Elementary School
Hill Middle School	Bellamy Elementary School
Shore Elementary School	Broward Elementary School
Shore Elementary School	Chiarmonte Elementary School
Progress Village Middle School	Claywell Elementary School
Progress Village Middle School	Dickenson Elementary School
McLane Middle School	Dover Elementary School
Memorial Middle School	Hillsborough High School
Forest Hills Elementary School	Robinson High School
Davidson Middle School	Knights Elementary School
Lincoln Elementary School	Coleman Middle School
South County Career School	Lavoy Center School
Morgan Woods Elem School	Raymond O. Shelton School Administrative Center
Turkey Creek Middle School	Maintenance Operations
Seffner Elementary School	Yates Elementary School
Sligh Middle School	Van Buren Middle School
Springhead Elementary School	Hanna Warehouse

All of the components with the Series 2010B Project constitute Designated Equipment for purposes of the Master Lease.

### **Prior Project Designated Equipment**

The Prior Projects, which include Designated Equipment that consists of equipment components not constituting fixtures of the educational facilities described above, are the facilities designated with an asterisk (\*). Upon the occurrence of an Event of Non-Appropriation or an Event of Default, the Owners of the Prior Certificates will have no rights to the components of the Prior Projects constituting Designated Equipment.

## **THE MASTER LEASE PROGRAM**

### **The Series 2004C Ground Lease**

The Board, as Ground Lessor, granted to the Corporation, as Ground Lessee, a leasehold estate in the Series 2004C Project and the real estate on which such Series 2004C Project are located (the "Series 2004C Project Lands") pursuant to the Ground Lease Agreement, dated as of November 1, 2004, as amended and supplemented (the "Series 2004C Ground Lease"). The term of the Series 2004C Ground Lease commenced on the dated date of the Certificates of Participation (School Board of Hillsborough

County, Florida Master Lease Program), Series 2004C (the "Series 2004C Certificates") and will terminate on the earlier of (a) the date on which the Series 2004C Certificates and any Certificates issued to refund the Series 2004C Certificates (including the Refunded Certificates and the Series 2018 Certificates) have been paid in full or provision for payment of all such Certificates has been made pursuant to Section 12.01 of the Trust Agreement and any Supplemental Rent arising under the Series 2004C Lease Agreement has been paid or provided for, or (b) July 1, 2036 (both dates inclusive). So long as no Event of Default or Event of Non-Appropriation under the Series 2004C Lease Agreement has occurred, the Series 2004C Project Lands shall be used by the Board with respect to the Series 2004C Project. Upon termination of the Master Lease, the rental of the Series 2004C Project Lands shall be increased to fair market value in accordance with the terms of the Series 2004C 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 2018 Certificates. See "SECURITY FOR THE SERIES 2018 CERTIFICATES – Master-Lease Aspects" herein.

The foregoing does not attempt to completely summarize the provisions of the Series 2004C Ground Lease. See "APPENDIX G: SERIES 2004C GROUND LEASE AGREEMENT AND SERIES 2004C GROUND LEASE ASSIGNMENT." attached hereto for more information regarding the Series 2004C Ground Lease.

### **The Series 2004C 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 (the "Projects"), including the Prior Projects and the Series 2004C Project, that are described in various Lease Schedules 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, Credit Enhancer, if any, and Corporation fees and expenses, prepayment premiums and other financing expenses, and all other amounts owing under the Master Lease. 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 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 2018 CERTIFICATES" herein.

The Principal Component of the Basic Rent Payments under the Series 2004C Lease Agreement represented by the Series 2018 Certificates is payable in accordance with the debt service schedule set forth herein.

The foregoing does not attempt to completely summarize the provisions of the Master Lease. See "APPENDIX E: MASTER LEASE-PURCHASE AGREEMENT, AS AMENDED, AND FORM OF FIFTH AMENDED AND RESTATED LEASE SCHEDULE NO. 2004C" attached hereto.

### SHORT TERM FINANCING

The Board has authorized the Superintendent to establish a line of credit tax anticipation note pursuant to Section 1011.13, Florida Statutes (the "Note") that would allow the Board to borrow funds if necessary due to the timing of receipts of revenue and expenditures coming due. Such Note would be repaid in full within 90 days from the first draw. For the last several years, the Board has annually approved such a note but has never made any draws thereon. The Board authorized the Superintendent to establish the Note for the Fiscal Year 2018-19, in an amount not exceeding \$100,000,000 at any time that would bear interest at a rate equal to 80% of one month LIBOR plus 65 basis points, adjusted monthly. If drawn upon, the Note would be secured by a pledge of anticipated ad valorem tax proceeds levied for operating purposes. The Board has no current expectations to make any draws on the Note.

### ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Series 2018 Certificates are expected to be applied as follows:

#### SOURCES OF FUNDS

Par Amount of Series 2018 Certificates	\$64,995,000.00
Plus Original Issue Premium	9,471,760.75
Other Legally Available Revenues	<u>52,693.87</u>
TOTAL SOURCES	\$74,519,454.62

#### USES OF FUNDS

Payment to the Trustee, as Paying Agent on the Refunded Certificates	\$74,042,693.87
Series 2018 Subaccount of Costs of Issuance Account <sup>(1)</sup>	<u>476,760.75</u>
TOTAL USES	\$74,519,454.62

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<sup>(1)</sup> Includes, without limitation, Underwriters' discount, legal, accounting and financial advisory fees, printing costs, and other costs associated with the issuance of the Series 2018 Certificates.

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## COMBINED CERTIFICATE PAYMENT SCHEDULE

Payment requirements on the Prior Certificates after the issuance of the Series 2018 Certificates and the redemption of the Refunded Certificates are as follows:

Year Ending July 1	Series 2004 QZAB Certificates	Series 2005 QZAB Certificates	Series 2010A Certificates	Series 2010B Certificates <sup>(1)</sup>	Series 2012A Certificates	Series 2014A Certificates	Series 2015A Certificates	Series 2016A Certificates	Series 2017A Certificates	Series 2017B Certificates	Series 2017C Certificates	Series 2017D Certificates
2019	\$270,948	\$146,612	\$6,602,625	\$2,107,500	\$3,430,500	\$4,244,504	\$7,363,394	\$5,210,500	\$4,702,000	\$2,595,750	\$12,404,000	\$13,150,321
2020	270,948	146,612	6,603,125	2,107,500	3,430,500	4,259,008	7,375,144	5,197,000	4,702,500	2,595,750	25,472,250	-
2021	-	146,612	6,605,875	2,107,500	3,430,500	3,710,824	7,378,894	5,207,500	4,700,000	2,595,750	25,378,250	-
2022	-	-	6,604,475	2,107,500	3,430,500	3,734,288	7,529,644	5,205,500	4,699,250	2,595,750	25,286,500	-
2023	-	-	6,602,675	2,107,500	3,430,500	3,720,064	7,514,644	5,201,250	4,704,750	2,595,750	25,189,500	-
2024	-	-	32,034,900	2,107,500	3,430,500	3,734,048	7,526,394	5,209,500	4,705,750	2,595,750	-	-
2025	-	-	32,029,475	2,107,500	3,430,500	3,755,472	7,538,144	5,204,250	4,707,000	2,595,750	-	-
2026	-	-	-	2,107,500	3,430,500	3,769,080	40,289,394	5,205,750	4,473,000	2,595,750	-	-
2027	-	-	-	2,107,500	28,880,500	-	5,202,644	5,003,250	-	16,295,750	-	-
2028	-	-	-	2,107,500	3,398,500	-	5,195,494	5,006,500	-	40,125,750	-	-
2029	-	-	-	2,107,500	44,466,750	-	5,215,025	5,005,250	-	-	-	-
2030	-	-	-	-	-	-	5,197,025	5,004,250	-	-	-	-
2031	-	-	-	-	-	-	16,839,525	9,723,000	-	-	-	-
<b>Total<sup>(2)</sup></b>	<b>\$541,896</b>	<b>\$439,835</b>	<b>\$97,083,150</b>	<b>\$23,182,500</b>	<b>\$104,189,750</b>	<b>\$30,927,288</b>	<b>\$130,165,363</b>	<b>\$71,383,500</b>	<b>\$37,394,250</b>	<b>\$77,187,500</b>	<b>\$113,730,500</b>	<b>\$13,150,321</b>

<sup>(1)</sup> Includes the full value of the interest rate subsidy from the U.S. Treasury in the annual amount of \$2,116,773 with respect to the Series 2010B Certificates, but does not include any sinking fund earnings. Such interest rate subsidy is subject to reduction as a result of the sequestration, and timely payment of such interest rate subsidy requires filing by the District of certain forms with the U.S. Treasury in advance of the applicable interest payment date. For the year ending September 30, 2019, the sequestration rate equals 6.2%. Such amount may change over time. See "RISK FACTORS – Effect of Sequestration on Lease Payments" herein.

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

Source: The School Board of Hillsborough County, Florida.

[Table continues on following page]



**COMBINED CERTIFICATE PAYMENT SCHEDULE**

(continued from prior page)

Year Ending July 1	Total Combined Payments of Prior Certificates	Series 2018 Certificates			Total Combined Payments of Certificates
		Principal Component	Interest Component	Total Payments	
2019	\$62,228,654	\$1,090,000	\$2,049,148	\$3,139,148	\$65,367,802
2020	62,160,337	-	3,195,250	3,195,250	65,355,587
2021	61,261,704	910,000	3,195,250	4,105,250	65,366,955
2022	61,193,407	1,025,000	3,149,750	4,174,750	65,368,157
2023	61,066,633	1,200,000	3,098,500	4,298,500	65,365,133
2024	61,344,342	985,000	3,038,500	4,023,500	65,367,842
2025	61,368,091	1,010,000	2,989,250	3,999,250	65,367,341
2026	61,870,974	555,000	2,938,750	3,493,750	65,364,724
2027	57,489,644	4,965,000	2,911,000	7,876,000	65,366,644
2028	55,833,744	6,870,000	2,662,750	9,532,750	65,366,494
2029	56,794,525	6,250,000	2,319,250	8,569,250	65,363,775
2030	10,201,275	40,135,000	2,006,750	42,141,750	52,343,025
2031	26,562,525	-	-	-	26,562,525
Total <sup>(1)</sup>	\$699,375,853	\$64,995,000	\$33,554,148	\$98,549,148	\$797,925,001

<sup>(1)</sup> Totals may not add due to rounding.

Source: The School Board of Hillsborough County, Florida.

**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 Basic Rent 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 original financing of the Series 1994 Project constituted the initial activity of the Corporation. There is no litigation pending against the Corporation that would affect either the issuance of the Series 2018 Certificates or the validity or payment of the Lease Payments under the Series 2004C Lease Agreement.

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 Certificates), including its right to receive Lease Payments from the Board, its right, title, and interest in and to the Series 2004C Ground Lease, and its right to use, sell, and relet the 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 2018 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 statements relating to the sale of any additional Series of Certificates or other obligations of the Board or the Corporation.

#### **THE 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. For Fiscal Year 2018-19, the District has budgeted for the operation of 249 schools with 215,996 students (unweighted full time equivalent ("FTE")) and, the employment of approximately 24,682 permanent employees, of which 14,727 are certified teaching personnel (as of August 2018). 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 "Property Appraiser"). The Hillsborough County Tax Collector (the "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. 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.

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

Name	District	Term Expires
Sally A. Harris, Chair <sup>(1)</sup>	Board District No. 2	November, 2018
Tamara P. Shamburger, Vice Chair	Board District No. 5	November, 2020
Lynn L. Gray, Member	Board District No. 7*	November, 2020
April Griffin, Member <sup>(2)</sup>	Board District No. 6*	November, 2018
Melissa Snively, Member <sup>(3)</sup>	Board District No. 4	November, 2018
Cindy Stuart, Member	Board District No. 3	November, 2020
Susan L. Valdes, Member <sup>(4)</sup>	Board District No. 1	November, 2020

<sup>(1)</sup> Sally A. Harris was defeated by Stacy Hahn in the primary election on August 28, 2018.

<sup>(2)</sup> April Griffin did not seek reelection. Karen Perez and Henry "Shake" Washington are running in the general election on November 6, 2018.

<sup>(3)</sup> Melissa Snively was reelected in the primary election on August 28, 2018.

<sup>(4)</sup> Susan L. Valdes resigned effective November 6, 2018, in order to run for the Florida House of Representatives, District 62. Steve Cona and William Henry Person are running in the general election on November 6, 2018.

\*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 of Schools is Jeff Eakins. He served as Acting Superintendent of Schools for the period March 5, 2015 through June 30, 2015, and has served as the Superintendent since July 1, 2015. His present term expires June 30, 2020.

Jeff Eakins, Superintendent, became the Superintendent of the District on July 1, 2015. Mr. Eakins received his Bachelor's of Science in Education from Ohio State University and a Master of Science in Educational Leadership from Nova Southeastern University. Mr. Eakins began his career in education as a teacher at North Franklin Elementary School in Columbus, Ohio. In 1989, Mr. Eakins moved to the County and spent two years as a teacher at Wimauma Elementary School and nearly five years at Cypress Creek Elementary School. Over the next several years, Mr. Eakins was promoted to various key positions within the District. He first served as an assistant principal for elementary instruction at Springhead Elementary School, then he returned to Cypress Creek Elementary as the school's principal. In 2006, he became the director of the District's Title I program. Later, he was promoted to General Director of Federal Programs. In March 2013, Mr. Eakins served as Assistant Superintendent for Performance Management and Community Support. Later that year he was promoted to Deputy Superintendent for the District. Mr. Eakins has received numerous awards and recognition throughout his career including the 1992 Teacher of the Year at Cypress Creek Elementary School, the 2010 Dr. Earl Lennard Outstanding Leader Award for Hillsborough County Public Schools, and also in 2010, the National Association of Federal Education Program Administrator's Outstanding Leadership Award for

the State of Florida. He is a graduate of the 2011 Leadership Tampa Class, co-chair of the Leadership Tampa 2015 Education Committee, and serves on the Board of Directors for the Florida Association of Instructional Supervisors and Administrators.

### **Administration**

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 10 departments containing 104 employees. Departments under her control include Budget, Payroll, Debt Management, Cash Management, and Purchasing. Ms. Saunders oversees a total budget of more than \$3 billion and a debt portfolio of approximately \$1 billion. Debt instruments under Ms. Saunders control include Certificates of Participation, Sales Tax Revenue 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.

### **Employee Relations**

For the Fiscal Year 2018-19, the Board has budgeted to employ approximately 24,682 employees. A portion of these employees are represented by 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:

Paraprofessionals	June 30, 2021
Clerical	June 30, 2021
Bus Attendants	June 30, 2020
Teachers	June 30, 2019
Custodial, Maintenance and Mechanics	June 30, 2020
Bus Drivers	June 30, 2020

Under Florida law, public employees and public employee organizations may not participate in a strike against a public employer.

## **Academics**

For Fiscal Year 2018-19, the District has budgeted to operate 140 elementary schools comprised of students in kindergarten through fifth grade; 42 middle schools comprised of students in the sixth, seventh and eighth grades; five K-8 schools; 27 high schools comprised of students in ninth through twelfth grades as well as the vocational programs. In addition, for Fiscal Year 2018-19, the District has budgeted to operate three alternative educational schools, nine special school centers, 11 adult centers, four technical colleges, four career centers, and four teen parent sites conducted at the various locations within the District. For Fiscal Year 2018-19, there are 49 charter schools that are reported as component units of 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, for Fiscal Year 2018-19, the District budgeted to operate 42 "magnet programs." Magnet programs operate at the elementary, middle, and high school levels, offering unique educational 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.

## **Budget Process**

State law requires the Board to adopt in each Fiscal Year a tentative budget and a final budget, each of which is required to be balanced with available funds. The Superintendent, with input from staff, principals, the Budget Committee and interested community groups, prepares and submits to the School Board a recommended budget. The Board adopts the recommended budget, with such modifications, as it deems necessary, as the tentative budget for the District. After public hearings on the tentative budget, the Board adopts a final budget and forwards it to the Florida Department of Education. When approved by the Florida Department of Education, the final budget is designated as the official budget and governs the general operations for the Fiscal Year, unless subsequently amended by the School Board. See "AD VALOREM TAXATION – Millage Set by Local Governing Body."

**Certain Statistical Information**

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

**Summary of Statistical Data  
Ten Year History**

School Year	Number of Schools <sup>(1)</sup>	Number of Instructors	FTE Enrollment <sup>(2)</sup>	Average Expenditure per FTE Student <sup>(3)</sup>
2017-18	245	15,108	211,959	\$10,274
2016-17	245	15,466	212,038	10,760
2015-16	244	15,441	209,414	10,410
2014-15	243	15,704	204,089	10,554
2013-14	244	15,787	201,300	10,291
2012-13	244	15,638	196,659	9,773
2011-12	244	15,477	195,198	9,823
2010-11	244	15,217	192,499	10,234
2009-10	244	15,048	190,799	10,069
2008-09	242	15,376	189,761	10,202

<sup>(1)</sup> Does not include teen parent sites.

<sup>(2)</sup> K-12 full-time equivalent enrollment.

<sup>(3)</sup> Expenditures include Government-wide Governmental Activities.

*Sources: For School Years 2008-09 through 2016-17, Comprehensive Annual Financial Reports of the School District of Hillsborough County, Florida for the Fiscal Year ended June 30, 2017. For School Year 2017-18, the School District of Hillsborough County, Florida, Business Services Department.*

The actual FTE enrollment for the School Year 2018-19 and the estimated FTE enrollment for School Years 2019-20 through 2023-24 is as follows:

School Year	FTE Enrollment
2018-19	215,996
2019-20	217,836
2020-21	220,562
2021-22	223,321
2022-23	225,837
2023-24	228,012

*Source: State of Florida Office of Economic & Demographic Research, Conference Report for Pre-K-12 Enrollment Education Estimating Conference, Florida School District Programs Unweighted Full-Time Equivalent (FTE) Student Enrollment, July 24, 2018.*

## FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT

The following briefly describes financial results of the District and certain District liabilities. For additional information concerning such matters, see "APPENDIX B: COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2017; AND FLORIDA DEPARTMENT OF EDUCATION SUPERINTENDENT'S ANNUAL FINANCIAL REPORT (ESE 145) DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2018 (UNAUDITED)."

### 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 to audit its financial operations, whose report for the Fiscal Year ended June 30, 2017 is attached hereto as part of "APPENDIX B: COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2017; AND FLORIDA DEPARTMENT OF EDUCATION SUPERINTENDENT'S ANNUAL FINANCIAL REPORT (ESE 145) DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2018 (UNAUDITED)" attached hereto.

Accounting policies conform with generally accepted accounting principles applicable to state and local governmental units. Accordingly, the District's accounting system is organized on the basis of funds and account groups. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, either expenditures or expenses depending on fund type, and other financing sources and uses.

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 funds from the State or Federal Government which are restricted for Federal programs.

Other Debt Service – accounts for and reports on the payments of principal and interest for outstanding bonds and Certificates of Participation.

Local Capital Improvement – accounts for and reports on the revenues generated from the local capital outlay property taxes.

Other Capital Projects Funds – accounts for and reports on other miscellaneous funds from various sources, including Certificates of Participation.

### **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.

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.

### **Auditing System**

In addition to local internal audits, other budget reviews are conducted Florida 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 Florida 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 following table summarizes results of operations for the general fund of the District for the Fiscal Years ended June 30, 2014 through June 30, 2017 (audited), June 30, 2018 (unaudited), and the budgeted figures for the Fiscal Year ending June 30, 2019.

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**Summary of Revenues and Expenses - General Fund**  
**(in thousands, Fiscal Years ended June 30)\***

	Audited				Unaudited	Final Budget
	2014	2015	2016	2017	2018	2019
<b>Revenues</b>						
Federal	\$2,660	\$2,692	\$2,704	\$3,404	\$3,116	\$3,469
Federal through State	10,272	9,736	11,441	9,382	6,209	9,000
State Sources	991,806	1,032,116	1,068,523	1,077,890	1,121,257	1,141,038
Local	500,640	502,129	528,624	526,174	540,103	568,919
<b>Total Revenues</b>	<b>\$1,505,378</b>	<b>\$1,546,673</b>	<b>\$1,611,292</b>	<b>\$1,616,850</b>	<b>\$1,670,686</b>	<b>\$1,722,425</b>
<b>Expenditures</b>						
Current - Education:						
Instruction	\$1,005,516	\$1,092,452	\$1,099,423	\$1,126,237	\$1,153,565	\$1,185,472
Pupil Personnel	60,042	64,251	64,902	66,023	68,838	81,115
Instructional Media	20,421	21,291	21,195	21,745	21,453	22,008
Instruction & Curriculum Development	24,089	30,467	29,235	26,591	24,072	23,086
Instructional Staff Training	24,367	27,099	24,681	19,481	19,852	16,316
Instructional Related Technology	31,085	30,796	30,349	32,312	32,085	34,981
Board of Education	2,454	1,644	2,563	1,594	3,982	2,875
General Administration	4,479	5,722	6,557	6,862	7,019	6,162
School Administration	91,821	100,321	101,467	103,463	102,022	103,785
Fiscal Services	7,225	6,949	6,378	6,362	5,765	6,499
Administrative Technology Services	1,000	403	399	228	181	188
Food Services	349	537	401	269	402	853
Central Services	31,460	38,192	40,932	23,121	20,610	19,319
Pupil Transportation	68,446	73,169	62,855	65,600	65,702	56,496
Operation of Plant	107,763	111,041	109,875	114,786	117,817	135,526
Maintenance of Plant	26,810	27,239	26,909	27,463	26,876	26,000
Community Services and Other	44,451	44,154	46,934	20,756	19,563	20,910
Facilities Acquisition and Construction	1,254	1,324	1,082	1,664	2,838	2,818
Capital Outlay:						
Facilities Acquisition and Construction	267	209	145	22	182	-
Other Capital Outlay	5,542	2,791	3,761	2,119	3,225	-
<b>Total Expenditures &amp; Other Uses</b>	<b>\$1,558,841</b>	<b>\$1,680,051</b>	<b>\$1,680,043</b>	<b>\$1,666,698</b>	<b>\$1,696,048</b>	<b>\$1,744,409</b>
<b>Other Financing Sources (Uses)</b>						
Transfers In <sup>(1)</sup>	13,853	55,039	68,829	47,547	34,303	25,000
Transfers Out	(27)	(5,270)	(26)	(3,221)	(3,511)	(2,000)
<b>Ending Fund Balance</b>						
Nonspendable	5,088	5,064	4,253	4,754	4,458	4,034
Restricted	31,063	22,309	24,829	34,199	31,805	28,305
Assigned	97,685	20,609	17,940	2,768	9,877	10,335
Unassigned	95,796	98,041	99,053	99,053	100,053	104,546
<b>TOTAL ENDING FUND BALANCE</b>	<b>\$229,632</b>	<b>\$146,023</b>	<b>\$146,075</b>	<b>\$140,774</b>	<b>\$146,203</b>	<b>\$147,220</b>

\* Totals may not add due to rounding.

<sup>(1)</sup> Transfers in during Fiscal Years 2014-15 through 2018-19 included amounts to cover certain capital outlay expenses that were funded out of the General Fund.

Sources: Comprehensive Annual Financial Reports of the School District of Hillsborough County, Florida for the Fiscal Years ended June 30, 2014 through June 30, 2017. For the Fiscal Year 2017-18, the Florida Department of Education Superintendent's Annual Finance Report (ESE 145) District School Board of Hillsborough County for the Fiscal Year ended June 30, 2018 (Unaudited). For the Fiscal Year 2018-19, the School Board's District Final Budget.

## Required General Fund Balance

Section 1011.051, Florida Statutes, entitled "Guidelines for general funds" requires that if a school district's General Fund balance not classified as restricted, committed or nonspendable in the approved operating budget is projected to fall below 3% of projected General Fund revenues, the Superintendent shall provide written notification to the district school board and the Commissioner of Education (the "Commissioner"). The section further requires that if the General Fund balance not classified as restricted, committed or nonspendable is projected to fall below 2% of projected General Fund revenues, the Superintendent shall provide written notification to the district school board and the Commissioner of Education. Within 14 days after receiving such notification of a balance below 2%, if the Commissioner determines that the district does not have a plan that is reasonably anticipated to avoid a financial emergency as determined pursuant to Florida Statutes pertaining thereto, the Commissioner shall appoint a financial emergency board that may take certain delineated steps to assist a district school board in complying with the General Fund requirements. The table below shows the assigned and unassigned fund balances and percentage of General Fund revenues for the Fiscal Years 2013-14 through 2018-19:

### Assigned and Unassigned Fund Balance for the District's General Fund (in thousands, Fiscal Years ended June 30)

Fiscal Year Ended June 30	Assigned and Unassigned General Fund Balance	Percentage of General Fund Revenues
2014	\$193,481	12.85%
2015	118,650 <sup>(1)</sup>	7.67
2016	116,993	7.26
2017	101,821 <sup>(2)</sup>	6.30
2018 <sup>(3)</sup>	109,940 <sup>(4)</sup>	6.58
2019 <sup>(5)</sup>	114,881	6.67

<sup>(1)</sup> The decrease in the general fund balance in Fiscal Year 2014-15 was due in part to: computers/technology and infrastructure for State Accountability Standards along with escalating online testing requirements; requirement of an additional hour of intensive reading instruction beyond the normal school day for all students at low performing elementary schools; increased expenditures due to aging school buses; growth of services for exceptional students; State-wide reduction in funds due to recalibration of enrollment; and increased school security measures.

<sup>(2)</sup> The decrease in the general fund balance in Fiscal Year 2016-17 was due in part to: State-wide reduction in funds due to recalibration of enrollment; a decrease in State funding for the capital projects funds and capital outlay maintenance; and requirement of an additional hour of intensive reading instruction beyond the normal school day for all students at school low performing elementary schools.

<sup>(3)</sup> Unaudited figures.

<sup>(4)</sup> The increase in the general fund balance in Fiscal Year 2017-18 was primarily due to a District-wide initiative to reduce expenditures and maintain consistent staffing formulas to align workforce with student needs.

<sup>(5)</sup> Budgeted figures.

*Sources: Comprehensive Annual Financial Reports of the School District of Hillsborough County, Florida for the Fiscal Years ended June 30, 2014 through June 30, 2017. For the Fiscal Year 2017-18, the Florida Department of Education Superintendent's Annual Finance Report (ESE 145) District School Board of Hillsborough County for the Fiscal Year ended June 30, 2018 (Unaudited). For the Fiscal Year 2018-19, the School Board's District Final Budget.*

On June 29, 2016, the School Board voluntarily amended its fiscal planning policies to require maintaining two separate reserves within the unassigned fund balance. The first reserve is identified as the budget stabilization reserve, which will be maintained in an amount equal to least 5%, but no more than 10%, of the District's general fund operating revenues for each fiscal year. In order to access the budget stabilization reserve, the Superintendent must declare a financial emergency through a specific agenda item at a business meeting of the Board. The agenda item must state the circumstances requiring the use of these funds and include a schedule to restore the balance to at least the levels existing prior to the use of such reserve. The restoration must begin no later than the second fiscal year after the funds were expended and must be completed no later than five years after the restoration commences.

The second reserve is identified as an operating fund reserve, which will be maintained in an amount equal to at least 3% of projected general fund revenues. Revenue in the operating fund reserve may be available for use in Board approved budget amendments as necessary to provide for the effective operation of the District. Any budget amendment that reduces the operating fund reserve shall include an explanation of the need for the use of those funds. If funds from the operating budget reserve are used to pay for expenses, they will be considered non-recurring revenues, and if funds are used for recurring expenses, the budget amendment will include the measures that will be taken to ensure that those recurring expenses are paid with recurring revenues in subsequent fiscal years. If conditions prevent such an operating fund reserve, an explanation of the extraordinary circumstances requiring such a recommendation shall accompany the materials proposing the budget.

For Fiscal Year 2017-18, the budget stabilization reserve was \$100,053,366 or 5.99% of total general fund operating revenues. For Fiscal Year 2018-19, the Board budgeted for the full funding of the budget stabilization reserve and is currently in the process of determining how best to fund the operating fund reserve. Since Fiscal Year 2014-15, the Board has created savings through energy efficiency, spending reductions, government reimbursements, transportation efficiency, selling real estate, revamping systems, renegotiating contracts, and reducing positions. The Board expects to continue researching and refining its expenses in future years, which may include strategies for cost avoidance and structural balance and a review of filled vacant positions.

### **Capital Project Funds Operations**

The following table summarizes results of operations for the capital project funds of the District for the Fiscal Years ended June 30, 2014 through June 30, 2017 (audited), June 30, 2018 (unaudited), and the budgeted figures for the Fiscal Year ending June 30, 2019.

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**Summary of Revenues and Expenses - Capital Projects Funds**  
**(in thousands, Fiscal Years ended June 30)\***

	Audited				Unaudited	Final Budget
	2014	2015	2016	2017	2018	2019
<b>Revenue</b>						
State Sources	\$6,492	\$9,676	\$7,795	\$11,722	\$9,361	\$14,776
Local Sources	125,176	134,891	157,438	169,874	183,316	193,572
<b>Total Revenues</b>	<b>\$131,668</b>	<b>\$144,567</b>	<b>\$165,233</b>	<b>\$181,596</b>	<b>\$192,677</b>	<b>\$208,349</b>
<b>Expenditures</b>						
Current Education:						
Facilities Acquisition and Construction	\$30,138	\$29,749	\$39,984	\$26,392	-	-
Debt Service:						
Dues, fees and other	4	4	6	6	\$7	-
Capital Outlay:						
Facilities Acquisition and Construction	43,573	69,218	65,554	61,880	69,564	\$253,272
<b>Total Expenditures</b>	<b>\$73,715</b>	<b>\$98,971</b>	<b>\$105,544</b>	<b>\$88,278</b>	<b>\$69,571</b>	<b>\$253,272</b>
<b>Excess (Deficiency) Revenues Over Expenditures</b>	<b>57,953</b>	<b>45,596</b>	<b>59,689</b>	<b>93,318</b>	<b>123,106</b>	<b>(44,924)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers Out	(74,342)	(78,819)	(109,513)	(108,626)	(98,908)	(89,861)
Transfers In	-	-	-	27,369	12,242	-
Long Term Bonds Issued	-	3,282	-	19,746	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$(74,342)</b>	<b>\$(75,537)</b>	<b>\$(109,513)</b>	<b>\$(61,511)</b>	<b>\$(86,666)</b>	<b>\$(89,861)</b>
<b>Excess (Deficit) of Revenues and Other Sources over Expenditures &amp; Other Uses</b>	<b>\$(16,389)</b>	<b>\$(29,941)</b>	<b>\$(49,824)</b>	<b>\$31,807</b>	<b>\$36,440</b>	<b>\$(134,785)</b>
Beginning Fund Balance	184,676	168,287	138,346	88,522	120,329	156,770
Fund Balance at End of Year	<b>\$168,287</b>	<b>\$138,346</b>	<b>\$88,522</b>	<b>\$120,329</b>	<b>\$156,770</b>	<b>\$21,985</b>

\* Totals may not add due to rounding.

Sources: Comprehensive Annual Financial Reports of the School District of Hillsborough County, Florida for the Fiscal Years ended June 30, 2014 through June 30, 2017. For the Fiscal Year 2017-18, the Florida Department of Education Superintendent's Annual Finance Report (ESE 145) District School Board of Hillsborough County for the Fiscal Year ended June 30, 2018 (Unaudited). For the Fiscal Year 2018-19, the School Board's District Final Budget.

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## Long-Term Debt

The following tables detail the outstanding indebtedness of the District.

### Debt Statement as of June 30, 2018 (unaudited)

DIRECT AND OVERLAPPING DEBT <sup>(1)</sup>	General Obligation Debt	Non-Self Supporting Debt	Self- Supporting Debt
<b>DIRECT DEBT OF DISTRICT</b>			
State of Florida <sup>(2)</sup> :			
Series 2009-A	-	\$895,000	-
Series 2010-A	-	2,510,000	-
Series 2011-A	-	1,015,000	-
Series 2014-A	-	1,740,000	-
Series 2014-B	-	980,000	-
Series 2017-A	-	5,160,000	-
District Bonds:			
Series 2015 Capital Improvement & Racetrack Revenue, Refunding	-	-	\$5,105,000
Series 2015A Sales Tax, Refunding	-	-	27,255,000
Series 2015B Sales Tax, Refunding	-	-	65,195,000
Series 2017A Sales Tax, Refunding	-	-	67,580,000
<b>Total Direct Debt</b>	-	\$12,300,000	\$165,135,000
<b>OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT</b>			
Board of County Commissioners:			
General Obligation Bonded Debt <sup>(3)</sup>	\$58,940,000	-	-
<b>Total Overlapping Debt</b>	\$58,940,000	-	-
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	\$58,940,000	\$12,300,000	\$165,135,000

<sup>(1)</sup> Omits Certificates of Participation. See "INTRODUCTION" and "COMBINED CERTIFICATE PAYMENT SCHEDULE FOR CERTIFICATES" herein for a description of outstanding Certificates of Participation.

<sup>(2)</sup> See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – State Sources – Capital Outlay Bonds" herein for a description of the funding sources for these bonds.

<sup>(3)</sup> Constitutes total county-wide debt payable from ad valorem tax revenues as of September 30, 2017.

Sources: Florida Department of Education Superintendent's Annual Finance Report (ESE 145) District School Board of Hillsborough County for the Fiscal Year ended June 30, 2018 (Unaudited). For overlapping governmental activity debt, Hillsborough County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2017.

**Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
(unaudited)**

Fiscal Year	State Board of Education Bonds	Certificates of Participation	District Revenue Bonds	Premiums/ (Discounts)/ (Loss on Refunding) <sup>(1)</sup>	Total Primary Government	Personal Income <sup>(2)(3)</sup>	Percentage of Personal Income	Population <sup>(3)</sup>	Per Capita
2018	\$12,300,000	\$667,808,000	\$165,135,000	\$55,353,516	\$900,596,516	\$60,283,900	1.494%	1,229,226	\$732.65
2017	17,706,000	703,863,000	178,148,000	48,619,533	948,933,533	58,596,262	1.619	1,376,238	689.51
2016	23,525,000	740,903,000	172,100,000	48,399,974	1,008,565,353	55,155,924	1.789	1,325,563	743.03
2015	28,405,000	797,863,000	191,935,000	25,973,656	1,044,176,656	52,541,062	1.987	1,301,887	802.05
2014	34,641,000	827,508,000	198,469,861	28,191,208	1,088,810,069	51,109,828	2.130	1,291,578	843.01
2013	39,960,000	855,283,000	209,448,592	4,845,256	1,109,536,848	49,671,035	2.234	1,277,746	868.35
2012	46,620,000	881,518,000	220,082,159	5,084,377	1,153,304,536	45,473,079	2.536	1,246,480	925.25
2011	50,570,000	925,971,000	230,290,971	(3,561,048)	1,203,270,923	45,511,155	2.644	1,238,890	971.25
2010	50,735,000	912,061,000	240,101,621	(3,584,929)	1,199,312,692	45,779,076	2.620	1,229,226	975.66
2009	54,530,000	936,491,000	249,560,619	(3,607,539)	1,236,974,080	45,184,510	2.738	1,234,010	1,002.40

<sup>(1)</sup> Effective in 2014, only premiums and discounts are part of the debt totals. Loss on refunding has been moved to deferred outflows due to the implementation of GASB Statement 65. Prior year amounts were not restated.

<sup>(2)</sup> Personal income expressed in thousands.

<sup>(3)</sup> Estimates of population and personal income were obtained from the United States Department of Commerce and the City-County Planning Commission.

Sources: For Fiscal Years 2008-09 through 2016-17, Comprehensive Annual Financial Report of the School District of Hillsborough County, Florida for the Fiscal Year ended June 30, 2017. For Fiscal Year 2017-18, The School Board of Hillsborough County, Florida.

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**Direct and Overlapping Governmental Activities Debt**  
**June 30, 2018**  
**(unaudited)**

Jurisdiction	General Obligation Bonded Debt Outstanding	State Board of Education Bonds	Certificates of Participation	District Revenue Bonds	Premiums/ (Discounts)	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	\$58,940,000	-	-	-	-	0%	-	100%	\$58,940,000
School District of Hillsborough County	-	\$12,300,000	\$667,808,000	\$165,135,000	\$55,353,516	100%	\$900,596,516	100%	\$900,596,516
<b>Totals</b>	<b>\$58,940,000</b>	<b>\$12,300,000</b>	<b>\$667,808,000</b>	<b>\$165,135,000</b>	<b>\$55,353,516</b>		<b>\$900,596,516</b>		<b>\$900,655,456</b>

Source: The School Board of Hillsborough County, Florida.

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## The Florida Retirement System

General Information about the FRS. All regular employees of the District are covered by the Florida Retirement System (the "FRS"). The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined benefit pension plan (the "FRS Plan"), a Deferred Retirement Option Program (the "DROP"), and a defined contribution plan, referred to as the Public Employee Optional Retirement Program (the "FRS Investment Plan").

Essentially all regular employees of participating employers are eligible and must enroll as members of the FRS Plan. Employees in the FRS Plan vest at six years of service if enrolled in the plan prior to July 1, 2011. Enrollment after July 1, 2011 requires eight years of service to vest. All vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. For enrollees prior to July 1, 2011, pension plan benefit payments are based on the member's highest 5-year average annual salary (average final compensation) times the number of years of service. Enrollees after July 1, 2011 have benefit payments based on the member's highest eight year average annual salary. The annual final compensation (regardless of whether it is the highest five or highest eight) is multiplied by a percentage ranging from 1.60% at either 62 or with 30 years of service to 1.68% at age 65 or with 33 years of service. Members are eligible for early retirement after six years of service, however, normal benefits are reduced by 5% for each year a member retires before age 62. As described herein, the District administers a single-employer retirement program that under certain conditions covers the difference in benefits between normal and early retirement.

The FRS 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.

The DROP was established effective July 1, 1998. It permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with a FRS 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 FRS Trust Fund and accrue interest.

Eligible FRS members may elect to participate in the FRS Investment Plan in lieu of the FRS Plan. District employees participating in the DROP are not eligible to participate in the FRS Investment Plan. The FRS Investment Plan is funded by employer contributions that are based on salary and membership class (Regular, Elected County Officers, etc.) Contributions are directed to individual member accounts, and the ultimate benefit depends in part on the performance of investment funds chosen. Employees in the FRS Investment Plan vest after one year of service.

The benefit provisions and all other requirements of the FRS Plan are established by Florida Statutes. The contribution rates for the FRS Plan are established, and may be amended, by the State. As of June 30, 2018 the contribution rates were as follows:

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	Percent of Gross Salary	
	Employee	Employer <sup>(1)</sup>
Florida Retirement System, Regular	3.00	7.92
Florida Retirement System, Elected County Officers	3.00	45.50
Florida Retirement System, Senior Management Service	3.00	22.71
Florida Retirement System, Special Risk	3.00	23.27
Teachers' Retirement System, Plan E	6.25	11.90
Florida Retirement System, Reemployed Retiree	N/A	4.96
DROP	N/A	13.26

<sup>(1)</sup> Employer rates include the post-retirement health insurance supplement, which remained the same from the prior fiscal year. As of July 1, 2017, this amount totaled 1.66%.

*Source: Florida Department of Education Superintendent's Annual Finance Report (ESE 145) District School Board of Hillsborough County for the Fiscal Year ended June 30, 2018 (Unaudited).*

The District's liability for participation in the FRS Plan is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions to the FRS Plan, net of employee contributions, for Fiscal Year 2017-18, totaled \$67,273,588. This represented a percentage of covered payroll of 6.70%, and is equal to the required contributions for the fiscal year. Effective July 1, 2011, all members of FRS, except for DROP participants and reemployed retirees who are not eligible for renewed membership, are required to contribute 3 percent of their compensation to FRS. Amounts collected by the District, and remitted to the Plan, for employee contributions are not considered employer contributions by the FRS Plan. These amounts are equal to the required contributions for each fiscal year. Effective July 1, 2011, all members of FRS, except for the DROP participants and reemployed retirees who are not eligible for renewed membership, are required to contribute 3% of their compensation to FRS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the FRS Plan. At June 30, 2018, the District reported a liability of \$729,290,632 for its proportionate share of the FRS Plan net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The District's proportionate share of the net pension liability was based on a projection of the District's long term share of contributions to the pension plan relative to the projected contributions during the Fiscal Year ended June 30, 2017. At June 30, 2017, the District's proportionate share was 2.47%, which was a decrease of 0.07% from its proportionate share of 2.54% measured as of June 30, 2016.

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	2014	2015	2016	2017
District's proportion of the FRS net pension liability	2.68%	2.76%	2.54%	2.47%
District's proportionate share of the FRS net pension liability	\$163,260	\$356,916	\$964,676	\$729,291
District's covered employee payroll	\$930,149	\$985,387	\$988,184	\$985,656
District's proportionate share of the FRS net pension liability as a percentage of its covered employee payroll	17.55%	36.22%	97.62%	73.99%
FRS Pension Plan fiduciary net position as a percentage of total pension liability	96.09%	92.00%	84.88%	83.89%

Note: Numbers rounded to the nearest thousand.

Source: *The School Board of Hillsborough County, Florida.*

For the year ended June 30, 2018, the District recognized pension expense of \$136,894,621 for the FRS Plan. At June 30, 2018, the District reported deferred outflows of resources of \$389,397,953 and deferred inflows of resources of \$53,539,822 related to pensions for the FRS Plan. The deferred outflows of resources related to pensions totaling \$67,273,588 resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized in pension expense in subsequent Fiscal Years. See "APPENDIX B: COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2017; AND FLORIDA DEPARTMENT OF EDUCATION SUPERINTENDENT'S ANNUAL FINANCIAL REPORT (ESE 145) DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2018 (UNAUDITED)."

FRS Plan Actuarial Assumptions. The total pension liability for the FRS Plan was determined by an actuarial valuation as of the valuation date calculated on the assumptions listed below:

Valuation date:	July 1, 2017
Measurement date:	June 30, 2017
Discount rate:	7.10%
Long-term expected rate of return, net of investment expense:	7.10%
Inflation:	2.60%
Salary increases, including inflation:	3.25%
Mortality:	Generational RP-2000 with Projection Scale BB
Actuarial cost method:	Entry Age

The actuarial assumptions that determined the total pension liability of the FRS Plan as of June 30, 2017, were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate Related to the FRS Plan. The discount rate used to measure the total pension liability for the FRS Plan was 7.10% and is based on a projection of cash flows that assumed that employee contributions will be made at the current contribution rate and that contributions from participating members will be made at statutorily required rates, actuarially determined. Based on those assumptions, the FRS Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The following presents the District's proportionate share of the net pension liability of the FRS Plan calculated using the discount rate of 7.10%. Also presented is what the District's proportionate share of the FRS Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the FRS Plan net pension liability	\$1,319,971,996	\$729,290,632	\$238,889,768

*Source: Florida Department of Education Superintendent's Annual Finance Report (ESE 145) District School Board of Hillsborough County for the Fiscal Year ended June 30, 2018 (Unaudited).*

### **The Health Insurance Subsidy**

General Information about the Health Insurance Subsidy. The Health Insurance Subsidy (the "HIS Pension Plan") is a cost-sharing multiple-employer defined benefit pension plan established to provide a monthly subsidy payment to retired members of any state-administered retirement system, or beneficiary entitled to receive benefits.

The benefit of the HIS Pension Plan is a monthly payment to assist retirees in paying their health insurance costs. This plan is administered by the Department of Management Services within the Florida Retirement System. HIS benefits are not guaranteed and are subject to annual legislative appropriation.

For Fiscal Year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at a minimum of \$30 but not more than \$150 monthly per Section 112.363, Florida Statutes.

The HIS Pension Plan is funded by required contributions from FRS participating employers. The funds are deposited in a separate trust fund and consequently paid from that trust fund. Employer contributions are a percentage of gross compensation for all FRS members. For the Fiscal Year ended June 30, 2018, the contribution rate was 1.66% of payroll per Florida Statutes 112.363. Employees do not

contribute to this plan. The District's contributions to the HIS Pension Plan totaled \$18,428,926 for the Fiscal Year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the HIS Pension Plan. At June 30, 2018, the District reported a liability of \$385,423,419 for its proportional share of the HIS Pension Plan net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net pension liability was based on a projection of the District's long term share of contributions to the pension plan relative to the projected contributions during the Fiscal Year ended June 30, 2017. At June 30, 2017, the District's proportionate share was 3.60%, which was an increase of 0.11% from its proportionate share of 3.71% measured as of June 30, 2016.

	2014	2015	2016	2017
District's proportion of the HIS net pension liability	3.58%	3.74%	3.71%	3.60%
District's proportionate share of the HIS net pension liability	\$334,898	\$381,345	\$432,150	\$385,423
District's covered employee payroll	\$1,064,283	\$1,134,992	\$1,145,024	\$1,149,179
District's proportionate share of the HIS net pension liability as a percentage of its covered employee payroll	31.47%	33.60%	37.74%	33.54%
HIS Pension Plan fiduciary net position as a percentage of total pension liability	0.99%	0.50%	0.97%	1.64%

Note: Numbers rounded to the nearest thousand.

Source: *The School Board of Hillsborough County, Florida.*

For the year ended June 30, 2018, the District recognized pension expense of \$31,124,284 for the HIS Pension Plan. At June 30, 2018, the District reported deferred outflows of resources of \$86,695,485 and deferred inflows of resources of \$45,014,812 related to pensions for the HIS Pension Plan. The deferred outflows of resources related to pensions totaling \$18,428,926 resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized in pension expense in subsequent Fiscal Years. See "APPENDIX B: COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2017; AND FLORIDA DEPARTMENT OF EDUCATION SUPERINTENDENT'S ANNUAL FINANCIAL REPORT (ESE 145) DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2018 (UNAUDITED)."

HIS Pension Plan Actuarial Assumptions. The total pension liability for the HIS Pension Plan was determined by an actuarial valuation as of the valuation date calculated on the assumptions listed below:

Valuation date:	July 1, 2017
Measurement date:	June 30, 2017
Discount rate:	3.58%
Long-term expected rate of return, net of investment expense:	N/A
Inflation:	2.60%
Salary increases, including inflation:	3.25%
Mortality:	Generational RP-2000 with Projection Scale BB
Actuarial cost method:	Entry Age

The actuarial assumptions that determined the total pension liability of the HIS Pension Plan as of June 30, 2017, were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013. The only changes from the prior actuarial valuation were the discount rate and long-term expected rate of return. The discount rate and long-term expected rate of return, net of investment expense decreased from 2.85% to 3.58%.

Long-term Expected Rate of Return. Because the HIS pension Plan is funded on a pay-as-you-go basis funding structure, a municipal bond rate of 3.80% was used to determine the total pension liability for the program.

Discount Rate of the HIS Pension Plan. Because the HIS Pension Plan uses a pay-as-you-go funding structure, a municipal bond rate of 3.58% was used to determine the total pension liability for the program. The following presents the District's proportionate share of the net pension liability of the HIS Pension Plan calculated using the discount rate of 3.58%. Also presented is what the District's proportionate share of the HIS Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
District's proportionate share of the HIS Pension Plan net pension liability	\$439,819,161	\$385,423,419	\$340,114,771

*Source: Florida Department of Education Superintendent's Annual Finance Report (ESE 145) District School Board of Hillsborough County for the Fiscal Year ended June 30, 2018 (Unaudited).*

### **Early Retirement Program**

Plan Description and Provisions. As authorized by Section 1012.685, Florida Statutes, the Board implemented an Early Retirement Plan (the "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 FRS 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 Board entered into an agreement with Wells Fargo Bank, N.A., as successor

bank (the "Bank"), designating it as the Investment Manager and Custodian for the Plan assets. The Agreement also provides that monthly benefits be paid by the Bank.

Based on an actuarial report as of June 30, 2018, there were 523 retirees and beneficiaries currently receiving benefits under the Plan. There are no longer any active participants in the Plan.

Eligibility. A member of the Plan was 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 FRS. The Board approved to eliminate new participants to the Early Retirement Program on June 30, 2008. Certain employees were eligible to enter the plan before July 1, 2010. As of July 1, 2010, the Plan is closed to new participants.

Benefits. The amount of the monthly benefit will be equal to the reduction imposed on the retirement benefit by the FRS due to early retirement. The benefit amount will be based on the initial benefit amount determined by the FRS prior to any cost-of-living adjustments and once established will remain unchanged, unless a specific increase is authorized by the Board.

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, based on quoted market prices, for financial statement purposes. Separate Statements are not issued for the Plan.

Contributions. Pursuant to the Plan Agreement, no contribution shall be required or permitted from any member. The District's annual contribution to the pension trust is determined through the budgetary process and with reference to actuarial determined contributions. The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The contribution is designed to accumulate sufficient assets to pay benefits when due. As of June 30, 2018, the actuarial study shows a deficit of \$14,237,964 in accordance with GASB 68. Total contributions to the Plan in Fiscal Year 2015-16 amounted to \$1,170,000.

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Fiscal Year ended June 30	Actuarial Determined Contribution	Annual Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as a Percentage of Covered Employee Payroll
2009	\$2,063	\$1,802	\$262	\$31,812	5.66%
2010	2,252	2,451	(199)	22,677	10.81
2011	1,317	1,764	(447)	N/A	N/A
2012	1,342	880	462	N/A	N/A
2013	1,382	1,383	(1)	N/A	N/A
2014	1,403	1,401	2	N/A	N/A
2015	1,095	1,411	(315)	N/A	N/A
2016	1,054	1,115	(61)	N/A	N/A
2017	1,147	1,185	(38)	N/A	N/A
2018	1,150	1,170	(19)	N/A	N/A

Note: Numbers rounded to the nearest thousand.

Sources: For Fiscal Years 2008-09 through 2016-17, *Comprehensive Annual Financial Report of the School District of Hillsborough County, Florida for the Fiscal Year ended June 30, 2017*. For Fiscal Year 2017-18, *The School Board of Hillsborough County, Florida*

**Net Pension Liability.** In Fiscal Year 2017-18, the net pension liability decreased by \$1513,236 for a liability in the amount of \$14,237,964. This net pension liability was added as a long term liability on the Statement of Net Position in the Government-wide Financial Statements. The computation of the total pension liability for Fiscal Year 2017-18 was based on the same (a) benefit provisions, (b) actuarial funding method, and (c) other significant factors as used to determine annual required contributions in the previous year.

Total Pension Liability	\$24,560,009
Plan Fiduciary Net Position	<u>10,322,045</u>
District's Net Pension Liability	<u>\$14,237,964</u>
Plan Fiduciary Net Position as of Percentage of the Total Pension Liability	42.03%

Source: *Florida Department of Education Superintendent's Annual Finance Report (ESE 145) District School Board of Hillsborough County for the Fiscal Year ended June 30, 2018 (Unaudited)*.

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The District's change in net pension liability and related ratios for the Plan is as follows:

	2013-14	2014-15	2015-16	2016-17	2017-18
Total Pension Liability					
Service cost	-	-	-	-	-
Interest	\$958	\$855	\$891	\$654	\$621
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual	(96)	(9)	(89)	(78)	45
Changes of assumptions	-	2,180	1,846	-	-
Benefit payments, including refunds of contributions	(2,023)	(2,031)	(1,959)	(1,932)	(1,892)
Net change in pension liability	(1,161)	995	689	(1,356)	(1,226)
Total pension liability (beginning)	26,618	25,457	26,452	27,141	
Total pension liability (ending) (a)	\$25,457	\$26,452	\$27,141	\$25,785	\$25,786
Plan Fiduciary Net Position					
Contributions – employer	\$1,355	\$1,410	\$1,115	\$1,185	\$1,170
Contributions – member	-	-	-	-	-
Net investment income	80	122	260	(11)	48
Benefit payment, including refunds of contributions	(2,023)	(2,031)	(1,959)	(1,932)	(1,892)
Administrative expense	(12)	(44)	(42)	(41)	(39)
Other	-	-	-	-	-
Net change in plan fiduciary net position	(599)	(543)	(626)	(799)	(713)
Plan fiduciary net position (beginning)	13,601	13,002	12,459	11,833	11,034
Plan fiduciary net position (ending) (b)	\$13,002	\$12,458	\$11,833	\$11,034	\$10,322
Net Pension Liability (asset) – ending ((a)-(b))	\$12,454	\$13,993	\$15,308	\$14,751	\$14,238
Plan fiduciary net position as a percentage of total pension liability	51.08%	47.10%	43.60%	42.79%	42.03%

Note: Numbers rounded to the nearest thousand.

Sources: For Fiscal Years 2013-14 through 2016-17, Comprehensive Annual Financial Report of the School District of Hillsborough County, Florida for the Fiscal Year ended June 30, 2017. For Fiscal Year 2017-18, The School Board of Hillsborough County, Florida.

Actuarial Information. Significant assumptions and other inputs used to measure the annual required contribution are:

Valuation Date	July 1, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Aggregate
Asset Valuation Method	Market value
Actuarial Assumptions:	
Investment Rate of Return	2.5%
Projected Salary Increases	0%
Rate of Inflation Adjustment	2.5%

Mortality rates were based on the RP-2000 Healthy Generational, 100% Annuitant White Collar-Female, Scale BB, 50% Annuitant White Collar/50% Annuitant Blue Collar-Male, Scale BB.

Discount Rate. The discount rate used to measure the total pension liability was 2.50%. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current plan members. Therefore, the long term expected rate of return on pension plan investment was applied to all periods of projected benefit payments to determine the total pension liability. The following presents the net pension liability of the District, calculated using the discount rate of 2.50%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.50%) and 1-percentage point higher (3.50%) than the current rate.

	1% Decrease (1.50%)	Current Discount Rate (2.50%)	1% Increase (3.50%)
District's Net Pension Liability	\$16,681,357	\$14,237,964	\$12,150,758

*Source: Florida Department of Education Superintendent's Annual Finance Report (ESE 145) District School Board of Hillsborough County for the Fiscal Year ended June 30, 2018 (Unaudited).*

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Plan. At June 30, 2018, the District reported a liability of \$14,237,964 for the Plan net pension liability. The liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The District's net pension liability was based on a projection of the pension plan relative to the projected contributions during the Fiscal Year ended June 30, 2018. At June 30, 2018, the District reported deferred outflows of resources of \$509,469 and did not report any deferred inflows of resources related to pensions for the Plan. The deferred outflows of resources related to Plan resulting from District contributions subsequent to the measurement date, will be recognized in pension expense in subsequent Fiscal Years. See "APPENDIX B: COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2017; AND FLORIDA DEPARTMENT OF EDUCATION SUPERINTENDENT'S ANNUAL FINANCIAL REPORT (ESE 145) DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2018 (UNAUDITED)."

### **Post Employment Health Care**

Plan Description. The Postemployment Health Care Benefits Plan (the "OPEB") is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District and eligible dependents, may continue to participate in the District's health and hospitalization plan for medical, and prescription drug coverage. Based on the valuation as of May 1, 2018, the District had 25,701 active employees and 905 retirees and eligible dependents in the OPEB. The District subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium

rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible.

Benefits. Eligible retirees are generally covered by one of three fully insured comprehensive medical programs from Blue Cross Blue Shield. In addition, Medicare eligible retirees have the option to participate in a Medicare Advantage plan offered by Aetna. The Board has no liability for this plan because retirees pay the full cost with no cost sharing. Medicare eligible retirees coordinate benefits with Medicare on a "Coordination of Benefits" basis. That is, the plan pays up to the amount it would pay as primary payer, except that it will not pay benefits already paid by Medicare (which is actually the primary payer) or if the retiree elects not to participate in Medicare Parts A and B, the hypothetical amount Medicare would have paid. Spouses of retirees or surviving spouses of retirees of the District who meet retirement criteria, and received pension benefits at termination may elect medical coverage. Retirees pay the full cost of dental and vision with no employer cost sharing in the implicit subsidy between active employees and retirees. Retirees pay the full cost with no implicit subsidy for life insurance.

Total OPEB Liability. The District's total OPEB liability of \$160,195,695 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

	<u>Total OPEB Liability</u>
Changes for the year:	
Service cost	\$11,939,817
Interest	6,476,707
Changes of benefit terms	-
Differences between expected and actual experience	(12,513,779)
Changes in assumptions <sup>(1)</sup>	(12,406,762)
Benefits payments	(4,508,527)
Net change in total OPEB liability	<u>11,012,544</u>
Total OPEB Liability (Beginning)	<u>171,208,239</u>
Total OPEB Liability (Ending)	<u><u>\$160,195,695</u></u>

<sup>(1)</sup> Changes of assumptions reflect a change in the discount rates from 2.00% in Fiscal Year 2016-17 to 3.87% in Fiscal Year 2017-18.

*Source: Florida Department of Education Superintendent's Annual Finance Report (ESE 145) District School Board of Hillsborough County for the Fiscal Year ended June 30, 2018 (Unaudited).*

Funded Status and Funding Progress. As of May 1, 2018, the most recent valuation date, the total OPEB Plan liability was \$160,195,695, and assets held in trust were \$0, resulting in a funded ratio of 0%. The covered payroll (annual payroll of active participating employees) was \$1,110,758,832 and the ratio of the total OPEB Plan liability to the covered payroll was 14.42%. The OPEB Plan contribution requirements of the District and OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. The District has not advanced-funded or established a funding methodology for the annual OPEB expense or the net OPEB Plan liability, and the OPEB Plan is financed on a pay-as-you-go basis.

Actuarial Assumptions and Methods. OPEB selected the economic, demographic, and health care claim cost assumptions and prescribed them for use for purposes of compliance with GASB 75. The method used to calculate the service cost and accumulated postretirement benefit obligation for determining OPEB expense is the entry age normal cost methods. Under this cost method, the actuarial accrued liability is based on a prorated portion of the present value of all benefits earned to date over expected future working life time as defined by GASB. The proration is determined so that the cost with respect to service accrued from date of hire is recognized as a level percentage of pay each year. The Normal Cost is equal to the prorated cost for the year of the valuations. Benefit obligations and expense/(income) are calculated under U.S. Generally Accepted Accounting Principles as set forth in Government Accounting Standards Board Statement 75. The total OPEB liability represents the actuarial present value of benefits based on the entry age normal cost method as of the measurement date reflecting all normal costs over the period when benefits were earned. The OPEB expense is the annual amount to be recognized in the income statement as the cost of OPEB benefits for this plan for the period ending June 30, 2018.

The total OPEB liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	May 1, 2018
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry age
Inflation	2.5%
Salary increases	4.0%
Discount rate	3.817

Discount rates were based on the Bond Buyer GO 20-Bond Municipal Bond Index. Mortality rates were based on the RP-2000 Sex distinct fully generational mortality table, 50% Blue Collar and 50% White Collar for Males and 100% White Collar for females.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the District as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.87%) and 1-percentage point higher (4.87%) than the current rate.

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB Liability	\$184,204,730	\$160,195,695	\$140,444,647

*Source: Florida Department of Education Superintendent's Annual Finance Report (ESE 145) District School Board of Hillsborough County for the Fiscal Year ended June 30, 2018 (Unaudited).*

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates (7.0% pre-65 and 7.5% post-65 both

decreasing to 4.5%) or 1-percentage-point higher (8.0% pre-65 and 8.5% post-65 decreasing to 5.5%) or 1-percentage point lower (6.0% pre-65 and 6.5% post-65 decreasing to 3.5%):

	1% Decrease (6.0% pre-65/6.5% post-65 decreasing to 3.5%)	Healthcare Cost Trend Rates (7.0% pre-65/7.5% post-65 decreasing to 4.5%)	1% Increase (8.0% pre-65/8.5% post-65 decreasing to 5.5%)
Total OPEB Liability	\$133,450,649	\$160,195,695	\$195,161,854

*Source: Florida Department of Education Superintendent's Annual Finance Report (ESE 145) District School Board of Hillsborough County for the Fiscal Year ended June 30, 2018 (Unaudited).*

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2018, the District recognized negative OPEB expense of \$16,365,450. At June 30, 2018, the District did not report any deferred outflows of resources related to OPEB and reported deferred outflows of resources of \$22,869,467 related to OPEB. The deferred inflows of resources related to OPEB will be recognized in pension expense in subsequent Fiscal Years. See "APPENDIX B: COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2017; AND FLORIDA DEPARTMENT OF EDUCATION SUPERINTENDENT'S ANNUAL FINANCIAL REPORT (ESE 145) DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2018 (UNAUDITED)."

### **Investment Policy**

Assets of the District are governed by an investment policy adopted by the Board 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.

The District's investment policy was amended on December 5, 2017, and may be revised by the Board from time to time. Pursuant to such investment policy, the District is authorized to invest in the following investments:

(1) The Florida State Board of Administration's; Local Government Surplus Funds Trust Fund ("Florida Prime") or other intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in section 163.01, Florida Statutes. Eligible Pools shall be rated "AAAm" or "AAA" by Standard & Poor's, or the equivalent by another rating agency. Not more that 50% may be invested in any single pool (including Florida Prime), and not more that 50% in all such pools.

(2) United States Government Securities: Negotiable direct obligations, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government; including but not limited to Notes, Bills, Bonds, Strips, and State & Local Government Series securities (SLGS).

(3) United States Government Agency Securities: bonds, debentures, notes or callables issued or guaranteed by the United States Governments agencies, provided such obligations are backed by the full faith and credit of the United States Government. Such investments are limited to not more than 50% overall, and no more than 25% from any one agency. The final maturity of such investments shall be no longer than five (5) years from the date of purchase.

(4) United States Government Enterprises and Instrumentalities including bonds, debentures, inflation index securities, or notes which may be subject to call, issued or guaranteed as to principal and interest by United States government sponsored enterprises (federal instrumentalities) which are non-full faith and credit agencies. Such investments are limited to not more than 30% overall, and no more than 15% from any one agency. The final maturity of such investments shall be no longer than 5 years from the date of purchase.

(5) Non-Negotiable Interest Bearing Time Deposits, Saving Accounts, Demand Deposit Accounts: Includes investments in non-negotiable interest bearing time certificates of deposit, savings accounts and interest bearing demand deposit accounts (checking accounts) in banks organized under the laws of this state and/or in national banks organized under the laws of the United States. Eligible institutions must be members of the Federal Deposit Insurance Corporation (FDIC) and any investments/deposits must be secured by the Florida Security for Public Deposits Act, chapter 280, Florida Statutes. Time Deposits are limited to not more than 30% overall, and no more than 15% from any one Bank. The final maturity of such Time Deposits shall be no longer than three (3) years from the date of purchase.

(6) Depository Instruments fully insured/guaranteed by the FDIC; to the extent allowed by 218.415(23), Florida Statutes. Such investments are limited to not more than 15%. The final maturity of such investments shall be no longer than two (2) years from the date of purchase.

(7) State and/or Local Government Taxable and or Tax-Exempt Debt: General obligation, revenue bonds, and certificates of participation issued by State and/or local governments. Such securities must constitute pre-refunded obligations escrowed in United States Treasury Securities, or must have long-term debt ratings in one of the three highest rating categories, and Outlooks in the "Positive" or "Stable" categories, by at least one nationally recognized rating agency. Securities with negative credit watch, or with a negative outlook by any rating agency are not eligible for purchase. Short-term ratings, where applicable, must be in the highest short-term rating category by at least one nationally recognized rating agency. Such investments are limited to not more than 20% overall, and no more than 10% from any one agency. The final maturity of such investments shall be no longer than 5 years from the date of purchase.

(8) Money Market Funds; Shares in open-end, no-load, Securities and Exchange Commission registered money market Funds with the highest credit quality rating from a Rating Agency. The Funds must be registered and in compliance with 17 C.F.R. 270.2a-7 of the Federal Code of Regulations. Such Funds shall be rated "AAAm" or "AAAm-G" or better by Standard & Poor's, or the equivalent by another Rating Agency. Such investments are limited to not more than 30% overall, and no more than 15% in any one such fund.

(9) Investment Company Act of 1940; investments; Securities or, other interest in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940. Investments in this category shall be rated the highest rating category

by Standard & Poor's, or the equivalent by another nationally recognized rating agency. The duration of such investments shall not exceed five (5) years. Such investments are limited to not more than 20% in aggregate and not more than 10% in any one investment.

(10) Commercial Paper of any United States company that is rated, at the time of purchase not lower than "Prime-1" by Moody's and "A-1" by Standard & Poor's or the equivalent by two nationally recognized rating agencies. Such investments are limited to not more than 25% in aggregate and not more than 10% in any one investment.

(11) Corporate Securities in the form of notes and/or bonds issued by corporations rated in the Aa/AA category, or higher, by at least two nationally recognized rating agencies that are not on negative credit watch or negative outlook by any rating agency at the time of purchase. Such investments are limited to not more than 15% overall, and no more than 7.5% in any one issuer.

(12) Other investments; permitted by the state statute and not prohibited by this Policy, as may be recommended by the Superintendent and approved in advance by the Board.

The investment policy establishes an investment oversight committee whose members shall be comprised of a minimum of six individuals, three of whom shall be Board personnel and three non-Board personnel with relevant financial expertise. The committee will meet bi-annually to formulate and review the control procedures and investment performance criteria as set forth in the policy.

Currently, all of the Board's investments are in authorized investments under the amended investment policy. However, the allocation of such investments are not in accordance with the amended investment policy. The investment oversight committee is scheduled to meet to determine the actions that should be taken to reallocate the authorized investments in order to be in compliance with the amended investment policy.

## OPERATING REVENUE OF THE DISTRICT

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

### State Sources

Florida Education Finance Program. The major portion of State support is distributed under the provisions of the Florida Education Finance Program ("FEFP"). Basic FEFP funds are provided on a weighted FTE student basis and through a formula that takes into account: (a) varying program costs; (b) cost differentials between districts; (c) differences in per student costs due to the density of student

population; and (d) the required level of local support. Program cost factors are determined by the Florida Legislature each year. The amount of FEFP funds disbursed by the State is adjusted four times during each year to reflect changes in FTE and in other variables comprising the formula, as well as to compensate for increases or decreases in ad valorem tax revenue resulting from adjustments to the valuation of non-exempt property in each county. To participate in FEFP funding, the District must levy a minimum millage for operating purposes, which is set by the State Department of Education. The District's general fund receipts from the state for FEFP pursuant to the above formula for Fiscal Years 2013-14, 2014-15, 2015-16, 2016-17, and 2017-18 were \$696,123,514, \$731,095,785, \$767,172,914, \$794,840,683, and \$824,486,323 (unaudited), respectively, and are budgeted at \$840,064,185 for Fiscal Year 2018-19.

FEFP categorical programs are lump sum appropriations from the State intended to supplement local school district revenues to enhance the delivery of educational and support services by each school district. In recent years, most categorical programs have been eliminated and the funds are now earmarked within the FEFP base student allocation. The main remaining categorical program is class size reduction. The allocation for class size reduction is based on a funding formula and the majority of the funds available require actual appropriation by the Board for the purposes for which they were provided. Class size reduction funds were \$225,861,479, \$230,848,538, \$232,498,117, \$237,454,232, and \$239,198,842 (unaudited) for Fiscal Years 2013-14, 2014-15, 2015-16, 2016-17, and 2017-18 respectively, and are budgeted at \$242,880,079 for Fiscal Year 2018-19.

State Lottery Revenues. A portion of the revenues generated from the State lottery is distributed to each State school district as Discretionary Lottery revenue and Florida School Recognition Program revenue. The Florida School Recognition program recognizes schools that have received an "A" or improved at least one letter grade from the previous school year and, such revenues are required to be used for nonrecurring bonuses for school faculty and staff, nonrecurring expenditures for educational equipment or materials, for temporary personnel to assist schools in maintaining or improving student performance, or any combination of these. The District received \$8,471,889, \$11,420,797, \$8,914,088, \$6,177,656, and \$8,718,087 (unaudited) in Florida School Recognition revenues for Fiscal Years 2013-14, 2014-15, 2015-16, 2016-17, and 2017-18, respectively, and the District budgeted \$8,718,087 in Florida School Recognition Program revenues for Fiscal Year 2018-19. The District received \$2,030,684, \$750,476, \$3,596,820, and \$389,962 (unaudited) in Discretionary Lottery revenues for Fiscal Years 2013-14, 2014-15, 2016-17, and 2017-18 and is budgeted to receive \$389,715 of such revenues for Fiscal Year 2018-19. The District did not receive any Discretionary Lottery revenues for Fiscal Year 2015-16.

## **Local Sources**

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

The Constitution of the State of Florida limits the non-voted millage rate that school boards may levy on an annual basis for operational funds to 10 mills (\$10 per \$1,000 of taxable real and personal property value). Chapter 1011, Florida Statutes, further limits the millage levy for operational purposes to an amount established each year by the State appropriations act and finally certified by the Commissioner of the State Department of Education. Within this operational limit, each school district desiring to participate in the State's allocation of FEFP funds for current operations must levy a non-voted millage rate that is determined annually by the Florida Legislature and certified by the Commissioner



(the "Required Local Effort"). The Required Local Effort levied by the District for the Fiscal Years 2013-14, 2014-15, 2015-16, 2016-17, and 2017-18 were 5.442 mills, 5.105 mills, 4.999 mills, 4.658 mills, and 4.348 mills respectively. The Board has budgeted that the Required Local Effort to be levied by the District for Fiscal Year 2018-19 is 4.166 mills.

In addition to the Required Local Effort, school districts are entitled an additional non-voted current operating discretionary millage not to exceed an amount established annually by the Florida Legislature (the "Current Operating Discretionary Millage"). The District levied a Current Operating Discretionary Millage of 0.748 mills for each of the Fiscal Years 2013-14 through 2017-18. The Board has budgeted that the Current Operating Discretionary Millage to be levied by the District for Fiscal Year 2018-19 is 0.748 mills.

School boards may, upon approval by voters in a local referendum or general election, levy an additional millage for operating needs up to an amount that when combined with the non-voted millage does not exceed 10 mills (the "Additional Voted Operating Millage"). The Additional Voted Operating Millage shall be for a maximum of four years. The District did not levy any Additional Voted Operating Millage for the Fiscal Years 2013-14 through 2017-18, and has not budgeted to levy any Additional Voted Operating Millage for the Fiscal Year 2018-19.

Budgeted revenues from ad valorem taxes were based on applying millage levies to 96% of the non-exempt assessed valuation of real and personal property within the County. Ad valorem tax revenue collections for operating levies for the Fiscal Years 2013-14, 2014-15, 2015-16, 2016-17, and 2017-18 were \$418,312,866, \$422,316,780, \$446,798,976, \$453,097,176, and \$463,070,018 (unaudited), respectively. Ad valorem taxes for operating purposes are budgeted to be \$490,339,395 for Fiscal Year 2018-19.

### **Federal Sources**

The District receives certain federal moneys, both directly and through the State, substantially all of which are restricted for specific programs. Much of the revenue is derived from grants that are renewed annually. Many grants reimburse for actual eligible expenses, therefore revenue is not accurately available until projects are reconciled at year end. Federal revenue sources recorded for Fiscal Years 2013-14, 2014-15, 2015-16, 2016-17, and 2017-18 were \$302,773,013, \$308,034,426, \$317,773,329, \$310,973,488, and \$304,263,529 (unaudited), respectively, and \$331,890,115 is budgeted for Fiscal Year 2018-19.

### **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 2018-19, excluding proceeds from the issuance of any series of Certificates and existing fund balances, the Board has budgeted that approximately 7.1% of the annual revenues for capital improvements will be provided by State revenues, approximately 71.9% will be provided by local millage and approximately 21.0% will be provided by investment earnings and other sources.

### **State Sources**

Public Education Capital Outlay. A source of State educational funding contributions to the School Board's capital outlay requirements is the Florida Public Education Capital Outlay Program

("PECO"). PECO funds are derived from revenues generated from the gross receipts tax levied on utilities pursuant to Article VII of the Constitution of the State of Florida. The vast majority of such revenues are generated from assessments imposed on the sale of telecommunication services and electricity pursuant to Chapter 203, Florida Statutes. 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 Commissioner administers the PECO program and allocates or reallocates funds as authorized by law. The Board did not receive any PECO funds for Fiscal Year 2013-14. The Board received \$3,831,847, \$3,496,051, \$4,894,472, and \$3,684,081 (unaudited) in PECO funds for Fiscal Years 2014-15, 2015-16, 2016-17, and 2017-18, respectively, and is budgeted to receive \$3,547,878 in PECO funds for Fiscal Year 2018-19.

Capital Outlay and Debt Service Funds. The State Capital Outlay and Debt Service Funds ("CO&DS") also provides 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 \$699,521, \$937,711, \$1,443,133, \$1,650,087, and \$1,875,175 (unaudited) in Fiscal Years 2013-14, 2014-15, 2015-16, 2016-17, and 2017-18, respectively. The Board has budgeted to receive \$1,875,175 of CO&DS funds in Fiscal Year 2018-19. CO&DS funds are legally available to the Board to pay the principal portion and portion of Basic Rent Payments, but only if the Project financed thereby appears on a project priority list approved by the State Board of Education. The Series 2004C Project is not on the project priority list.

Capital Outlay Bonds. Annually, the State offers to bond a portion of future CO&DS funds for school districts. The Capital Outlay Bonds are serviced entirely by the State using a portion of the District's share of revenue derived from CO&DS funds. The annual sinking fund requirements are determined by the State Board of Administration (the "SBA") and amounts necessary to retire bonds and pay interest are withheld from amounts due to the District. CO&DS funds in the amount of \$6,807,344, \$6,703,318, \$6,105,944, \$6,167,899, and \$6,098,741 (unaudited) were withheld from the allocations in Fiscal Years 2013-14, 2014-15, 2015-16, 2016-17, and 2017-18, respectively. CO&DS funds in the amount of \$2,527,623 are budgeted to be withheld in Fiscal Year 2018-19. See "FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT – Long Term Debt" herein.

Other State Sources. 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.

## **Local Sources**

Ad Valorem Taxes. Local revenue for school district support is derived primarily from real and tangible personal property taxes. See also "AD VALOREM TAXATION."

School boards may levy non voted millage for capital outlay and maintenance purposes, pursuant to Section 1011.71(2), Florida Statutes (the "Capital Outlay Millage"). Revenues from the Capital Outlay Millage may be used to fund, among other things, new construction, remodeling, site acquisition and improvement; maintenance and repair; school bus purchases; payments under lease purchase agreements and certain short term loans.

The Capital Outlay Millage may be up to 1.50 mills (each mill represents \$1 of tax assessment per \$1,000 of property value assessment, subject to certain exclusions). For each Fiscal Year since Fiscal Year 2013-14, the Board has levied a Capital Outlay Millage of 1.50 mills. The revenues generated from the Capital Outlay Millage received by the Board for Fiscal Years 2013-14, 2014-15, 2015-16, 2016-17, and 2017-18 are \$101,321,821, \$108,238,031, \$116,622,968, \$125,707,135, and \$136,301,147 (unaudited), respectively. The Board has budgeted to receive \$149,776,394 of revenues generated from the Capital Outlay Millage for Fiscal Year 2018-19.

Payment of Lease Payments from the Capital Outlay Millage may not exceed three-fourths of the revenues generated from the Capital Outlay Millage; however, such three-fourths limitation is waived for lease-purchase agreements originally entered into prior to June 30, 2009. The Series 1998 Lease Agreement, the Series 1999 Lease Agreement, the Series 2000 Lease Agreement, the Series 2001B Lease Agreement, the Series 2003B Lease Agreement, the Series 2004 Lease Agreement, the Series 2004-QZAB Lease Agreement, the Series 2004C Lease Agreement, the Series 2005-QZAB Lease Agreement, the Series 2006A Lease Agreement, and the Series 2007 Lease Agreement were originally entered into before June 30, 2009, and the three-fourths limitation is waived relative thereto. The three-fourths limitation is applicable to the Series 2010B Lease Agreement.

If revenue generated from the Capital Outlay Millage is insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2008, an amount equal to the revenue generated from 0.50 mills of the operating levy may be used to make such lease payments. Additionally, if revenue from the Capital Outlay Millage is insufficient to make payments due under a lease-purchase agreement entered into prior to June 30, 2009, or to meet other critical school district fixed capital outlay needs, a school board may levy a capital outlay discretionary millage up to an additional 0.25 mills (the "Capital Outlay Discretionary Millage"). The Capital Outlay Discretionary Millage is in addition to the 1.50 mills Capital Outlay Millage and is in lieu of levying an equivalent amount of the Current Operating Discretionary Millage. The District did not levy any Capital Outlay Discretionary Millage for the Fiscal Years 2013-14 through 2017-18, and has not budgeted to levy any Capital Outlay Discretionary Millage for the Fiscal Year 2018-19. See "AD VALOREM TAXATION – Millage Set by Local Governing Body."

**The Capital Outlay Millage is the Board's primary source of payment of Lease Payments on the Series 2004C Lease Agreement and the Prior Lease Agreements. The Board is not required to levy any Capital Outlay Millage 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 Leases, the failure of the Board to levy any of the Capital Outlay Millage would have an adverse effect on available revenues from which the Board may appropriate to make Lease Payments. SEE "AD VALOREM TAXATION – Legislation Relating to Ad Valorem Taxation" and "LEGISLATIVE CHANGES AFFECTING DISTRICT REVENUES – Distribution of Capital Outlay Millage Revenues to Charter Schools" for information concerning legislation that may adversely affect the District's taxable assessed valuation, the levy of the Capital Outlay Millage, and the Capital Outlay Millage available to make Lease Payments.**

On June 15, 2017, Governor Rick Scott approved House Bill 7069 ("HB 7069"). HB 7069, among other things, requires school districts to distribute revenues generated from the Capital Outlay Millage on a per student basis between traditional schools and charter schools. HB 7069 establishes the calculation methodology to determine the amount of Capital Outlay Millage revenues a school district must distribute to each eligible charter school. Such calculation provides that the amount of Capital Outlay Millage revenues a school district must distribute to each eligible charter school will first be reduced by

the school district's annual debt service for obligations issued or incurred as of March 1, 2017 (which includes the Series 2004C Lease Agreement and the Prior Lease Agreements) that are being satisfied by Capital Outlay Millage revenues (which for the Board for Fiscal Year 2018-19 is \$65,773,788), and requires the first payment to charter schools as of February 1 of each year, commencing February 1, 2018. The remaining Capital Outlay Millage revenue would be divided by the total of capital outlay FTE students in traditional public schools and eligible charter schools in the school district, then multiplied by the total of capital outlay FTE students in each eligible charter school in the school district to determine each charter school's allocation. However, to the extent a charter school receives State charter school capital outlay funding in the general appropriations act, its share of Capital Outlay Millage revenues would be reduced by a like amount. On February 1, 2018, the amount of revenues from the District's Capital Outlay Millage actually paid by the District for charter school capital outlay was \$2,742,204.

On March 11, 2018, Governor Rick Scott approved Committee Substitute for House Bill 7055 ("CS/HB 7055"). CS/HB 7055, among other things, revises certain of the requirements of HB 7069 relating to the required sharing of the Capital Outlay Millage revenues with charter schools. CS/HB 7055 specifies that charter school capital outlay funds shall consist of State funds when such funds are appropriated. However, if in any given year the amount of State funds is not equal to, or is less than, the average charter school capital outlay funds per unweighted FTE student for the Fiscal Year 2018-19, multiplied by the estimated number of charter school students for the applicable fiscal year and adjusted for inflation from the previous year, charter school capital outlay funds shall also consist of the Capital Outlay Millage revenue. CS/HB 7055 also seeks to clarify that the debt service obligation that can be reduced from the distribution to charter schools is the debt service obligation incurred as of March 1, 2017, which has not been subsequently retired, and also requires each school district to annually certify to the Florida Department of Education the amount of the debt service obligation that can be reduced from the distribution to charter schools. The bill provides that such amount shall be verified by the Auditor General during its operational audit. Additionally, in the event aggregate lease-purchase agreement payments, including lease-purchase agreements entered into prior to June 30, 2009, exceed three-fourths of the Capital Outlay Millage revenues, CS/HB 7055 provides that a school district may not withhold administrative expenses authorized by law from any charter school operating in the school district. Pursuant to CS/HB 7055, the State appropriated the full amount of the charter school capital outlay; therefore, the Board did not budget any of the District's Capital Outlay Millage revenues to be paid for charter school capital outlay for the Fiscal Year 2018-19. However, there can be no assurance that the Board will not have to share Capital Outlay Millage revenues with charter schools in the District in future years.

At this time, the Board cannot determine the long-term impact of HB 7069 and CS/HB 7055 on the amount of revenues available to the School Board from the Capital Outlay Millage to make Basic Rent Payments under the Master Lease in future years. While HB 7069 and CS/HB 7055 will likely result in a reduction in such amount, the Board, at this time, does not expect the impact of HB 7069 and CS/HB 7055 to adversely affect its ability to make Basic Rent Payments under the Master Lease. See "LEGISLATIVE CHANGES AFFECTING DISTRICT REVENUES – Distribution of Capital Outlay Millage Revenues to Charter Schools" herein.

The following table sets forth the Capital Outlay Millage levy that would provide 1.00x coverage of the maximum annual Basic Rent Payments represented by the Prior Certificates and the Series 2018 Certificates after the issuance of the Series 2018 Certificates and the refunding of the Refunded Certificates, based on current law and assuming 96% collection of the taxes levied:

**Anticipated Capital Outlay Millage Levy Required to Cover Maximum Annual Payments**

<i>Fiscal Year 2018-19</i>	
<b>Net Taxable Assessed Valuation<sup>(1)</sup></b>	<b>\$103,941,840,082</b>
Capital Outlay Millage Levy	1.50
Assumed Tax Collection Rate	96.0%
<b>Total Revenue Generated by 1.50 mill Levy at 96% Collection</b>	<b>\$149,676,250</b>
<i>Capital Outlay Millage Levy Required to Satisfy Maximum Annual Basic Rent Payments Represented by the Prior Certificates and the Series 2018 Certificates</i>	
Maximum Annual Basic Rent Payments (Fiscal Year 2021-22) <sup>(2)</sup>	\$65,368,157
Minimum Capital Outlay Millage Needed to Satisfy Maximum Annual Lease Payments <sup>(2)(3)</sup>	0.662 mills
<i>Sharing of the Capital Outlay Millage Levy with Eligible District Charter Schools<sup>(4)</sup></i>	
Maximum Capital Outlay Millage Revenue Shared with Eligible District Charter Schools	\$0.00
Maximum Capital Outlay Millage Shared with Eligible District Charter Schools	0.00 mills
Minimum Capital Outlay Millage Revenue Remaining after Charter School Payments	\$149,676,250
<i>Capital Outlay Millage Levy Available After Basic Rent Payments and Charter School Payments</i>	
Capital Outlay Millage Revenue Required to Satisfy Maximum Annual Basic Rent Payments and Charter School Payments <sup>(2)</sup>	\$65,368,157
Capital Outlay Millage Required to Satisfy Maximum Annual Basic Rent Payments and Charter School Payments <sup>(2)(3)</sup>	0.662 mills
Anticipated Minimum Capital Outlay Millage Revenue Remaining After Basic Rent Payments and Charter School Payments <sup>(2)</sup>	\$84,308,093

<sup>(1)</sup> Such figure is subject to change through the value adjustment board process. See "AD VALOREM TAXATION – Property Assessment and County Property Appraiser."

<sup>(2)</sup> Assumes the Prior Certificates and the Series 2018 Certificates have the financial arrangements, assumptions, and accounting practices described in footnotes under "COMBINED CERTIFICATE PAYMENT SCHEDULE" herein.

<sup>(3)</sup> Under current law, the 75% limitation on the use of the Capital Outlay Millage revenues for the payment of lease-purchase agreements is waived for lease-purchase agreements originally entered into prior to June 30, 2009. Accordingly, only the Lease Payments with respect to Leases originally entered into after June 30, 2009 are subject to the 75% limitation. Therefore, only the Series 2010B Lease Agreement is subject to the 75% limitation and such limitation has been taken into account in calculating the estimated millage levy that would satisfy the maximum annual Lease Payments.

<sup>(4)</sup> Pursuant to CS/HB 7055, the State appropriated the full amount of the charter school capital outlay funds per unweighted FTE student for the Fiscal Year 2018-19. In future years, if the State does not appropriate an amount at least equal to the average charter school capital outlay per unweighted FTE student for Fiscal Year 2018-19, multiplied by the estimated number of charter school students for the applicable fiscal year and adjusted for inflation from the previous year, charter school capital outlay funds would also consist of the Capital Outlay Millage revenue. If the State had not appropriated any funds for such purpose for Fiscal Year 2018-19, the District would have been required to pay an estimated \$3,001,294 or 0.030 mills of the Capital Outlay Millage to charter schools. At this time, the amount of the Capital Outlay Millage revenues to be shared with eligible charter schools in future years cannot be determined because the amount of State funds appropriated for the charter school capital outlay and charter school enrollment are unknown. See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Sources" herein.

Local Government Infrastructure Surtax Funds. Chapter 212, Part I, Florida Statutes, as amended, imposes a 6% sales tax on the sales price of tangible personal property sold at retail in the State subject to certain exemptions therefrom. A similar tax is imposed on the cost price of tangible personal property when the property is not sold, but is used, consumed, distributed or stored for use in the State. The largest single source of tax receipts in the State is the sales and use tax.

Section 212.055(2), Florida Statutes, authorizes local governments to impose a discretionary sales surtax of 0.5 percent or 1.0 percent on all transactions occurring in the county, which transactions are subject to the sales tax imposed on sales, use, services, rentals, admissions, and other transactions by Chapter 212, Florida Statutes, and certain communications services. However, local governments may not impose the surtax on the portion of any sales amount which exceeds \$5,000 on any item of tangible personal property. Section 202.11(1), Florida Statutes, defines "communications services" as the transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals, including video services, to a point, or between or among points, by or through any electronic, radio, satellite, cable, optical, microwave, or other medium or method now in existence or hereafter devised, regardless of the protocol used for such transmission or conveyance. The term includes such transmission, conveyance, or routing in which computer processing applications are used to act on the form, code, or protocol of the content for purposes of transmission, conveyance, or routing without regard to whether such service is referred to as voice-over-Internet-protocol services or is classified by the Federal Communications Commission as enhanced or value-added. Communications services do not include certain items enumerated in Section 202.11(1), Florida Statutes.

Pursuant to Section 212.055(2)(d)(1), Florida Statutes, the proceeds of any discretionary sales surtax and any interest accrued thereto are required to be expended to finance, plan and construct infrastructure and to acquire land for public recreation, conservation or protection of natural resources and to finance the closure of county-owned or municipally-owned solid waste landfills that are already closed or are required to close by order of the Department of Environmental Protection. Neither the proceeds nor any interest accrued thereto may be used for operational expenses of any infrastructure. "Infrastructure" means, among other things, any fixed expenditure or fixed capital outlay associated with the construction, reconstruction or improvement of public facilities which have a life expectancy of five or more years and any land acquisition, land improvement, design, and engineering costs related thereto. Pursuant to Section 212.055(2)(e), Florida Statutes, school districts, counties and municipalities receiving discretionary sales surtax proceeds may pledge such proceeds for the purpose of servicing new bond indebtedness incurred pursuant to law.

On July 15, 1996, the Board of the County, by a majority, enacted Ordinance No. 96-12 (the "Sales Tax Ordinance") which provided for the levying and imposition throughout the incorporated and unincorporated areas of the County, of an additional tax of 0.5% on all transactions occurring in the County subject to the aforementioned 6% tax (the "Community Investment Tax") the proceeds of which would be applied to pay the costs of acquisition and construction of public safety, transportation and educational infrastructure and a community stadium. On September 3, 1996, the Community Investment Tax was placed on the ballot and approved by a majority of the electors of the County who voted in the referendum. The Community Investment Tax is effective for a 30-year period that commenced December 1, 1996.

Pursuant to the Interlocal Agreement, dated July 17, 1996, by and among the County, the City of Tampa, Florida, the City of Temple Terrace, Florida, the City of Plant City, Florida and the Board, the parties agreed upon a monthly method of distribution of the Community Investment Tax. In each of the

fiscal years 1997 through 2026, twenty-five percent (25%) of the net proceeds of the Community Investment Tax will be distributed to the Board (the "Sales Tax Revenues") with the remaining seventy-five percent to be distributed among the Tampa Sports Authority, the County, the City of Tampa, Florida, the City of Temple Terrace, Florida and the City of Plant City, Florida. The Board received Sales Tax Revenues in the amounts of \$25,879,851, \$27,601,925, \$29,660,622, \$30,717,925, and \$32,257,233 (unaudited) in the Fiscal Years 2013-14, 2014-15, 2015-16, 2016-17, and 2017-18. The Board has budgeted to receive \$31,000,000 of Sales Tax Revenues in Fiscal Year 2018-19.

The District issued its Sales Tax Refunding Revenue Bonds, Series 2015A, currently outstanding in the principal amount of \$13,720,000, its Sales Tax Refunding Revenue Bonds, Series 2015B, currently outstanding in the principal amount of \$65,195,000, and its Sales Tax Revenue Refunding Bond, Series 2017, currently outstanding in the principal amount of \$65,490,000 (collectively, the "Sales Tax Revenue Bonds"). The District may issue additional sales tax revenue bonds in the future. The Sales Tax Revenue Bonds are limited and special obligations of the District payable solely from and secured by a prior lien upon and pledge of the Sales Tax Revenues. Excess Sales Tax Revenues could be made available for any lawful purpose of the District. HOWEVER, THE DISTRICT HAS NOT PLEDGED THE EXCESS SALES TAX REVENUES FOR SUCH PURPOSES, AND THE DISTRICT DOES NOT ANTICIPATE USING EXCESS SALES TAX REVENUES TO MAKE BASIC RENT PAYMENTS REPRESENTED BY THE SERIES 2018 CERTIFICATES.

School Capital Outlay Surtax Referendum. Section 212.055(6), Florida Statutes, authorizes school boards to impose a discretionary sales surtax of 0.5% per dollar for fixed capital expenditures or fixed capital costs associated with the construction, reconstruction, or improvement of school facilities and campuses which have a useful life expectancy of five or more years, and any land acquisition, land improvement, design and engineering costs related thereto, as well as retrofitting and providing for technology implementation, including hardware and software for various sites within the District. Surtax revenues may be used for the purpose of servicing bond indebtedness to finance projects authorized by Section 212.055(6), Florida Statutes, and any interest accrued thereto may be held in trust to finance such projects. However, neither the surtax revenues nor any interest accrued thereto may be used for operational expenses. The levy of the surtax must be approved by a referendum of the electors of the county in which the school district is located. By statute, the sales amount above \$5,000 on any item of tangible personal property is not subject to the surtax.

On November 6, 2018, the qualified electorate of the District will consider whether to approve the Board's request to levy a school capital outlay surtax of 0.5% (the "School Capital Outlay Surtax") commencing January 1, 2019 and ending December 31, 2029, to finance air conditioning replacement and repairs, capital improvements and construction of other schools, building enhancements for school security and other maintenance needs. At this time, the District cannot determine whether the School Capital Outlay Surtax will be approved by a majority of the qualified electorate. HOWEVER, IF APPROVED, THE DISTRICT WILL NOT USE ANY SCHOOL CAPITAL OUTLAY SURTAX REVENUES TO PAY THE BASIC RENT PAYMENTS REPRESENTED BY THE SERIES 2018 CERTIFICATES.

Educational Impact Fees. The County imposes an educational impact fee based on an ordinance enacted by the County Commission on October 30, 1996, as may be amended from time to time. The fees are collected by the County for new residential construction, and are used for project related expenditures that increase student capacity such as site acquisition, construction, design, site development, necessary off-site improvements, and equipment for educational facilities. Expenditures may also include payments for outstanding principal and interest due to the financing of these construction related expenditures. The

Board received impact fee revenues in the amounts of \$17,960,428, \$21,088,951, \$25,188,600, \$31,274,116, and \$33,062,557 (unaudited) in the Fiscal Years 2013-14, 2014-15, 2015-16, 2016-17, and 2017-18. The Board has budgeted to receive \$32,000,000 of impact fee revenues in Fiscal Year 2018-19. HOWEVER, THE DISTRICT WILL NOT USE ANY EDUCATIONAL IMPACT FEES TO PAY THE BASIC RENT PAYMENTS REPRESENTED BY THE SERIES 2018 CERTIFICATES.

## **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.

### **Property Assessment and County Property Appraiser**

General. Ad valorem taxes may be levied only by counties, school districts, municipalities, and certain special districts (railroad properties are centrally assessed at the State level). No State ad valorem taxes shall be levied upon real estate or tangible personal property. State law requires that all ad valorem taxation be assessed at a uniform rate within each taxing unit and, with certain exceptions, that real and personal property subject to ad valorem taxation be assessed at 100% of its just value. See "AD VALOREM TAXATION – Property Assessment and County Property Appraiser – Limitation on Increase in Assessed Value of Property." The following property is generally subject to taxation in the manner provided by law: (a) all real and personal property in the State and all personal property belonging to persons residing in the State; and (b) all leasehold interests in property of the United States, of the State, or any political subdivision, municipality, agency, authority, or other public body corporate of the State. Pursuant to the Constitution of the State of Florida and State law, certain of such property may be exempt from ad valorem taxation. See "AD VALOREM TAXATION – Exemptions from Ad Valorem Taxation."

Determination of Property Valuation. The Property Appraiser of the County (the "Property Appraiser") determines property valuation on real and tangible personal property subject to ad valorem taxation as of January 1 of each year. By July 1 of each year, the Property Appraiser notifies the County, the District, each municipality within the County, and each other legally constituted special taxing district within the County as to its just valuation, the legal adjustments and exemptions, and the taxable valuation. The taxable valuation is then used by each taxing body to calculate its ad valorem millage for the budget year. See "AD VALOREM TAXATION – Millage Set by Local Governing Body" and "AD VALOREM TAXATION – Property Assessment and County Property Appraiser – Limitation on Increase in Assessed Value of Property" for limitations on increases in assessed value of property.

Limitation on Increase in Assessed Value of Property. The Constitution of the State of Florida limits the increases in assessed just value of homestead property to the lower of (a) 3% of the assessment for the prior year or (b) 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. The accumulated difference between the assessed value and the just value is known as the "Save Our Homes Benefit." Further, 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; new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead; and changes, additions, reductions or improvements to the homestead shall initially be assessed as provided for by general law.



Owners of homestead property may transfer up to \$500,000 of their Save Our Homes Benefit to a new homestead property purchased within two years of the sale of their previous homestead property to which such benefit applied if the just value of the new homestead is greater than or is equal to the just value of the prior homestead. If the just value of the new homestead is less than the just value of the prior homestead, then owners of homestead property may transfer a proportional amount of their Save Our Homes Benefit, such proportional amount equaling the just value of the new homestead divided by the just value of the prior homestead multiplied by the assessed value of the prior homestead.

For all levies other than school district levies, assessment increases for specified non-homestead real property may not exceed 10% of the assessment for the prior year. This assessment limitation is, by its terms, to be repealed effective January 1, 2019; however, the Florida Legislature enacted a joint resolution proposing an amendment to the Constitution of the State of Florida abrogating such repeal, which is required to be submitted to the electors of the State for approval or rejection at the general election of 2018 and, if approved, shall take effect January 1, 2019. See "AD VALOREM TAXATION – Legislation Relating to Ad Valorem Taxation – 2017 Legislative Session."

Preparation of Tax Roll. The Property Appraiser applies the final certified millage of each taxing body to the assessed valuation on each item of real and tangible personal property, and prepares the final tax roll which is certified to the Tax Collector of the County (the "Tax Collector") by October 1. This permits the printing of tax bills for delivery on November 1 of each year. The tax bills contain all of the overlapping and underlying millages set by the various taxing bodies. All ad valorem taxes are collected by the Tax Collector and distributed to the various taxing bodies. See "AD VALOREM TAXATION – Tax Collection and Distribution by County Tax Collector."

Appealing Property Valuation. Concurrently with notification to the various taxing bodies, the Property Appraiser notifies each property owner of the proposed valuation and the proposed millage on his or her property. If the individual property owner believes that his or her property has not been appraised at just value, the owner may (a) request an informal conference with the Property Appraiser to resolve the issue, (b) file a petition with the clerk of the County value adjustment board (the "Adjustment Board"), or (c) appeal to the Circuit Court within 60 days of the certification for collection of the tax roll or within 60 days of the issuance of a final decision by the Adjustment Board. A petition to the Adjustment Board must be signed by the taxpayer or be accompanied at the time of filing by the taxpayer's written authorization for representation by a qualified person. A taxpayer receives notice of the hearing and is required to provide the Property Appraiser with a list of evidence, copies of documentation, and summaries of testimony prior to the hearing before the Adjustment Board. The Adjustment Board holds public hearings on such petitions and may make adjustments to the valuations made by the Property Appraiser if such valuations are found not to be fair and at market value. The Adjustment Board must complete all required hearings and certify its decision with regard to all petitions and certify to the Property Appraiser the valuation to be used by June 1 following the tax year in which the assessments were made. The June 1 requirement shall be extended until December 1 in each year in which the number of petitions filed with the Adjustment Board increased by more than 10% over the previous year. These changes are then made to the final tax roll.

Property owners appealing the assessed value or assigned classification of their property must make a required partial payment of taxes (generally equal to 75% of the ad valorem taxes due, less the applicable statutory discount, if any) with respect to the properties that will have a petition pending on or after the delinquency date (normally April 1). A property owner's failure to make the required partial payment before the delinquency date will result in the denial of the property owner's petition.

## Assessed Valuation of Taxable Property

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

### School Taxable Value and Assessed Value of Taxable Property Last Ten Fiscal Years (amounts expressed in thousands) (unaudited)

Fiscal Year	Net Taxable Value	Net Assessed Value	Net Taxable Value as a Percentage of Net Assessed Value
2018-19	\$103,834,049	\$126,519,209	82.07%
2017-18	94,172,456	115,443,439	81.57
2016-17	86,758,386	106,868,077	81.18
2015-16	80,448,343	99,744,677	80.65
2014-15	74,640,106	93,045,243	80.22
2013-14	69,568,965	87,642,064	79.38
2012-13	65,836,681	83,797,222	78.58
2011-12	67,359,851	85,121,195	79.13
2010-11	70,354,573	88,512,696	79.49
2009-10	78,519,867	91,790,036	85.53

Note: Net Taxable Values are net Assessed Values after deducting allowable statutory exemption such as Save Our Homes exemption and other exemptions.

Sources: *Comprehensive Annual Financial Report of the School District of Hillsborough County, Florida for the Fiscal Year ended June 30, 2017. For the Fiscal Years 2017-18 and 2018-19, the School District of Hillsborough County, Florida, Business Services Department.*

## Millage Set by Local Governing Body

General. The Constitution of the State of Florida provides that ad valorem taxes shall not be levied in excess of the following millages upon the assessed value of real estate and tangible personal property: for all county purposes, ten mills; for all municipal purposes, ten mills; for all school purposes, ten mills; for water management purposes for the northwest portion of the state lying west of the line between ranges two and three east, 0.05 mill; for water management purposes for the remaining portions of the state, 1.0 mill; and for all other special districts a millage authorized by law approved by voters. There is no limit on the amount of ad valorem taxes a local government may levy for the payment of debt service on voter-approved general obligation bonds.

As described above, the Property Appraiser is required to certify to each taxing authority the aggregate taxable value of all non-exempt property within the jurisdiction of the taxing authority, as well as the prior year's tax revenues, for use in connection with the determination of the forthcoming budget and millage levy. The form on which such certification is made by the Property Appraiser is required to include instructions to each taxing authority describing the proper method of computing a millage rate, which, exclusive of new construction, additions to structures, deletions and property added due to

geographic boundary changes, will provide the same ad valorem tax revenues for each taxing authority as was levied during the prior fiscal year. See "AD VALOREM TAXATION – Millage Set by Local Governing Body – Millage Rollback Legislation."

Each respective millage rate, except as limited by law, is set on the basis of estimates of revenue needs and the total taxable property valuation within the taxing authority's respective jurisdiction. Ad valorem taxes are not levied in excess of actual budget requirements. State law requires the School Board to adopt and maintain a balanced tentative budget and a balanced final budget, in which anticipated revenues less certain required deductions combined with beginning fund balances equal appropriations. The Board is required to advertise its intent to adopt a tentative budget, including a capital outlay budget, within 29 days following receipt from the Property Appraiser of the preliminary certificate of taxable value. 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 Property Appraiser prepares tax millage notices for property owners within the District. The final budget and tax rate are fixed in September of each year, following a final public hearing and in accordance with statutory timelines. The Superintendent is responsible for preparing the preliminary and tentative budgets for recommendation to the Board. 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 final Budget is adopted. The Board adopted the tentative budget for the Fiscal Year 2018-19 on August 1, 2018, and adopted the final budget for the Fiscal Year 2018-19 on September 11, 2018.

As part of the budget process, the District is required to provide advance notice of the purposes for which the District intends to spend budgeted amounts, including those derived from the revenues generated from the Capital Outlay Millage, and to adopt a budget that shows the capital outlay expenditures applicable to each project. For information regarding the Capital Outlay Millage, see "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Sources." The District currently lists in such notice all projects that may begin within the Fiscal Year which are reasonably anticipated to be funded from revenues generated from the estimated Capital Outlay Millage. This listing is provided to allow for public input for all capital outlay projects that are reasonably anticipated to be funded from the revenues.

Millage Rollback Legislation. In 2007, the Florida Legislature adopted a property tax plan that significantly impacted ad valorem tax collections for State local governments (the "Millage Rollback Legislation"). One component of the Millage Rollback Legislation required counties, cities, and special districts to rollback their millage rates for the Fiscal Year 2007-08 to a level that, with certain adjustments and exceptions, would generate the same level of ad valorem tax revenue as in Fiscal Year 2006-07; provided, however, depending upon the relative growth of each local government's own ad valorem tax revenues from 2001 to 2006, such rolled back millage rates were determined after first reducing 2006-07 ad valorem tax revenues by 0% to 9%. In addition, the Rollback Legislation also limited how much the aggregate amount of ad valorem tax revenues may increase in future fiscal years. A local government may override certain portions of these requirements by a supermajority, and for certain requirements, a unanimous vote of its governing body. School districts are not required to comply with the particular provisions of the Millage Rollback Legislation relating to limitations on increases in future years.

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District Millage Rates. The following table shows the millage rates levied by the District for the Fiscal Years 2008-09 through 2017-18:

**District Levies  
(unaudited)**

<u>TAX LEVY</u>	Fiscal Year Ending June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>General Fund</u>										
Nonvoted School Tax:										
State - Required Local Effort	5.304	5.444	5.344	5.665	5.629	5.442	5.105	4.999	4.658	4.348
Local - Discretionary	0.498	0.748	0.748	0.748	0.748	0.748	0.748	0.748	0.748	0.748
Local - Supplemental	0.225	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<u>Capital Projects Fund</u>										
Nonvoted School Tax:										
Local Capital Improvements	1.750	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500
Total Nonvoted millage	7.777	7.692	7.592	7.913	7.877	7.690	7.353	7.247	6.906	6.5960
<u>Debt Service Fund</u>										
Voted School Tax:										
Debt Service	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total District Millage Levy	7.777	7.692	7.592	7.913	7.877	7.690	7.353	7.247	6.906	6.596

*Sources: Comprehensive Annual Financial Report of the School District of Hillsborough County, Florida for the Fiscal Year ended June 30, 2017. For the Fiscal Year 2017-18, Florida Department of Education Superintendent's Annual Finance Report (ESE 145) District School Board of Hillsborough County for the Fiscal Year ended June 30, 2018 (Unaudited).*

For Fiscal Year 2018-19, the Board levied a total District-wide millage rate of 6.414 consisting of: a Required Local Effort of 4.166 mills, a Current Operating Discretionary Millage of 0.7480, and a Capital Outlay Millage of 1.500.

**Tax Collection and Distribution by Tax Collector**

General. All real and tangible personal property taxes are based on assessed values as certified and delivered to the Tax Collector by the Property Appraiser as described above. The Tax Collector mails to each property owner on the tax roll a tax bill for the taxes levied by the various taxing authorities in the County. Taxes may be paid upon receipt of such notice with discounts at the rate of 4% if paid in the month of November, 3% if paid in the month of December, 2% if paid in the month of January, and 1% if paid in the month of February. Taxes paid during the month of March are without discount. Because of the discount in ad valorem taxes for payments made prior to March 1, taxes collected will likely never be 100% of the tax levy.

The Tax Collector is required to distribute the taxes collected to each governmental unit levying the tax. Such distribution is to be made four times during the first two months after the tax roll comes into its possession, and once per month thereafter.

Delinquent Taxes. All unpaid taxes on real and tangible property become delinquent on April 1 of the year following the year in which taxes were levied. Delinquent real property taxes bear interest at the rate of 18% per year from April 1 until paid, or until payment is no longer required or until a tax certificate is sold at auction (from which time the interest rate shall be as bid by the buyer of the tax certificate). Delinquent tangible personal property taxes also bear interest at the rate of 18% per year from April 1 until paid. Delinquent personal property taxes must be advertised within 45 days after delinquency, and after May 1, the property is subject to warrant, levy, seizure and sale.

Tax Certificates and Tax Deeds. On or before June 1 or the 60th day after the date of delinquency, whichever is later, the Tax Collector must advertise once each week for three weeks and must sell tax certificates on all real property that is the subject of delinquent taxes. The tax certificates are sold to those bidding the lowest interest rate. Such certificates include the amount of delinquent taxes, the penalty interest accrued thereon and the cost of advertising. Delinquent tax certificates not sold at auction become the property of the County. State law provides that real property tax liens are superior to all other liens, except prior Internal Revenue Service liens.

To redeem a tax certificate, the owner of the property must pay all delinquent taxes, the interest that accrued prior to the date of the sale of the tax certificate, charges incurred in connection with the sale of the tax certificate, omitted taxes, if any, and interest at the rate shown on the tax certificate (or interest at the rate of 5%, whichever is higher) from the date of the sale of the tax certificate to the date of redemption. If such tax certificates or liens are not redeemed by the property owner within two years, the holder of the tax certificates can cause the property to be sold to pay off the outstanding certificates and the interest thereon.

At any time after two years have elapsed since April 1 of the year of the issuance of a tax certificate and before the expiration of seven years, the holder of the tax certificate may apply for a tax deed with respect to any tax certificate it holds. Two years after such April 1, the County may make application for a tax deed with respect to any tax certificate it holds. Upon receipt of such applications, a public sale is advertised and held (unless the property is redeemed), and the highest bidder at such sale receives a tax deed for the property. Provisions are also made for the collection of delinquent tangible personal property taxes, but in a different manner, which includes the possible seizure of the tangible personal property.

### **Exemptions from Ad Valorem Taxation**

General. State law provides for numerous exemptions and limitations on ad valorem taxation of real property and tangible personal property. Real property used for the following purposes is generally exempt from ad valorem taxation: religious, educational, literary, charitable, scientific, and governmental uses. Certain additional exemptions and limitations are described below. This description does not purport to describe all exemptions available to property owners in the State, and reference is made to the Constitution of the State of Florida and Chapter 196, Florida Statutes, for a full description of such exemptions. In addition, State law allows for, but does not mandate, the imposition of some exemptions by local governments by ordinance. Where applicable, it is noted where the District has imposed such optional exemptions or limitations. Certain recent amendments to existing provisions relating to ad

valorem tax exemptions are described under "Legislation Regarding Ad Valorem Taxes – Recent Amendments Relating to Ad Valorem Taxation."

Constitutional Exemptions. The Constitution of the State of Florida provides for the following exemptions from ad valorem taxation:

*Exempt Entities/Exempt Purposes.* The Constitution of the State of Florida provides that all property owned by a municipality and used exclusively by it for municipal or public purposes shall be exempt from taxation. A municipality, owning property outside the municipality, may be required by general law to make payment to the taxing unit in which the property is located. Such portions of property as are used predominantly for educational, literary, scientific, religious or charitable purposes (exempt purposes) may be exempted by general law from taxation. State law provides that all property owned by an exempt entity, including educational institutions, and used exclusively for exempt purposes shall be totally exempt from ad valorem taxation and all property owned by an exempt entity, including educational institutions, and used predominantly for exempt purposes (at least 50%) shall be exempted from ad valorem taxation to the extent of the ratio that such predominant use bears to the nonexempt use.

*Household Goods and Personal Effects.* The Constitution of the State of Florida provides that there shall be exempt from taxation, cumulatively, to every head of a family residing in the State, household goods and personal effects to the value fixed by general law, not less than \$1,000 and to every widow or widower or person who is blind or totally and permanently disabled, property to the value fixed by general law not less than \$500. State law exempts from taxation to every person residing and making his or her permanent home in the State, all household goods and personal effects and exempt property up to the value of \$500 of every widow, widower, blind person, or totally and permanently disabled person who is a resident of the State.

*Tangible Personal Property and Renewable Energy Devices.* The Constitution of the State of Florida provides that by general law and subject to conditions specified therein, \$25,000 of the assessed value of property subject to tangible personal property tax shall be exempt from ad valorem taxation. Effective January 1, 2018 through December 31, 2037, the assessed value of solar devices or renewable energy source devices subject to tangible personal property tax may be exempt from ad valorem taxation, subject to limitations provided by general law.

*Property Dedicated In Perpetuity for Conservation.* The Constitution of the State of Florida provides that there shall be granted an ad valorem tax exemption for certain real property dedicated in perpetuity for conservation purposes, including real property encumbered by perpetual conservation easements or by other perpetual conservation protections, as defined by general law.

*Homestead Exemption.* The Constitution of the State of Florida provides for a homestead exemption. Every person who has the legal title or beneficial title in equity to real property in the State and who resides thereon and in good faith makes the same his or her permanent residence or the permanent residence of others legally or naturally dependent upon such person is eligible to receive a homestead exemption of up to \$50,000. The first \$25,000 applies to all property taxes, including school district taxes. The additional exemption, up to \$25,000, applicable to the assessed value of the property between \$50,000 and \$75,000, applies to all levies other than school district levies. A person who is receiving or claiming the benefit of an ad valorem tax exemption or a tax credit in another state where permanent residency, or residency of another legally or naturally dependent upon the owner, is required as a basis for the granting of that ad valorem tax exemption or tax credit is not entitled to the homestead

exemption. In addition to the general homestead exemption described in this paragraph, the following additional homestead exemptions are authorized by State law:

*Certain Active Duty Military and Veterans.* A military veteran who was honorably discharged, is a resident of the State, and who is disabled to a degree of 10% or more because of misfortune or while serving during wartime may be entitled to a \$5,000 reduction in the assessed value of his or her property. This exemption is not limited to homestead property. A military veteran who was honorably discharged with a service-related total and permanent disability may be eligible for a total exemption from taxes on homestead property. Under certain circumstances, the veteran's surviving spouse may be entitled to carry over these exemptions.

*Permanently and Totally Disabled Veterans.* A military veteran who is a resident of the State and was honorably discharged with a service-related total and permanent disability may be eligible for a total exemption from taxes on property they own and use as their homesteads. A similar exemption is available to disabled veterans confined to wheelchairs. Under certain circumstances, the veteran's surviving spouse may be entitled to carry over these exemptions.

*Discounts for Disabled Veterans.* Each veteran who is age 65 or older and is partially or totally permanently disabled may receive a discount on the assessed value of the property that the veteran owns and uses as a homestead. The discount is a percentage equal to the percentage of the veteran's permanent, service-connected disability as determined by the United States Veteran's Affairs.

*Deployed Military Personnel.* Each person who receives a homestead exemption; who was a member of the United States military or military reserves, the United States Coast Guard or its reserves, or the Florida National Guard; and who was deployed during the preceding calendar year on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the Florida Legislature shall receive an additional exemption equal to a percentage of the taxable value of his or her homestead property. The applicable percentage shall be calculated as the number of days during the preceding calendar year the person was deployed on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the legislature divided by the number of days in that year.

*Survivors of First Responders.* Any real estate that is owned and used as a homestead by the surviving spouse of a first responder (law enforcement officer, correctional officer, firefighter, emergency medical technician or paramedic), who died in the line of duty may be granted a total exemption on homestead property if the first responder and his or her surviving spouse were permanent residents of the State on January 1 of the year in which the first responder died.

*Certain Totally and Permanently Disabled Persons.* Any real estate used and owned as a homestead by a quadriplegic, less any portion used for commercial purposes, is exempt from all ad valorem taxation. Real estate used and owned as a homestead by a paraplegic, hemiplegic, or other totally and permanently disabled person, who must use a wheelchair for mobility or who is legally blind, is exempt from taxation if the gross household income is below statutory limits.

Other Exemptions. Other exemptions include, but are not limited to, nonprofit homes for the aged (subject to income limits for residents), proprietary continuing care facilities, not for profit sewer water/waste water systems, certain hospital facilities and nursing homes for special services, charter schools, certain historic property used for commercial purposes, and certain tangible personal property.

## Legislation Relating to Ad Valorem Taxation

Recent Amendments Relating to Ad Valorem Taxation. In recent legislative session, several legislative proposals and constitutional amendments were passed affecting ad valorem taxation, including classification of agricultural lands during periods of eradication or quarantine, deleting requirements that conservation easements be renewed annually, providing that just value of real property shall be determined in the first tax year for income restricted persons age 65 or older who have maintained such property as the permanent residence for at least 25 years, authorizing a first responder who is totally and permanently disabled as a result of injuries sustained in the line of duty to receive relief from ad valorem taxes assessed on homestead property, revising procedures with respect to assessments, hearings and notifications by the value adjustment board, and revising the interest rate on unpaid ad valorem taxes.

Future Amendments Relating to Ad Valorem Taxation. Historically, various legislative proposals and constitutional amendments relating to ad valorem taxation have been introduced in each session of the Florida Legislature. Many of these proposals have provided for new or increased exemptions to ad valorem taxation and limited increases in assessed valuation of certain types of property or otherwise restricted the ability of local governments in the State to levy ad valorem taxes at current levels. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would have a material adverse effect upon the collection of ad valorem taxes by the District, the District's finances in general or the District's ad valorem taxing power.

2017 State Legislative Session. During the 2017 State legislative session, several proposals were approved affecting ad valorem taxation. Such proposals include:

*Extending the Limitation on Assessed Values of Non-Homesteaded Real Property.* Committee Substitute for House Joint Resolution 21 proposes an amendment to the Constitution of the State of Florida to remove the scheduled January 1, 2019 repeal of the limitation prohibiting the increase in the assessed value of non-homestead property to 10% per year. The limitation does not apply to property taxes levied by school districts. In order for the 10% assessment limitation to continue, this constitutional amendment will need to be approved by at least 60% of the electors of the next general election in November 2018.

*Exempting Assessed Value of a Renewable Energy Device.* Senate Bill 90 ("SB 90") implements amendment to the Constitution of the State of Florida exempting the assessed value of property subject to tangible personal property tax, which was approved by the voters in August 2016. SB 90 exempts the assessed value of a renewable energy device from tangible personal property tax and the installation of those devices from determining the assessed value of real property, both residential and non-residential, for the purpose of ad valorem taxation. SB 90 also revises the definition of "renewable energy source device" to include power conditioning and storage devices, wiring, structural support and other components used as integral parts of such systems. The changes made by SB 90 expire on December 31, 2037.

*Further Increase in Homestead Exemption.* House Joint Resolution 7105 ("HJR 7105") proposes an amendment to the Constitution of the State of Florida to increase the homestead exemption for homestead property with an assessed value greater than \$50,000 and up to \$100,000 for all levies other than school district levies. The proposed constitutional amendment must still be approved by at least 60% of the electors at the next general election in November 2018, or at an earlier special election, if any, authorized for such purpose. The approval of this amendment would result in the increase of the



homestead exemption from \$50,000 to \$75,000 for properties with an assessed value over \$100,000. However, this exemption would not apply to school district taxes.

### Property Tax Levies and Collections

The following table shows the District's property tax levies and collections for Fiscal Years 2008-09 through 2017-18.

#### Property Tax Levies and Collections Last Ten Fiscal Years (unaudited)

Fiscal Year	Total Tax Levy	Collected to End of Tax Year		Delinquent Collections <sup>(1)</sup>	Collected in Fiscal Year	
		Current Tax Collections <sup>(1)</sup>	Percent of Levy		Total Collections <sup>(1)</sup>	Percent of Levy
2018	\$623,746,368	\$598,702,459	95.99%	\$668,706	\$599,371,165	96.09%
2017	601,253,945	577,457,540	96.04	1,346,771	578,804,312	96.27
2016	585,846,513	562,013,067	95.93	1,408,877	563,421,944	96.17
2015	551,207,182	529,052,460	95.98	1,502,351	530,554,811	96.25
2014	538,166,770	515,483,196	95.79	4,151,492	519,634,688	96.56
2013	521,066,245	497,507,461	95.48	6,707,034	504,214,495	96.77
2012	535,661,273	512,201,737	95.62	2,563,795	514,765,532	96.10
2011	537,023,488	508,048,259	94.60	4,153,742	512,202,011	95.38
2010	607,883,201	578,606,240	95.18	5,134,542	583,740,782	96.03
2009	695,871,440	664,675,893	95.52	2,887,719	667,563,612	95.93

<sup>(1)</sup> Net of allowable discounts.

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 since the percent of levy collected reflects the statutory early payment discounts. 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.

Sources: *Comprehensive Annual Financial Report of the School District of Hillsborough County, Florida for the Fiscal Year ended June 30, 2017. For School Year 2017-18, the School District of Hillsborough County, Florida, Business Services Department.*

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## Principal Property Taxpayers

The following table contains the list of the County's ten largest taxpayers. No single taxpayer in the County paid more than 2.34% of the total ad valorem taxes levied in the Fiscal Year 2016-17.

**Principal Taxpayers  
Fiscal Year 2017-18  
(amount in thousands)  
(unaudited)**

Taxpayer	Type of Business	Rank	Total Tax	Assessed Value	Percentage of Total Assessed Value
Tampa Electric Company	Electric Utility	1	\$46,616	\$2,442,908	2.37%
Hillsborough Aviation Authority	Transportation	2	13,914	664,259	0.71
Frontier Communications	Communications	3	9,078	466,137	0.46
Highwoods/Florida Holding	Real Estate Management	4	8,349	387,031	0.42
Mosaic Fertilizer, LLC	Mining	5	7,978	417,776	0.41
Post Apartment Homes LP	Real Estate/Apartment	6	6,381	304,279	0.32
Westfield	Shopping Malls	7	6,278	330,197	0.32
Wal-Mart	Retail Sales	8	4,712	230,661	0.24
Metropolitan Life	Insurance	9	4,284	203,052	0.22
Tampa Port Authority	Cargo/Cruise/Real Estate	10	3,716	183,663	0.19
Total			111,306	\$5,629,963	5.66%

Source: *The School Board of Hillsborough County, Florida*

## LEGISLATIVE CHANGES AFFECTING DISTRICT REVENUES

### Class Size Reduction

Amendment 9 to the Constitution of the State of Florida requires that the Florida Legislature provide funding for sufficient classrooms so that class sizes can be reduced to certain constitutional class size maximums by the beginning of the 2011 school year. Section 1003.03, Florida Statutes, implements Amendment 9 (together with Amendment 9, 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 third grade, 22 for grades fourth through eight and 25 for grades ninth through 12th. Compliance is determined on a period-by-period basis. In the event a school district is not in compliance with such requirements, the legislation provides that the State shall reduce the FEFP categorical funds and the base student allocation due to such school district for operational purposes. For those school districts that are in compliance with the constitutional amendment additional funds shall be distributed. The additional distribution is calculated by taking 25% of the total funds reduced from those school districts not in compliance and distributing an amount up to 5% of the base student allocation multiplied by the total district full-time equivalent students. School districts not in compliance are required to submit to the Commissioner a corrective action plan that describes specific actions the district will take in order to fully comply with the requirements by October of the following

year. If the district submits the certified plan by the required deadline, the funds remaining after the reallocation to school districts will be reallocated based upon each school district's proportion of the total reduction. However, no district shall have an amount added back that is greater than the amount that was reduced.

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

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

Due to the District's student assignment process, the District is on a school wide average for its schools of choice. As of the October 2017 Survey, the week during which the Department of Education determined compliance with class size maximum for the 2017-18 school year, the District was in compliance with the requirements of the Class Size Legislation, and the District expects to be in compliance in the current school year. There can be no assurances that the District will be able to maintain its class size in the manner currently mandated by the Class Size Legislation. While the Class Size Legislation requires that the Florida Legislature, and not local school districts, is generally responsible for the cost of compliance, there can be no assurance that the Florida Legislature will provide funds sufficient to meet the ongoing capital, facility, and operating 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 ongoing capital, facility and operating 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.

### **Pre-K Programs**

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

There can be no assurance that the Florida Legislature will provide funds sufficient to meet the ongoing capital and facility needs of the District required by the Pre-K Legislation. Further, there can be no assurance that the District will have funds sufficient to meet the ongoing capital and facility needs of

the District required by the Pre-K Legislation or that ongoing compliance therewith will not adversely affect other capital needs and operating costs of the District.

### **Reading Mandate**

In 2012, the Florida Legislature mandated that all elementary schools which are determined to be among the lowest 100 schools in the State for reading performance must provide an additional hour of reading instruction beyond the normal school day. In 2014, the Florida Legislature expanded the mandate to include the lowest 300 schools in the State. For Fiscal Year 2018-19, the State has determined that 36 elementary schools in the District fall into the lowest 300 designation. The cost of implementing an additional hour of reading at these schools was \$4,671,787 for Fiscal Year 2015-16, \$7,204,323, for Fiscal Year 2016-17, \$6,019,692 (unaudited), for Fiscal Year 2017-18. CS/HB 7055, which was approved by Governor Rick Scott on March 11, 2018, provided that the extra hour of reading instruction could be incorporated into the normal school day. As such, the District did not budget any revenues for implementing an additional hour of reading at these schools for Fiscal Year 2018-19.

### **Educational Choice**

On April 14, 2016, Governor Rick Scott approved House Bill 7029 ("HB 7029"). Among other things, HB 7029 allows a parent to seek enrollment in and transport his or her child to any public school in the State, including a charter school, which has not reached capacity. The school district or charter school shall accept and report the student for purposes of funding through the FEFP. The school district or charter school may provide student transportation at their discretion. HB 7029 requires the capacity determinations of each school district and charter school to be current and identified on their respective school websites. Each school must provide preferential treatment in its controlled open enrollment process to: (a) dependent children of active duty military personnel who moved as a result of military orders, (b) children relocated due to foster care placement in a different school zone, (c) children relocated due to a court ordered change in custody as a result of separation or divorce, or the serious illness or death of a parent, and (d) students residing in the school district. Students residing in the school district may not be displaced by a student from another school district. A student who transfers may remain at the school until the student completes the highest grade level offered. This amendment went into effect for the 2017-18 school year. At present, the impact of the school choice provisions of HB 7029 on the District's finances has been minimal.

HB 7029 also revises the method for enforcing compliance with the Class Size Legislation to clarify that for purposes of enforcing compliance, the calculation is based upon the statutory formula used to determine the reduction in class size categorical funding for noncompliance. See "LEGISLATIVE CHANGES AFFECTING DISTRICT REVENUES – Class Size Reduction." At present, it is not anticipated that the Class Size Legislation compliance enforcement provisions of HB 7029 will have any significant impact on the District's finances.

### **Construction Cost Maximums**

HB 7029 also imposes sanctions upon a school district that exceeds the cost per student station limits set forth in Section 1013.64(6), Florida Statutes, unless it is determined that such cost per student station overage is de minimus or due to extraordinary circumstances outside the control of the school district. The sanctions are as follows: (a) the school district is ineligible for allocations from the Public Education Capital Outlay and Debt Service Trust fund for the next three years in which the school district

would have received allocations; and (b) the school district is subject to the supervision of a district capital outlay oversight committee comprised of one appointee of the Commissioner who has significant financial management, school facilities construction, or related experience, one appointee of the office of the State Attorney with jurisdiction over the school district, and one appointee of the Chief Financial Officer who is a licensed certified public accountant. The capital outlay oversight committee is authorized to approve all capital outlay expenditures of the school district for the three Fiscal Years following the violation. This amendment will apply to new construction initiated by a school district on or after July 1, 2017. Section 1013.64, Florida Statutes, was further amended by HB 7069. HB 7069, among other things, exempts capital outlay projects from the cost per student station limits set forth in Section 1013.64(6), where a school board has executed a contract for architectural and design services or for construction management services before July 1, 2017. As such, the construction cost maximums do not apply to the Series 2004C Project.

### **Schools of Hope**

In addition to the requiring school districts to share the Capital Outlay Millage with charter schools, HB 7069 also establishes the Schools of Hope Program to encourage traditional public schools within the State and charter operators throughout the country to replicate their model and service students from persistently low-performing schools. HB 7069 provides for the establishment of Schools of Hope, which are charter schools operated by a Hope Operator to service students from one or more persistently low-performing schools; are located within the attendance zone of the persistently low-performing school or within a five mile radius of such school, whichever is greater; and is a Title I eligible school. HB 7069 defines "persistently low-performing schools as schools that have earned three consecutive school grades below a "C," and defines "Hope Operators" as nonprofit organizations that operate three or more charter schools with a record of serving students from low-income families and receives such designation from the FDOE. Pursuant to HB 7069, the statutory requirements for the application, approval, and contract that apply to charter schools do not apply to Schools of Hope; instead, a Hope Operator submits a notice of intent to a school district in order to open a School of Hope and the school district is required to enter into a performance based agreement with a Hope Operator within 60 days of receiving a notice of intent.

In addition, HB 7069 also (a) provides Schools of Hope with certain statutory authority, including, but not limited to, allowing a School of Hope to be designated as a local educational agency for the purposes of receiving federal funds; (b) provides that Schools of Hope are exempt from Chapters 1000-1013, Florida Statutes, and all school board policies, except any laws related to (i) the student assessment program and school grading system, (ii) student progression and graduation, (iii) provisions of services to students with disabilities, (iv) civil rights, (v) student health, safety, and welfare, (vi) public meetings, (vii) public records, and (viii) the code of ethics for public officers and employees.; (c) provides provisions for facilities for Schools of Hope; (d) provides provisions for funding Schools of Hope, including that they be funded in accordance with the statutory provisions relating to funding for charter schools and be considered a charter schools for purposes of charter school capital outlay; (e) establishes the School of Hope Program to cover specified operational expenses for Schools of Hope; and (f) establishes the Schools of Hope Revolving Loan Program to help Schools of Hope cover school building construction and startup costs.

The District has three schools that are considered "persistently low-performing schools under HB 7069. For Fiscal Year 2018-19, the impact of this provision of HB 7069 is approximately \$915,000. See "LEGISLATIVE CHANGES AFFECTING DISTRICT REVENUES – Distribution of Capital Outlay Millage

Revenues to Charter Schools" for a discussion of various lawsuits challenging the provisions of HB 7069, including those related to Schools of Hope.

### **Distribution of Capital Outlay Millage Revenues to Charter Schools**

In 2017, the Florida Legislature passed HB 7069 which, among other things, requires school districts to distribute revenues generated from the Capital Outlay Millage on a per student basis between traditional schools and charter schools. HB 7069 establishes the calculation methodology to determine the amount of local capital outlay funds from the Capital Outlay Millage a school district must distribute to each eligible charter school. Such calculation provides that the amount of local capital outlay funds from the Capital Outlay Millage a school district must distribute to each eligible charter school will first be reduced by the school district's annual debt service for obligations issued or incurred as of March 1, 2017 (which includes the Series 2004C Lease Agreement) that are being satisfied by the Capital Outlay Millage revenues, and requires the first payment to charter schools as of February 1 of each year, commencing February 1, 2018. The remaining Capital Outlay Millage revenue would be divided by the total of capital outlay FTE students in traditional public schools and eligible charter schools in the school district, then multiplied by the total of capital outlay FTE students in each eligible charter school in the school district to determine each charter school's allocation. However, to the extent a charter school receives State charter school capital outlay funding in the general appropriations act, its share of the Capital Outlay Millage would be reduced by a like amount.

On October 17, 2017, thirteen State district school boards (collectively, the "Plaintiff School Boards"), filed their suit in the Circuit Court of the Second Judicial Circuit in and for Leon County, Florida, against the Florida Department of Education, the State Board of Education, and its Commissioner and Chair, challenging, among other things, the provisions of HB 7069 requiring school districts to distribute Capital Outlay Millage revenues to charter schools, and seeking declaratory and injunctive relief. In addition to challenges to other provisions of HB 7069, the complaint alleges that the provisions of HB 7069 which require the Plaintiff School Boards to distribute Capital Outlay Millage revenues to charter schools in their respective districts (a) constitutes an unconstitutional infringement on the Plaintiff School Boards' authority to control and supervise the use of Capital Outlay Millage revenues within their jurisdictions by redirecting that authority to the unelected governing boards of charter schools, (b) are in effect an ad valorem tax levied by the State in violation of the Florida Constitution, and (c) constitutes an unconstitutional diversion of the Plaintiff School Boards' locally levied and raised ad valorem tax revenues to a state purpose mandated by the Legislature. On April 5, 2018, a circuit court judge for the Second Judicial Circuit in and for Leon County, Florida entered a summary judgment against the Plaintiff School Boards on all counts. On May 16, 2018, certain of the Plaintiff School Boards filed an appeal against the summary judgment, which is currently pending.

On September 27, 2017, The School Board of Palm Beach County, Florida (the "School Board of Palm Beach County") voted to file its own lawsuit challenging the provisions of HB 7069 requiring school districts to distribute Capital Outlay Millage revenues to charter schools. On September 28, 2017, the School Board of Palm Beach County filed its lawsuit against the Florida State Board of Education, the Florida Department of Education, and its Commissioner, in the Circuit Court of the Second Judicial Circuit in and for Leon County, Florida, seeking declaratory and injunctive relief. The complaint alleges the provisions of HB 7069 requiring the School Board of Palm Beach County to distribute Capital Outlay Millage revenues to charter schools in the District (a) constitute an unlawful infringement on the School Board of Palm Beach County's constitutionally granted authority to operate, control and supervise all free public schools in the District, (b) place an unconstitutional constraint on the School Board of Palm Beach

County's authority to levy ad valorem taxes for its own purposes, and (c) are in effect an ad valorem tax levied by the State in violation of the Florida Constitution. On January 18, 2018, the Court denied the School Board of Palm Beach County's motion for a preliminary injunction. On June 6, 2018, the Court granted a motion for stay pending appeal of the Plaintiff School Boards' lawsuit described above.

On November 13, 2017, nine State district school boards (the "Petitioner School Boards") filed petitions for writs of quo warranto and mandamus in the Supreme Court of Florida against the Speaker of the Florida House of Representatives, the President of the Florida Senate, the Florida House of Representatives, the Florida Senate, the Secretary State of Florida, and the Florida Commissioner of Education (collectively, the "Respondents"). The petition requests the Florida Supreme Court exercise its discretion and accept original jurisdiction over the petition to prevent direct and immediate adverse effects on the functions of State school boards. Additionally, in the petition, the Petitioner School Boards seek (a) a writ of quo warranto finding that certain of the Respondents acted beyond their constitutional authority by enacting HB 7069 in violation of the single-subject requirement of the Florida Constitution, (b) a writ of mandamus directing those Respondents to comply with the single-subject requirement of the Florida Constitution, and (c) a writ of mandamus directing the Secretary of State to expunge HB 7069 from the official records of the State as an unconstitutional law enacted in violation of the Florida Constitution and directing the Commissioner of Education to halt any and all implementation of HB 7069. On December 19, 2017, the Florida Supreme Court transferred the petitions for writs of quo warranto and mandamus to the Circuit Court of the Second Judicial Circuit in and for Leon County, Florida. On January 4, 2018, the case was received by the Circuit Court of the Second Judicial Circuit in and for Leon County, Florida, where it is currently pending.

At this time, the outcome of such suits or an appeals thereto cannot be determined. Even if these provisions of HB 7069 are ultimately upheld, they are not expected to adversely affect the ability of the School Board to make Basic Rent Payments.

On March 11, 2018, Governor Rick Scott approved Committee Substitute for House Bill 7055 ("CS/HB 7055"). CS/HB 7055, among other things, revises certain of the requirements of HB 7069 relating to the required sharing of the Capital Outlay Millage revenues with charter schools. CS/HB 7055 specifies that charter school capital outlay funds shall consist of State funds when such funds are appropriated. However, if in any given year the amount of State funds is not equal to, or is less than, the average charter school capital outlay funds per unweighted FTE student for the Fiscal Year 2018-19, multiplied by the estimated number of charter school students for the applicable fiscal year and adjusted for inflation from the previous year, charter school capital outlay funds shall also consist of the Capital Outlay Millage revenue. CS/HB 7055 also seeks to clarify that the debt service obligation that can be reduced from the distribution to charter schools is the debt service obligation incurred as of March 1, 2017, which has not been subsequently retired, and also requires each school district to annually certify to the Florida Department of Education the amount of the debt service obligation that can be reduced from the distribution to charter schools. The bill provides that such amount shall be verified by the Auditor General during its operational audit. Additionally, in the event aggregate lease-purchase agreement payments, including lease-purchase agreements entered into prior to June 30, 2009, exceed three-fourths of the Capital Outlay Millage revenues, CS/HB 7055 provides that a school district may not withhold administrative expenses authorized by law from any charter school operating in the school district.

At this time, the School Board cannot determine the long-term impact of HB 7069 and CS/HB 7055 on the amount of revenues available to the School Board from the Capital Outlay Millage to make Basic Rent Payments under the Master Lease in future years. For Fiscal Year 2017-18, the impact on the

District due to the provisions of HB 7069 was \$2,742,204. For Fiscal Year 2018-19, there was no impact to the District for because CS/HB 7055 provided the baseline State funding for determining whether charter schools receive any Capital Outlay Millage revenues. No assurance can be given that the State will appropriate at least an equal amount of charter school capital outlay funding per unweighted FTE student in future years to that budgeted in Fiscal Year 2018-19. While HB 7069 and CS/HB 7055 may result in a reduction in the amount of Capital Outlay Millage revenues of the District, the Board, at this time, does not expect the long-term impact of HB 7069 and CS/HB 7055 to materially adversely affect its ability to make Basic Rent Payments under the Master Lease.

### **Public Safety Mandate**

In 2018, the Florida Legislature passed Senate Bill 7026 ("SB 7026") which, among other things, includes provisions designed to: enhance school safety policies, procedures, and personnel at the State and local level; improve and expand mental health services; and revise laws and empower law enforcement and the courts to limit access to firearms by young adults or by individuals exhibiting a risk of harming themselves or others. Specifically, SB 7026 requires each school board and superintendent to partner with law enforcement agencies to establish or assign one or more safe-school officers at each school facility within the district by implementing any combination of the following options: (a) establish school resource officer programs through cooperative agreements with law enforcement agencies; (b) commission one or more school safety officers for the protection and safety of school personnel, property, and students within the school district; (c) at a school district's discretion, and if established by the sheriff's office, participate in the Guardian Program, which allows certain school employees (but not employees who exclusively perform classroom duties as classroom teachers) to carry a firearm on school grounds if such employee volunteers and completes the statutorily required training. For Fiscal Year 2018-19, the Florida Department of Education allocated \$9,965,653 to the District for school safety, an increase of \$6,436,108. Of this, approximately \$1,133,294 will be allocated to charter schools. The remaining \$8,832,359 will be applied to the total cost of implementing SB 7026, which is approximately \$16,682,580. The additional cost to the District will be funded from the general fund. The District has established a school resource officer program through cooperative agreements with law enforcement agencies while hiring and training its own school resource officers.

### **RISK FACTORS**

The purchasers of the Series 2018 Certificates are subject to certain risks. Each prospective investor in the Series 2018 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 2018 Certificates to an extent that cannot be determined. The following is not, and is not intended to be, a complete description of all the risk factors that may affect the repayment of the Series 2018 Certificates.

### **Annual Right of the Board to Terminate the Lease Agreement**

Although the Board has determined in the Master Lease that the Series 2004C Project is necessary to its operations and currently intends to continue the Series 2004C Lease Agreement for its respective Maximum Lease Term and has covenanted in the Series 2004C 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 Initial Lease Term or last Renewal Lease Term for which moneys have been budgeted and appropriated with respect to the Series 2004C Project, the Prior Projects, 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 2004C Project, the Prior Projects, and all other Projects (other than Designated Equipment) to the Trustee within seven Business Days after the date on which such Event of Non-Appropriation occurs.

THE LIKELIHOOD THAT THE SERIES 2004C 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 2004C PROJECT AND THE PRIOR PROJECTS TO THE BOARD AND CHANGES IN POPULATION OR DEMOGRAPHICS WITHIN THE COUNTY (WHICH MAY IMPACT SUCH FUTURE UTILITY).

#### **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 2004C Project (other than Designated Equipment). However, due to the governmental nature of the Series 2004C Project, it is not certain whether a court would permit the exercise of the remedies to sell, relet, or dispose of the Series 2004C Project. Also, there is no assurance that the Trustee will be able to sell, relet, or dispose of the components of the Series 2004C Project or that the Owners of the Series 2018 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.

#### **No Series 2018 Reserve Account**

There is no Reserve Account for the Series 2018 Certificates. However, pursuant to a Supplemental Trust Agreement authorizing the issuance of any Series of Certificates, there may be established and maintained a separate Reserve Account to secure the payment of the principal and/or interest portion of the Basic Rent Payments related to such Series of Certificates. Each such Reserve Account shall secure only the Series of Certificates for which it has been established. See " APPENDIX C: MASTER TRUST AGREEMENT AND FORM OF SERIES 2018 SUPPLEMENTAL TRUST AGREEMENT."

#### **Tax Exempt Status**

Upon termination of the Master Lease, there is no assurance that payments made by the Trustee with respect to the Series 2018 Certificates and the Interest Component of Basic Rent Payments represented by the Series 2018 Certificates will be excludable from gross income for federal income tax purposes. See "TAX EXEMPTION" herein.

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

In the event of the termination of the Master Lease, the transfer of a Series 2018 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 2018 Certificates will not be impaired following termination of the Master Lease.

### **Capital Outlay Millage**

The amount which can be realized by the District derived from the Capital Outlay Millage can be affected by a variety of factors not within the control of the District or the Board including, without limitation, fluctuations in the level of the assessed valuation of property within the District. See "AD VALOREM TAXATION – Assessed Valuation of Taxable Property." Moreover, the maximum Capital Outlay Millage that may be levied and used for Lease Payments is subject to legislative change. See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Sources" and "LEGISLATIVE CHANGES AFFECTING DISTRICT REVENUES – Distribution of Capital Outlay Millage Revenues to Charter Schools."

### **State Revenues**

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

On March 11, 2018, the Florida Legislature adopted a State education budget for State fiscal year 2018-19 providing for an approximately \$485 million or 2.35% increase in State and local FEFP funding for K-12 public schools over State fiscal year 2017-18 reflecting a per-pupil increase of approximately \$102 per student or 1.4% over Fiscal Year 2017-18. The estimated increase for the District is approximately \$41,301,667 in funds over Fiscal Year 2017-18. However, there can be no assurance that funding for K-12 public schools will increase exactly as provided for in the approved budget.

### **Additional Lease Schedules**

The Board may enter into other Lease Schedules in addition to the Series 2004C Lease Agreement and the Prior Lease Agreements. 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 the Series 2004C Lease Agreement. Upon any such termination of all Lease Schedules, the Board must surrender all Projects (other than Designated Equipment), including the Series 2004C 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 2018 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 2004C Project; however, with respect to the portion of the Series 2004C Project comprised of Steinbrenner High School, such proceeds will be allocated on a pro rata basis with the owners of the Series 2015A Certificates and the Series 2016A Certificates allocable to such portion of the Series 2004C Project. See "SECURITY FOR THE SERIES 2018 CERTIFICATES – Master-Lease Aspects" herein. In no event will Series 2018 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 2004C Project will produce sufficient amounts to pay the Series 2018 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 2018 Certificates. Incurring such additional indebtedness may adversely affect the Board's ability to make Lease Payments under the Master Lease. See "SECURITY FOR THE SERIES 2018 CERTIFICATES – Additional Certificates and Other Indebtedness" herein.

## **Legislative Changes**

In recent years, legislation has been introduced that has reduced State funding for school districts, required that certain percentages of school district funding be spent on particular activities and imposed additional funding restrictions and other requirements on school districts. Many proposals have sought to provide for new or increased exemptions to ad valorem taxation, limit increases in assessed valuation of certain types of property or otherwise restrict the ability of local governments in the State to levy ad valorem taxes at historical levels. Other proposals have sought to restrict the ability of local governments to use certain revenues for payment of debt service or provide for additional procedures and notices in order to issue tax-supported debt. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the District or its finances.

## **Constitutional Amendments**

See "AD VALOREM TAXATION – Legislation Relating to Ad Valorem Taxation," and "LEGISLATIVE CHANGES AFFECTING DISTRICT REVENUES" for information concerning certain amendments to the Constitution of the State of Florida and other legislative proposals that could materially adversely affect the District's financial situation.

## **Property and Casualty Insurance**

As a result of the substantial property damage caused by hurricanes and other storms in the State and other parts of the United States over the last few years, property insurance premiums have risen dramatically for State property owners. It has become impossible or economically impracticable for many school districts within the State, including the District, to obtain property insurance with the level of coverage they have historically secured.

Under the current provisions of the Lease Agreement, the District is required to purchase property insurance 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 and the Trustee. 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 District's current property insurance provides for coverage limits of \$250,000,000 with no self-insured retention. The windstorm coverage has a deductible of 5% of the total insured value with a minimum deductible of \$250,000 per occurrence. As such, the District currently does not comply with the property insurance requirements contained within the Master Lease with respect to its deductible limits. In the event the

District suffers substantial damage to its property that is not covered by its current insurance or is not eligible for Federal reimbursement, the District's financial condition could be adversely impacted.

### **Climate Change and Natural Disasters**

The State is naturally susceptible to the effects of extreme weather events and natural disasters including floods, droughts, and hurricanes, which could result in negative economic impacts on coastal communities such as the District. Such effects can be exacerbated by a longer term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage the Projects, including the Series 2004C Project, or the local infrastructure that provides essential services to the District. The economic impacts resulting from such extreme weather events could include a loss of property values, a decline in revenue base (e.g., the Capital Outlay Millage revenues), and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially impair the financial condition of the District or damage the Projects.

On September 10, 2017, Hurricane Irma, a Category 4 hurricane, impacted the State, including the District. The County was impacted by rain and tropical storm force winds. Numerous District facilities were opened as shelters and housed in excess of 29,000 people during the Hurricane Irma. In anticipation of the storm, the District cancelled classes beginning on Thursday, September 7, 2018; classes resumed in the District on September 18, 2018. Rainfall and wind produced as a result of Hurricane Irma caused localized flooding, power outages, and minor damage to a small number of residential and commercial structures within the County. Damage to the District's facilities from rainfall and wind was limited, consisting of broken windows, downed trees, flood damage, damage to HVAC units, etc. The total cost of these damages is estimated at \$1,000,000. The District is aggressively pursuing all possible insurance claims and federal aid, including FEMA reimbursements. In addition, Lee Elementary Magnet School, a 111-year old facility with a student population of approximately 330, caught fire shortly after electric service was restored on September 12, 2018. The damage to the facility was severe and the District has moved all students and teachers to other facilities. The Board approved rebuilding the school and the actual final costs incurred by the District related to rebuilding the school will be reimbursed by through the District's property insurance.

### **Effects of Sequestration on Lease Payments**

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

Payments to issuers of Direct-Pay Bonds from the budget accounts associated with these bonds were originally subject to an effective reduction of 8.7% of the amount budgeted for such payments on and after March 1, 2013 through September 30, 2013. For payments to issuers of Direct-Pay Bonds during federal fiscal year 2014, which ended September 30, 2014, the annual sequester rate was reduced to 7.2%. For federal fiscal year 2016, which ended September 30, 2016, the annual sequestration rate was reduced

to 6.8%. For payments to issuers of Direct-Pay Bonds for federal fiscal year 2017, which ended September 30, 2017, the annual sequester rate was 6.9%. For payments to issuers of Direct-Pay Bonds for federal fiscal year 2018, which ended September 30, 2018, the annual sequester rate was 6.6%. For payments to issuers of Direct-Pay Bonds for federal fiscal year 2019, which ended September 30, 2019, the annual sequester rate was 6.2%. Unless otherwise resolved, sequestration may continue through the end of federal fiscal year 2024, with reductions in subsidy payments expected to vary between 5.5% and 7.3% of what would otherwise be received.

For federal Fiscal Year 2018-19, the School Board anticipates its aggregate expected annual Issuer Subsidy of \$2,116,773 to be reduced by 6.2% (which equates to a \$131,240 reduction), resulting in a corresponding increase in interest costs for the District that must be paid from other revenue sources. Payment of the Lease Payments on the Series 2010B Certificates is not contingent upon receipt by the School Board of such subsidy payments and the School Board does not expect that any such reduction in its subsidy payments will affect its ability to make Lease Payments on the Series 2010B Certificates.

### **Future Capital Needs**

On April 6, 2017, the Board received a Long Range School Planning Study (the "Planning Study") it commissioned to provide the Board a long range planning tool to address the impacts of upcoming growth. The Planning Study projected annual population growth in the County of approximately 1.3% and, based on that projection, estimated that the District will need to construct between 23 and 38 schools over the next 15 years to address future capacity needs at an estimated cost of approximately \$1 billion to \$1.2 billion. In addition, the Planning Study estimated that the District's maintenance/renovation funding needs are approximately \$2.5 billion through Fiscal Year 2031-32, which includes approximately \$914 million in current maintenance/renovation needs. The Board is exploring all options to pay for such anticipated future capital project needs, including the use of current revenue sources (the Capital Outlay Millage Levy, the Sales Tax Revenues, and educational impact fees) and potential new funding sources (half-cent school infrastructure tax, general obligation bonds, and public/private partnerships). The need for such capital projects is, in large part, dependent on the actual growth of the District; therefore, the timing, costs, and financing sources of such future capital projects is not currently known. As a result, the Planning Study recommends the Board review enrollment growth patterns and adjust future school projects, school boundaries, and needs on an annual basis.

### **LITIGATION**

Concurrently with the delivery of the Series 2018 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 2018 Certificates, the Master Lease, the Series 2004C Lease Agreement, or (ii) questioning or affecting the validity of the Series 2018 Certificates, the Master Lease, the Series 2004C 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 2018 Certificates or the transactions contemplated by this Offering Statement or the Master Lease, the Trust Agreement, the Series 2004C Lease Agreement, the Series 2004C Ground Lease, 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 2018 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.

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

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

### **TAX EXEMPTION**

#### **Opinion of Special Counsel**

In the opinion of Special Counsel, the form of which is included as APPENDIX G hereto, prior to the termination of the Series 2004C Lease Agreement resulting from an event of non-appropriation or event of default thereunder, the interest portion of the Basic Rent Payments represented by the Series 2018 Certificates is excludable from gross income for federal income tax purposes and is not an item of preference for purposes of the federal alternative minimum tax under existing statutes, regulations, rulings, and court decisions. However, it should be noted that solely for taxable years beginning before January 1, 2018, such interest portion is taken into account in determining adjusted current earnings of certain corporations for the purpose of computing the alternative minimum tax on such corporations. Failure by the School Board to comply subsequently to the issuance of the Series 2018 Certificates with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), including but not limited to requirements regarding the use, expenditure and investment of Series 2018 Certificate proceeds and the timely payment of certain investment earnings to the Treasury of the United States, may cause interest on the Series 2018 Certificates to become includable in gross income for federal income tax purposes retroactive to their date of issuance. The School Board has covenanted in the Series 2004C Lease Agreement to comply with such requirements in order to maintain the exclusion from federal gross income of the interest portion.

#### **Internal Revenue Code of 1986**

The Code contains a number of provisions that apply to the Series 2018 Certificates, including among other things, restrictions relating to the use or investment of the proceeds of the Series 2018 Certificates and the payment of certain arbitrage earnings in excess of the "yield" on the Series 2018 Certificates to the Treasury of the United States. Noncompliance with such provisions may result in the interest portion of the Basic Rent Payments being included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2018 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 2018 Certificates. Prospective purchasers of Series 2018 Certificates should be aware that the ownership of Series 2018 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 Series 2018 Certificates, and (3) the inclusion of the interest portion of the Basic Rent Payments in passive income for certain Subchapter S corporations. In addition, the interest portion may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2018 CERTIFICATES AND THE RECEIPT OR ACCRUAL OF THE INTEREST PORTION OF THE BASIC RENT PAYMENTS MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE SERIES 2018 CERTIFICATE HOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE SERIES 2018 CERTIFICATE HOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

## **Other Tax Matters**

The interest portion 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 2018 Certificates should consult their own tax advisors as to the income tax status of such Interest Component in their particular state or local jurisdiction.

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 2018 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 2018 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 2018 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 2018 Certificates.

## **Original Issue Premium**

All of the Series 2018 Certificates (the "Premium Certificates") were offered and sold to the public at a price in excess of the principal amount of such Premium Certificates, which excess 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. The federal income tax consequences of the purchase, ownership and sale or other disposition of Premium Certificates which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. 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.

NOTWITHSTANDING THE FOREGOING, SPECIAL COUNSEL EXPRESSES NO OPINION REGARDING THE FEDERAL INCOME TAX OR FLORIDA TAX CONSEQUENCES RESULTING FROM THE OWNERSHIP OF THE SERIES 2018 CERTIFICATES OR THE RECEIPT BY THE OWNERS THEREOF OF PAYMENTS ON THE SERIES 2018 CERTIFICATES FOLLOWING THE TERMINATION OF THE SERIES 2004C LEASE AGREEMENT RESULTING FROM AN EVENT OF NON-APPROPRIATION OR EVENT OF DEFAULT THEREUNDER.

### **RATINGS**

Moody's, S&P, and Fitch Ratings, Inc. have assigned ratings of "Aa3" (stable outlook), "AA-" (stable outlook), and "AA" (stable outlook), respectively, to the Series 2018 Certificates.

Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007; S&P Global Ratings, 25 Broadway, New York, New York 10004; 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 2018 Certificates.

### **LEGAL MATTERS**

Certain legal matters in connection with the issuance of the Series 2018 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 2018 Certificates. The actual legal opinion to be delivered by Special Counsel may vary from that text if necessary to reflect facts and law on the date of delivery. Such opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Offering Statement or otherwise shall create no implication that Special Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date. Certain legal matters will be passed upon for the Board by its Counsel, Akerman LLP, 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. Nabors, Giblin & Nickerson, P.A. and Bryant Miller Olive P.A. may, from time to time, serve as counsel to the Underwriters. Counsel to the Underwriters serves as counsel to the Board on matters unrelated to the issuance of the Series 2018 Certificates. The Underwriters have not identified any potential or actual material conflicts that require disclosure.



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 2018 Certificates; provided, however, that Special Counsel shall render an opinion to the Underwriters (as to which only they may rely) of the Series 2018 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 2004C Lease Agreement, the Trust Agreement, the Assignment, the Series 2004C Ground Lease, the Series 2004C Ground Lease Assignment, and the Series 2018 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 2018 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 2018 Certificates.

### **UNDERWRITING**

The Series 2018 Certificates are being purchased by Citigroup Global Markets Inc. (the "Representative"), as representative of, Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Wells Fargo Bank, N.A. (together with the Representative, the "Underwriters"). The Series 2018 Certificates are being purchased by the Underwriters at a price of \$74,306,230.32 (which represents the par amount of the Series 2018 Certificates plus an original issue premium of \$9,471,760.75 and less an Underwriters' discount of \$160,530.43). The Underwriters' obligations are subject to certain conditions precedent, and it will be obligated to purchase all of the Series 2018 Certificates if any Series 2018 Certificates are purchased. The Series 2018 Certificates may be offered and sold to certain dealers (including dealers depositing such Series 2018 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. The Underwriters have reviewed the information in this Offering Statement in accordance with and, as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guaranty the accuracy or completeness of such information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the District in connection with such activities. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District. The Underwriters and their respective affiliates may also communicate

independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Citigroup Global Markets Inc., an underwriter of the Series 2018 Certificates, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading, and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA"), one of the underwriters of the Series 2018 Certificates, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2018 Certificates. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2018 Certificates with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2018 Certificates. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

A portion of the proceeds of the Series 2018 Certificates will be used to refund the outstanding Refunded Certificates owned by Wells Fargo Bank, N.A.

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

The general purpose financial statements of the District for the Fiscal Year 2016-17, 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 2018 Certificates. KPMG LLP was also not requested to and has not reviewed the Florida Department of Education Superintendent's Annual Financial Report (ESE 145) District School Board of Hillsborough County for Fiscal Year Ended June 30, 2018, which is also included as a part of APPENDIX B.

## **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), and the Trustee (who in turn

retained Trustee's Counsel) and the Corporation has retained Counsel to the Corporation, with respect to the authorization, sale, execution and delivery of the Series 2018 Certificates. Payment of each fee of such professionals is each contingent upon the issuance of the Series 2018 Certificates.

### **CONTINUING DISCLOSURE**

The Board has agreed and undertaken for the benefit of Series 2018 Certificate holders and in order to assist the Underwriters in complying with the continuing disclosure requirements of Rule 15c2-12 of the Securities Exchange Commission (the "Rule"), to provide certain financial information and operating data relating to the Board, the District and the Series 2018 Certificates in each year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. Such undertaking shall only apply so long as the Series 2018 Certificates remain Outstanding under the Trust Agreement. The covenant shall also terminate upon the termination of the Rule by legislative, judicial or administrative action. The Annual Report will be filed annually by the Board or its dissemination agent pursuant to the undertaking with the Municipal Securities Rulemaking Board (the "MSRB") and its Electronic Municipal Market Access ("EMMA") system, as described in the Disclosure Dissemination Agent Agreement. The event notices will be filed with the MSRB. The specific nature of the information to be contained in the Annual Report and the event notices, are described in the Disclosure Dissemination Agent Agreement. See "APPENDIX I: FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT" attached hereto. With respect to the Series 2018 Certificates, no party other than the Board is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule.

### **ACCURACY AND COMPLETENESS OF OFFERING STATEMENT**

The references, excerpts, and summaries of all documents, statutes, and information concerning the Board and the Projects 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 2018 Certificates, the security for the payment of the Series 2018 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 2018 Certificates.

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

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**AUTHORIZATION OF OFFERING STATEMENT**

The execution and delivery of this Offering Statement has been duly authorized and approved by the Board. At the time of delivery of the Series 2018 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 DTC and its book-entry only system as to which no view will be expressed), as of its date and as of the date of delivery of the Series 2018 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.

THE SCHOOL BOARD OF HILLSBOROUGH  
COUNTY, FLORIDA

*/s/ Sally A. Harris*

Chair

*/s/ Jeff Eakins*

Superintendent

**APPENDIX A**

**GENERAL INFORMATION RELATING TO HILLSBOROUGH COUNTY, FLORIDA**

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THE FOLLOWING INFORMATION CONCERNING HILLSBOROUGH COUNTY, FLORIDA (THE "COUNTY") AND THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA (THE "DISTRICT") IS INCLUDED ONLY FOR THE PURPOSE OF PROVIDING GENERAL BACKGROUND INFORMATION. THE INFORMATION HAS BEEN COMPILED ON BEHALF OF THE DISTRICT AND SUCH COMPILATION INVOLVED ORAL AND WRITTEN COMMUNICATIONS WITH THE VARIOUS SOURCES INDICATED HEREIN. THE INFORMATION IS SUBJECT TO CHANGE, ALTHOUGH EFFORTS HAVE BEEN MADE TO UPDATE THE INFORMATION WHERE PRACTICABLE. CERTAIN OF THE TABLES THAT FOLLOW IN THIS APPENDIX HAVE BEEN DERIVED FROM THE STATISTICAL SECTION OF THE COUNTY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017, AND OTHER SOURCES AS DESCRIBED HEREIN.

### **The County**

The County is located on the central west coast of the State of Florida (the "State"), bounded by Tampa Bay on the west, Polk County on the east, Pasco County to the north and Manatee County to the south. In area, it is the seventh largest county in the State. The County covers a total area of 1,266 square miles, of which 215 square miles is water. The County is part of a four-county Metropolitan Statistical Area (MSA) referred to as the Tampa, St. Petersburg-Clearwater MSA.

Tampa, Plant City and Temple Terrace are the three incorporated cities in the County. Tampa, the largest of the three incorporated cities in the County, is the County seat and also a center of international, national, and intrastate commerce. The Tampa International Airport and the Port of Tampa connect the County to other major cities in the nation and major markets throughout the world.

*Source: Hillsborough County, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2017.*

### **Government**

The 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 the County. The County Administrator, appointed by the BOCC, together with his staff, are responsible for implementing 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, commissions and private non-profits 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 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 Tampa Hillsborough Economic Development Corporation.

## Population

The County is the fourth most populous county in the State. The County's population in 2017 was estimated to be 1,379,302, an increase of 12.2% from 2010. A majority of the County's 2017 population (941,536 or 68%) resides in the unincorporated part of the County. Population in unincorporated County grew 11.1% from 2010. Communities in the southern unincorporated area of the County saw the biggest increases in population growth. The median age for the County in 2017 was 36 years.

Year	Population	Increase
1950	249,894	-
1960	397,788	59.2%
1970	490,265	23.2
1980	646,960	32.0
1990	834,054	28.9
2000	998,948	19.8
2010	1,229,226	23.1
2011	1,238,951	0.8
2012	1,256,118	1.4
2013	1,276,410	1.6
2014	1,301,887	2.0
2015	1,325,563	1.8
2016	1,352,797	2.1
2017	1,379,302	2.0

*Source: For the years 1950 through 2010, the United States Census Bureau; for the years 2011 through 2017, the University of Florida, Bureau of Economic and Business Research, April 2017.*

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**Hillsborough County, State of Florida, United States Population  
2013-2017**

	2013	2014	2015	2016	2017
Hillsborough County	1,276,410	1,301,887	1,325,563	1,352,797	1,379,302
State of Florida	19,259,543	19,507,369	19,815,183	20,148,654	20,484,142
United States	316,234,505	318,622,525	321,039,839	323,405,935	325,719,178

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*Sources: For Hillsborough County and State of Florida, University of Florida, Bureau of Economic and Business Research, April 2013 through 2017; for United States, U.S. Census Bureau, Population Division, December 2017.*

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**Property Tax Millage Rates for Direct and Overlapping Governments**

**Hillsborough County, Florida**  
**Last Ten Tax Years**  
**(Millage Rates Rounded to Nearest Thousandth)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Direct Rates</b>										
<b>Countywide (BOCC):</b>										
BOCC General Revenue	5.731	5.732	5.732	5.734	5.736	5.737	5.739	5.741	5.742	5.744
BOCC Library Service	0.558	0.558	0.558	0.558	0.558	0.558	0.558	0.558	0.558	0.558
Environmentally sensitive lands (voted)	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060
Total millage	<u>6.349</u>	<u>6.350</u>	<u>6.350</u>	<u>6.353</u>	<u>6.354</u>	<u>6.355</u>	<u>6.357</u>	<u>6.359</u>	<u>6.360</u>	<u>6.362</u>
Maximum millage per statute (a)	<u>10.060</u>	<u>10.060</u>	<u>10.060</u>	<u>10.060</u>	<u>10.060</u>	<u>10.060</u>	<u>10.060</u>	<u>10.060</u>	<u>10.060</u>	<u>10.060</u>
<b>Unincorporated Area (BOCC):</b>										
BOCC Municipal Service Taxing Unit	4.375	4.375	4.375	4.375	4.375	4.375	4.375	4.375	4.375	4.375
Parks and Recreation (voted)	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026
Total millage	<u>4.401</u>	<u>4.401</u>	<u>4.401</u>	<u>4.401</u>	<u>4.401</u>	<u>4.401</u>	<u>4.401</u>	<u>4.401</u>	<u>4.401</u>	<u>4.401</u>
Maximum millage per statute <sup>(a)</sup>	<u>10.026</u>	<u>10.026</u>	<u>10.026</u>	<u>10.026</u>	<u>10.026</u>	<u>10.026</u>	<u>10.026</u>	<u>10.026</u>	<u>10.026</u>	<u>10.026</u>
Total direct rates (Countywide and Unincorporated Area)	<u>10.750</u>	<u>10.751</u>	<u>10.751</u>	<u>10.753</u>	<u>10.755</u>	<u>10.756</u>	<u>10.758</u>	<u>10.760</u>	<u>10.761</u>	<u>10.763</u>
<b>Overlapping Rates<sup>(b)</sup></b>										
<b>Countywide (Other):</b>										
Tampa Port Authority	0.130	0.145	0.155	0.165	0.175	0.185	0.190	0.190	0.193	0.195
Southwest Florida Water Management District	0.313	0.332	0.349	0.366	0.382	0.393	0.393	0.377	0.387	0.387
School Board	6.596	6.906	7.247	7.353	7.690	7.877	7.913	7.592	7.692	7.777
Children's Board	0.459	0.459	0.459	0.459	0.483	0.500	0.500	0.500	0.500	0.500
<b>Unincorporated Area (Other):</b>										
Southwest Florida Water Management District <sup>(c)</sup> :										
Alafia River Basin	--	--	--	--	--	--	0.216	0.216	0.216	0.216
Hillsborough River Basin	--	--	--	--	--	--	0.230	0.230	0.242	0.255
NW Hillsborough Basin	--	--	--	--	--	--	--	--	--	0.242
Transit Authority	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.468	0.468	0.468
<b>Municipalities:</b>										
Tampa	6.208	5.733	5.733	5.733	5.733	5.733	5.733	5.733	5.733	5.733
Temple Terrace	6.955	7.205	6.955	6.305	6.430	6.430	6.150	5.950	5.283	4.569
Plant City	5.716	4.716	4.716	4.716	4.716	4.716	4.716	4.716	4.716	4.165
Total millage for unincorporated area within the Alafia River Basin excluding any special district assessments	18.748	19.093	19.461	19.596	19.985	20.211	20.254	20.103	20.217	20.306

(a) Section 200.071, Florida Statutes, states that the maximum ad valorem tax millage for either the countywide or unincorporated area (municipal services taxing unit) of the BOCC is set at 10 mills plus any voter-approved levies.

(b) Overlapping rates depend on whether the taxpayer resides in the Unincorporated Area or one of the three municipalities. In addition, Countywide overlapping rates apply to all taxpayers. As a result, overlapping rates are not totaled, but total millage figures are shown at the bottom of this chart for comparisons over time or other analysis purposes.

(c) Dependent on its location, property within Tampa may either be in the Alafia, the Hillsborough River, or the NW Hillsborough Watershed Basin. Plant City property may be in either the Alafia or the Hillsborough River Basin.

Source: Hillsborough County, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2017

## Employment Indicators

The County has a diversified economic base with its largest industrial sectors consisting of healthcare and social assistance, retail trade, accommodation and food services and professional and technical services. The principal employers serving the County are the Hillsborough County School Board and MacDill Air Force Base. The vast majority of the County's labor force was employed in non-agricultural jobs in 2017.

<b>Employment By Industry</b>	<b>Average Monthly Employment</b>	<b>Average Quarterly Wage</b>
Agriculture, Forestry, Fishing & Hunting	7,799	\$5,355
Mining, Quarrying and Oil and Gas Extraction	95	14,479
Construction	39,124	14,776
Manufacturing	27,977	14,639
Wholesale Trade	30,720	17,786
Retail Trade	82,263	8,327
Transportation and Warehousing	22,806	13,539
Utilities	--	--
Information	15,764	20,661
Finance and Insurance	55,897	19,412
Real Estate and Rental and Leasing	14,341	15,250
Professional and Technical Services	61,056	22,324
Management of Companies and Enterprises	11,002	25,500
Administrative and Waste Services	55,034	10,394
Educational Services	50,561	11,237
Health Care and Social Assistance	86,969	14,121
Arts, Entertainment and Recreation	15,665	13,409
Accommodation and Food	63,053	5,452
Other Services	18,797	8,689
Public Administration	25,112	15,356
Unclassified	475	11,420
	686,723	\$13,640

Source: Florida Labor Market Statistics, Quarterly Census of Employment and Wages Program; Fourth Quarter, 2017.

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**Hillsborough County, Florida  
Principal Employers  
Fiscal Year 2016**

Employer	Type of Operation	Employees	Rank <sup>(1)</sup>	Percentage of Employment
Hillsborough County School Board	Public Education	26,195	1	3.9%
MacDill Air Force Base <sup>(2)</sup>	Military Base	19,978	2	3.0
University of South Florida <sup>(3)</sup>	Education Services	14,013	3	2.1
Hillsborough County Government	Government	9,336	4	1.4
Publix Super Markets	Supermarkets	7,732	5	1.2
Tampa International Airport <sup>(4)</sup>	International Airport	7,200 <sup>(3)</sup>	6	1.1
Baycare Health System <sup>(5)</sup>	Medical Facilities	6,243	7	0.9
Florida Hospital <sup>(6)</sup>	Medical Facilities	6,000	8	0.9
Tampa General Hospital	Medical Facilities	5,378	9	0.8
H. Lee Moffit Cancer Center	Medical Facilities	5,200	10	0.8
James A. Haley VA Hospital	Veterans Hospital	4,700	11	0.7
City of Tampa	Government	4,151	12	0.6
HCA West Florida Division <sup>(7)</sup>	Medical Facilities	3,886 <sup>(3)</sup>	13	0.6
US Automobile Assoc. (USAA)	Insurance	3,400	14	0.5
U.S. Postal Service	Postal Services	3,197	15	0.5
Busch Entertainment Corporation	Tourist Attraction	3,000	16	0.5
Tampa Electric Company	Electric Utility	2,457	17	0.4
Progressive Insurance	Insurance	2,400	18	0.4
Hillsborough Community College	Education Services	2,332	19	0.4
<b>Total Employees</b>		<b>136,798</b>		<b>20.7%</b>

- (1) Percentage shown represents the number of employees as a percent of total County employment. Total County employment for 2017 was 664,483.
- (2) MacDill Air Force Base includes both military and civilian personnel employed on base.
- (3) Includes University of South Florida Health Science Center.
- (4) Tampa International Airport includes employees of Hillsborough County Aviation Authority, Transportation Security Administration and other federal agencies, as well as airline and subcontractors.
- (5) Includes St. Joseph's Hospital.
- (6) Formerly known as University Community Hospital.
- (7) Comprised of Brandon Regional Hospital, South Bay Hospital, Memorial Hospital and Tampa Community Hospital.

Source: Hillsborough County, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2017

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

Calendar Year	Hillsborough County			Florida	United States
	Labor Force	Number Employed	Number Unemployed	Unemployment Rate	Unemployment Rate
2008	599,256	560,054	39,202	6.5%	5.8%
2009	596,872	533,687	63,185	10.6	9.3
2010	645,687	576,400	69,287	10.7	9.6
2011	661,540	598,119	63,421	9.6	8.9
2012	668,882	615,828	53,054	7.9	8.1
2013	673,096	628,714	44,382	6.6	7.4
2014	683,211	643,729	39,482	5.8	6.2
2015	688,456	653,990	34,466	5.0	5.3
2016	707,545	676,381	31,164	4.4	4.9
2017	723,973	696,278	27,695	3.8	4.4
2018 <sup>(1)</sup>	734,601	708,525	26,076	3.5	3.9

<sup>(1)</sup> Through August 2018

Source: Florida Labor Market Statistics, Local Area Unemployment Statistics Program

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## Demographics and Economics

The following table outlines some of the general demographic and economic statistics for the County.

### Hillsborough County, State of Florida and the United States Demographic and Economic Statistics 2007-2016

Calendar Year	Personal Income <i>(in thousands)</i>	Personal Income Per Capita	Median Age	Public High School Graduation Rates	Total Public School Enrollment	Unemployment Rate
2007	44,394,128	37,217	36	79.1%	193,180	4.6%
2008	45,385,156	37,804	36	80.0	191,965	7.3
2009	43,600,982	36,429	36	84.6	192,260	11.2
2010	48,852,046	39,742	36	86.0	193,244	10.8
2011	54,278,341	39,594	36	86.4	200,074	9.4
2012	52,741,892	41,139	36	72.6	202,000	7.7
2013	52,137,332	40,287	36	74.1	203,431	6.4
2014	54,893,552	41,703	36	73.5	206,474	5.7
2015	58,596,262	44,205	36	76.0	209,840	4.9
2016	62,630,443	46,297	36	79.1	211,031	4.7

Source: Hillsborough County, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2017

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## Banking and Finance

A total of 306 commercial and savings bank offices were located in the County as of June 30, 2017. The following table presents commercial bank and savings institutions deposits for each year since 2008:

Calendar Year	Commercial Bank Deposits	Savings Bank Deposits	Total Deposits
2008	\$19,319,000,000	\$885,000,000	\$20,204,000,000
2009	20,319,000,000	884,000,000	21,203,000,000
2010	20,346,000,000	1,093,000,000	21,439,000,000
2011	22,524,000,000	556,000,000	23,080,000,000
2012	23,079,000,000	433,000,000	23,512,000,000
2013	25,193,000,000	474,000,000	25,667,000,000
2014	25,149,000,000	451,000,000	25,600,000,000
2015	27,107,465,000	365,138,000	27,472,603,000
2016	29,837,696,000	407,057,000	30,244,753,000
2017	31,131,689,000	519,059,000	31,650,748,000

Source: Hillsborough County, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2017

## Medical Facilities

There are 13 general, specialty, and military hospitals in the County with approximately 4,198 hospital beds and 3,944 nursing home beds. The County's medical resources include more than 5,549 physicians, with specialists in all types of medicine and surgery, and 856 dentists.

Source: Hillsborough County, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2017

## Transportation

The Tampa-St. Petersburg-Clearwater MSA is served by two large, full-service airports: Tampa International Airport ("TIA") and St. Pete-Clearwater International Airport. TIA is a major airport for the west central region of the State serving primarily the County, Pinellas County (which includes the cities of St. Petersburg and Clearwater), Pasco County, and Hernando County.

TIA is one of four FAA-coded large hub airports in the State. TIA occupies approximately 3,400 acres and is primarily an origination-destination airport with a total of 59 gates. It is located five miles from downtown Tampa, and is served by most major airlines which provide non-stop daily service to more than 56 national and international destinations, including London, Toronto, Halifax, Ottawa, San Juan and Grand Cayman. Inbound and outbound passengers at TIA for the fiscal year ended September 30, 2017, totaled approximately 19,234,632, an increase of 1.62% from the prior fiscal year. For the fiscal year ended September 30, 2017, the top four airlines, in terms of market share were: Southwest with 35.44%, Delta with 17.36%, American Airlines with 16.39% and United Airlines with 10.21%.

Three general aviation airports serve as reliever airports to TIA, 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 TIA; Plant City Airport, a 199-acre facility located 22 miles east of TIA; and Tampa Executive Airport (formerly Vandenberg Airport), a 407-acre facility located 12 miles east of TIA. In addition, there are two full service general aviation executive terminals located at this airport.

St. Pete-Clearwater International Airport ("PIE") provides facilities necessary to support commercial passenger, air cargo, general aviation and military aviation activity for the Tampa Bay Area. PIE consists of approximately 1,900 acres located on the east side of Pinellas County. The airport has two runways. PIE's three airlines (Allegiant, Sun Country Airlines and Sunwing Airlines) provide non-stop access to over 60 destinations throughout the United States and Canada. Passenger enplanement at PIE for 2017 totaled 1,975,817, an increase of 10.3% from 2016. PIE is home to the U.S. Coast Guard's busiest Air Station and a U.S. Army Reserve Center.

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 the State, Georgia and New York City. The 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 (HART) is the County's public transportation system. HART offers local and express routes for residents and visitors. Local service seven days a week provides access to area shopping malls, businesses, government buildings, attractions and recreational facilities. An estimated 11 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 the State, and markets throughout the United States. Tampa is the transportation hub of the west coast of the State with major trucking firms maintaining terminals serving the State and major southern cities.

Three interstates and seven other major highways serve the County. All parts of the State and bordering states to the north and west can be reached within one day of travel by truck or automobile.

*Source: Hillsborough County, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2017; with respect to St. Pete-Clearwater International Airport, the Pinellas County, Florida Comprehensive Annual Financial Report Fiscal year Ended September 30, 2017; St. Pete – Clearwater International Airport Master Plan, Working Paper #1, April 6, 2018 and [www.fly2pie.com](http://www.fly2pie.com).*

## **Port Facilities**

The Port of Tampa is the State's largest port in terms of cargo tonnage and geographic acreage, handling more than 36 million tons of cargo and 900,000 cruise passengers during Fiscal Year 2015. It is



also one of the most diverse seaports in the country with multiple lines of business providing a solid financial footing and supporting an aggressive capital investment program for new development. The Port has an economic impact of \$15 billion and supports over 80,000 jobs in the regional economy. One of the world's premier fertilizer export ports, it is also the gateway for Central Florida's energy products, construction/building materials and consumer goods. CSX provides on-dock rail service and the Port has nearly 500,000 square feet of warehouse space. The Port is also home to one of the largest shipbuilding and repair centers in the Southeastern United States. The Port is the closest port to the expanding I-4 corridor market, which is the State's fastest growing region and home to the largest concentration of distribution centers in the State. To serve this market, the Port expanded its container terminal facilities by including two new post-Panamax cranes to complement its three existing container gantry cranes and heavy-lift mobile harbor crane, and has plans to quadruple its container terminal capacity.

*Source: Hillsborough County, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2017*

## **Local Industries**

Service, retail, finance, insurance, and real estate sectors lead regional and county industry. Bioscience and other high-tech industries are expanding, due in part to research at university and college campuses throughout the area. Manufacturing in the County is also participating in the high-tech trend as the County is home to companies in the microelectronics, medical devices, software, and defense systems industries.

*Business and Information Services.* Organizations which have a major presence in the County include JPMorgan Chase, Citigroup, Depository Trust and Clearing Corp, MetLife, Progressive Insurance and USAA Insurance. The County is also a major player in a new industry segment called the Shared Accounting Services industry where national and international companies such as Coca-Cola Enterprises create additional value by co-locating their accounting and financial services for multiple businesses in one location.

*Biomedical/Life Sciences Technologies/Health Care.* The Tampa Bay Area is a center for numerous hospital, research and medical related firms and the gateway to the Florida High Tech Corridor, a 23-county area that is home to more than 3,000 high-tech companies. Biomedical and life science centers in the County include University of South Florida, H. Lee Moffitt Cancer Center and Research Institute, and USF Health Byrd Alzheimer's Institute. In March 2012, USF Health opened its \$38 million Center for Advanced Medical Learning and Simulation (CAMLS) in downtown Tampa. CAMLS provides simulation experiences for educating students, training health care faculty in simulation education and preparing health care professions to acquire, maintain and enhance their clinical practices. The County is also home to major health care plan developers and providers such as Wellcare.

*Manufacturing (Microelectronics, Medical Devices, Software, and Defense Systems).* High tech manufacturing companies in the County include CAE USA (flight and military simulation systems) and B&M Precision (implants and components for brain probes and liposuction). Systems software development companies in the County include CIBERsites (application development), Computer Associates (internet security) and Quadrant Software (electronic document distribution).

Source: Hillsborough County, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2017; [www.Camls-us.org](http://www.Camls-us.org).

## Agriculture

The County has 2,800 farms, the second largest number of farms of any county in the State and 28th highest in the country. Due to the increased production of high-value-per-acre commodities in the County such as ornamental plants, strawberries, aquaculture, sod, blueberries and vegetables, the amount of farmland in production has decreased one percent since 1997, but the value of production has increased 42%. The County ranks as the fourth largest producer of agricultural products in the State (out of 67 counties) and 59th in the United States (out of 3,076 counties). The County is in the top 2% of agricultural counties in the country. In 2012, an estimated 263,664 acres were utilized for agriculture production; this represents approximately 40% of the County's land area.

Annual commodity sales and acreage for 2012 are estimated as follows:

Commodity	Acreage	Annual Sales
Aquaculture	836	\$22,385,000
Beef cattle/pasture	92,415	25,797,660
Bees/honey production	39	689,132
Blueberries	591	10,700,000
Citrus	9,934	20,142,505
Dairy	1,500	5,934,300
Forestry	117,841	2,200,000
Goats	517	153,836
Hay	6,133	2,458,280
Ornamental plants	3,605	136,970,613
Poultry	37	915,300
Sod	1,531	8,280,083
Strawberries	12,114	265,819,785
Vegetables	12,994	150,000,000
Miscellaneous	3,577	50,078,000
Total	263,664	\$702,524,494

Local agriculture generates additional local economic impact by supporting related businesses such as banking, real estate, legal services, transportation, packaging, equipment, seed, agricultural suppliers and services, and marketing firms. Most agricultural goods produced in the County are sold outside of the County. According to a study completed in 2005, for every dollar of agriculture goods sold outside of the County, an estimated \$1.86 billion is added to the local economy as a result of indirect and induced benefits. This study also calculated that agriculturalists contribute four times more in revenue (taxes, fees, transfer payments, etc.) to local government than they require in government services, effectively subsidizing government services for the urban residential population.

Source: Hillsborough County, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2017.

## **Military Facilities**

The seven county Tampa Bay Region is home to MacDill Air Force Base, which hosts US Central Command, US Special Operations Command, and Coast Guard Air Station Clearwater. MacDill Air Force Base is located eight miles south of downtown Tampa on the Southwestern tip of the Interbay Peninsula on the west coast of the State. The 6th Air Mobility Wing hosts 28 tenant units, including the 927th Air Refueling Wing which uses KC-135R Stratotankers and a C-37A Gulfstream aircraft to conduct its air mobility mission, two non-aviation units (the United States Central Command and the United States Special Operations Command) and 23 other units.

Defense activities account for roughly \$7.5 Billion in total direct spending in the Tampa Bay Region. These expenditures generated 163,000 jobs in 2016 and accounted for \$17.1 Billion of the region's Gross Regional Product (7.6% of the region's total GRP). Salaries paid to federal military and civilian employees accounted for 53,000 total jobs, while federal procurement dollars accounted for over 33,000 jobs. The bulk of the economic impact associated with defense activities in the region is a result of federal dollars flowing through the region to the military -roughly \$15.7 Billion of the \$17.1 Billion impact. The Coast Guard accounted for more than 6,800 total jobs and the National Guard for an additional 6,149 total jobs in this region.

Defense activities account for roughly \$3.3 Billion in total direct spending in the County. These expenditures generated 78,000 jobs in 2016 and accounted for \$9.7 Billion of the region's Gross Regional Product. .

*Source: Florida Defense Factbook, Enterprise Florida December 2017; Hillsborough County, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2017.*

## **Recreational Facilities**

A variety of entertainment activities may be found in the County including numerous parks, beaches, dining venues, golf courses, racquetball courts, saltwater fishing, tennis, and shopping. Two-thirds of the state's major attractions lie within a 100-mile radius of Tampa, including Walt Disney World (including Hollywood Studios Theme Park), Universal Studios and Sea World. Busch Gardens, located in the City of Tampa, is a family adventure park offering an array of attractions based on exotic encounters with the African continent. It offers a blend of rides, a zoo featuring more than 3,000 animals, live shows, restaurants, shops and games. Adventure Island, a water park located next to Busch Gardens, features a beach volleyball complex and 15 water play areas situated on 30 acres.

The County is also home to three professional sports teams: the Tampa Bay Buccaneers of the National Football League (NFL), the Tampa Bay Lightning of the National Hockey League (NHL), and the Tampa Bay Storm of the Arena Football League (AFL). In addition, the New York Yankees of Major League Baseball (MLB) play their spring training games at the County's George M. Steinbrenner Field baseball stadium.

The Tampa Bay Buccaneers play their home games at Raymond James Stadium in Tampa, which the team shares with the University of South Florida ("USF") Bulls football team. Raymond James Stadium has a regular seating capacity of 65,890 and is expandable to 75,000 seats for special events. The Stadium

has 12,000 club seats, 195 luxury suites, and 600 points of sale for food, beverages and merchandise. It has hosted special sporting events such as Super Bowl XXXV in 2001 and Super Bowl XLIII in 2009, and is the venue for the National Collegiate Athletic Association's ("NCAA") annual Outback Bowl game. The Stadium also hosts numerous non-sporting events in the offseason.

In the heart of downtown Tampa's Channelside District, located between the Tampa Convention Center and the Florida Aquarium, lies the Amalie Arena, home of the National Hockey League's Tampa Bay Lightning. The Amalie Arena also hosts many concerts, family shows and sporting events each year. The newly renovated University of South Florida Sun Dome is a multipurpose 10,411-seat arena located on the campus of the University of South Florida (USF) and is home to the National Collegiate Athletic Association's USF Men's and Women's basketball teams as well as other University events. Thoroughbred horse racing is also seasonally available in the County.

*Source: Hillsborough County, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2017.*

### **Cultural Facilities**

The County offers a variety of cultural facilities to residents and visitors. Lowry Park Zoo was ranked the number-one family-friendly zoo in the United States in 2009 by Parents magazine and in 2004 by Child magazine and recognized by the State as a center for Florida wildlife conservation and biodiversity. In 2014 the Lowry Park Zoo won a Travelers' Choice award from Tripadvisor.com and came in at #14 in the top 25 list of zoos in the United States according to Tripadvisor.com. Natural outdoor exhibits covering 60 acres for more than 1,700 animals from Florida and similar habitats include a Florida Manatee and Aquatic Center, Asian Gardens, Primate World, Free-Flight Aviaries, Wallaroo Station, and Safari Africa. The Zoo also features rides, shows and hands-on interactive exhibits. The Florida Environmental Education Center (Zoo School) serves more than 203,000 children annually. Programs offered are summer and holiday camps, daycare, preschool, and kindergarten.

The 205,000 square foot Florida Aquarium is among the top aquariums in the world and has more than 20,000 aquatic plants and animals from Florida and around the world. The Florida Aquarium's Center for Conservation combines research and rehabilitation programs to give much needed support to animals in distress or imminent danger and ecosystems faced with both natural and man-made threats. This includes, but is not limited to propagating corals in the Florida's Keys, rescuing endangered sea turtles and threatened river otters, assisting with dolphin and manatee rescues, assessing stress levels in sharks, documenting underwater cultural assets (a.k.a. shipwrecks) and raising awareness of sustainable seafood issues.

The Straz Center for the Performing Arts is located on a nine-acre site along the east bank of the Hillsborough River. As the second largest performing arts complex in the southeast after the Arsht Center in Miami, the 335,000 square-foot Straz Center provides an environment for a wide variety of concerts, performances and events.

The Tampa Convention Center, located directly on the waterfront in the heart of downtown Tampa, hosts a variety of conventions, tradeshow, and other special events year-round. In August 2012, the Amalie Arena hosted the Republican National Convention. The 600,000 square foot building offers

200,000 square feet of exhibit space, a 36,000 square foot ballroom, 36 breakout rooms which total over 42,000 square feet of additional meeting space and 84,000 square feet of flexible space. After a busy day of lectures, seminars or classes, attendees may visit Ybor City or Channelside (movie theaters, restaurants, shops and nightclubs) located just a few steps away.

Museums in the area include the Museum of Science and Industry (MOSI), a science and technology center encompassing over 400,000 square-feet on a 74-acre campus of exhibits and hands-on displays. MOSI is now the largest science center in the southeast and 5th largest in the United States. Features include a hurricane simulator, a planetarium, and an IMAX Dome theater. The new 60,000 square-foot Tampa Bay History Center Museum located in the Channelside district opened in January 2009. Other museums in the area are the Tampa Museum of Art, the historic H. B. Plant Museum at the University of Tampa, the Contemporary Art Museum at the University of South Florida, the Scarfone/Hartley Gallery at the University of Tampa, the Veteran's Memorial Museum and Park, the Ybor City State Museum, Glazer Children's Museum, and the Florida Museum of Photographic Arts.

Graphicstudio at the University of South Florida is a premier experimental printmaking facility, hosting artists to test new theories and methods of producing art. Graphicstudio's editions are acquired by leading museums and collectors including the Museum of Modern Art, the Whitney Museum of American Art, the New York Public Library and the Centre Pompidou in Paris. In addition, over 20 other visual art galleries showcase work from local, regional, and national artists.

*Source: Hillsborough County, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2017.*

## **Communication**

Thirteen television stations serve the County. Daily newspapers include La Gaceta, Tampa Bay Times (acquired The Tampa Tribune), and tbt\*. There are also three other weekly newspapers. There are 27 radio stations based in the County. Frontier and Spectrum are the primary providers for internet, telecommunications and/or cable services. There are 40 Post Offices in the County and 20 internet providers.

*Source: Hillsborough County, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2017.*

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## Housing (Permits Issued)

Building permit activity in the County is shown in the table below.

### Hillsborough County New Residential Units 2010-2017

Year	Single Family Detached	Single Family Attached	Apartments	Mobile Homes	Total
2010	2,360	800	982	52	4,194
2011	2,377	640	871	24	3,912
2012	3,268	729	2,812	39	6,848
2013	4,107	622	2,396	33	7,158
2014	3,842	746	2,778	26	7,392
2015	4,657	1,004	2,597	24	8,282
2016	5,021	1,510	3,462	30	10,023
2017	5,715	1,331	3,056	30	10,132

Source: Hillsborough County City-County Planning Commission.

**APPENDIX B**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE SCHOOL DISTRICT OF  
HILLSBOROUGH COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2017; AND  
FLORIDA DEPARTMENT OF EDUCATION SUPERINTENDENT'S ANNUAL FINANCIAL REPORT  
(ESE 145) DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY FOR THE FISCAL YEAR  
ENDED JUNE 30, 2018 (UNAUDITED)**

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



**Hillsborough County**  
PUBLIC SCHOOLS  
Preparing Students for Life



**FISCAL YEAR ENDED  
JUNE 30, 2017**



**TAMPA, FL**

**Vision**

*Preparing Students for Life*

**Mission**

*To provide an education and the supports that enable each student to excel as a successful and responsible citizen.*

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**School Board Members**

- Lynn L. Gray
- April Griffin
- Sally A. Harris
- Tamara P. Shamburger
- Melissa Snively
- Cindy Stuart
- Susan L. Valdes

**Superintendent of Schools**

Jeff Eakins



**Hillsborough County**  
**PUBLIC SCHOOLS**  
Preparing Students for Life

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

of

The School District of  
Hillsborough County, Florida

For the

Fiscal Year Ended June 30, 2017



**Hillsborough County**  
**PUBLIC SCHOOLS**  
Preparing Students for Life

Issued by:

Jeff Eakins, Superintendent of Schools

Prepared by:

Division of Business  
Gretchen Saunders, Chief Business Officer  
Stephanie Heaton, Manager of Accounting Services

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY  
For the Fiscal Year Ended June 30, 2017**

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**Hillsborough County**  
**PUBLIC SCHOOLS**  
Preparing Students for Life

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 SCHOOL DISTRICT OF HILLSBOROUGH COUNTY  
 For the Fiscal Year Ended June 30, 2017

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 For the Fiscal Year Ended June 30, 2017

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## Introductory Section

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**School Board**  
 Sally A. Harris, Chair  
 Tamara P. Shamburger, Vice Chair  
 Lynn L. Gray  
 April Griffin  
 Melissa Snively  
 Cindy Stuart  
 Susan L. Valdes



**Superintendent of Schools**  
 Jeff Eakins  
  
**Chief of Staff**  
 Alberto Vázquez Matos, Ed.D.  
  
**Deputy Superintendent**  
 Van Ayres  
  
**Chief of Schools**  
 Harrison Peters  
  
**Chief Business Officer**  
 Gretchen Saunders

December 5, 2017

Dear Chair Harris 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, 2017, is hereby submitted. These financial statements are presented in conformity with U.S. generally accepted accounting principles (U.S. 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 U.S. GAAP. 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, 2017, are free from 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 unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with U.S. GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

U.S. 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 and its governing board (School Board) were created pursuant to Section 4, Article IX of the Constitution of the State of Florida. The District is an independent taxing and reporting entity managed, controlled, operated, administered and supervised by District school officials in accordance with Chapter 1001, Florida Statutes. The School Board consists of seven elected officials. The appointed Superintendent serves as chief executive officer of the school system and is responsible for the administration and management of district schools. The District and Superintendent are required by Section 1010.01, Florida Statutes to maintain financial records and accounts as prescribed by law and rules of the State Board of Education.

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 School Board Leasing Corporation (the Corporation) reported as a blended component unit. 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 Charter Schools that are separately operated, under Section 1002.33, Florida Statutes. 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 12<sup>th</sup> grade, basic and enriched programs, and exceptional student education. The District also provides vocational, workforce and adult programs.

The District's geographic boundaries correspond with those of Hillsborough County. The District is the 3<sup>rd</sup> largest school district in Florida and the 8<sup>th</sup> largest in the United States with over 212,000 K-12 students.

The annual budget serves as the foundation for the District's financial planning and control. The District establishes and maintains policies, procedures, and 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.

#### 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.** The District relies heavily 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 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.

**Long-Term Financial Planning.** The District strives to maintain adequate fund balances and top debt ratings by careful management of its financial resources. The District continues to implement budget saving initiatives to maintain fund balances and has made position formulas, and unit changes to implement district wide cuts to the workforce.

#### Major Initiatives

**Capital/Facilities Plan** – To protect, improve, and maintain over 240 schools and centers in our district takes many hours and days. The District has worked to provide enough capacity to reduce class sizes and meet anticipated student enrollment. After many years of student growth, the District's student numbers have leveled out. Additionally, with the opening of more Charter Schools every year, the enrollment in District operated schools has begun to decline. It has become necessary to focus our capital outlay resources on preventative maintenance, repairs, and the upkeep or replacement of building systems. This is critical to continue to meet health, safety and accessibility requirements.

School districts in Florida have been hit hard by the reduction in local capital outlay taxing authority and fluctuation in property values over the past ten years. In response to the U.S. recession in 2008 and 2009, the Florida Legislature reduced the capital millage authority of local school boards by 25%. This 25% reduction of the taxing rate, previously used by districts to meet the needs of facility maintenance, have forced school systems to utilize general fund dollars to cover the expense of the ongoing, everyday operational projects at school sites and in turn has grown the deferred capital project listings.

We continue to update, adopt and review existing position formulas for both instructional and instructional support units. The cost realignment, department reorganizations, and hiring freezes have helped us become more financially structured and flexible.



**Awards and Acknowledgements.**

The Government 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, 2016. This was the sixteenth consecutive year that the District received this prestigious award. To be awarded a Certificate of Achievement, a District must publish an easily readable and efficiently organized CAFR. This report must satisfy both U.S. GAAP 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 Accounting Services Team. We would like to express our appreciation to all members of the Business Services Team, and other divisions who assisted and contributed to its preparation.

Sincerely,

Jeff Eakins  
Superintendent

Gretchen Saunders  
Chief Business Officer  
Business Services Team

Stephanie Heaton  
Manager of Accounting Services Team

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

**Principal Officials - Elected**

**Board Members – Terms of Office  
As of December 5, 2017**

Sally A. Harris, Chair Member from District 2 Present term began Present term expires Began as a Board member	November, 2014 November, 2018 November, 2014
Tamara P. Shamburger, Vice Chair Member from District 5 Present term began Present term expires Began as a Board member	November, 2016 November, 2020 November, 2016
Lynn L. Gray Member from District 7 (at large) Present term began Present term expires Began as a Board member	November, 2016 November, 2020 November, 2016
April Griffin Member from District 6 (at large) Present term began Present term expires Began as a Board member	November, 2014 November, 2018 November, 2006
Melissa Snively Member from District 4 Present term began Present term expires Began as a Board member	November, 2014 November, 2018 November, 2014
Cindy Stuart Member from District 3 Present term began Present term expires Began as a Board member	November, 2016 November, 2020 November, 2012
Susan L. Valdes Member from District 1 Present term began Present term expires Began as a Board member	November, 2016 November, 2020 November, 2004

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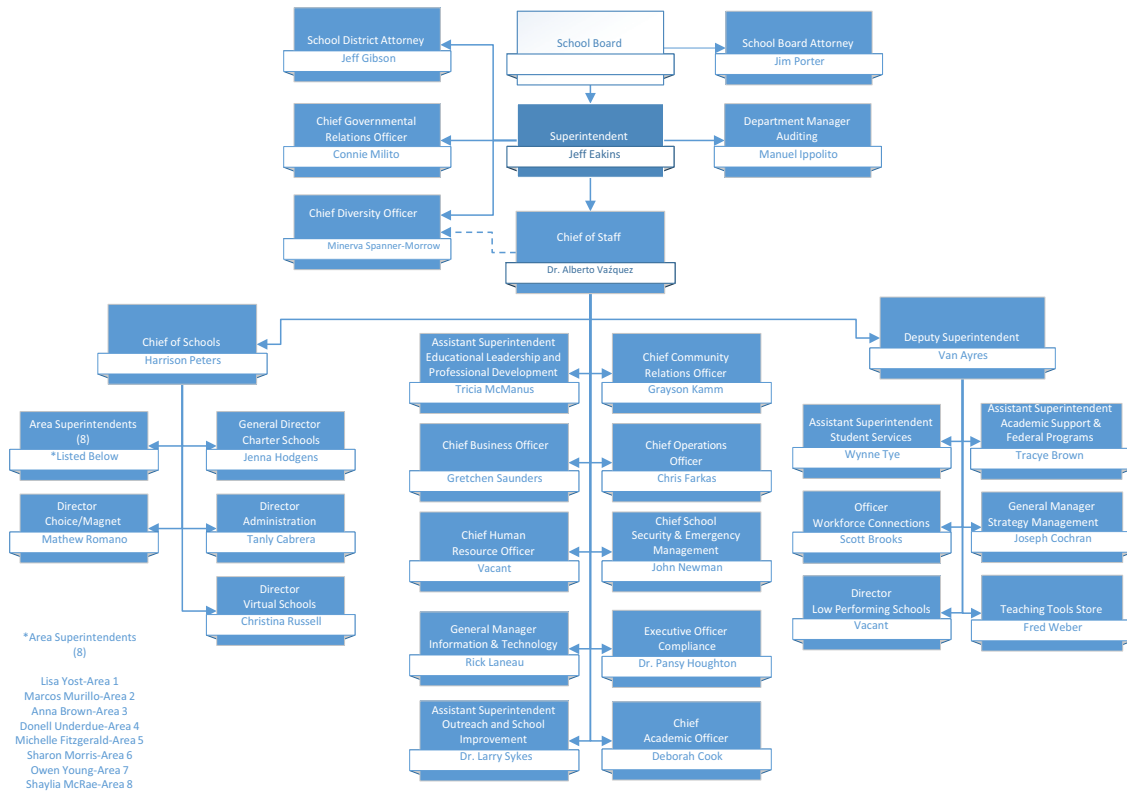
THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA

Other Principal Officials - Appointed  
As of December 5, 2017

<u>Name</u>	<u>Title</u>
Jeff Eakins	Superintendent of Schools
Dr. Alberto Vazquez	Chief of Staff
Harrison Peters	Chief of Schools, Administration
Van Ayres	Deputy Superintendent
Tracye Brown	Assistant Superintendent Academic Support and Federal Programs
Gretchen Saunders	Chief Business Officer
Grayson Kamm	Chief Community Relations Officer
Minerva Spanner-Morrow	Chief Diversity Officer
Tricia McManus	Assistant Superintendent Educational Leadership & Professional Development
Connie Milito	Chief Governmental Relations Officer
Vacant	Chief Human Resource Officer
Chris Farkas	Chief Operations Officer
Dr. Larry Sykes	Assistant Superintendent Outreach and School Improvement
Wynne Tye	Assistant Superintendent Student Services
Deborah Cook	Chief Academic Officer

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**Hillsborough County Public Schools**  
Administrative Organizational Chart



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Government Finance Officers Association

**Certificate of  
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Presented to

**School District of Hillsborough County  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

June 30, 2016

*Christopher P. Morrell*

Executive Director/CEO

---

**Financial Section**



**Hillsborough County**  
PUBLIC SCHOOLS  
Preparing Students for Life

---



KPMG LLP  
Suite 1700  
100 North Tampa Street  
Tampa, FL 33602-5145

## Independent Auditors' Report

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

### *Report on the Financial Statements*

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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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 statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



**Opinions**

In our opinion, 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 School District of Hillsborough County, Florida, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the contracted services fund for the year then ended in accordance with U.S. generally accepted accounting principles.

**Other Matters**

*Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 5-12, the schedules of employer contributions on pages 83, 85, 87, and 89, the schedules of employer proportionate share of net pension liability on pages 84 and 86, the schedule of net pension liability on page 88, the schedule of changes in net pension liability and related ratios on page 89, the schedule of investment returns on page 90, the schedule of funding progress on page 91, and the notes to required supplementary information on pages 93 and 94 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

B-14



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provision 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KPMG LLP

November 17, 2017  
Certified Public Accountants

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017  
(Unaudited)

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 years' 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 15). All dollar amounts unless otherwise indicated, are expressed in thousands of dollars.

**Overview of the Financial Statements**

This MD&A 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 Position details information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the assets plus deferred outflows of resources minus liabilities and deferred inflows of resources being reported as net position. This statement combines the governmental fund's current financial resources (short-term spendable resources) with capital assets and long term obligations. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District has changed.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position 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 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. Several separate public charter schools are included as discretely presented component units.

Key financial highlights included assets and deferred outflows of resources exceeding its liabilities and deferred inflows of resources by \$621,092 (net position). Of this amount \$(956,003) represents a deficit unrestricted net position. This deficit balance was attributed to the effects of the long term liabilities for pensions, other post employment benefits, and compensated absences. See notes 12, 18, and 19 and 20 to the financial statements for additional information.

The government wide-financial statement can be found on pages 15 - 17 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 Statements allow for the demonstration of sources and uses and/or budgetary compliance associated therewith (beginning on page 18). 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 economic resources); such reconciliation is reflected on the page following each statement (see pages 21 and 27). 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 ten 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, Other Debt Service Fund, Local Capital Improvement Fund and Other Capital Projects Fund that are considered to be major funds. Data from the other five 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.

The basic proprietary fund statements can be found on pages 32 – 34.

**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 position and a statement of changes in fiduciary net position. The District excludes these activities from the government-wide financial statements because the District cannot use these assets to finance any of its ongoing operations.

The basic fiduciary fund statements can be found on pages 35 -36.

**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 37 – 82 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets plus deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$621,092 at the end of the current fiscal year.

By far the largest portion of the District's net position reflects its net investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt and deferred outflows of resources 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.

	<b>Governmental Activities 2017</b>	<b>Governmental Activities 2016</b>
Current and other assets	\$ 465,708	\$ 478,095
Capital assets	<u>2,272,764</u>	<u>2,294,399</u>
Total assets	<u>2,738,472</u>	<u>2,772,494</u>
Deferred outflows of resources	<u>726,226</u>	<u>380,678</u>
Long-term liabilities outstanding	2,709,214	2,066,180
Other liabilities	<u>98,597</u>	<u>120,111</u>
Total liabilities	<u>2,807,811</u>	<u>2,186,291</u>
Deferred inflows of resources	<u>35,795</u>	<u>219,406</u>
Net position:		
Net investment in capital assets	1,323,826	1,334,059
Restricted	253,269	235,596
Unrestricted	<u>(956,003)</u>	<u>(822,180)</u>
Total Net Position	<u>\$ 621,092</u>	<u>\$ 747,475</u>



THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the Fiscal Year Ended June 30, 2017  
 (Unaudited)

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The District's net position decreased by \$126,383 from last year, due to current year operations and the effects of long term liabilities for pensions, other post employment benefits (OPEB), and compensated absences. The decrease attributed to current year operations was primarily due to workforce related expenditures.

**Governmental Activities**

Governmental activities decreased the District's net position by \$126,383. Key elements of this decrease are as follows:

	<b>Governmental Activities 2017</b>	<b>Governmental Activities 2016</b>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 52,944	\$ 51,993
Operating grants and contributions	93,722	93,302
Capital grants and contributions	12,963	11,186
General revenues:		
Property taxes, levied for operational purposes	453,097	446,799
Property taxes, levied for capital projects	125,707	116,623
Local sales taxes	30,718	29,661
Grants and contributions not restricted to specific programs	1,303,194	1,298,735
Investment earnings	3,568	3,621
Miscellaneous	79,302	82,027
Total revenues	<u>2,155,215</u>	<u>2,133,947</u>
<b>Expenses:</b>		
Instructional services	1,294,842	1,205,858
Instructional support services	261,150	250,292
Pupil transportation services	71,438	67,078
Operation and maintenance of plant	149,630	142,255
Non-capitalizable facilities acquisition and construction	116,950	128,843
School administration	114,528	107,622
General administration	56,127	72,970
Food services	121,828	119,177
Community services and other	65,738	88,342
Interest on long term debt	29,141	34,733
Unallocated depreciation	226	228
Total expenses	<u>2,281,598</u>	<u>2,217,398</u>
Change in net position	(126,383)	(83,451)
Net position beginning of year	747,475	830,926
Net position end of year	<u>\$ 621,092</u>	<u>\$ 747,475</u>

The increase in unrestricted grants and contributions revenue of \$4,459 is a result of an increase in grants awarded to the District. Property taxes increased \$15,382 during the year as a result of an increase in assessed values.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the Fiscal Year Ended June 30, 2017  
 (Unaudited)

For the most part the increase in expenses was due to the increase in OPEB, compensated absences, salaries due to implementation of the empowering effective teacher's evaluation system, and pension expense.

**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, unassigned 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 \$374,802, an increase of \$1,954 as compared to the prior year.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$99,053, while the total fund balance was \$140,774. The fund balance of the District's General Fund decreased by \$5,301 during the current fiscal year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately six percent of total general fund expenditures, while total fund balance represents approximately eight percent of that same amount. The fund balance decrease of \$5,301 in the current year was due in part to:

A portion of the reduced revenues comes from the recalibration process which was implemented in FY 2013-2014 to reduce the amount of funding for each student to 1.0 Full Time Equivalent (FTE). Students can take course loads greater than 1.0 FTE by accessing virtual schools and other acceleration opportunities. Acceleration is encouraged by Florida Statutes, and the district is prohibited from denying those opportunities. In FY 2013-2014 the Legislature decided that although the Legislature requires districts to allow enrollment beyond one FTE for each student, the Legislature would no longer pay for the extra enrollment. The projected district enrollment was reduced to 2,325 unweighted FTEs (UFTE) that year because of recalibration. The average annual impact of recalibration for the past several years has reduced the total enrollment counts by about 1.5%.

Additionally, the District experienced a decrease in State funding for the Capital Projects Funds and for Public Education Capital Outlay (PECO) maintenance. With these decreasing revenues Unassigned funds from the General Fund were used for operational repairs and technology needs at school sites.

Current year expenditures decreased \$10,151 over prior fiscal year. Salaries and benefits represent the most significant expenditures of the District. The District continued efficiencies of meeting financial challenges by reducing salaries, and ongoing review of requests for purchases of goods, services and equipment. In the review process the requests were deemed essential or non-essential. Also, work continued with energy efficiency strategies, and the next year of the 15-year school bus replacement plan, with the purchase of 100 new school buses and the sale of 100 old and inefficient yellow school buses.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017  
(Unaudited)

Expenditures continued with the ongoing Legislative Mandate for the "Additional hour of reading for the 300 lowest performing elementary schools." This mandate requires an additional hour of reading instruction beyond the normal school day for all students attending these schools.

The Contracted Services Fund revenue and expenditures remain equal to the prior year.

The Other Debt Service Fund decreased this year over last year due to transfers to the capital funds. As it was originally intended, those dollars were used for maintaining and improving aging schools.

The Local Capital Improvement Fund's ending fund balance of \$419 decreased \$17,928 from the prior year. The decrease was due to various projects and transfers to cover expenditures related to Capital Improvement, but not recorded in those funds.

Other Capital Projects Fund includes the Certificates of Participation funds. Overall there was an increase of \$48,227 in fund balance of \$64,403 to a current year fund balance of \$112,630. The increase was due to an increase in impact fees and community investment tax revenue.

**General Fund Budgetary Highlights**

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

Budgeted expenditures increased \$59,550 from the original budget to the final amended budget. The difference was due in part to salary increases resulting from the continuance of empowering effective teacher's evaluation system and other negotiated increases.

Actual expenditures were \$47,599 below the final amended expenditure budget. Unexpended appropriations of \$47,599 were composed of the following: (1) \$34,198 in restricted programs, (2) \$2,767 in other earmarked assigned funds and (3) \$10,634 in other unexpended budget items. The \$10,634 is less than 1.0% of the final budget. In the normal course of business, some of the budget is left unspent, primarily due to temporarily unfilled positions.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017  
(Unaudited)

**Capital Assets and Debt Administration**

**Capital Assets**

The District's investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$2,272,764 (net of accumulated depreciation). This investment in capital assets is comprised of the following:

	<b>Governmental Activities 2017</b>	<b>Governmental Activities 2016</b>
Land	\$ 161,410	\$ 161,410
Land improvements	96,077	94,735
Construction in progress	40,552	34,839
Improvements other than buildings	77,303	77,340
Buildings and systems	1,827,423	1,865,122
Furniture, fixtures and equipment	23,808	25,513
Leasehold improvements	6,343	-
Motor vehicles	39,130	34,175
Computer software	718	1,265
Total capital assets	<u>\$ 2,272,764</u>	<u>\$ 2,294,399</u>

This year's additions of \$74,705 which includes transfers from construction in progress, is comprised of several renovation projects. The total of capital assets decreased due to the fact that deletions and depreciation charges were higher than additions.

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

**Long Term Debt**

At the end of the current fiscal year the District had total borrowed and bonded debt outstanding of \$948,933, which includes unamortized bond premiums of \$48,619.

	<b>2017</b>	<b>2016</b>
Bonds payable	205,079	205,177
Certificates of participation	743,854	779,863
Total long term debt	<u>\$ 948,933</u>	<u>\$ 985,040</u>

The District's total borrowed and bonded debt decreased by \$36,107 (net of repayment of principal on outstanding debt) during the current fiscal year. The decrease is approximately equal to the payment of principal.

THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017  
(Unaudited)

The District's bond ratings are as follows:

	<u>Sales Tax Revenue Bonds</u>
	<u>Underlying</u>
Moody's	A2
Standard & Poors	A-
Fitch IBCA	A-

	<u>Certificates of Participation</u>
	<u>Underlying</u>
Moody's	Aa2
Standard & Poors	AA-
Fitch IBCA	AA

See notes 8-12 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 Accounting Services, 901 E. Kennedy Blvd. Tampa, Florida, 33602 or call 813-272-4292.



**BASIC FINANCIAL STATEMENTS**

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**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**STATEMENT OF NET POSITION**

**JUNE 30, 2017**

(dollar amounts expressed in thousands)

	<b>Primary Government</b>	
	<b>Governmental Activities</b>	<b>Component Units</b>
<b>ASSETS</b>		
Cash	\$ 135,930	31,598
Investments	225,815	1,502
Accounts receivable, net	5,074	2,557
Due from other governmental agencies	93,247	581
Inventories	5,642	-
Other assets	-	354
Prepaid items	-	779
Capital assets (net of accumulated depreciation):		
Land	161,410	9,405
Land improvements	96,077	630
Construction in progress	40,552	102
Improvements other than buildings	77,303	460
Buildings and systems	1,827,423	101,187
Furniture, fixtures and equipment	23,808	3,727
Leasehold Improvements	6,343	-
Motor vehicles	39,130	-
Property under capital leases	-	243
Computer software	718	-
Total assets	<u>2,738,472</u>	<u>153,125</u>
<b>DEFERRED OUTFLOWS</b>		
Accumulated decrease in fair value of hedging derivatives	12,719	-
Deferred charge on refunding	22,306	-
Pension related	691,201	-
	<u>726,226</u>	<u>-</u>
<b>LIABILITIES</b>		
Accounts payable	37,794	4,578
Construction retainage payable	2,346	-
Salaries and wages payable	709	3,745
Accrued payroll taxes and withholdings	2,860	208
Accrued interest	12,614	383
Due to other governmental agencies	6,037	16
Deposits payable	2,898	-
Advanced revenue	15,379	552
Derivative instrument - liability	17,960	-
Noncurrent liabilities:		
Due within one year	80,222	3,030
Due in more than one year	2,628,992	103,567
Total liabilities	<u>2,807,811</u>	<u>116,079</u>
<b>DEFERRED INFLOWS</b>		
Pension related	35,795	-
	<u>35,795</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	1,323,826	10,619
Restricted for:		
Categorical carryover programs	28,516	-
Debt service	78,037	3,767
Capital outlay	117,984	233
Non categorical carryover programs	23,049	-
Other purposes	5,683	109
Unrestricted	(956,003)	22,318
Total net position	<u>\$ 621,092</u>	<u>37,046</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, 2017  
(dollar amounts expressed in thousands)**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>
<b>Primary government:</b>		
Governmental activities:		
Instructional services	\$ 1,294,842	\$ 26,241
Instructional support services	261,150	-
Pupil transportation services	71,438	2,411
Operation and maintenance of plant	149,630	-
Non-capitalizable facilities acquisition and construction	116,950	-
School administration	114,528	-
General administration	56,127	-
Food services	121,828	24,292
Community services and other	65,738	-
Interest on long-term debt	29,141	-
Unallocated depreciation expense	226	-
Total governmental activities and primary government	<u>\$ 2,281,598</u>	<u>\$ 52,944</u>
<b>Component units:</b>		
Charter Schools	\$ 143,801	\$ 8,050
Total component units	<u>\$ 143,801</u>	<u>\$ 8,050</u>

General Revenues:	
Property taxes, levied for operational purposes	453,097
Property taxes, levied for capital projects	125,707
Local sales taxes	30,718
Grants and contributions not restricted to specific programs	1,303,194
Investment earnings	3,568
Miscellaneous	79,302
Extraordinary item	-
Total general revenues	<u>1,995,586</u>
Change in net position	<u>(126,383)</u>
Net position - beginning	747,475
Net position - ending	<u>\$ 621,092</u>

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

<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>	<u>Component Units</u>
\$ -	\$ -	\$ (1,268,601)	\$ -
-	-	(261,150)	-
-	-	(69,027)	-
-	-	(149,630)	-
-	6,793	(110,157)	-
-	-	(114,528)	-
-	-	(56,127)	-
93,722	-	(3,814)	-
-	-	(65,738)	-
-	6,170	(22,971)	-
-	-	(226)	-
<u>\$ 93,722</u>	<u>\$ 12,963</u>	<u>\$ (2,121,969)</u>	<u>\$ -</u>
\$ 6,746	\$ 3,888	-	\$ (125,117)
<u>\$ 6,746</u>	<u>\$ 3,888</u>	<u>-</u>	<u>\$ (125,117)</u>

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017**

(dollar amounts expressed in thousands)

	General	Contracted Services	Other Debt Service
<b>ASSETS</b>			
Cash	\$ 69,029	\$ 715	\$ 25,331
Investments	27,786	-	87,865
Accounts receivable	3,518	-	-
Due from other governmental agencies	7,118	24,384	1,961
Due from other funds	53,463	774	1
Inventories	4,754	-	-
Total assets	<u>\$ 165,668</u>	<u>\$ 25,873</u>	<u>\$ 115,158</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 12,451	\$ 4,298	\$ 1
Salaries and wages payable	708	-	-
Payroll deductions and withholdings	2,860	-	-
Due to other funds	2,611	20,749	27,369
Due to other governmental agencies	6,037	-	-
Deposits payable	17	312	2,567
Advanced revenue	210	514	-
Total liabilities	<u>24,894</u>	<u>25,873</u>	<u>29,937</u>
Fund balances:			
Nonspendable	4,754	-	-
Restricted for:			
Federal programs	-	-	-
State programs	31,173	-	-
Local programs	3,026	-	-
Debt service	-	-	85,221
Capital projects	-	-	-
Assigned for District operations	2,768	-	-
Unassigned	99,053	-	-
Total fund balances	<u>140,774</u>	<u>-</u>	<u>85,221</u>
Total liabilities and fund balances	<u>\$ 165,668</u>	<u>\$ 25,873</u>	<u>\$ 115,158</u>

Local Capital Improvement	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,070	\$ 10,015	\$ 12,249	\$ 121,409
17,059	31,484	18,529	182,723
-	-	1,385	4,903
51	53,213	5,871	92,598
7,500	27,379	697	89,814
-	-	888	5,642
<u>\$ 28,680</u>	<u>\$ 122,091</u>	<u>\$ 39,619</u>	<u>\$ 497,089</u>
\$ 1,592	\$ 2,568	\$ 1,615	\$ 22,525
-	-	1	709
-	-	-	2,860
26,669	6,891	1,935	86,224
-	-	-	6,037
-	2	-	2,898
-	-	310	1,034
<u>28,261</u>	<u>9,461</u>	<u>3,861</u>	<u>122,287</u>
-	-	888	5,642
-	-	-	22,161
-	-	-	31,173
-	-	-	3,026
-	-	5,429	90,650
419	112,630	7,280	120,329
-	-	-	2,768
-	-	-	99,053
<u>419</u>	<u>112,630</u>	<u>35,758</u>	<u>374,802</u>
<u>\$ 28,680</u>	<u>\$ 122,091</u>	<u>\$ 39,619</u>	<u>\$ 497,089</u>

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 GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(dollar amounts expressed in thousands)**

<b>Total Fund Balances - Governmental Funds</b>	\$	374,802
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		2,272,764
Deferred outflows are applicable to future periods and therefore are not reported in the funds		726,226
Deferred inflows are applicable to future periods and therefore are not reported in the funds		(35,795)
Derivative instrument liability is not due and payable in the current period and therefore is not reported in the funds.		(17,960)
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 position.		781
Long term liabilities, including unamortized bond premiums, are not due and payable in the current period and therefore, are not reported in the funds.		
	Post Employment Benefits	157,957
	Pension	1,411,577
	Compensated Absences Payable	166,299
	Certificates of Participation	743,854
	Bonds Payable	205,079
		(2,684,766)
Accrued interest on long-term liabilities is not due and payable in the current period and therefore, is not reported in the funds.		(12,614)
Accrued construction retainage payable is not due and payable in the current period and therefore, is not reported in the funds.		(2,346)
<b>Total Net Position - Governmental Activities</b>	<b>\$</b>	<b>621,092</b>

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, 2017  
(dollar amounts expressed in thousands)**

	General	Contracted Services	Other Debt Service
<b>REVENUES</b>			
Local sources:			
Ad valorem taxes	\$ 453,097	\$ -	\$ -
Local sales tax	-	-	20,346
Food services	-	-	-
Interest income	1,483	-	813
Other	71,594	2,586	-
Total local sources	526,174	2,586	21,159
State sources:			
Florida education finance program	794,841	-	-
Categorical education programs	245,787	-	-
Workforce development	27,038	-	-
Food services	-	-	-
Other	10,224	1,261	-
Total state sources	1,077,890	1,261	-
Federal sources:			
Food services	-	-	-
Federal grants direct	3,404	19,055	-
Federal grants through state	9,382	134,262	-
Federal grants through local	-	52,567	-
Total federal sources	12,786	205,884	-
Total revenues	1,616,850	209,731	21,159
<b>EXPENDITURES</b>			
Current:			
Instructional services:			
Basic programs	881,685	55,541	-
Exceptional child programs	188,808	13,099	-
Adult and vocational technical programs	55,744	4,900	-
Total instructional services	1,126,237	73,540	-
Instructional support services:			
Pupil personnel services	66,023	17,404	-
Instructional media services	21,745	3,117	-
Instruction and curriculum development services	26,591	30,414	-
Instructional staff training services	19,481	22,213	-
Instructional related technology	32,312	2,522	-
Total instructional support services	166,152	75,670	-
Pupil transportation services	65,600	785	-
Operation and maintenance of plant:			
Operation of plant	114,786	192	-
Maintenance of plant	27,463	-	-
Total operation and maintenance of plant	142,249	192	-
School administration	103,463	665	-
General administration:			
Central services	23,121	4,879	-
Board of education	1,594	-	-
General administration	6,862	7,640	-
Fiscal services	6,362	598	-
Administrative technology services	228	-	-
Total general administration	38,167	13,117	-

Local Capital Improvement	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 125,707	\$ -	\$ -	\$ 578,804
-	10,372	-	30,718
-	-	24,292	24,292
552	350	176	3,374
725	32,140	283	107,328
126,984	42,862	24,751	744,516
-	-	-	794,841
-	-	-	245,787
-	-	-	27,038
-	-	1,418	1,418
-	5,047	13,291	29,823
-	5,047	14,709	1,098,907
-	-	92,304	92,304
-	-	-	22,459
-	-	-	143,644
-	-	-	52,567
-	-	92,304	310,974
126,984	47,909	131,764	2,154,397

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**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	General	Contracted Services	Other Debt Service
Facilities acquisition and construction	1,664	-	-
Food services	269	-	-
Community services and other	20,756	44,410	-
Debt Service:			
Principal retirement	-	-	93,392
Interest	-	-	34,417
Dues, fees and other	-	-	507
Capital outlay:			
Facilities acquisition and construction	22	36	-
Other capital outlay	2,119	1,337	-
Total expenditures	1,666,698	209,752	128,316
Excess (deficiency) of revenues over (under) expenditures	(49,848)	(21)	(107,157)
<b>OTHER FINANCING SOURCES (USES):</b>			
Refunding bonds issued	-	-	47,664
Premium on sale of refunding bonds	-	-	5,094
Refunding certificates of participation	-	-	32,445
Payments to refunded escrow agent	-	-	(37,872)
Transfers in	47,768	21	65,180
Transfers out	(3,221)	-	(27,370)
Total other financing sources and uses	44,547	21	85,141
Net change in fund balances	(5,301)	-	(22,016)
Fund balances - beginning	146,075	-	107,237
Fund balances - ending	\$ 140,774	\$ -	\$ 85,221

Local Capital Improvement	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
16,938	7,549	1,905	28,056
-	-	116,066	116,335
-	-	-	65,166
-	-	5,446	98,838
-	-	1,285	35,702
-	-	38	545
24,395	34,201	3,284	61,938
-	-	9,124	12,580
41,333	41,750	137,148	2,224,997
85,651	6,159	(5,384)	(70,600)
-	19,746	5,302	72,712
-	-	807	5,901
-	-	-	32,445
-	-	(2,222)	(40,094)
-	27,369	469	140,807
(103,579)	(5,047)	-	(139,217)
(103,579)	42,068	4,356	72,554
(17,928)	48,227	(1,028)	1,954
18,347	64,403	36,786	372,848
\$ 419	\$ 112,630	\$ 35,758	\$ 374,802

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



**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, 2017**  
**(dollar amounts expressed in thousands)**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	1,954
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 (\$74,518) was less than depreciation expense (\$96,078) during the current period.		(21,560)
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 position differs by the cost of assets sold.		(229)
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		806
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which payments of bond principal (\$51,016) and payments to refunding agent (\$87,916) was more than proceeds of (\$105,327) in the current year.		33,605
Governmental funds report certain bond transaction as resources or uses. However, in the statement of activities these transactions are reported over the life of the debt as (\$5,733 bond premium).		(5,733)
Expenses in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds:		
Postemployment health care benefits		(17,498)
Interest expense		390
Compensated absences		(3,105)
Pension		(120,438)
Amortization of bond discount and premium		5,843
Amortization of investment derivative		874
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.		(1,292)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>(126,383)</b>

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  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local sources:				
Ad valorem taxes	\$ 449,814	\$ 453,097	\$ 453,097	\$ -
Interest income	1,600	1,699	1,483	(216)
Other	92,376	75,768	71,594	(4,174)
Total local sources	543,790	530,564	526,174	(4,390)
State sources:				
Florida education finance program	810,780	794,841	794,841	-
Categorical programs	247,314	246,943	245,787	(1,156)
Workforce development	27,195	27,196	27,038	(158)
Other	10,535	10,372	10,224	(148)
Total state sources	1,095,824	1,079,352	1,077,890	(1,462)
Federal sources:				
Federal grants direct	2,783	3,523	3,404	(119)
Federal grants through state	11,441	9,382	9,382	-
Total federal sources	14,224	12,905	12,786	(119)
Total revenues	1,653,838	1,622,821	1,616,850	(5,971)
<b>EXPENDITURES</b>				
Current:				
Instructional services:				
Basic programs	926,293	919,024	881,685	37,339
Exceptional child programs	190,734	188,940	188,808	132
Adult and vocational technical programs	62,350	58,763	55,744	3,019
Total instructional services	1,179,377	1,166,727	1,126,237	40,490
Instructional support services:				
Pupil personnel services	60,049	66,318	66,023	295
Instructional media services	20,002	22,150	21,745	405
Instruction and curriculum development services	15,911	26,995	26,591	404
Instructional staff training services	27,118	20,228	19,481	747
Instructional related technology	25,200	32,367	32,312	55
Total instructional support services	148,280	168,058	166,152	1,906
Pupil transportation services	53,783	65,768	65,600	168
Operation and maintenance of plant:				
Operation of plant	105,344	115,040	114,786	254
Maintenance of plant	25,170	27,649	27,463	186
Total operation and maintenance of plant	130,514	142,689	142,249	440
School administration	96,348	103,776	103,463	313
General administration:				
Central services	20,631	23,312	23,121	191
Board of education	2,512	1,594	1,594	-
General administration	5,979	7,155	6,862	293
Fiscal services	5,282	6,372	6,362	10
Administrative technology services	194	229	228	1
Total general administration	34,598	38,662	38,167	495

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Facilities acquisition and construction	3,374	2,121	1,664	457
Food services	474	269	269	-
Community services and other	7,999	24,086	20,756	3,330
Capital outlay:				
Facilities acquisition and construction	-	22	22	-
Other capital outlay	-	2,119	2,119	-
Total expenditures	1,654,747	1,714,297	1,666,698	47,599
Excess (deficiency) of revenues over (under) expenditures	(909)	(91,476)	(49,848)	41,628
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,834	47,768	47,768	-
Transfers out	(2,000)	(3,221)	(3,221)	-
Total other financing sources and uses	834	44,547	44,547	-
Net change in fund balances	(75)	(46,929)	(5,301)	41,628
Fund balances - beginning	146,075	146,075	146,075	-
Fund balances - ending	\$ 146,000	\$ 99,146	\$ 140,774	\$ 41,628

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  
BUDGET AND ACTUAL - MAJOR SPECIAL REVENUE FUND - CONTRACTED SERVICES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Local sources:				
Other	\$ 1,793	\$ 3,540	\$ 2,586	\$ (954)
Total local sources	1,793	3,540	2,586	(954)
State sources:				
Other	1,128	2,869	1,261	(1,608)
Total state sources	1,128	2,869	1,261	(1,608)
Federal sources:				
Federal grants direct	22,937	32,990	19,055	(13,935)
Federal grants through state	130,772	145,499	134,262	(11,237)
Federal grants through local	47,451	55,791	52,567	(3,224)
Total federal sources	201,160	234,280	205,884	(28,396)
Total revenues	204,081	240,689	209,731	(30,958)
<b>EXPENDITURES</b>				
Current:				
Instructional services:				
Basic programs	73,475	63,994	55,541	8,453
Exceptional child programs	12,539	14,919	13,099	1,820
Adult and vocational technical programs	6,250	6,251	4,900	1,351
Total instructional services	92,264	85,164	73,540	11,624
Instructional support services:				
Pupil personnel services	20,493	17,981	17,404	577
Instructional media services	2,747	3,483	3,117	366
Instruction and curriculum development services	24,929	32,745	30,414	2,331
Instructional staff training services	13,450	25,598	22,213	3,385
Instructional related technology	3,211	4,291	2,522	1,769
Total instructional support services	64,830	84,098	75,670	8,428
Pupil transportation services	1,106	932	785	147
Operation and maintenance of plant:				
Operation of plant	197	221	192	29
Total operation and maintenance of plant	197	221	192	29
School administration	2,352	754	665	89
General administration:				
Central services	1,418	12,743	4,879	7,864
General administration	5,929	8,610	7,640	970
Fiscal services	520	607	598	9
Total general administration	7,867	21,960	13,117	8,843

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**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - MAJOR SPECIAL REVENUE FUND - CONTRACTED SERVICES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Facilities acquisition and construction	479	72	-	72
Community services and other	34,986	46,135	44,410	1,725
Capital outlay:				
Facilities acquisition and construction	-	37	36	1
Other capital outlay	-	1,337	1,337	-
Total expenditures	204,081	240,710	209,752	30,958
Excess (deficiency) of revenues over (under) expenditures	-	(21)	(21)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	21	21	-
Total other financing sources and uses	-	21	21	-
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**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	<u>Internal Service Funds</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 14,521
Investments	43,092
Accounts receivable	171
Due from other governmental agencies	649
Due from other funds	1,200
Total assets	<u>59,633</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	15,269
Due to other funds	4,790
Advanced revenue	14,345
Estimated liability for claims	13,620
Total current liabilities	<u>48,024</u>
Noncurrent liabilities:	
Estimated liability for claims	10,828
Total noncurrent liabilities	<u>10,828</u>
Total liabilities	<u>58,852</u>
<b>NET POSITION</b>	
Unrestricted	781
Total net position	<u>\$ 781</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 REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	<u>Internal Service Funds</u>
<b>OPERATING REVENUES:</b>	
Premium revenue from other funds	\$ 194,510
Other revenue	779
Total operating revenues	<u>195,289</u>
<b>OPERATING EXPENSES:</b>	
Salaries	499
Benefits	189
Purchased services	292
Claims, premiums and other	194,222
Total operating expenses	<u>195,202</u>
Operating income	<u>87</u>
<b>NON OPERATING REVENUE:</b>	
Interest	211
Total non-operating revenue	<u>211</u>
Income before transfers	298
<b>TRANSFERS IN</b>	3,200
<b>TRANSFERS OUT</b>	<u>(4,790)</u>
Change in net position	(1,292)
Total net position - beginning	<u>2,073</u>
Total net position - ending	<u>\$ 781</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, 2017  
(dollar amounts expressed in thousands)**

	<u>Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from interfund services provided	\$ 194,242
Payment to suppliers	(194,253)
Payment to employees	(688)
Other receipts	748
Net cash provided by operating activities	<u>49</u>
<b>CASH FLOWS FROM NON CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Transfers from other funds	3,200
Transfers to other funds	(20,895)
Net cash (used in) noncapital and related financing activities	<u>(17,695)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Proceeds from sales and maturities of investments	31,695
Interest on investments	211
Net cash provided by investing activities	<u>31,906</u>
Net increase in cash	14,260
Cash - Beginning of year	<u>261</u>
Cash - End of year	<u>\$ 14,521</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 87
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Decrease in accounts receivable	35
Increase in due from other governmental agencies	(20)
Decrease in accounts payable	(295)
Increase in estimated liability for long-term claims	530
Decrease in advanced revenue	(288)
Total adjustments	<u>(38)</u>
Net cash provided by operating activities	<u>\$ 49</u>

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

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash	\$ -	\$ 16,227
Investments, at fair value:		
Money market	233	-
State Board of Administration	-	41,516
U.S. Government securities	10,763	-
Total investments	<u>10,996</u>	<u>57,743</u>
Accounts receivable, net	38	-
Inventory	-	123
Total assets	<u>11,034</u>	<u>57,866</u>
<b>LIABILITIES</b>		
Accounts payable	-	1,147
Due to student organizations	-	16,280
Payroll deductions	-	40,439
Total liabilities	<u>-</u>	<u>57,866</u>
<b>NET POSITION</b>		
Assets held in trust for pension benefits	11,034	-
Total net position	<u>\$ 11,034</u>	<u>\$ -</u>

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 POSITION  
 FIDUCIARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
 (dollar amounts expressed in thousands)**

	<b>Pension Trust Fund</b>
<b>ADDITIONS</b>	
Contributions received from employer	\$ 1,185
Investment income:	
Interest income	164
Net change in fair value of investments	(175)
Total investment (loss)	(11)
Less investment expense	29
Net investment income	(40)
Total additions	1,145
<b>DEDUCTIONS</b>	
Benefit payments	1,932
Administrative expenses	12
Total deductions	1,944
Net decrease in net position	(799)
Total net position - beginning	11,833
Total net position - ending	\$ 11,034

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The School District of Hillsborough County, Florida (District) has direct responsibility for the operation, control, and supervision of the District schools and is considered a primary government for financial reporting purposes. The 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 (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 District and its component units. Criteria for determining if other entities are potential component units, which should be reported within the District's financial statements, are identified and described in Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units and GASB Statement No. 61, The Financial Reporting Entity - Omnibus. The application of these criteria provide for identification of any entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the School Board are such that exclusion would cause the District's financial statements to be misleading or incomplete.

Based on the application of these criteria, the following component units are included within the District'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. The governing board of the Corporation is the same as the Board. Financial records for the Corporation are maintained by the District and District staff is responsible for the day-to-day operation of the Corporation. Due to the substantive economic relationship between the District and the Corporation, the financial activities of the Corporation are included in the accompanying financial statements of the District in the Other Capital Projects Fund. Separate financial statements of the Corporation are not published.

Discretely Presented Component Units

The component units column in the government wide financial statements includes the financial data of the District's discretely presented component units for the fiscal year ended June 30, 2017. These component units consist of the District's Charter Schools. Charter Schools are reported in a separate column to emphasize that they are legally separate from the District. While the District's officials are not financially accountable for the Charter Schools, it would be misleading to exclude them from the District's financial statements. None of the individual component units are considered to be major.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2017  
 (dollar amounts expressed in thousands)

A. Reporting Entity (continued)

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 Board. There are thirty-eight (38) 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 audited financial statements of the individual discretely presented component units can be obtained from their administrative offices. These schools include:

Advantage Academy of Hillsborough 304 West Prosser St. Plant City, FL 33563	Advantage Academy Middle School 304 West Prosser St. Plant City, FL 33563
Bell Creek Academy 13221 Boyette Road Riverview, FL 33569	Bell Creek Academy High School 13221 Boyette Road Riverview, FL 33569
Bridgeprep Academy of Tampa 2418 W. Swann Avenue Tampa, FL 33609	Brooks DeBartolo Collegiate High School 10948 N. Central Ave. Tampa, FL 33612
Channelside Academy of Math & Science 1029 E. Twiggs St. Tampa, FL 33602	Channelside Academy Middle School 1029 E. Twiggs St. Tampa, FL 33602
Community Charter School of Excellence 11604 N. 15 <sup>th</sup> Street Tampa, FL 33612	Florida Autism Charter School of Excellence 6310 E. Sligh Ave. Tampa, FL 33617
Focus Academy 304 Druid Hills Road Temple Terrace, FL 33617	Henderson Hammock Charter School 10322 Henderson Rd. Tampa, FL 33625

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A. Reporting Entity (continued)

Hillsborough Academy of Math & Science 9659 W. Waters Ave. Tampa, FL 33635	Horizon Charter School of Tampa (formerly Tampa Charter School) 7235 W. Hillsborough Ave. Tampa, FL 33634
Independence Academy (formerly Shiloh Elementary Charter School) 12902 E. US Hwy. 92 Dover, FL 33527	Independence Academy Middle School (formerly Shiloh Middle Charter School) 12902 E. US Hwy. 92 Dover, FL 33527
Kid's Community College Riverview South 10030 Mathog Road Riverview, FL 33578	Kid's Community College Charter School Southeast 11519 McMullen Rd. Riverview, FL 33569
King's Kids Academy of Health Sciences 3000 N. 34 <sup>th</sup> Street Tampa, FL 33605.	Learning Gate Community School 16215 Hanna Road Lutz, FL 33549
Literacy/Leadership/Technology Academy 6771 Madison Ave. Tampa, FL 33619	Lutz Preparatory School 17951 North U. S. Hwy 41 Lutz, FL 33618
Mount Pleasant/LEGACY School 302 E. Linebaugh Avenue Tampa, FL 33612	New Springs Schools 2410 E. Busch Blvd. Tampa, FL 33612
Pepin Academies 3916 E. Hillsborough Ave. Tampa, FL 33610	Pivot Charter School 3020 Faulkenburg Road Riverview, FL 33578
Seminole Heights Charter High School 4006 N. Florida Avenue Tampa, FL 33603	Southshore Charter Academy 11667 Big Bend Rd Riverview, FL 33579
Terrace Community Middle School 11734 Jefferson Road Thonotosassa, FL 33592	Town & Country Charter High School 7555 W. Waters Ave. Tampa, FL 33615
Trinity School for Children 2402 W. Osborne Ave. Tampa, FL 33603	Valrico Lake Advantage Academy 13306 Boyette Road Riverview, FL 33569



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A. Reporting Entity (continued)

Village of Excellence Academy 8718 North 46 <sup>th</sup> Street Temple Terrace, FL 33617	Village of Excellence Middle School 4600 E. Busch Blvd. Tampa, FL 33617
Walton Academy for the Performing Arts 4817 N. Florida Avenue Tampa, FL 33603	West University Charter High School 11602 N. 15 <sup>th</sup> Street Tampa, FL 33612
Winthrop Charter School 6204 Scholars Hill Lane Tampa, FL 33578	Woodmont Charter School 10402 N. 56 <sup>th</sup> St. Temple Terrace, FL 33617

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 Position and a Statement of Activities that display information about the primary government, the District, 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'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.

B. Basis of Presentation (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating revenues and expenses.

Fund Financial Statements – The fund financial statements provide information about the District's funds, including its fiduciary funds and blended component unit. 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 funds from the State or Federal Government which are restricted for Federal programs.

Other Debt Service – Accounts for and reports on the payments of principal and interest for outstanding bonds and Certificates of Participation.

Local Capital Improvement – Accounts for and reports on the revenues generated from the local capital outlay property taxes.

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

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.

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B. Basis of Presentation (continued)

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 plus deferred outflows of resources less liabilities and deferred inflows of resources). 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 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.

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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.

E. Investments

Investments of the general government consist of amounts placed with the State Board of Administration (Florida Prime) for participation in the State investment pool, public fund certificates of deposit and those made by the State Board of Administration from the District's bond proceeds held and administered by the State Board of Education.

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. Such investments are stated at fair value. Investments of the early retirement program are also reported at fair value.

Types and amounts of investments held at year-end are further described in note 3.

F. Inventory

Inventories consist of expendable supplies and parts held for consumption in the course of District operations. Inventories at the central warehouse, maintenance, technology repair 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 acquired are recorded at cost in the government-wide statement of net position 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 dollars and having a useful life of more than one year; those purchased before July 1, 2004 are defined as those costing more than \$750 dollars 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.

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G. Capital Assets (continued)

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	15-50 years
Improvements other than buildings	10-25 years
Building improvements	10-25 years
Furniture, fixtures and equipment	5-20 years
Motor vehicles	4-10 years
Audio visual materials and computer software	3-5 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 position. Bond premiums, discounts, and gains and losses on refunding issuances are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Gains and losses on refunding issuances are netted and reported as deferred outflows of resources.

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, gains and losses on refunding issuances during the current period. The face amount of debt issued, as well as any related premium and gain on refunding issuances are reported as an other financing source while discounts on debt issuances and losses on refunding issuances are reported as an other financing use.

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 liabilities for the current year are reported in note 12.

I. Lease Obligations

The District has operating leases for facility rental. These agreements allow use of a facility that meet specific needs of certain programs. Adult Education pays rental fees out of workforce funding, Early Childhood pays rental fees with federal funding sources, while Student Nutrition Services pays with earned revenue.

J. State Revenue Sources

Revenues from State sources for current operations are primarily from the Florida Education Finance Program (FEFP), which is 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

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J. State Revenue Sources (continued)

reported number of FTEs 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 amounts not expended or encumbered as of the close of the fiscal year are 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 restricted for the balance of categorical educational program resources.

K. 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 2016 tax levy for the 2017 fiscal year on September 6, 2016. 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 17.

L. 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

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L. Federal Revenue Sources (continued)

these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

M. Deferred Outflows of Resources and Deferred Inflows of Resources

In the government-wide financial statements, the District records deferred outflows of resources which represent the consumption of net position by the District that is applicable to a future reporting period. At June 30, 2017, deferred outflows of resources represent activity associated with a swap agreement as discussed in note 9, the deferred charge on refunding as discussed in note 11 and pension related items as discussed in note 18.

In addition to liabilities on the government-wide financial statements, the District records deferred inflows of resources which represent an acquisition of net position that applies to future periods. At June 30, 2017, deferred inflows of resources represent activity associated with pension related items as discussed in note 18.

N. 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, deferred outflows of resources and liabilities, and deferred inflows of resources 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 District 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 19, 2017.

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2. BUDGET COMPLIANCE AND ACCOUNTABILITY (continued)

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.

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 re-appropriated 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, 2017, 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, 2017, the District had the following investments and maturities:

Investment	Maturities	Fair Value
U.S. Treasuries	05/31/2018 - 05/31/2020	\$ 510
U.S. Agencies	07/20/2017 - 05/15/2020	16,553
State Board of Administration		
Florida PRIME	39 Days	219,813
Debt service account	39 Days	4,287
Certificates of deposit	11/05/2017 - 07/17/2018	36,931
Wells Fargo Advantage Treasury		
Plus Money Market	N/A	233
Total Investments		<u>\$ 278,327</u>

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3. CASH AND INVESTMENTS (continued)

Investments are reflected in the financial statements as follows:

Governmental funds	\$	182,723
Internal service funds		43,092
Fiduciary funds		
Pension trust		10,996
Agency		41,516
Total Primary Government	<u>\$</u>	<u>278,327</u>

Interest Rate Risk

The District has a formal investment policy which states that the investment objectives are safety of capital, liquidity of funds, and investment income, in that order. The performance measurement objective shall be to exceed the State Board of Administration's Florida PRIME yield. The policy limits the type of investments and the length of investments of idle funds. The weighted average duration of the investment portfolio shall not exceed five years.

Credit Risk

Section 218.415(17), Florida Statutes, limits the types of investments that the District can hold. The District policy authorizes the following investments:

- (a) The State Board of Administration (SBA) Investment Pool, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided by Section 163.01, Florida Statutes.
- (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(26), Florida Statutes.
- (d) Direct obligations of the U.S. Treasury.
- (e) Obligations of Federal agencies, government sponsored enterprises, and instrumentalities.
- (f) Securities of, or other interest in, any open-end or closed-end management type investment company or trust registered under the Investment Company Act of 1940, 15 U.S. C. 80a-1.
- (g) Short-term obligations commonly referred to as "money market instruments" including but not limited to commercial paper, provided such obligations carry the highest credit rating from a nationally recognized rating agency.

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3. CASH AND INVESTMENTS (continued)

- (h) Asset-backed securities when either a) the underlying asset is guaranteed by the issuer or b) the security carries the highest quality rating by a nationally recognized rating agency.

The District's investments in the SBA consist of Florida PRIME.

Florida PRIME 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. Rule 2a7 allows funds to use amortized cost to maintain a constant net asset value (NAV) of \$1.00 per share. Accordingly, the District's investment in the Florida PRIME is reported at the account balance which is considered fair value. Florida PRIME is rated AAAM by Standard & Poors.

The District's investments in United States Agencies or Treasuries for the Pension Trust Fund were rated either AA+ by Standard and Poors or AAA by Moody's Investors Services. The remaining government securities were rated either AA+/A-1 by Standard and Poors or Aaa by Moody's Investors Services.

The District's investments in Certificates of Deposits were in qualified public depositories.

Investments in the State Board of Administration Debt Service Account totaling \$4,287 are to provide for debt service payments on bonded debt issued by the State Board of Administration for the benefit of the District. These investments consist of United States Treasury securities, with maturity dates of six months or less and are reported at fair value. The District has no formal policy for managing interest rate risk or credit risk for this account, but relies on policies developed by the State Board of Administration.

Custodial Credit Risk

The District's investment policy requires that securities purchased or otherwise acquired by the District shall be properly designated as an asset of the District. Also, Section 218.415(18), Florida Statutes 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, Florida Statutes 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.

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3. CASH AND INVESTMENTS (continued)

Of the District's investments, \$510 of U. S. Treasuries and \$16,553 of U.S. Agencies are not registered in the name of the District, but are held by the counterparty's trust department or agent and are not insured.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. The District had no investment, excluding amounts held with the State Board of Administration, that comprised more than 5% of total investments.

Foreign Currency Risk

The District has no investments which are exposed to foreign currency risk at June 30, 2017. The District does not have a formal investment policy that limits its investment in foreign currency.

Fair Value Measurement

The District categorizes its fair value measurement within the hierarchy established by U.S. generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following fair value measurements as of June 30, 2017:

- U.S. treasury securities of \$510 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices (Level 2 inputs).
- U.S. agency securities of \$16,553 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices (Level 2 inputs).
- Money markets of \$233 are valued using the quoted market prices (Level 1 inputs).
- Certificate of deposits of \$36,931 are valued using the quoted market prices (Level 1 inputs).
- Interest rate swap derivative of \$15,321 is valued using the zero coupon method (Level 2 inputs).

State board of administration of \$224,100 are valued using the net asset value (NAV) per share.

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3. CASH AND INVESTMENTS (continued)

	June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
<b>Debt securities:</b>				
U.S. Treasuries	\$ 510	\$ -	\$ 510	\$ -
U.S. Agencies	16,553	-	16,553	-
Total debt securities	<u>\$ 17,063</u>	<u>\$ -</u>	<u>\$ 17,063</u>	<u>-</u>
Money market	233	233	-	-
Certificates of deposit	36,931	36,931	-	-
Total investments at fair value	<u>\$ 54,227</u>	<u>\$ 37,164</u>	<u>\$ 17,063</u>	<u>\$ -</u>
<b>Investments measured at net asset value (NAV)</b>				
State Board of Administration	<u>\$ 224,100</u>			
Total investments	<u>\$ 278,327</u>			
<b>Liabilities by fair value level</b>				
Derivative instrument - Liability			<u>\$ 17,960</u>	

4. DUE FROM OTHER GOVERNMENTAL AGENCIES

Amounts due from other governmental agencies as of June 30, 2017 are shown below:

	General Fund	Contracted Services	Other Debt Service	Local Capital Improve- ment	Other Capital Projects Fund	Non-Major and Other Funds	Total
Federal Government:							
Miscellaneous	\$ 5,360	\$ 13,949	\$ -	\$ -	\$ -	\$ -	19,309
State Government:							
Food Reimbursement	-	-	-	-	-	1,418	1,418
Miscellaneous State	503	592	-	-	452	5,102	6,649
Local Government:							
Hillsborough County Board of County Commissioners	268	9,507	1,961	51	52,209	-	63,996
Miscellaneous	987	336	-	-	552	-	1,875
Total:	<u>\$ 7,118</u>	<u>\$ 24,384</u>	<u>\$ 1,961</u>	<u>\$ 51</u>	<u>\$ 53,213</u>	<u>\$ 6,520</u>	<u>\$ 93,247</u>

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5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

Description	Beginning Balances	Additions	Deletions	Ending Balances
<u>Capital assets not being depreciated:</u>				
Land	\$ 161,410	\$ -	\$ -	\$ 161,410
Land improvements-non depreciable	94,735	1,352	10	96,077
Construction in progress	34,839	58,537	52,824	40,552
<b>Total capital assets not being depreciated</b>	<b>290,984</b>	<b>59,889</b>	<b>52,834</b>	<b>298,039</b>
<u>Capital assets being depreciated:</u>				
Improvements other than buildings	218,355	7,119	-	225,474
Buildings and systems	2,746,145	37,232	435	2,782,942
Furniture, fixtures and equipment	145,814	5,874	5,822	145,866
Leashold improvements	-	6,465	-	6,465
Motor vehicles	119,388	10,853	8,299	121,942
Computer software	21,531	97	1,714	19,914
<b>Total capital assets being depreciated</b>	<b>3,251,233</b>	<b>67,640</b>	<b>16,270</b>	<b>3,302,603</b>
Less accumulated depreciation for:				
Improvements other than buildings	141,015	7,156	-	148,171
Buildings and systems	881,023	74,784	288	955,519
Furniture, fixtures, and equipment	120,301	7,474	5,717	122,058
Leasehold improvements	-	122	-	122
Motor vehicles	85,213	5,899	8,300	82,812
Computer software	20,266	643	1,713	19,196
Total accumulated depreciation	1,247,818	96,078	16,018	1,327,878
<b>Total capital assets being depreciated (net)</b>	<b>2,003,415</b>	<b>(28,438)</b>	<b>252</b>	<b>1,974,725</b>
Governmental Activities Capital Assets (net)	\$ 2,294,399	\$ 31,451	\$ 53,086	\$ 2,272,764

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5. CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

Instructional services	\$ 3,390
Instructional support services	1,421
Pupil transportation services	355
Operation and maintenance of plant	512
Facilities acquisition and construction	88,983
School administration	162
General administration	203
Food services	775
Community services and other	51
Un-Allocated depreciation	226
Total Depreciation expense	<u>\$96,078</u>

6. LINE OF CREDIT

Pursuant to the provisions of Section 1011.13, Florida Statutes, on May 10, 2016 the Board authorized the Superintendent to establish a Line of Credit Tax Anticipation Note (Note) for fiscal year 2017, in the amount of \$100,000 with Wells Fargo Bank of Florida. The outstanding principal amount of the Note shall bear interest at one month London Interbank Offered Rate (LIBOR) plus 80 basis points adjusted monthly. 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 Note would be repaid in full in ninety days from the first draw. The Note shall not exceed \$100,000 at any time. For the year ended June 30, 2017, no funds had been borrowed or utilized under this line-of-credit, and therefore no amounts are outstanding at June 30, 2017.

7. OPERATING LEASE

The District entered into a 3, 10, and 15 year facility lease for Adult Education, Early Childhood, and Student Nutrition Services, respectively. The facility lease for Adult Education ended June 30, 2017 but was recently renewed through June 30, 2020. The facility lease for Early Childhood ends September 7, 2018 with an expected renewal, and the lease for Student Nutrition Services ends February 28, 2031. Adult Education funds their lease with workforce dollars. Both Early Childhood and Student Nutrition Services are federally funded; however Student Nutrition Services utilizes earned revenue to pay their lease. Rental expenditures in Fiscal Year 2017 for Adult Education was \$146, Early Childhood was \$401, and Student Nutrition Services was \$222. The District has entered into other operating leases; however, they are not considered material.

The following is a schedule, by years, of the District's portion of future minimum rental payments required under operating leases that have lease terms in excess of one year.

Fiscal Year Ending June 30	Annual Amount
2018	\$ 604
2019	550
2020	564
2021	415
2022	425
2023 - 2027	2,289
2028 - 2032	2,454
Total	<u>\$ 7,301</u>

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8. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT – CERTIFICATES OF PARTICIPATION

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

As a condition of the financing arrangement, the District has given ground leases on District property to the 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 of Participation to the end of the ground lease term. Generally, the Certificates of Participation maturity and the ground lease term expiration are consistent.

Certificates of Participation that are still part of the District's debt obligation are as follows:

Certificates	Date of Certificates	Original Amount of Certificates	Remaining Amount of Certificates	Ground Lease Term Expiration
Series 1998 (A)	March 1, 1998	\$ 336,930	\$ 16,130	June 30, 2023
Series 2004A	February 19, 2004	27,305	14,005	June 30, 2017
Series 2004 QZAB	June 8, 2004	6,131	6,131	June 07, 2020
Series 2005 QZAB	December 20, 2005	3,002	3,002	December 20, 2020
Series 2006B	January 26, 2007	77,900	10,170	June 30, 2026
Series 2007	April 24, 2007	84,685	2,875	June 30, 2031
Series 2008A	July 1, 2008	109,830	109,575	June 23, 2023
Series 2010A	April 15, 2010	97,545	82,695	June 30, 2025
Series 2010 QSCB	December 21, 2010	37,935	37,935	November 30, 2028
Series 2012A	April 3, 2012	124,565	124,565	June 30, 2029
Series 2014A	April 2, 2014	39,950	34,475	June 30, 2028
Series 2015A	August 20, 2015	100,625	100,210	June 30, 2031
Series 2015B	September 30, 2015	77,705	76,300	June 30, 2030
Series 2016A	March 31, 2016	53,350	53,350	June 30, 2031
Series 2017A	May 25, 2017	32,445	32,445	June 30, 2026
Totals		<u>\$ 1,209,903</u>	<u>\$ 703,863</u>	

The Series 1998 Certificates of Participation were 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 educational facilities which the District acquired, constructed and installed from the proceeds of the Series 1994 and Series 1995 Certificates of Participation. The Series 2004A Certificates of Participation were issued in order to provide funds necessary to advance refund the Series 1996 Certificates of Participation and refinance the educational facilities that the District acquired, constructed and installed from the proceeds of the Series 1996 Certificates of Participation. The Series 2006B Certificates of Participation were issued in order to provide the funds necessary to partially refund the Series 1998B and 2001B Certificates of Participation and refinance the educational facilities that the District acquired, constructed and installed from the proceeds of the Series 1998B and 2001B Certificates of Participation. The Series 2007 Certificates of Participation were issued in order to construct a high

8. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT – CERTIFICATES OF PARTICIPATION (continued)

school, complete construction of an existing high school, two middle schools, and an elementary school. The Series 2008A Certificates of Participation were issued in order to provide the funds necessary to partially refund the Series 1998A Certificates of Participation and refinance the educational facilities that the District acquired, constructed and installed from the proceeds of the Series 1998A Certificates of Participation. The Series 2010A Certificates of Participation were issued in order to provide the funds necessary to partially refund the Series 2001A Certificates of Participation and refinance the educational facilities that the District acquired, constructed and installed from the proceeds of the Series 2001A Certificates of Participation. The Series 2012A Certificates of Participation were issued in order to provide funds necessary to partially advance refund the Series 2002 Certificates of Participation and fully refund the Series 2003B Certificates of Participation and refinance the educational facilities that the District acquired, constructed and installed from the proceeds of the Series 2002 and Series 2003B Certificates of Participation. The Series 2014A Certificates of Participation were issued in order to provide funds necessary to fully advance refund the Series 2002 Certificates of Participation and partially advance refund the Series 2004B Certificates of Participation and refinance the educational facilities that the District acquired, constructed and installed from the proceeds of the Series 2002 and Series 2004B Certificates of Participation. The Series 2015A Certificates of Participation were issued in order to refund the Series 2005A and advance refund the Series 2006A Certificates of Participation and refinance the educational facilities that the District acquired, constructed and installed from the proceeds of the 2005A and 2006A Certificates of Participation. The Series 2015B Certificates of Participation were issued in order to refund the Series 2004C Certificates of Participation and refinance the educational facilities that the District acquired, constructed and installed from the proceeds of the 2004C Certificates of Participation. The Series 2016A Certificates of Participation were issued in order to advance refund the Series 2007 Certificates of Participation and refinance the educational facilities that the District acquired, constructed and installed from the proceeds of the 2007 Certificates of Participation. The Series 2017A Certificates of Participation were issued in order to advance refund the Series 2006B Certificates of Participation and refinance the educational facilities that the District acquired, constructed, and installed from the proceeds of the 2006B Certificates of Participation. See Note 10 for current issuances.

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 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.

The lease payments for the Series 1998, Series 2004A, Series 2006B, Series 2007, Series 2010A, Series 2012A, Series 2014A, Series 2015A, Series 2016A and Series 2017A Certificates are payable by the District, semi-annually, on July 1 and January 1 at interest rates of 3.60 to 5.50 percent, 5.25 percent, 3.50 to 5.00 percent, 3.75 to 5.00 percent, 3.00 to 5.00 percent, 4.00 to 5.00 percent, 2.56 percent, 2.00 to 5.00 percent, 5.00 percent, and 4.00 to 5.00 percent respectively. The lease payments for the Series 2008A and Series 2015B Certificates are payable by the District semi-annually on July 1 and January 1. The interest is paid monthly based on a daily rate set by the remarketing agent that is expected to approximate the Securities Industry and Financial Markets Association's (SIFMA) Municipal Swap index over the life of the Bonds.

The lease payments for the Series 2004-QZAB, 2005-QZAB and 2010-QSCB Certificates are due June 7, 2020, December 20, 2020 and December 1, 2028, respectively. There is no interest to be paid on the QZABs or QSCB, 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.

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8. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT – CERTIFICATES OF PARTICIPATION (continued)

The following is a schedule by years of future minimum lease payments under the lease agreements as of June 30:

Fiscal Year Ending June 30	Total	Principal	Interest
2018	\$ 60,356	\$ 33,895	\$ 26,461
2019	60,085	34,560	25,525
2020	65,785	42,391	23,394
2021	62,662	41,022	21,640
2022	59,507	39,665	19,842
2023 - 2027	301,350	230,040	71,310
2028 - 2032	300,720	282,290	18,430
<b>Total Minimum Lease Payments</b>	<b>\$ 910,465</b>	<b>\$ 703,863</b>	<b>\$ 206,602</b>

9. INTEREST RATE SWAPS

Type	Objective	Notional Amount	Effective Date	Maturity Date	Fair Value	Cash Flow
Pay fixed interest rate swap	Hedge in changes in cash flows on Series 2008A COPS	\$109,575	7/1/2008	7/1/2023	(\$17,960)	(\$4,744)

The District entered into a swaption contract on February 19, 2003 that provided the District an up-front payment of \$5,007. This payment was reduced by \$1,800 at which time the swaption was amended on April 19, 2005 to reduce the original notional amount from \$177,195 to \$109,830. The swaption was exercised on July 1, 2008, commencing a pay-fixed interest rate swap that provided for payment of a fixed rate of 4.97% and receiving a variable rate of municipal swap index (defined as the bond market association municipal swap index). Prior to the exercise date, the swaption was considered an investment derivative instrument. Accordingly, the negative fair value at the exercise date in the amount of \$13,103 is being amortized as an increase to the deferred outflow balance and a decrease to interest expense over the remaining life of the swap agreement. Such amortization amounted to \$874 for the year ended June 30, 2017.

The fair value of the interest rate swap is estimated using the zero coupon method. This method calculates the future net settlement payments required by the swap, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are 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 swaps. The fair value of the derivative instrument was recorded as derivative instrument – liability in the Statement of Net Position at June 30, 2017.

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9. INTEREST RATE SWAPS (continued)

During the year ended June 30, 2017, the change in the fair value of the derivative instrument, which was recorded as a decrease to deferred outflows of resources in the Statement of Net Position, was \$6,891.

Risks

Credit risk – The credit rating for the counterparty of the derivative is A+ by Standard and Poors.

Interest rate risk – The District is exposed to interest rate risk on its pay fixed, receive variable interest rate swaps. As the municipal swap index decreases, the District's net payment on the swap increases.

Termination risk – The District or the counterparty may terminate the derivative instrument if the other party fails to perform under the terms of the contract.

10. BONDS PAYABLE

Bonds payable at June 30, 2017 were as follows:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity to:
<b>State School Bonds:</b>			
Series 2008-A	\$ 195	3.25 - 5.0	2028
Series 2009-A	1,235	2.0 - 5.0	2029
Series 2010-A	2,765	3.0 - 5.0	2030
Series 2011-A	1,170	3.0 - 5.0	2023
Series 2014-A	1,948	2.0 - 5.0	2025
Series 2014-B	5,091	2.0 - 5.0	2021
Series 2017-A	5,302	3.0 - 5.0	2028
<b>District Revenue Bonds:</b>			
Series 2015 Capital Improvement & Racetrack Revenue Refunding	5,370	2.0 - 4.0	2033
Series 2015A Sales Tax Refunding	40,600	1.4	2020
Series 2015B Sales Tax Refunding	65,195	3.0 - 5.0	2027
Series 2017A Sales Tax Refunding	67,580	2.49	2027
<b>Total Bonds Payable</b>	<b>\$ 196,451</b>		

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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

Series 2015 Capital Improvement and Racetrack Revenue Refunding Bonds

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 2015A, 2015B and 2017A

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.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2017, are as follows:

TOTAL STATE BOARD of EDUCATION BONDS			
Fiscal Year Ending June 30	Total	Principal	Interest
2018	\$ 6,247	\$ 5,406	\$ 841
2019	2,533	1,975	558
2020	2,124	1,662	462
2021	1,640	1,246	394
2022	1,671	1,339	332
2023 - 2027	5,777	4,952	825
2028 - 2030	1,191	1,126	65
Total Debt Service Payments	<u>\$ 21,183</u>	<u>\$ 17,706</u>	<u>\$ 3,477</u>

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10. BONDS PAYABLE (continued)

TOTAL DISTRICT REVENUE BONDS

Fiscal Year Ending June 30	Total	Principal	Interest
2018	\$ 18,887	\$ 13,610	\$ 5,277
2019	21,204	15,895	5,309
2020	21,202	16,145	5,057
2021	20,949	16,395	4,554
2022	20,931	17,145	3,786
2023 - 2027	104,973	97,210	7,763
2028 - 2032	2,153	1,925	228
2033	427	420	7
Total Debt Service Payments	<u>\$ 210,726</u>	<u>\$ 178,745</u>	<u>\$ 31,981</u>

11. DEFEASED DEBT

On May 25, 2017, the District issued \$67,580 Sales Tax Revenue Refunding Bonds, Series 2017A at a discount with an interest rate of 2.49%. The proceeds were used to currently refund \$47,515 of the District's outstanding Sales Tax Revenue Refunding Bonds, Series 2007 maturing in the years 2024-2026. Net proceeds of \$47,822 (after payment of \$106 of issuance costs) were placed in an irrevocable trust to provide for future debt service payment of the refunded amount of the Series 2007 bonds. Also, proceeds of \$19,746 were deposited to a project fund to be used for HVAC replacement/repairs at various schools.

As a result, \$47,515 of the Series 2007 bonds are considered defeased and the liability for these certificates has been removed from long term debt. Accordingly, the trust account assets and liability for that portion of the Series 2007 bonds are not included in the District's financial statements.

As a result of the refunding, the District reduced its total debt service requirements by \$6,070 which resulted in an economic gain of \$84.

On May 25, 2017, the District issued \$32,445 Refunding Certificates of Participation, Series 2017A at a net premium, with an interest rate of 4.00% to 5.00%. The proceeds were used to partially advance refund \$37,075 of the Certificates of Participation, Series 2006B maturing in the years 2018-2026. Net proceeds of \$37,872 (after payment of \$272 of issuance costs) were placed in an irrevocable trust to provide for future debt service payment of the refunded amount of the Series 2006B certificates.

As a result, \$37,075 of the Series 2006B certificates are considered defeased and the liability for these certificates has been removed from long term debt. Accordingly, the trust account assets and liability for that portion of the Series 2006B certificates are not included in the District's financial statements.

As a result of the refunding, the District reduced its total debt service requirements by \$4,154 which resulted in an economic loss of \$408.

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12. CHANGES IN LONG TERM DEBT

The following is a summary of changes in general long-term debt:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due in One Year
Estimated liability for long term claims	\$23,918	\$ 10,253	\$ 9,723	\$ 24,448	\$ 13,620
Post employment benefits	140,459	23,375	5,877	157,957	-
Compensated absences payable	163,194	38,383	35,278	166,299	13,691
Net pension liability					
State - FRS	356,916	607,760	-	964,676	-
State - HIS	381,345	50,805	-	432,150	-
Early Retirement Program	15,308	-	557	14,751	-
Certificate of participation	740,903	32,445	69,485	703,863	33,895
Bonds payable	195,625	72,882	72,056	196,451	19,016
<b>TOTAL</b>	<b>\$2,017,668</b>	<b>\$ 835,903</b>	<b>\$ 192,976</b>	<b>\$ 2,660,595</b>	<b>\$ 80,222</b>
Plus unamortized bond premium					
Certificates of Participation				39,991	
Bonds payable				8,628	
<b>Total Long-Term Debt liabilities</b>				<b>\$ 2,709,214</b>	

Internal service funds predominately serve the governmental funds and, accordingly, long-term liabilities of those funds are included in the governmental activities. For the governmental activities, compensated absences, net pension liability, and other postemployment benefits are generally liquidated with resources of the General and Special Revenue Funds. The estimated liability for long term claims are generally liquidated with resources of the Worker's Compensation and the General and Automobile liability programs Internal Service Funds.

13. FUND BALANCE REPORTING

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions (GASB 54) with intention of providing more structured classification of fund balance reporting. The reporting standards established a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal of an endowment fund. The District has inventories that are considered nonspendable. The District does not have any other nonspendable fund balances.

13. FUND BALANCE REPORTING (continued)

GASB 54 provides a hierarchy of spendable fund balances, based on spending constraints:  
Restricted – fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.  
Committed – fund balance that contain self-imposed constraints by the Board, (the District's highest level of decision-making authority). The Board has not established a policy to commit fund balance, therefore no such balance is reported.  
Assigned – fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The District has a policy approved by the Board that designates administrative staff (the Superintendent and Chief Business Officer) to determine the assignments.  
Unassigned – fund balance of the general fund that is not constrained for a particular purpose.

The District has classified its fund balances based on the GASB 54 hierarchy as follows:  
 Nonspendable – The District has inventories totaling \$5,642 that are classified as nonspendable.  
 Spendable – The District has classified the spendable fund balances as restricted, assigned and unassigned. The District currently has no funds classified as committed.  
Restricted:  
 Federal Laws, Florida Statutes and local constraints require that certain revenues be specifically used for certain expenditures. These funds have been included in the restricted category of fund balances. The restricted fund balances total is \$267,339 and represent \$22,161 for Federal programs, \$31,173 for State programs, \$3,026 for Local programs, \$90,650 for Debt Service and \$120,329 for Capital Projects.

Assigned:  
 The District has set aside certain spendable fund balances in the amount of \$2,768 for local instructional programs (District operations) which include teacher educational recognition supplements.

Unassigned:  
 The District has a policy that requires it to maintain a contingency fund balance in its operating fund of no less than 5 percent of the annual revenues. The District has \$99,053 in unassigned fund balance. At the end of the fiscal year the unassigned fund balance in the general fund is 6.13 percent of total general fund revenues.

The District applies resources for expenditures to restricted, then assigned and then unassigned, when expenditures are incurred which could use any of the fund balance classifications.

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14. INTERFUND RECEIVABLES AND PAYABLES

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

<u>Funds</u>	<u>Receivables</u>	<u>Payables</u>
Major Funds:		
General	\$ 53,463	\$ 2,611
Contracted Services	774	20,749
Other Debt Service	1	27,369
Local Capital Improvement	7,500	26,669
Other Capital Projects	27,379	6,891
Non-Major Governmental Funds	697	1,935
Internal Service Funds	1,200	4,790
Total	<u>\$ 91,014</u>	<u>\$ 91,014</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, 2017 and temporary loans to contracted services for cost reimbursement grants. The amounts in local capital improvement, other capital projects fund and non-major funds are mostly due to the movement of expenditures between capital project funds. The amount in the internal service fund is due to movement of revenue to other funds. The amounts payable are expected to be paid within a reasonable period of time.

15. INTERFUND TRANSFERS

The following is a summary of interfund transfers reported in the fund financial statements:

<u>Funds</u>	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ 47,768	\$ 3,221
Contracted Services	21	-
Other Debt Service	65,180	27,370
Local Capital Improvement	-	103,579
Other Capital Projects	27,369	5,047
Non-Major Governmental Funds	469	-
Internal Service Funds	3,200	4,790
Total	<u>\$ 144,007</u>	<u>\$ 144,007</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.

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16. STATE REVENUE SOURCES

The following is a schedule of the District's state revenue for the 2017 fiscal year:

<u>Sources</u>	<u>Amount</u>
Florida Education Finance Program	\$ 794,841
Workforce Development	27,038
Categorical Education Programs	245,787
Capital Outlay and Debt Service	12,833
Food Service Supplement	1,418
Mobile Home License Tax	643
State Board of Education Bond Interest	131
Pari-Mutuel Tax	447
Discretionary Lottery Funds	3,597
Miscellaneous	12,172
Total	<u>\$ 1,098,907</u>

17. PROPERTY TAXES

The following is a summary of millages and taxes levied in the 2016 tax roll for the fiscal year 2017:

<u>General Fund</u>	<u>Millage Levied</u>	<u>Taxes Levied</u>
Non-voted School Tax:		
Required Local Effort	4.658	\$ 405,537
Discretionary Local Effort	0.748	65,123
<u>Capital Projects Funds</u>		
Non-voted Tax:		
Local Capital Improvements	1.500	130,594
Total	<u>6.906</u>	<u>\$ 601,254</u>

18. STATE RETIREMENT PROGRAMS

a. Summary of Significant Accounting Policies

*Pensions.* For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS and HIS's fiduciary net position have been determined on the same basis as they are reported by FRS and HIS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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18. STATE RETIREMENT PROGRAMS (continued)

b. General Information about the Pension Plan

*Plan description.* All regular employees of the District are covered by the Florida Retirement System (FRS). The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the FRS Investment Plan.

Essentially all regular employees of participating employers are eligible and must enroll as members of the Plan. Employees in the Pension Plan vest at six years of service if enrolled in the plan prior to July 1, 2011. Enrollment after July 1, 2011 requires eight years of service to vest. All vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. For enrollees prior to July 1, 2011, pension plan benefit payments are based on the member's highest 5-year average annual salary (average final compensation) times the number of years of service. Enrollees after July 1, 2011 have benefit payments based on the member's highest 8 year average annual salary. For Regular Class members enrolled before July 1, 2011, the annual final compensation is multiplied by a percentage ranging from 1.60 percent at age 62 or with 30 years of service, to 1.68 percent at age 65 or with 33 years of service. Regular Class members enrolled after July 1, 2011 have an annual final compensation multiplied by a percentage ranging from 1.60 at age 65 or with 33 years of service to 1.68 percent at age 68 or with 36 years of service. Members are eligible for early retirement after 6 years of service, however, normal benefits are reduced by 5 percent for each year a member retires before age 62. As described in note 19, 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.

Eligible FRS members may elect to participate in the FRS Investment Plan in lieu of the Defined Benefit Plan. District employees participating in DROP are not eligible to participate in the Investment Plan. This plan is funded by employer contributions that are based on salary and membership class (Regular, Elected County Officers, etc.) Contributions are directed to individual member accounts, and the ultimate benefit depends in part on the performance of investment funds chosen. Employees in the FRS Investment Plan vest after one year of service.

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18. STATE RETIREMENT PROGRAMS (continued)

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

The contribution rates for the Plan are established by Section 121.71, Florida Statutes, and may be amended by the State of Florida. As of June 30, 2017, the contribution rates were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular (HA)	3.00	7.52
Florida Retirement System, County Elected Officers (HI)	3.00	42.47
Florida Retirement System, Senior Management Service Class (HM)	3.00	21.77
Florida Retirement System, Special Risk (HB)	3.00	22.57
Teachers' Retirement System, Plan E (IE)	6.25	11.90
Florida Retirement System, Reemployed Retiree (UA)	3.00	4.49

Notes: (A)  
 Employer rates include the post-retirement health insurance supplement, which remained the same from the prior year. As of July 1, 2016 the supplement was 1.66 percent.

The District's contributions to the Plan, net of employee contributions, for the fiscal year ended June 30, 2017, totaled \$64,502. This amount is equal to the required contributions for the fiscal year. Effective July 1, 2011, all members of FRS, except for DROP participants and reemployed retirees who are not eligible for renewed membership, are required to contribute 3 percent of their compensation to FRS. Amounts collected by the District, and remitted to the Plan, for employee contributions are not considered employer contributions by the Plan.

c. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported a liability of \$964,676 for its proportionate share of the FRS Pension Plan net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net pension liability was based on a projection of the District's long term share of contributions to the pension plan relative to the projected contributions during the fiscal year ended June 30, 2016. At June 30, 2016, the District's proportionate share was 2.54 percent, which was a decrease of 0.22 percentage-points from its proportionate share of 2.76 percent measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$165,190 for the FRS Pension Plan. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions for the FRS Pension Plan from the following sources:

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18. STATE RETIREMENT PROGRAMS (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 49,145	\$ 5,976
Changes in assumptions	311,217	-
Difference between projected and actual earnings on pension plan investments	147,607	-
Changes in proportion and differences between District contributions and proportionate share of contributions	13,549	26,305
District contributions subsequent to the measurement date	64,502	-
Total	<u>\$ 586,020</u>	<u>\$ 32,281</u>

The deferred outflows of resources related to pensions totaling \$64,502, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported for the FRS Pension plan as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount Recognized
2018	\$ 78,592
2019	78,592
2020	143,274
2021	111,185
2022	56,170
Thereafter	21,424
Total	<u>\$ 489,237</u>

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18. STATE RETIREMENT PROGRAMS (continued)

*Actuarial assumptions.* The total pension liability for the FRS Pension Plan was determined by an actuarial valuation as of the valuation date calculated on the assumptions listed below:

Valuation date	July 1, 2016
Measurement date	June 30, 2016
Discount rate	7.00%
Long-term expected rate of return, net of investment expense	7.00%
Inflation	2.60%
Salary increase, including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Entry Age

The actuarial assumptions that determined the total pension liability of the FRS Pension Plan as of June 30, 2017, were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

*Long-term expected rate of return.* To develop an analytical basis for the selection of the long-term expected rate of return assumption for the FRS Pension Plan, the 2016 FRS Actuarial Assumptions conference reviews long-term assumptions developed by multiple contracted capital market assumptions teams. The table below shows resulting assumptions for each of the asset classes in which the plan was invested based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The expected real rate of return is presented in arithmetic means.

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18. STATE RETIREMENT PROGRAMS (continued)

Asset Class	Target Allocation	Long-Term Arithmetic Expected Real Rate of Return
Cash	1.00%	3.00%
Fixed Income	18.00%	4.70%
Global Equity	53.00%	8.10%
Real Estate (Property)	10.00%	6.40%
Private Equity	6.00%	11.50%
Strategic Investment	12.00%	6.10%
Total	100.00%	

*Discount rate.* The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.00 percent and is based on a projection of cash flows that assumed that employee contributions will be made at the current contribution rate and that contributions from participating members will be made at statutorily required rates, actuarially determined. Based on those assumptions, the FRS Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the District's proportionate share of the net position liability to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability of the FRS Pension Plan calculated using the discount rate of 7.00 percent. Also presented is what the District's proportionate share of the FRS Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the FRS Pension Plan net pension liability	\$1,545,558	\$964,676	\$481,168

18. STATE RETIREMENT PROGRAMS (continued)

*Pension plan fiduciary net position.* Detailed information about FRS Pension Plan's fiduciary net position is available in the separately issued FRS Comprehensive Annual Financial Report. The comprehensive annual financial report of the FRS is available by mail at: State of Florida, Division of Retirement, Department of Management Services, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32399; by telephone toll free (844) 377-1888 or (850) 907-6500; by e-mail at [rep@dms.myflorida.com](mailto:rep@dms.myflorida.com); or at the Division's Web site (<http://www.dms.myflorida.com>).

d. General Information about the Health Insurance Subsidy (HIS)

*HIS plan description.* The HIS Pension Plan is a cost-sharing multiple-employer defined benefit pension plan established to provide a monthly subsidy payment to retired members of any state-administered retirement system, or beneficiary entitled to receive benefits.

*HIS benefits provided.* The benefit of the HIS Pension Plan is a monthly payment to assist retirees in paying their health insurance costs. This plan is administered by the Department of Management Services within the Florida Retirement System. HIS benefits are not guaranteed and are subject to annual legislative appropriation.

For fiscal year ended June 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are a minimum of \$30 but not more than \$150 monthly per Florida Statutes 112.363.

*HIS contributions.* The HIS Pension Plan is funded by required contributions from FRS participating employers. The funds are deposited in a separate trust fund and consequently paid from that trust fund. Employer contributions are a percentage of gross compensation for all FRS members. For the fiscal year ended June 30, 2017, the contribution rate was 1.66 percent of payroll per Florida Statutes 112.363. Employees do not contribute to this plan.

The District's contributions to the HIS Pension Plan totaled \$19,067 for the fiscal year ended June 30, 2017.

e. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIS Pensions

At June 30, 2017, the District reported a liability of \$432,150 for its proportional share of the HIS Pension Plan net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net pension liability was based on a projection of the District's long term share of contributions to the pension plan relative to the projected contributions during the fiscal year ended June 30, 2016. At June 30, 2016, the District's proportionate share was 3.71 percent, which was a decrease of 0.03 percentage-points from its proportionate share of 3.74 percent measured as of June 30, 2015.

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18. STATE RETIREMENT PROGRAMS (continued)

For the year ended June 30, 2017, the District recognized pension expense of \$39,218 for the HIS Pension Plan. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions for the HIS Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 985
Changes in assumptions	67,815	-
Difference between projected and actual earnings on pension plan investments	219	-
Changes in proportion and differences between District contributions and proportionate share of contributions	17,595	2,529
District contributions subsequent to the measurement date	19,067	-
Total	<u>\$ 104,696</u>	<u>\$ 3,514</u>

The deferred outflows of resources related to pensions totaling \$19,067, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported for the HIS Pension plan as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount Recognized
2018	\$ 15,318
2019	15,318
2020	15,277
2021	15,257
2022	12,248
Thereafter	8,697
Total	<u>\$ 82,115</u>

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18. STATE RETIREMENT PROGRAMS (continued)

*Actuarial assumptions.* The total pension liability for the HIS Pension Plan was determined by an actuarial valuation as of the valuation date calculated on the assumptions listed below:

Valuation date	July 1, 2016
Measurement date	June 30, 2016
Discount rate	2.85%
Long-term expected rate of return, net of investment expense	N/A
Inflation	2.60%
Salary increase, including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Entry Age

The actuarial assumptions that determined the total pension liability of the HIS Pension Plan as of June 30, 2017, were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013. The discount rate decreased from 3.80 percent to 2.85 percent. This change will continue to allow FRS to meet or exceed its assumed investment return in future years.

*Long-term expected rate of return.* Because the HIS pension Plan is funded on a pay-as-you-go basis funding structure, a municipal bond rate (Bond Buyer General Obligation 20-Year Bond Municipal Bond Index) of 2.85 percent was used to determine the total pension liability for the program.

*Discount rate.* Because the HIS Pension Plan uses a pay-as-you-go funding structure, a municipal bond rate of 2.85 percent was used to determine the total pension liability for the program.



18. STATE RETIREMENT PROGRAMS (continued)

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability of the HIS Pension Plan calculated using the discount rate of 2.85 percent. Also presented is what the District's proportionate share of the HIS Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.85 percent) or 1-percentage-point higher (3.85 percent) than the current rate:

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
District's proportionate share of the HIS Pension Plan net pension liability	\$495,774	\$432,150	\$379,345

*Pension plan fiduciary net position.* Detailed information about HIS Pension Plan's fiduciary net position is available in the separately issued FRS Comprehensive Annual Financial Report. The comprehensive annual financial report of the FRS is available by mail at: State of Florida, Division of Retirement, Department of Management Services, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32399; by telephone toll free (844) 377-1888 or (850) 907-6500; by e-mail at [rep@dms.myflorida.com](mailto:rep@dms.myflorida.com); or at the Division's Web site (<http://www.dms.myflorida.com>).

19. EARLY RETIREMENT PROGRAM

a. Summary of Significant Accounting Policies

*Pension.* 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 an economic 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 the terms of the Plan. Plan assets are valued at fair value, based on quoted market prices, for financial statement purposes.

Separate Statements are not issued for the Plan.

b. General Information about the Early Retirement Program

*Plan description.* 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

19. EARLY RETIREMENT PROGRAM (continued)

Florida Retirement System, described in Note 18, 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 Board entered into an agreement with Wells Fargo 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.

*Eligibility.* A member of the Plan was 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 FRS. The Board approved to eliminate new participants to the Early Retirement Program on June 30, 2008. Certain employees were eligible to enter the Plan before July 1, 2010. As of July 1, 2010, the Plan was closed to any new participants.

*Benefits provided.* The amount of the monthly benefit will be equal to the reduction imposed on the retirement benefit by the FRS due to early retirement. The benefit amount will be based on the initial benefit amount determined by the FRS prior to any cost of living adjustments and once established will remain unchanged, unless a specific increase is authorized by the Board.

*Employees covered by benefit terms.* Based on an actuarial report as of June 30, 2017, employee membership data related to the Plan was as follows:

Retirees and beneficiaries currently receiving benefits: 532  
 Active Plan Participants: There are no longer any active plan participants.

*Contributions.* The District's Early Retirement Program was established by the Board on August 1, 1984. On July 1, 2010, the Plan was closed to any new participants. Pursuant to the Plan Agreement, no contribution shall be required or permitted from any member. The District's annual contribution to the pension trust is determined through the budgetary process and with reference to actuarially determined contributions. The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The contribution is designed to accumulate sufficient assets to pay benefits when due. As of June 30, 2017, the actuarial study shows a net pension liability of \$14,751 in accordance with GASB 68.

Total contributions to the Plan in fiscal year 2017 amounted to \$1,185.

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19. EARLY RETIREMENT PROGRAM (continued)

c. Net Pension Liability

In fiscal year ending in 2017, the net pension liability decreased by \$557 for a liability in the amount of \$14,751.

Total pension liability	\$ 25,785
Plan fiduciary net position	11,034
Net pension liability	<u>\$ 14,751</u>
Plan fiduciary net position as a percentage of the total pension liability	42.79%

The Net Pension Liability of \$14,751 is recorded as a long term liability on the Statement of Net Position in the Government-wide Financial Statements.

The computation of the total pension liability for fiscal 2017 was based on the same (a) benefit provisions, (b) actuarial funding method, and (c) other significant factors as used to determine annual required contributions in the previous year.

*Actuarial assumptions.* Significant assumptions and other inputs used to measure the annual required contribution are:

Valuation Date	July 1, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age
Asset Valuation Method	Market Value

Actuarial Assumptions:

Investment Rate of Return	2.5%
Projected Salary Increases	N/A
Rate of Inflation Adjustment	2.5%
Discount Rate	2.5%

Mortality rates were based on the RP-2000 Generational, 100 percent Annuitant White Collar-Female, Scale BB, 50 percent Annuitant White Collar/50 percent Annuitant Blue Collar – Male, Scale BB.

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19. EARLY RETIREMENT PROGRAM (continued)

*Investments.* The District oversees the management of the Early Retirement Plan. The Superintendent has established procedures to ensure that idle funds are invested as authorized by Florida Statute, to earn the maximum interest. Investments are reported at fair value. The primary objectives, in priority order, in investment activities shall be safety, liquidity, and yield.

The Plan's investments at June 30, 2017, consisted of the following:

	Balance June 30, 2017	Percentage of Plan Net Position
U.S. Treasury Notes and Bonds	\$ 498	4.51%
U.S. Agencies	10,265	93.03%
Money Market	233	2.12%
Accrued Income	38	0.34%
Total	<u>\$ 11,034</u>	<u>100.00%</u>

*Long-term expected rate of return.* The long-term expected rate of return on pension plan investments was confirmed appropriate using Aon's (the District's actuary) e-tool model assuming general inflation of 2.5 percent, which is a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target allocation</u>	<u>Long-term Expected real rate of return</u>
Government Fixed Income	98%	0.5%
Cash	2%	0.3%

*Rate of return.* For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.5 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Receivables.* The pension plan does not have receivables from long-term contracts with the District contribution.

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19. EARLY RETIREMENT PROGRAM (continued)

*Allocated insurance contracts.* The Plan has no allocated insurance contracts that are excluded from pension plan assets.

*Reserves.* The Plan has no reserves that are required to be disclosed under paragraph 30e of GASB Statement No. 67, Financial Reporting for Pension Plans.

*Deferred Retirement Option Program (DROP).* The District does not offer DROP to employees in the Early Retirement Program.

d. Total Pension Liability

The District's total pension liability for the Early Retirement Program for the current fiscal year were as follows

Total Pension Liability	2017
Service cost	\$ -
Interest cost	654
Changes of benefit terms	-
Differences between expected and actual experience	(78)
Changes of assumptions	-
Benefit payments, including refunds of contributions	(1,932)
Net change in total pension liability	(1,356)
Total pension liability (beginning)	27,141
Total pension liability (ending)	<u>\$ 25,785</u>

*Discount rate.* The discount rate used to measure the total pension liability was 2.50 percent and is consistent with the prior year. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the District, calculated using the discount rate of 2.50 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.50 percent) and 1-percentage point higher (3.50 percent) than the current rate.

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19. EARLY RETIREMENT PROGRAM (continued)

	1% Decrease (1.50%)	Current Discount Rate (2.50%)	1% Increase (3.50%)
District's net pension liability	\$17,398	\$14,751	\$12,499

e. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported a liability of \$14,751 for the Early Retirement Plan net pension liability. The liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's net pension liability was based on a projection of the pension plan relative to the projected contributions during the fiscal year ended June 30, 2017.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ -	\$ -
Assumption changes	-	-
Net difference between expected and actual earnings on pension plan investments	485	-
Total	<u>\$ 485</u>	<u>\$ -</u>

Amounts recognized in the deferred outflows of resources related to pensions will be recognized in the following years as pension expense as follows:

	Year Ending June 30
2018	\$ 162
2019	162
2020	98
2021	63
Total	<u>\$ 485</u>

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20. POST EMPLOYMENT HEALTH CARE BENEFITS

a. Plan Description

The Postemployment Health Care Benefits Plan is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District and eligible dependents may continue to participate in the District's health and hospitalization plan for medical and prescription drug coverage. Based on the valuation as of July 1, 2016, the District had 26,453 active employees and 1,089 retirees and eligible dependents in the plan. The District subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. Separate financial statements for the Plan are not issued.

b. Funding Policy

The District, via the Board, can establish and amend the funding requirements. The District has not advance funded the OPEB costs or the net OPEB obligation. For the 2017 fiscal year, retirees and eligible dependents received postemployment health care benefits, which are funded by the District on a pay as you go basis. The District provided contributions of \$5,877 toward annual OPEB costs, comprised of benefit payments made on behalf of the retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums and net of retiree contributions totaling \$9,653, which is approximately 0.84 percent of covered payroll.

c. Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The ARC represents a level of funding that is paid on an ongoing basis and is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation:

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20. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

Descriptions	June 30, 2017
Interest Rate	2.0%
Annual OPEB Cost (AOC)	
Annual required contribution of Employer (ARC)	\$ 25,248
Less Amortization of Net OPEB Obligation (NOO)	(4,682)
Plus Interest on Net OPEB Obligation (NOO)	2,809
Total Annual OPEB Cost	23,375
End of Year Net OPEB Obligation (NOO)	
Actual Beginning of Year (NOO)	140,459
Plus Annual OPEB Cost	23,375
Minus Contributions	5,877
Estimated End of Year	\$ 157,957

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2017 was as follows:

Fiscal Year	Annual OPEB Cost	Annual Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	\$ 23,375	\$ 5,877	25.14%	\$ 157,957
2016	24,797	5,475	22.08%	140,459
2015	30,151	4,463	14.80%	121,137

d. Funded Status and Funding Progress

As of June 30, 2017 the actuarial accrued liability for benefits was \$216,684, all of which was unfunded. The covered payroll (annual payroll for active participating employees) was \$1,149,179 for the 2017 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 18.9 percent. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

e. Actuarial Methods and Assumptions

Actuarial methods and assumptions used for the OPEB calculations are as follows:

1. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future; actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2017  
 (dollar amounts expressed in thousands)

20. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

2. Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.
3. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.
4. The actuarial methods and significant assumptions used in calculating the ARC for the current year and the funded status of the plan are from the actuarial valuation as of July 1, 2016:
 

Actuarial cost method	Entry age
Actuarial value of assets	Fair value
Investment rate of return	2.0%
Salary scale	4.0%
Healthcare cost trend rate is 7.20 percent for pre-65 and 7.60 percent for post-65 participants for fiscal year ended June 30, 2018. This rate grades to 4.50 percent for fiscal year ending June 30, 2027.	
Past service liability is amortized over a closed 30-year period as a level percentage of projected payroll assumed to grow 3.0 percent per year.	
Inflation rate adjustment	2.5%

21. 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. Prior to July 18, 2007, the District entered into agreements with various insurance companies to provide specific excess coverage of claim amounts above the stated amount on an individual claim basis. Effective July 18, 2007, the District chose not to purchase excess coverage. The District has continued to retain \$4,000 to cover any excess claims. The Board has contracted with an insurance administrator to administer these self-insurance programs, including the processing, investigating, and payment of claims.

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2017  
 (dollar amounts expressed in thousands)

21. RISK MANAGEMENT (continued)

Settled claims resulting from the risks described above have not exceeded commercial insurance coverage for the past five fiscal years.

A liability in the amount of \$24,448 was actuarially determined using a discount rate of 2.0 percent to cover reported and unreported insurance claims payable at June 30, 2017. It is estimated that \$13,620 of the liability is current and due within one year. The remaining \$10,828 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
2015 – 2016	\$ 19,000	\$ 17,688	\$ (12,770)	\$ 23,918
2016 – 2017	\$ 23,918	\$ 10,253	\$ (9,723)	\$ 24,448

Claims and judgments are generally liquidated by the internal service funds that are funded by the general fund and special revenue funds.

22. COMMITMENTS AND CONTINGENCIES

Construction Contract Commitments

The following is a summary of major construction contract commitments remaining at June 30, 2017:

DETAIL LISTING OF CONSTRUCTION IN PROGRESS

Description	Project Authorization	Expended as of		Committed
		June 30, 2017		
Additions	\$ 15,334	\$ 3,545	\$ 11,789	
Elementary	15,144	6,739	8,405	
Middle	1,591	1,591	-	
Senior High	14	5	9	
Other	18,025	331	17,694	
Renovations	23,865	23,865	-	
Improvements	7,776	4,475	3,301	
Total	<u>\$ 81,749</u>	<u>\$ 40,551</u>	<u>\$ 41,198</u>	

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2017  
 (dollar amounts expressed in thousands)

22. COMMITMENTS AND CONTINGENCIES (continued)

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.

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.

23. SUBSEQUENT EVENTS

On September 13, 2017, Lee Elementary School had extensive fire damage. The school was deemed not usable and students, faculty, and staff were transferred to Lockhart Elementary School. The District is working with its insurance carrier to assess the financial impact.

The 2008A Certificate of Participation's outstanding principle balance was refunded on November 13, 2017. In association of this refunding the related interest swap was terminated.

The 2012A Certificate of Participation's outstanding principle balance was refunded on November 13, 2017.

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 SUPPLEMENTAL FLORIDA RETIREMENT SYSTEM PENSION INFORMATION  
 LAST 10 FISCAL YEARS\***  
 (dollar amounts expressed in thousands)  
 (UNAUDITED)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 58,610	\$ 67,371	\$ 61,990
Contributions in relation to the contractually required contribution	<u>\$ (58,610)</u>	<u>\$ (67,371)</u>	<u>\$ (61,990)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 930,149	\$ 985,387	\$ 988,184
Contributions as a percentage of covered-employee payroll	6.30%	6.84%	6.27%

\*The amounts presented for each fiscal year were determined as of 6/30

Note: Schedule is intended to show information for 10 years.  
 Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

Unaudited - see accompanying independent auditor's report

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**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**SCHEDULE OF EMPLOYER PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**SUPPLEMENTAL FLORIDA RETIREMENT SYSTEM PENSION INFORMATION**  
**LAST 10 FISCAL YEARS\***  
(dollar amounts expressed in thousands)  
**(UNAUDITED)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Proportion of the net pension liability	2.68%	2.76%	2.54%
District's proportionate share of the net pension liability	\$ 163,260	\$ 356,916	\$ 964,676
District's covered payroll	\$ 930,149	\$ 985,387	\$ 988,184
Districts proportionate share of the net pension liability as a percentage of its covered-employee payroll	17.55%	36.22%	97.62%
Plan fiduciary net position as a percentage of the total pension liability	96.09%	92.00%	84.88%

\*The amounts presented for each fiscal year were determined as of 6/30

Note: Schedule is intended to show information for 10 years.  
Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

Unaudited - see accompanying independent auditor's report

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**SUPPLEMENTAL HEALTH INSURANCE SUBSIDY PROGRAM INFORMATION**  
**LAST 10 FISCAL YEARS\***  
(dollar amounts expressed in thousands)  
**(UNAUDITED)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 12,270	\$ 14,294	\$ 14,294
Contributions in relation to the contractually required contribution	\$ (12,270)	\$ (14,294)	\$ (14,294)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,064,283	\$ 1,134,992	\$ 1,145,024
Contributions as a percentage of covered-employee payroll	1.15%	1.26%	1.25%

\*The amounts presented for each fiscal year were determined as of 6/30

Note: Schedule is intended to show information for 10 years.  
Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

Unaudited - see accompanying independent auditor's report

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**SCHEDULE OF EMPLOYER PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**SUPPLEMENTAL HEALTH INSURANCE SUBSIDY PROGRAM INFORMATION**  
**LAST 10 FISCAL YEARS\***  
(dollar amounts expressed in thousands)  
**(UNAUDITED)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Proportion of the net pension liability	3.58%	3.74%	3.71%
District's proportionate share of the net pension liability	\$ 334,898	\$ 381,345	\$ 432,150
District's covered payroll	\$ 1,064,283	\$ 1,134,992	\$ 1,145,024
Districts proportionate share of the net pension liability as a percentage of its covered-employee payroll	31.47%	33.60%	37.74%
Plan fiduciary net position as a percentage of the total pension liability	0.99%	0.50%	0.97%

\*The amounts presented for each fiscal year were determined as of 6/30

Note: Schedule is intended to show information for 10 years.  
Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

Unaudited - see accompanying independent auditor's report

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**EARLY RETIREMENT PENSION TRUST**  
(dollar amounts expressed in thousands)  
**(UNAUDITED)**

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Annual Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as a Percentage of Covered Employee Payroll
2008	3,690	3,756	(66)	40,602	9.25%
2009	2,063	1,802	261	31,812	5.66%
2010	2,252	2,451	(199)	22,677	10.81%
2011	1,317	1,764	(447)	N/A	N/A
2012	1,342	880	462	N/A	N/A
2013	1,382	1,383	(1)	N/A	N/A
2014	1,403	1,401	2	N/A	N/A
2015	1,095	1,411	(314)	N/A	N/A
2016	1,054	1,115	(61)	N/A	N/A
2017	1,147	1,185	(38)	N/A	N/A

See accompanying notes to required supplementary information.

Unaudited – see accompanying independent auditors' report.



**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
SCHEDULE OF NET PENSION LIABILITY  
EARLY RETIREMENT PENSION TRUST  
(dollar amounts expressed in thousands)  
(UNAUDITED)**

FISCAL YEAR ENDED JUNE 30	Total Pension Liability	Plan Fiduciary Net Position	Districts' Net Pension Liability (Asset)	Plan Fiduciary Net Position As a Percentage Of The Total Pension Liability	Covered Payroll	Districts' Net Pension Liability (Asset) as a Percentage Of Covered Payroll
2014	\$ 26,619	\$ 13,002	\$ 12,455	48.84%	N/A	N/A
2015	26,452	12,459	13,993	47.10%	N/A	N/A
2016	27,141	11,833	15,308	43.60%	N/A	N/A
2017	25,785	11,034	14,751	42.79%	N/A	N/A

Note: Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

Unaudited – see accompanying independent auditors' report.

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
EARLY RETIREMENT PENSION TRUST  
LAST 10 FISCAL YEARS  
(dollar amounts expressed in thousands)  
(UNAUDITED)**

	2014	2015	2016	2017
<b>Total pension liability</b>				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	958	855	891	654
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(97)	(9)	(89)	(78)
Changes of assumptions	-	2,180	1,846	-
Benefit payments, including refunds of member contributions	(2,023)	(2,031)	(1,959)	(1,932)
<b>Net change in total pension liability</b>	(1,162)	995	689	(1,356)
<b>Total pension liability - beginning</b>	26,619	25,457	26,452	27,141
<b>Total pension liability - ending (a)</b>	<u>\$ 25,457</u>	<u>\$ 26,452</u>	<u>\$ 27,141</u>	<u>\$ 25,785</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 1,356	\$ 1,411	\$ 1,115	\$ 1,185
Contributions - member	-	-	-	-
Net investment income	80	122	260	(11)
Benefit payment, including refunds of member contributions	(2,023)	(2,031)	(1,959)	(1,932)
Administrative expense	(13)	(45)	(42)	(41)
Other	-	-	-	-
<b>Net change in plan fiduciary net position</b>	(600)	(543)	(626)	(799)
<b>Plan fiduciary net position - beginning</b>	13,602	13,002	12,459	11,833
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 13,002</u>	<u>\$ 12,459</u>	<u>\$ 11,833</u>	<u>\$ 11,034</u>
<b>Net pension liability (asset) - ending (a)-(b)</b>	<u>\$ 12,455</u>	<u>\$ 13,993</u>	<u>\$ 15,308</u>	<u>\$ 14,751</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	51.07%	47.10%	43.60%	42.79%
<b>Covered employee payroll</b>	N/A	N/A	N/A	N/A
<b>Districts' net pension liability as a percentage of covered payroll</b>	N/A	N/A	N/A	N/A

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

Unaudited - see accompanying independent auditors' report

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
SCHEDULE OF INVESTMENT RETURNS  
EARLY RETIREMENT PENSION TRUST  
LAST 10 FISCAL YEARS  
(UNAUDITED)**

Fiscal Year Ended June 30,	Money Weighted Rate of Investment Return
2014	3.5%
2015	3.5%
2016	2.5%
2017	2.5%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

Unaudited - see accompanying independent auditors' report

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
SCHEDULE OF FUNDING PROGRESS  
POST EMPLOYMENT HEALTH CARE BENEFITS  
(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	Unfunded Actuarial Liability as a Percentage of Covered Payroll
2014	\$ -	\$ 191,669 (4)	\$ 191,669	0%	\$ 1,064,283 (4)	18.0%
2015	-	212,359 (5)	212,359	0%	1,134,992 (5)	18.7%
2016	-	208,556 (6)	208,556	0%	1,145,024 (6)	18.2%
2017	-	216,684 (7)	216,684	0%	1,149,179 (7)	18.9%

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 plan assets by the actuarial accrued liability.
- (3) The unfunded actuarial accrued liability is the actuarial accrued liability minus the actuarial value of plan assets.
- (4) Based on data from an actuarial valuation report as of July 1, 2013, dated August 14, 2014.
- (5) Based on data from an actuarial valuation report as of July 1, 2014, dated August 5, 2015.
- (6) Based on data from an actuarial valuation report as of July 1, 2015, dated June 30, 2016.
- (7) Based on data from an actuarial valuation report as of July 1, 2016, dated June 30, 2017.

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.

See accompanying notes to required supplementary information.

Unaudited - see accompanying independent auditors' report.

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POST EMPLOYMENT HEALTH CARE BENEFITS  
(UNAUDITED)**

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2014	\$ 24,589	17.15%
2015	31,175	14.32%
2016	26,412	20.73%
2017	25,248	23.28%

See accompanying notes to required supplementary information.

Unaudited – see accompanying independent auditors' report.

**SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR  
FLORIDA RETIREMENT SYSTEM PENSION AND HEALTH INSURANCE SUBSIDY  
PROGRAM  
June 30, 2017  
(UNAUDITED)**

The following are relevant to the Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) Program:

- 1) Actuarial assumptions for defined benefit plans are reviewed annually by the Florida Retirement System. The FRS Pension Plan has a valuation performed annually, whereas the HIS Program has a valuation performed biennially which was updated for GASB reporting in the year a valuation was not performed. The most recent experience study for the pension plan was completed in 2014 for the period July 1, 2008 through June 30, 2013.
- 2) Method and assumptions used in calculation of actuarially determined contribution:

FRS Pension Plan

Valuation Date	July 1, 2016
Actuarial Cost Method	Entry Age

Actuarial Assumptions:	
Discount Rate	7.00%
Investment Rate of Return	7.00%
Projected Salary Increases	3.25%
Rate of Inflation Adjustment	2.60%

Mortality assumption:  
Generational RP-2000 with Projection Scale BB Tables

HIS Program

Valuation Date	July 1, 2016
Actuarial Cost Method	Entry Age

Actuarial Assumptions:	
Discount Rate	2.85%
Investment Rate of Return	N/A
Projected Salary Increases	3.25%
Rate of Inflation Adjustment	2.60%

Mortality assumption:  
Generational RP-2000 with Projection Scale BB Tables

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR  
 EARLY RETIREMENT PENSION TRUST AND POST EMPLOYMENT HEALTH  
 CARE BENEFITS PLAN  
 June 30, 2017  
 (UNAUDITED)**

The following are relevant to the early retirement pension plan:

- 1) Change in plan eligibility  
 As of July 1, 2010, the Early Retirement Pension Plan was closed to any new participants.

- 2) There were no assumption changes since the prior fiscal year.  
 Method and assumptions used in calculation of actuarially determined contribution:

Actuarial cost method	Entry Age
Actuarial assumptions:	
Valuation Date	July 1, 2016
Asset Valuation Method	Market Value
Investment Rate of Return	2.5%
Projected Salary Increases	N/A
Rate of Inflation Adjustment	2.5%

Mortality Assumption:  
 Generational RP2000, 100 percent Annuitant White Collar – Female, Scale BB 50 percent Annuitant White Collar/50 percent Annuitant Blue Collar – Male, Scale BB.

The following is relevant to the post employment health care benefits:

- 1) Actuarial assumptions:
  - (a). Entry age actuarial cost method
  - (b). Actuarial value of assets - fair value
  - (c). Investment rate of return - 2.0%
  - (d). Salary scale - 4.0%
  - (e). Healthcare cost trend rate is 7.20% for pre-65 and 7.60% for post-65 participants for fiscal year ended June 30, 2017. This rate grades to 5.0% for fiscal year ending June 30, 2027.
  - (f). Past service liability is amortized over a closed 30-year period as a level percentage of projected payroll assumed to grow 3.0% per year
  - (g). Inflation rate adjustment – 2.5%
- 2) Mortality Assumption:  
 Generational RP2000, 100 percent Annuitant White Collar – Female, Scale BB 50 percent Annuitant White Collar/50 percent Annuitant Blue Collar – Male, Scale BB.



**COMBINING AND INDIVIDUAL FUND  
 STATEMENTS AND SCHEDULES**



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**Nonmajor Governmental Funds**

**Special Revenue Fund**

The Food Services Fund accounts for the operations of student nutrition services.

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

**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 Fund** – Accounts for and reports on payments of principal, interest and related costs on various bond issues serviced by the State.
- **Special Act Bond Fund** - 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.

**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 & Debt Service Fund** - Accounts for and reports on funds received from the State Board of Education Capital Outlay Bonds.
  - **Public Education Capital Outlay Fund** – Accounts for and reports on funds received from the State Board of Education Public Education Capital Outlay.
-

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
FOR FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	Special Revenue Fund	
	Food Services	Total
<b>ASSETS</b>		
Cash	\$ 10,047	\$ 10,047
Investments	10,338	10,338
Accounts receivable	1,385	1,385
Due from other governmental agencies	1,418	1,418
Due from other funds	694	694
Inventories	888	888
Total assets	<u>\$ 24,770</u>	<u>\$ 24,770</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ 807	\$ 807
Salaries and wages payable	1	1
Due to other funds	603	603
Advanced revenue	310	310
Total liabilities	<u>1,721</u>	<u>1,721</u>
Fund balances		
Nonspendable	888	888
Restricted for:		
Federal programs	22,161	22,161
Debt service	-	-
Capital projects	-	-
Total fund balances	<u>23,049</u>	<u>23,049</u>
Total liabilities and fund balances	<u>\$ 24,770</u>	<u>\$ 24,770</u>

Debt Service Funds		
State Board of Education Bond	Special Act Bond	Total
\$ -	\$ -	\$ -
4,287	1,142	5,429
-	-	-
-	-	-
-	-	-
<u>\$ 4,287</u>	<u>\$ 1,142</u>	<u>\$ 5,429</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ 4,287</u>	<u>\$ 1,142</u>	<u>\$ 5,429</u>

(Continued)

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See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
FOR FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	Capital Project Funds			Total Nonmajor Governmental Funds
	Capital Outlay and Debt Service	Public Education Capital Outlay	Total	
<b>ASSETS</b>				
Cash	\$ 2,189	\$ 13	\$ 2,202	\$ 12,249
Investments	2,663	99	2,762	18,529
Accounts receivable	-	-	-	1,385
Due from other governmental agencies	72	4,381	4,453	5,871
Due from other funds	-	3	3	697
Inventories	-	-	-	888
Total assets	<u>\$ 4,924</u>	<u>\$ 4,496</u>	<u>\$ 9,420</u>	<u>\$ 39,619</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 6	\$ 802	\$ 808	\$ 1,615
Salaries and wages payable	-	-	-	1
Due to other funds	4	1,328	1,332	1,935
Advanced revenue	-	-	-	310
Total liabilities	<u>10</u>	<u>2,130</u>	<u>2,140</u>	<u>3,861</u>
Fund balances				
Nonspendable	-	-	-	888
Restricted for:				
Federal programs	-	-	-	22,161
Debt service	-	-	-	5,429
Capital projects	4,914	2,366	7,280	7,280
Total fund balances	4,914	2,366	7,280	35,758
Total liabilities and fund balances	<u>\$ 4,924</u>	<u>\$ 4,496</u>	<u>\$ 9,420</u>	<u>\$ 39,619</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  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	Special Revenue Fund	
	Food Services	Total
<b>REVENUES</b>		
Local sources:		
Food services	\$ 24,292	\$ 24,292
Interest income	139	139
Other	283	283
Total local sources	24,714	24,714
State sources:		
Food services	1,418	1,418
Other	-	-
Total state sources	1,418	1,418
Federal sources:		
Food services	92,304	92,304
Total federal sources	92,304	92,304
Total revenues	118,436	118,436
<b>EXPENDITURES</b>		
Current:		
Facilities acquisition and construction	-	-
Instruction, general administration, and other	-	-
Food services	116,066	116,066
Community services and other	-	-
Debt Service:		
Principal retirement	-	-
Interest	-	-
Dues, fees and other	-	-
Capital outlay:		
Facilities acquisition and construction	-	-
Other capital outlay	9,124	9,124
Total expenditures	125,190	125,190
Excess (deficiency) of revenues over (under) expenditures	(6,754)	(6,754)
<b>OTHER FINANCING SOURCES (USES):</b>		
Refunding bonds issued	-	-
Premium on sale of refunding bonds	-	-
Payments to refunded bond escrow agent	-	-
Transfers in	469	469
Total other financing sources and uses	469	469
Net change in fund balances	(6,285)	(6,285)
Fund balances - beginning	29,334	29,334
Fund balances - ending	\$ 23,049	\$ 23,049

See accompanying independent auditors' report.

	Debt Service Funds		
	State Board of Education Bond	Special Act Bond	Total
	\$ -	\$ -	\$ -
	-	9	9
	-	-	-
	-	9	9
	-	-	-
	6,170	446	6,616
	6,170	446	6,616
	-	-	-
	-	-	-
	6,170	455	6,625
	-	-	-
	-	-	-
	-	-	-
	5,186	260	5,446
	1,110	175	1,285
	31	1	32
	-	-	-
	-	-	-
	6,327	436	6,763
	(157)	19	(138)
	5,302	-	5,302
	807	-	807
	(2,222)	-	(2,222)
	-	-	-
	3,887	-	3,887
	3,730	19	3,749
	557	1,123	1,680
	\$ 4,287	\$ 1,142	\$ 5,429

(continued)



**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	Capital Outlay and Debt Service	Public Education Capital Outlay	Total	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Local sources:				
Food services	\$ -	\$ -	\$ -	\$ 24,292
Interest income	27	1	28	176
Other	-	-	-	283
Total local sources	<u>27</u>	<u>1</u>	<u>28</u>	<u>24,751</u>
State sources:				
Food services	-	-	-	1,418
Other	1,780	4,895	6,675	13,291
Total state sources	<u>1,780</u>	<u>4,895</u>	<u>6,675</u>	<u>14,709</u>
Federal sources:				
Food services	-	-	-	92,304
Total federal sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,304</u>
Total revenues	<u>1,807</u>	<u>4,896</u>	<u>6,703</u>	<u>131,764</u>
<b>EXPENDITURES:</b>				
Current:				
Facilities acquisition and construction	8	1,897	1,905	1,905
Instruction, general administration, and other	-	-	-	-
Food services	-	-	-	116,066
Community services and other	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	5,446
Interest	-	-	-	1,285
Dues, fees and other	6	-	6	38
Capital outlay:				
Facilities acquisition and construction	30	3,254	3,284	3,284
Other capital outlay	-	-	-	9,124
Total expenditures	<u>44</u>	<u>5,151</u>	<u>5,195</u>	<u>137,148</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,763</u>	<u>(255)</u>	<u>1,508</u>	<u>(5,384)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Refunding bonds issued	-	-	-	5,302
Premium on sale of refunding bonds	-	-	-	807
Payments to refunded bond escrow agent	-	-	-	(2,222)
Transfers in	-	-	-	469
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,356</u>
Net change in fund balances	1,763	(255)	1,508	(1,028)
Fund balances - beginning	3,151	2,621	5,772	36,786
Fund balances - ending	<u>\$ 4,914</u>	<u>\$ 2,366</u>	<u>\$ 7,280</u>	<u>\$ 35,758</u>

See accompanying independent auditors' report.



**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	Food Services Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Food services	\$ 20,875	\$ 24,293	\$ 24,292	\$ (1)
Interest income	45	139	139	-
Other	45	281	283	2
Total local sources	20,965	24,713	24,714	1
State sources:				
Food services	1,447	1,418	1,418	-
Other	-	-	-	-
Total state sources	1,447	1,418	1,418	-
Federal sources:				
Food services	83,902	92,304	92,304	-
Total federal sources	83,902	92,304	92,304	-
Total revenues	106,314	118,435	118,436	1
<b>EXPENDITURES:</b>				
Current:				
Food services	127,221	117,600	116,066	1,534
Other capital outlay	-	9,124	9,124	-
Total expenditures	127,221	126,724	125,190	1,534
Excess (deficiency) of revenues over (under) expenditures	(20,907)	(8,289)	(6,754)	1,535
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	469	469	-
Total other financing sources and uses	-	469	469	-
Net change in fund balance	(20,907)	(7,820)	(6,285)	1,535
Fund balance - beginning	29,334	29,334	29,334	-
Fund balance - ending	\$ 8,427	\$ 21,514	\$ 23,049	\$ 1,535

See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
DEBT SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	State Board of Education Bond Funds			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Local sales tax	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-
Other	-	-	-	-
Total local sources	-	-	-	-
State sources:				
Capital Outlay and debt service withheld for SBE/COBI bonds	6,296	6,168	6,168	-
SBE/COBI bond interest	2	2	2	-
Racing commission funds	-	-	-	-
Total state sources	6,298	6,170	6,170	-
Total revenues	6,298	6,170	6,170	-
<b>EXPENDITURES:</b>				
Principal retirement	-	5,186	5,186	-
Interest	-	1,110	1,110	-
Dues, fees and other	-	31	31	-
Total expenditures	-	6,327	6,327	-
Excess (deficiency) of revenues over (under) expenditures	6,298	(157)	(157)	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Refunding bonds issued	-	5,302	5,302	-
Premium on sale of refunding bonds	-	807	807	-
Refunding certificates of participation	-	-	-	-
Premium on sale of certificates of participation	-	-	-	-
Payments to refunded bond escrow agent	-	(2,222)	(2,222)	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	3,887	3,887	-
Net change in fund balances	6,298	3,730	3,730	-
Fund balances - beginning	557	557	557	-
Fund balances - ending	\$ 6,855	\$ 4,287	\$ 4,287	\$ -

	Special Act Bond Funds				Other Debt Service Funds			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
	\$ -	\$ -	\$ -	\$ -	\$ 24,000	\$ 20,346	\$ 20,346	-
	4	9	9	-	660	796	813	17
	-	-	-	-	-	17	-	(17)
	4	9	9	-	24,660	21,159	21,159	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	446	446	446	-	-	-	-	-
	446	446	446	-	-	-	-	-
	450	455	455	-	24,660	21,159	21,159	-
	-	260	260	-	45,570	45,570	93,392	(47,822)
	-	175	175	-	34,797	34,417	34,417	-
	-	1	1	-	59	507	507	-
	-	436	436	-	80,426	80,494	128,316	(47,822)
	450	19	19	-	(55,766)	(59,335)	(107,157)	(47,822)
	-	-	-	-	-	47,664	47,664	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	32,445	32,445	-
	-	-	-	-	-	5,094	5,094	-
	-	-	-	-	-	(85,695)	(37,872)	47,823
	-	-	-	-	65,332	65,180	65,180	-
	-	-	-	-	-	(27,370)	(27,370)	-
	-	-	-	-	65,332	37,318	85,141	47,823
	450	19	19	-	9,566	(22,017)	(22,016)	1
	1,123	1,123	1,123	-	107,237	107,237	107,237	-
	\$ 1,573	\$ 1,142	\$ 1,142	\$ -	\$ 116,803	\$ 85,220	\$ 85,221	\$ 1

(Continued)

See accompanying independent auditors' report.

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**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
DEBT SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	Totals			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Local sales tax	\$ 24,000	\$ 20,346	\$ 20,346	\$ -
Interest income	664	805	822	17
Other	-	17	-	(17)
Total local sources	<u>24,664</u>	<u>21,168</u>	<u>21,168</u>	<u>-</u>
State sources:				
Capital Outlay and debt service withheld for SBE/COBI bonds	6,296	6,168	6,168	-
SBE/COBI bond interest	2	2	2	-
Racing commission funds	446	446	446	-
Total state sources	<u>6,744</u>	<u>6,616</u>	<u>6,616</u>	<u>-</u>
Total revenues	<u>31,408</u>	<u>27,784</u>	<u>27,784</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Principal retirement	45,570	51,016	98,838	(47,822)
Interest	34,797	35,702	35,702	-
Dues, fees and other	59	539	539	-
Total expenditures	<u>80,426</u>	<u>87,257</u>	<u>135,079</u>	<u>(47,822)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(49,018)</u>	<u>(59,473)</u>	<u>(107,295)</u>	<u>(47,822)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Refunding bonds issued	-	52,966	52,966	-
Premium on sale of refunding bonds	-	807	807	-
Refunding certificates of participation	-	32,445	32,445	-
Premium on sale of certificates of participation	-	5,094	5,094	-
Payments to refunded bond escrow agent	-	(87,917)	(40,094)	47,823
Transfers in	65,332	65,180	65,180	-
Transfers out	-	(27,370)	(27,370)	-
Total other financing sources and uses	<u>65,332</u>	<u>41,205</u>	<u>89,028</u>	<u>47,823</u>
Net change in fund balances	16,314	(18,268)	(18,267)	1
Fund balances - beginning	<u>108,917</u>	<u>108,917</u>	<u>108,917</u>	<u>-</u>
Fund balances - ending	<u>\$ 125,231</u>	<u>\$ 90,649</u>	<u>\$ 90,650</u>	<u>\$ 1</u>

See accompanying independent auditors' report.



**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	Capital Outlay and Debt Service Funds			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Local sources:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Local sales tax	-	-	-	-
Interest income	43	27	27	-
Other	-	-	-	-
Total local sources	43	27	27	-
State sources:				
Capital outlay distributed to district	1,443	1,650	-	(1,650)
Interest on undistributed CO & DS	18	130	-	(130)
Other	-	-	1,780	1,780
Total state sources	1,461	1,780	1,780	-
Total revenues	1,504	1,807	1,807	-
<b>EXPENDITURES:</b>				
Current				
Facilities acquisition and construction	-	4,922	8	4,914
Debt Service				
Dues, fees and other	-	6	6	-
Capital outlay				
Facilities acquisition and construction	-	30	30	-
Total expenditures	-	4,958	44	4,914
Excess (deficiency) of revenues over (under) expenditures	1,504	(3,151)	1,763	4,914
<b>OTHER FINANCING SOURCES (USES):</b>				
Long term bonds issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	1,504	(3,151)	1,763	4,914
Fund balances - beginning	3,151	3,151	3,151	-
Fund balances - ending	\$ 4,655	\$ -	\$ 4,914	\$ 4,914

	Local Capital Improvement Fund			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
	\$ 125,110	\$ 125,707	\$ 125,707	\$ -
	-	-	-	-
	496	552	552	-
	-	725	725	-
	125,606	126,984	126,984	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	125,606	126,984	126,984	-
	59,677	17,357	16,938	419
	-	-	-	-
	-	24,395	24,395	-
	59,677	41,752	41,333	419
	65,929	85,232	85,651	419
	-	-	-	-
	-	-	-	-
	(65,332)	(103,579)	(103,579)	-
	(65,332)	(103,579)	(103,579)	-
	597	(18,347)	(17,928)	419
	18,347	18,347	18,347	-
	\$ 18,944	\$ -	\$ 419	\$ 419

(Continued)

See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	Other Capital Projects Fund			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Local sales tax	6,110	10,372	10,372	-
Interest income	217	350	350	-
Other	21,810	32,140	32,140	-
Total local sources	28,137	42,862	42,862	-
State sources:				
Capital outlay distributed to district	-	-	-	-
Interest on undistributed CO & DS	-	-	-	-
Other	2,834	5,047	5,047	-
Total state sources	2,834	5,047	5,047	-
Total revenues	30,971	47,909	47,909	-
<b>EXPENDITURES:</b>				
Current				
Facilities acquisition and construction	29,481	120,180	7,549	112,631
Debt Service				
Dues, fees and other	-	-	-	-
Capital outlay				
Facilities acquisition and construction	-	34,201	34,201	-
Total expenditures	29,481	154,381	41,750	112,631
Excess (deficiency) of revenues over (under) expenditures	1,490	(106,472)	6,159	112,631
<b>OTHER FINANCING SOURCES (USES):</b>				
Long term bonds issued	-	-	19,746	19,746
Transfers in	-	47,116	27,369	(19,747)
Transfers out	(2,834)	(5,047)	(5,047)	-
Total other financing sources and uses	(2,834)	42,069	42,068	(1)
Net change in fund balances	(1,344)	(64,403)	48,227	112,630
Fund balances - beginning	64,403	64,403	64,403	-
Fund balances - ending	\$ 63,059	\$ -	\$ 112,630	\$ 112,630

See accompanying independent auditors' report.

	Public Education Capital Outlay (PECO)			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
	\$ -	\$ -	\$ -	\$ -
	-	-	-	-
	-	1	1	-
	1	-	-	-
	1	1	1	-
	4,894	4,895	4,895	-
	-	-	-	-
	-	-	-	-
	4,894	4,895	4,895	-
	4,895	4,896	4,896	-
	-	4,263	1,897	2,366
	-	-	-	-
	-	-	-	-
	-	3,254	3,254	-
	-	7,517	5,151	2,366
	4,895	(2,621)	(255)	2,366
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	4,895	(2,621)	(255)	2,366
	2,621	2,621	2,621	-
	\$ 7,516	\$ -	\$ 2,366	\$ 2,366

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	Totals			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Local sources:				
Ad valorem taxes	\$ 125,110	\$ 125,707	\$ 125,707	\$ -
Local sales tax	6,110	10,372	10,372	-
Interest income	756	931	930	-
Other	21,811	32,865	32,865	-
Total local sources	153,787	169,875	169,874	-
State sources:				
Capital outlay distributed to district	6,337	11,440	4,895	(1,650)
Interest on undistributed CO & DS	18	130	-	(130)
Other	2,834	5,047	6,827	1,780
Total state sources	9,189	16,617	11,722	-
Total revenues	162,976	186,492	181,596	-
<b>EXPENDITURES:</b>				
Current				
Facilities acquisition and construction	89,158	146,722	26,392	117,964
Debt Service				
Dues, fees and other	-	6	6	-
Capital outlay				
Facilities acquisition and construction	-	61,880	61,880	-
Total expenditures	89,158	208,608	88,278	117,964
Excess (deficiency) of revenues over (under) expenditures	73,818	(22,116)	93,318	117,964
<b>OTHER FINANCING SOURCES (USES):</b>				
Long term bonds issued	-	-	19,746	19,746
Transfers in	-	47,116	27,369	(19,747)
Transfers out	(68,166)	(108,626)	(108,626)	-
Total other financing sources and uses	(68,166)	(61,510)	(61,511)	(1)
Net change in fund balances	5,652	(83,626)	31,807	117,963
Fund balances - beginning	85,900	88,522	88,522	-
Fund balances - ending	\$ 91,552	\$ 4,896	\$ 120,329	\$ 117,963

See accompanying independent auditors' report.

**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 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**

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
FOR FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	Workers' Compensation	Liability Self Insurance
<b>ASSETS</b>		
Current assets:		
Cash	\$ 2,929	\$ 1,997
Investments	20,630	3,364
Accounts receivable	20	-
Due from other governmental agencies	46	-
Due from other funds	-	1,200
Total assets	<u>23,625</u>	<u>6,561</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	135	32
Due to other funds	4,790	-
Advanced revenue	-	-
Estimated liability for claims	10,251	3,369
Total current liabilities	<u>15,176</u>	<u>3,401</u>
Noncurrent liabilities:		
Estimated liability for claims	7,816	3,012
Total noncurrent liabilities	<u>7,816</u>	<u>3,012</u>
Total liabilities	<u>22,992</u>	<u>6,413</u>
<b>NET POSITION</b>		
Unrestricted	633	148
Total net position	<u>\$ 633</u>	<u>\$ 148</u>

	Group Health Insurance	Totals
Cash	\$ 9,595	\$ 14,521
Investments	19,098	\$ 43,092
Accounts receivable	151	\$ 171
Due from other governmental agencies	603	\$ 649
Due from other funds	-	1,200
Total assets	<u>29,447</u>	<u>\$ 59,633</u>
Accounts payable	15,102	15,269
Due to other funds	-	4,790
Advanced revenue	14,345	14,345
Estimated liability for claims	-	13,620
Total current liabilities	<u>29,447</u>	<u>48,024</u>
Estimated liability for claims	-	10,828
Total noncurrent liabilities	-	10,828
Total liabilities	<u>29,447</u>	<u>58,852</u>
Unrestricted	-	781
Total net position	<u>\$ -</u>	<u>\$ 781</u>

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See accompanying independent auditors' report.



**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	Workers' Compensation	Liability Self Insurance	Group Health Insurance	Totals
<b>OPERATING REVENUES:</b>				
Premium revenue from other funds	\$ 10,666	\$ -	\$ 183,844	\$ 194,510
Other revenue	748	31	-	779
Total operating revenues	<u>11,414</u>	<u>31</u>	<u>183,844</u>	<u>195,289</u>
<b>OPERATING EXPENSES:</b>				
Salaries	499	-	-	499
Benefits	189	-	-	189
Purchased services	283	9	-	292
Claims, premiums and other	6,761	3,617	183,844	194,222
Total operating expenses	<u>7,732</u>	<u>3,626</u>	<u>183,844</u>	<u>195,202</u>
Operating gain (loss)	<u>3,682</u>	<u>(3,595)</u>	<u>-</u>	<u>87</u>
<b>NON-OPERATING REVENUE:</b>				
Interest	169	42	-	211
Total non-operating revenue	<u>169</u>	<u>42</u>	<u>-</u>	<u>211</u>
Gain (loss) before transfers	3,851	(3,553)	-	298
<b>TRANSFERS IN</b>	-	3,200	-	3,200
<b>TRANSFERS OUT</b>	<u>(4,790)</u>	<u>-</u>	<u>-</u>	<u>(4,790)</u>
Change in net position	(939)	(353)	-	(1,292)
Total net position - beginning	<u>1,572</u>	<u>501</u>	<u>-</u>	<u>2,073</u>
Total net position - ending	<u>\$ 633</u>	<u>\$ 148</u>	<u>\$ -</u>	<u>\$ 781</u>

See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	Workers' Compensation	Liability Self Insurance	Group Health Insurance	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from interfund services provided	\$ 10,666	\$ -	183,576	\$ 194,242
Payment to suppliers	(7,956)	(2,072)	(184,225)	(194,253)
Payment to employees	(688)	-	-	(688)
Other receipts	705	43	-	748
Net cash provided by (used in) operating activities	<u>2,727</u>	<u>(2,029)</u>	<u>(649)</u>	<u>49</u>
<b>CASH FLOWS FROM NON CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Transfers from other funds	-	3,200	-	3,200
Transfers to other funds	(19,695)	(1,200)	-	(20,895)
Net cash (used in) provided by noncapital and related financing activities	<u>(19,695)</u>	<u>2,000</u>	<u>-</u>	<u>(17,695)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds from sales and maturities of investments	19,467	1,984	10,244	31,695
Interest earned on investments	169	42	-	211
Net cash provided by (used in) investing activities	<u>19,636</u>	<u>2,026</u>	<u>10,244</u>	<u>31,906</u>
Net increase in cash	2,668	1,997	9,595	14,260
Cash - Beginning of year	261	-	-	261
Cash - End of year	<u>\$ 2,929</u>	<u>\$ 1,997</u>	<u>\$ 9,595</u>	<u>\$ 14,521</u>
<b>Reconciliation of operating gain (loss) to net cash used in operating activities:</b>				
Operating gain (loss)	\$ 3,682	\$ (3,595)	\$ -	\$ 87
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities:				
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	3	12	20	35
(Increase) decrease in due from other governmental agencies	(46)	-	26	(20)
Increase (decrease) in accounts payable	83	29	(407)	(295)
Increase (decrease) in estimated liability for long-term claims	(995)	1,525	-	530
Increase (decrease) in advanced revenue	-	-	(288)	(288)
Total adjustments	<u>(955)</u>	<u>1,566</u>	<u>(649)</u>	<u>(38)</u>
Net cash provided by (used in) operating activities	<u>\$ 2,727</u>	<u>\$ (2,029)</u>	<u>\$ (649)</u>	<u>\$ 49</u>

See accompanying independent auditors' report.

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**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 school's 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.
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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, 2017  
(dollar amounts expressed in thousands)**

	School Activity Fund			
	Balances	Additions	Deductions	Balances
	June 30, 2016			June 30, 2017
<b>ASSETS</b>				
Cash	\$ 16,304	\$ 16,197	\$ 16,303	\$ 16,198
Investments	1,378	10	311	1,077
Inventory	104	123	104	123
Total assets	<u>\$ 17,786</u>	<u>\$ 16,330</u>	<u>\$ 16,718</u>	<u>\$ 17,398</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,419	\$ 1,117	\$ 1,418	\$ 1,118
Due to student organizations	16,367	25,033	25,120	16,280
Payroll deductions	-	-	-	-
Total liabilities	<u>\$ 17,786</u>	<u>\$ 26,150</u>	<u>\$ 26,538</u>	<u>\$ 17,398</u>

	Extended Year Fund			
	Balances	Additions	Deductions	Balances
	June 30, 2016			June 30, 2017
	\$ -	\$ -	\$ -	\$ -
	39,686	40,439	39,686	40,439
	<u>\$ 39,686</u>	<u>\$ 40,439</u>	<u>\$ 39,686</u>	<u>\$ 40,439</u>
	\$ -	\$ -	\$ -	\$ -
	-	-	-	-
	39,686	40,439	39,686	40,439
	<u>\$ 39,686</u>	<u>\$ 40,439</u>	<u>\$ 39,686</u>	<u>\$ 40,439</u>

(Continued)

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See accompanying independent auditors' report.

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	<b>Miscellaneous Depository Fund</b>			
	<b>Balances June 30, 2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances June 30, 2017</b>
<b>ASSETS</b>				
Cash	\$ 29	\$ -	\$ -	\$ 29
Investments	-	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ 29</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 29	\$ -	\$ -	\$ 29
Due to student organizations	-	-	-	-
Payroll deductions	-	-	-	-
Total liabilities	<u>\$ 29</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29</u>

	<b>Totals</b>			
	<b>Balances June 30, 2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances June 30, 2017</b>
	\$ 16,333	\$ 16,197	\$ 16,303	\$ 16,227
	41,064	40,449	39,997	41,516
	104	123	104	123
	<u>\$ 57,501</u>	<u>\$ 56,769</u>	<u>\$ 56,404</u>	<u>\$ 57,866</u>
	\$ 1,448	\$ 1,117	\$ 1,418	\$ 1,147
	16,367	25,033	25,120	16,280
	39,686	40,439	39,686	40,439
	<u>\$ 57,501</u>	<u>\$ 66,589</u>	<u>\$ 66,224</u>	<u>\$ 57,866</u>

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See accompanying independent auditors' report.



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**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 POSITION  
DISCREETLY PRESENTED COMPONENT UNITS  
FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	Advantage Academy of Hillsborough	Advantage Academy Middle School	Bell Creek Academy	Bell Creek Academy High School	Bridgeprep Academy of Tampa	Brooks DeBartolo High School
<b>ASSETS:</b>						
Cash	\$ 278	225	154	2	127	713
Investments	-	-	-	-	-	-
Accounts receivable, net	58	5	46	70	8	-
Due from other governmental agencies	4	3	12	9	-	14
Inventories	-	-	-	-	-	-
Other assets	-	-	-	-	12	1
Prepaid items	3	-	6	-	-	-
Capital assets (net of accumulated depreciation):						
Land	-	-	-	-	-	1,975
Land Improvements	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Improvements other than buildings	-	10	-	-	-	12,971
Buildings and systems	25	4	-	-	7	73
Furniture, fixtures and equipment	20	4	73	40	130	6
Property under capital lease	-	-	-	-	-	-
Total assets	\$ 388	247	291	121	284	15,680
<b>LIABILITIES</b>						
Accounts payable	\$ 49	54	176	48	57	250
Salaries and wages payable	116	46	193	111	116	-
Accrued payroll taxes and withholdings	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Due to other governmental agencies	-	-	-	-	-	-
Advanced revenue	1	-	3	2	-	-
Due within one year	-	-	76	27	-	9
Due in more than one year	-	-	34	23	58	16
Total liabilities	166	100	482	211	231	275
<b>NET POSITION</b>						
Net investment in capital assets	44	14	(37)	(10)	137	14,928
Restricted for:						
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other purposes	-	-	-	-	-	109
Unrestricted (deficit)	178	133	(154)	(80)	(84)	368
Total net position	\$ 222	147	(191)	(90)	53	15,405

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

Channelside Academy of Math and Science	Channelside Academy Middle School	Community Charter School of Excellence	Florida Autism Charter School of Excellence	Focus Academy	Henderson Hammock	Hillsborough Academy of Math & Science
1,222	364	57	54	542	1,734	1,235
-	-	-	-	-	-	-
7	2	1	25	1	715	19
9	4	-	-	14	26	20
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	3	10	1	65	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
73	27	-	58	-	11,023	36
34	13	-	14	42	241	67
-	-	-	-	-	-	-
1,345	410	61	161	600	13,980	1,377
40	10	90	8	3	79	115
134	28	9	104	10	295	283
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3	1	-	-	-	-	6
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	16	49	-	209	16
-	-	-	98	-	12,338	420
177	39	115	259	13	12,921	420
106	40	-	68	42	(1,061)	87
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,062	331	(54)	(166)	545	2,120	870
1,168	371	(54)	(98)	587	1,059	957

(continued)

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**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**STATEMENT OF NET POSITION  
DISCREETLY PRESENTED COMPONENT UNITS  
FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	Horizon Charter (formerly Tampa Charter)	Independence Academy (formerly Shiloh Elem.)	Independence Academy (formerly Shiloh Middle)	Kid's Community Riverview South	Kid's Community College Charter Southeast	Kings Kid Academy of Health Sciences
<b>ASSETS:</b>						
Cash	184	1,113	538	415	584	1
Investments	-	-	-	-	-	-
Accounts receivable, net	35	370	1	9	15	-
Due from other governmental agencies	8	16	7	29	11	-
Inventories	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Prepaid items	-	15	-	-	52	9
Capital assets (net of accumulated depreciation):						
Land	-	-	-	-	-	-
Land Improvements	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Improvements other than buildings	-	-	-	-	-	-
Buildings and systems	80	69	27	40	-	-
Furniture, fixtures and equipment	63	99	62	31	30	13
Property under capital lease	-	-	-	-	-	-
<b>Total assets</b>	<b>370</b>	<b>1,682</b>	<b>635</b>	<b>524</b>	<b>692</b>	<b>23</b>
<b>LIABILITIES</b>						
Accounts payable	112	56	384	50	76	-
Salaries and wages payable	-	232	94	44	38	8
Accrued payroll taxes and withholdings	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Due to other governmental agencies	-	-	-	-	-	-
Advanced revenue	-	-	-	-	-	-
Due within one year	-	-	-	-	-	-
Due in more than one year	-	-	-	-	-	-
<b>Total liabilities</b>	<b>112</b>	<b>288</b>	<b>478</b>	<b>94</b>	<b>114</b>	<b>8</b>
<b>NET POSITION</b>						
Net investment in capital assets	143	168	89	71	30	13
Restricted for:						
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-
Unrestricted (deficit)	115	1,226	68	359	548	2
<b>Total net position</b>	<b>258</b>	<b>1,394</b>	<b>157</b>	<b>430</b>	<b>578</b>	<b>15</b>

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

Learning Gate Community School	Literacy Leadership Technology Academy M.S.	Lutz Preparatory School	Mount Pleasant Middle School (formerly Legacy)	New Springs Elementary School	Pepin Academies	Pivot Charter School
576	616	1,752	-	648	3,193	327
1,502	-	-	-	-	-	-
-	7	-	-	-	126	-
26	14	19	12	14	-	6
-	-	-	-	-	-	-
-	-	-	-	-	-	19
-	6	122	-	-	49	-
897	-	1,300	-	-	-	-
-	-	47	-	-	-	-
60	-	-	-	-	-	-
4,943	229	8,377	-	210	12,109	6
-	54	41	21	18	153	187
-	-	-	-	-	-	-
<b>8,004</b>	<b>1,019</b>	<b>11,665</b>	<b>33</b>	<b>890</b>	<b>15,630</b>	<b>545</b>
9	3	34	40	12	49	313
202	-	157	-	-	202	34
-	-	-	-	-	208	-
-	-	-	-	-	324	-
-	-	-	-	-	-	-
-	-	304	-	-	-	-
275	66	353	90	-	-	-
7,299	84	7,790	-	-	11,909	-
<b>7,785</b>	<b>153</b>	<b>8,638</b>	<b>130</b>	<b>12</b>	<b>12,692</b>	<b>347</b>
(1,675)	233	1,622	20	228	353	192
1,502	-	-	-	-	-	-
-	-	225	-	-	-	-
-	-	-	-	-	-	-
392	633	1,180	(117)	650	2,585	6
<b>219</b>	<b>866</b>	<b>3,027</b>	<b>(97)</b>	<b>878</b>	<b>2,938</b>	<b>198</b>

(continued)



**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**STATEMENT OF NET POSITION  
DISCREETLY PRESENTED COMPONENT UNITS  
FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	Seminole Heights Charter High School	South Shore Charter Academy	Terrace Community Middle School	Town & Country Charter High School	Trinity Charter School	Valrico Lake Advantage Academy
<b>ASSETS:</b>						
Cash	1,106	3,264	1,052	299	1,199	2,927
Investments	-	-	-	-	-	-
Accounts receivable, net	696	66	-	-	25	3
Due from other governmental agencies	6	46	163	7	-	22
Inventories	-	-	-	-	-	-
Other assets	-	-	172	-	150	-
Prepaid items	-	58	-	15	9	9
Capital assets (net of accumulated depreciation):						
Land	-	-	2,525	-	2,615	-
Land Improvements	-	-	-	-	630	-
Construction in progress	-	-	-	-	55	-
Improvements other than buildings	-	-	-	-	-	-
Buildings and systems	98	16,342	2,852	475	7,094	102
Furniture, fixtures and equipment	185	782	187	234	245	131
Property under capital lease	-	-	-	-	74	-
Total assets	<u>2,091</u>	<u>20,558</u>	<u>6,951</u>	<u>1,030</u>	<u>12,096</u>	<u>3,194</u>
<b>LIABILITIES</b>						
Accounts payable	195	723	-	861	138	64
Salaries and wages payable	-	179	82	-	207	274
Accrued payroll taxes and withholdings	-	-	-	-	-	-
Accrued interest	-	-	59	-	-	-
Due to other governmental agencies	-	-	-	-	-	6
Advanced revenue	-	-	-	-	242	-
Due within one year	-	142	146	-	374	-
Due in more than one year	-	21,061	4,984	-	9,093	-
Total liabilities	<u>195</u>	<u>22,105</u>	<u>5,271</u>	<u>861</u>	<u>10,054</u>	<u>344</u>
<b>NET POSITION</b>						
Net investment in capital assets	282	(4,063)	1,465	709	1,247	233
Restricted for:						
Debt service	-	2,265	-	-	-	-
Capital outlay	-	-	-	-	8	-
Other purposes	-	-	-	-	-	-
Unrestricted (deficit)	1,614	251	215	(540)	787	2,617
Total net position	<u>1,896</u>	<u>(1,547)</u>	<u>1,680</u>	<u>169</u>	<u>2,042</u>	<u>2,850</u>

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

	Village of Excellence Academy	Village of Excellence Middle School	Walton Academy Charter School	West University Charter High School	Winthrop Charter School	Woodmont Charter School	TOTALS All Component Units
	26	7	311	522	3,332	899	31,598
	-	-	-	-	-	-	1,502
	-	-	-	-	192	55	2,557
	-	3	5	7	31	14	581
	-	-	-	-	-	-	-
	-	-	-	-	-	-	354
	-	-	-	-	223	124	779
	-	93	-	-	-	-	9,405
	-	-	-	-	-	-	640
	-	-	-	-	-	-	102
	-	28	-	-	172	24	460
	-	554	20	-	13,906	9,301	101,187
	-	24	2	90	151	240	3,727
	-	-	169	-	-	-	243
	<u>26</u>	<u>709</u>	<u>507</u>	<u>642</u>	<u>18,007</u>	<u>10,657</u>	<u>153,125</u>
	2	-	-	137	50	291	4,578
	-	-	53	-	356	138	3,745
	-	-	-	-	-	-	208
	-	-	-	-	-	-	383
	-	-	-	-	-	-	16
	-	-	-	-	-	-	552
	-	12	66	-	835	269	3,000
	-	518	99	-	16,109	12,054	103,567
	<u>2</u>	<u>530</u>	<u>218</u>	<u>137</u>	<u>17,350</u>	<u>12,752</u>	<u>116,079</u>
	-	169	27	113	(2,669)	(2,739)	10,619
	-	-	-	-	-	-	3,767
	-	-	-	-	-	-	233
	-	-	-	-	-	-	109
	24	10	262	392	3,326	644	27,318
	<u>24</u>	<u>179</u>	<u>289</u>	<u>505</u>	<u>657</u>	<u>(2,095)</u>	<u>37,046</u>

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**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**  
**STATEMENT OF ACTIVITIES**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**FISCAL YEAR ENDED JUNE 30, 2017**  
**(dollar amounts expressed in thousands)**

	Advantage Academy of Hillsborough	Advantage Academy Middle School	Bell Creek Academy	Bell Creek Academy High School	Bridgeprep Academy of Tampa	Brooks DeBarboto High School
<b>EXPENSES</b>						
Instructional services	\$ 1,089	423	1,892	1,069	984	2,338
Instructional support services	29	11	75	27	38	250
Pupil transportation services	74	26	-	-	-	23
Operation and maintenance of plant	223	86	342	208	163	389
Facilities acquisition and construction	328	144	810	503	250	-
School administration	220	75	280	153	182	708
General administration	272	134	426	293	345	103
Food services	164	56	96	47	194	156
Community services and other	107	-	275	-	50	112
Interest on long term debt	-	-	18	3	2	8
Unallocated depreciation/amortization expense	13	3	40	20	45	390
Total expenses	2,519	958	4,254	2,323	2,253	4,477
<b>PROGRAM REVENUES</b>						
Charges for services	85	4	385	22	76	92
Operating grants and contributions	257	83	57	18	200	-
Capital grants and contributions	83	41	155	92	80	-
Net program expenses	(2,094)	(830)	(3,657)	(2,191)	(1,897)	(4,385)
<b>GENERAL REVENUES</b>						
Grants and contributions not restricted to specific programs	2,038	916	3,431	2,093	1,901	3,899
Miscellaneous	69	3	142	13	80	576
Extraordinary item	-	-	-	-	-	-
Total general revenues	2,107	919	3,573	2,106	1,981	4,475
Change in net position	13	89	(84)	(85)	84	90
Net position (deficit) - beginning, restated	209	58	(107)	(5)	(31)	15,315
Net position (deficit) - ending	\$ 222	147	(191)	(90)	\$ 2	15,405

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

	Channelside Academy of Math and Science	Channelside Academy Middle School	Community Charter School of Excellence	Florida Autism Charter School of Excellence	Focus Academy	Henderson Hammock	Hillsborough Academy of Math & Science
	1,384	314	842	1,053	823	3,535	2,684
	35	14	54	256	122	325	59
	-	-	19	9	12	106	-
	203	83	361	33	42	980	442
	373	158	-	264	163	356	1,162
	202	86	224	237	373	-	459
	354	160	128	120	60	1,267	685
	139	31	106	12	7	347	271
	215	-	-	2	53	121	204
	-	-	-	-	-	1,091	4
	17	5	-	13	17	-	34
	2,922	851	1,734	1,999	1,672	8,128	6,004
	325	11	-	7	42	334	419
	146	32	212	25	12	405	367
	107	48	56	37	30	315	227
	(2,344)	(760)	(1,466)	(1,930)	(1,588)	(7,074)	(4,991)
	2,516	1,026	1,311	1,851	1,661	7,318	5,189
	103	3	13	113	81	9	144
	-	-	-	9	-	-	-
	2,619	1,029	1,324	1,973	1,742	7,327	5,333
	275	269	(142)	43	154	253	342
	893	102	88	(141)	433	806	615
	1,168	371	(54)	(98)	587	1,059	957

(continued)

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**  
**STATEMENT OF ACTIVITIES**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**FISCAL YEAR ENDED JUNE 30, 2017**  
**(dollar amounts expressed in thousands)**

	Horizon Charter (formerly Tampa Charter)	Independence Academy (formerly Shiloh Elem.)	Independence Academy (formerly Shiloh Middle)	Kid's Community Riverview South	Kid's Community College Charter School Southeast	Kings Kid Academy of Health Sciences
<b>EXPENSES</b>						
Instructional services	1,189	2,068	980	1,920	1,142	487
Instructional support services	25	67	31	7	9	-
Pupil transportation services	-	-	-	-	-	-
Operation and maintenance of plant	456	338	166	168	328	163
Facilities acquisition and construction	-	761	334	831	615	-
School administration	453	298	148	872	718	220
General administration	105	521	267	120	112	54
Food services	30	116	49	362	139	55
Community services and other	-	141	-	49	47	-
Interest on long term debt	-	-	-	-	-	-
Unallocated depreciation/amortization expense	-	43	26	16	4	-
Total expenses	2,258	4,353	2,001	4,345	3,114	979
<b>PROGRAM REVENUES</b>						
Charges for services	108	390	14	194	148	-
Operating grants and contributions	-	83	26	173	66	49
Capital grants and contributions	84	167	81	158	112	-
Net program expenses	(2,066)	(3,713)	(1,880)	(3,820)	(2,788)	(930)
<b>GENERAL REVENUES</b>						
Grants and contributions not restricted to specific programs	2,025	4,027	1,783	3,670	2,836	934
Miscellaneous	43	175	32	274	165	3
Extraordinary item	-	-	-	-	-	-
Total general revenues	2,068	4,202	1,815	3,944	3,001	937
Change in net position	2	489	(65)	124	213	7
Net position (deficit) - beginning, restated	256	905	222	306	365	8
Net position (deficit) - ending	258	1,394	157	430	578	15

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

Learning Gate Community School	Literacy Leadership Technology Academy M.S.	Lutz Preparatory School	Mount Pleasant Middle School (formerly Legacy)	New Springs Elementary School	Pepin Academies	Pivot Charter School
3,264	2,210	3,254	811	1,610	5,821	751
9	41	90	3	2	1,243	-
-	-	-	57	-	28	133
392	355	563	140	264	1,172	91
3	591	145	116	260	-	216
979	731	577	302	316	1,756	579
130	96	122	75	219	147	119
214	8	46	227	32	344	-
95	303	783	-	51	213	-
463	12	306	20	-	972	-
340	64	417	4	19	-	-
5,889	4,411	6,303	1,755	2,773	11,696	1,889
305	292	891	-	40	304	-
93	-	-	494	141	775	-
219	170	-	12	152	-	77
(5,272)	(3,949)	(5,412)	(1,249)	(2,440)	(10,617)	(1,812)
5,221	3,861	5,504	1,255	2,871	9,453	1,711
293	185	372	28	45	390	14
-	-	-	-	-	-	-
5,514	4,046	5,876	1,283	2,916	9,843	1,725
242	97	464	34	476	(774)	(87)
(23)	769	2,563	(131)	402	3,712	285
219	866	3,027	(97)	878	2,938	198

(continued)

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
FISCAL YEAR ENDED JUNE 30, 2017  
(dollar amounts expressed in thousands)**

	Seminole Heights Charter High School	South Shore Charter Academy	Terrace Community Middle School	Town & Country Charter High School	Trinity Charter School	Valrico Lake Advantage Academy
<b>EXPENSES</b>						
Instructional services	487	2,800	3,073	409	2,682	2,774
Instructional support services	141	168	289	129	461	70
Pupil transportation services	39	-	-	-	-	9
Operation and maintenance of plant	331	1,022	-	237	688	414
Facilities acquisition and construction	62	557	-	122	-	1,026
School administration	-	-	-	-	475	371
General administration	924	1,446	1,372	603	2,042	563
Food services	-	241	-	20	-	193
Community services and other	-	123	-	-	36	212
Interest on long term debt	-	1,349	286	-	315	1
Unallocated depreciation/amortization expense	-	-	10	-	405	66
Total expenses	1,984	7,706	5,030	1,520	7,104	5,699
<b>PROGRAM REVENUES</b>						
Charges for services	-	333	529	-	1,666	440
Operating grants and contributions	48	225	214	28	183	350
Capital grants and contributions	92	226	-	63	-	233
Net program expenses	(1,844)	(6,922)	(4,287)	(1,429)	(5,255)	(4,676)
<b>GENERAL REVENUES</b>						
Grants and contributions not restricted to specific programs	1,805	5,367	4,355	1,897	5,353	5,477
Miscellaneous	3	8	1	-	218	292
Extraordinary item	-	-	-	-	-	-
Total general revenues	1,808	5,375	4,356	1,897	5,571	5,769
Change in net position	(36)	(1,547)	69	468	316	1,093
Net position (deficit) - beginning, restated	1,932	-	1,611	(299)	1,726	1,757
Net position (deficit) - ending	1,896	(1,547)	1,680	169	2,042	2,850

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

Village of Excellence Academy	Village of Excellence Middle School	Walton Academy Charter School	West University Charter High School	Wintthrop Charter School	Woodmont Charter School	TOTALS All Component Units
1,057	475	713	463	4,398	2,856	66,124
67	29	4	131	197	537	5,045
62	26	7	15	-	105	750
120	50	133	312	1,243	917	13,618
213	-	148	72	191	172	10,946
351	150	439	-	-	-	12,934
121	563	135	598	1,413	547	16,242
190	82	151	-	303	323	4,751
9	-	65	-	177	65	3,508
-	39	4	-	1,706	1,179	7,778
1	43	50	-	-	-	2,106
2,191	938	1,849	1,591	9,628	6,701	143,801
10	-	-	-	515	69	8,050
351	152	242	21	430	788	6,746
-	38	69	76	367	221	3,888
(1,830)	(748)	(1,538)	(1,494)	(8,316)	(5,623)	(125,117)
1,733	679	1,346	1,594	8,459	5,411	123,777
25	35	102	2	23	13	4,090
-	-	-	-	-	-	9
1,758	714	1,448	1,596	8,482	5,424	127,876
(72)	(34)	(90)	102	166	(199)	2,759
96	213	379	403	491	(1,896)	34,287
24	179	329	505	557	(2,095)	37,046



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**Statistical Section**  
(UNAUDITED)



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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.

<b>Contents</b>	<b>Page</b>
Financial Trend Information These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	148
Revenue Capacity Information These schedules contain information to help the reader assess the District's most significant local revenues sources, the property tax.	158
Debt Capacity Information 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.	165
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.	172
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.	176

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**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**NET POSITION BY COMPONENT - GOVERNMENT-WIDE**  
**LAST TEN FISCAL YEARS**  
(accrual basis of accounting)  
(amounts in thousands)  
(unaudited)

	2017	2016	2015*	2014	2013
Government activities:					
Net investment in capital assets	\$ 1,323,826	\$ 1,334,059	\$ 1,294,026	\$ 1,260,998	\$ 1,266,015
Restricted	253,269	235,596	289,210	325,925	326,545
Unrestricted	(956,003)	(822,180)	(752,310)	47,980	132,606
Total governmental activities net position	<u>\$ 621,092</u>	<u>\$ 747,475</u>	<u>\$ 830,926</u>	<u>\$ 1,634,903</u>	<u>\$ 1,725,166</u>

Fiscal Year				
2012	2011	2010	2009	2008
\$ 1,286,749	\$ 1,290,343	\$ 1,291,084	\$ 1,281,259	\$ 1,221,625
311,514	317,770	315,339	334,538	352,028
190,751	262,804	243,337	242,698	280,693
<u>\$ 1,789,014</u>	<u>\$ 1,870,917</u>	<u>\$ 1,849,760</u>	<u>\$ 1,858,495</u>	<u>\$ 1,854,346</u>

\*The District adopted GASB Statement No. 68 during fiscal 2015.  
Prior year amounts have not been restated.

Note: The District has no business-type activities.

Source: District Records

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**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**CHANGES IN NET POSITION - GOVERNMENT WIDE**  
**LAST TEN FISCAL YEARS**  
 (accrual basis of accounting)  
 (amounts in thousands)  
 (unaudited)

EXPENSES	Fiscal Year									
	2017	2016	2015*	2014	2013	2012	2011	2010	2009	2008
Instructional services	\$ 1,294,842	\$ 1,265,858	\$ 1,172,491	\$ 1,114,285	\$ 1,032,881	\$ 1,014,459	\$ 1,049,491	\$ 1,014,162	\$ 1,029,995	\$ 1,015,155
Instructional support services	261,150	250,292	242,500	232,838	219,710	226,563	235,341	215,612	208,454	206,740
Pupil transportation services	71,438	67,078	75,442	72,786	70,806	70,253	71,489	67,484	68,086	67,755
Operation and maintenance of plant	149,630	142,255	140,260	139,024	139,285	137,589	137,588	140,490	138,449	135,825
Non capitalizable facilities acquisition and construction	116,950	128,843	116,886	118,081	111,836	110,901	109,258	119,075	120,159	120,088
School administration	114,528	107,622	103,374	96,080	91,712	90,299	93,816	92,927	93,055	93,300
General administration	56,127	72,970	62,099	62,875	47,052	43,560	48,391	47,814	42,140	44,061
Food services	121,828	119,177	111,631	103,851	93,897	90,591	87,967	84,711	85,406	83,984
Community services and other	65,738	88,342	87,043	85,307	83,642	84,246	84,274	84,771	83,080	76,885
Interest on long term debt	29,141	34,733	42,040	44,214	48,411	48,414	51,891	54,111	56,962	59,426
Unallocated depreciation/amortization expense	226	228	242	297	344	306	458	608	925	999
Total primary government expenses	\$ 2,281,568	\$ 2,217,398	\$ 2,103,916	\$ 2,071,638	\$ 1,941,496	\$ 1,917,411	\$ 1,969,964	\$ 1,921,131	\$ 1,936,011	\$ 1,905,618
<b>PROGRAM REVENUES</b>										
Charges for services:										
Adult course and childcare fees	\$ 26,341	\$ 26,664	\$ 25,600	\$ 23,451	\$ 22,654	\$ 22,505	\$ 20,237	\$ 18,866	\$ 19,922	\$ 17,855
Transportation	2,411	2,806	2,965	2,805	3,127	2,939	2,719	3,020	2,912	3,410
Food Services	24,292	22,523	21,473	23,022	23,485	23,422	20,967	28,771	31,556	32,626
Operating grants and contributions	93,722	93,302	85,979	82,478	74,682	70,022	67,857	64,238	65,479	88,182
Capital grants and contributions	19,963	11,186	11,643	7,658	7,747	7,744	16,424	10,896	24,745	70,559
Total primary government program revenues	199,029	156,481	147,660	141,414	133,695	128,632	134,204	125,761	174,616	212,632
Total primary government net (expenses) revenues	(2,121,960)	(2,060,917)	(2,006,256)	(1,930,224)	(1,808,401)	(1,788,779)	(1,835,760)	(1,795,470)	(1,761,395)	(1,692,986)
<b>GENERAL REVENUES</b>										
Property taxes:										
Levied for general purposes	\$ 453,097	\$ 446,799	\$ 422,317	\$ 418,313	\$ 408,137	\$ 417,155	\$ 410,958	\$ 409,726	\$ 517,236	\$ 467,057
Levied for capital projects	125,707	116,623	108,238	101,322	96,078	97,610	101,243	114,015	150,328	169,121
Sales taxes	30,718	29,961	27,892	28,880	24,661	23,605	22,651	21,858	22,992	24,765
Unrestricted grants and contributions	1,303,194	1,298,735	1,261,657	1,220,369	1,132,298	1,098,296	1,262,550	1,140,127	1,035,072	1,124,991
Investment earnings	3,568	3,621	344	2,454	6,176	4,360	7,296	14,487	844	30,668
Miscellaneous	79,392	87,027	75,494	80,024	77,293	65,810	57,219	38,651	39,172	39,980
Total primary government general revenues	\$ 1,995,666	\$ 1,972,466	\$ 1,896,652	\$ 1,848,392	\$ 1,744,533	\$ 1,706,876	\$ 1,856,917	\$ 1,798,664	\$ 1,765,444	\$ 1,855,882
<b>CHANGE IN NET POSITION</b>										
Total primary government	\$ (126,294)	\$ (83,451)	\$ (110,604)	\$ (81,832)	\$ (62,848)	\$ (81,902)	\$ 21,157	\$ 2,494	\$ 4,149	\$ 162,996

Note: The District has no business-type activities.

Source: District Records

\*The District adopted GASB Statement No. 68 during fiscal 2015.  
 Prior year amounts have not been restated.

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
 (accrual basis of accounting)  
 (unaudited)

Fiscal Year Ended June 30,	Property Tax				Sales Tax	Total
	General Purposes	Debt Service	Capital Projects			
2017	\$ 453,097,176	\$ -	\$ 125,707,135	\$ 30,717,925	\$ 609,522,237	
2016	446,798,976	-	116,622,968	29,660,622	593,082,566	
2015	422,316,780	-	108,238,031	27,601,925	558,156,736	
2014	418,312,866	-	101,321,821	25,879,851	545,514,538	
2013	408,137,021	-	96,077,474	24,660,463	528,874,958	
2012	417,155,104	-	97,610,428	23,604,577	538,370,109	
2011	410,958,535	-	101,243,466	22,650,963	534,852,964	
2010	469,725,783	-	114,014,998	21,857,951	605,598,732	
2009	517,235,374	-	150,328,238	22,892,186	690,455,798	
2008	467,057,120	-	169,121,245	24,764,880	660,943,245	

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)  
(unaudited)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Fund</b>										
Fund balances										
Nonspendable	\$ 4,754	\$ 4,253	\$ 5,064	\$ 5,088	\$ 5,223	\$ 4,955	\$ 4,742	\$ -	\$ -	\$ -
Restricted	34,199	22,849	22,309	31,063	30,383	25,477	25,164	-	-	-
Assigned	2,768	19,920	20,609	97,685	137,867	172,409	236,055	-	-	-
Unassigned	99,053	99,053	98,041	95,796	95,796	95,796	95,100	-	-	-
Reserved	-	-	-	-	-	-	-	54,915	46,436	43,935
Unreserved	-	-	-	-	-	-	-	288,255	295,405	338,048
Total general fund	<u>\$ 140,774</u>	<u>\$ 146,075</u>	<u>\$ 146,023</u>	<u>\$ 229,632</u>	<u>\$ 269,269</u>	<u>\$ 298,637</u>	<u>\$ 361,061</u>	<u>\$ 343,170</u>	<u>\$ 341,841</u>	<u>\$ 381,983</u>
<b>All Other Governmental Funds</b>										
Nonspendable	888	923	1,025	837	866	774	667			
Restricted for:										
Federal programs	22,161	28,411	29,673	34,683	30,314	24,119	18,994			
Debt service	90,650	108,917	116,870	109,414	102,778	91,609	95,450			
Capital projects	120,329	88,522	138,347	168,287	184,676	217,427	274,997			
Reserved reported in:										
Other governmental funds	-	-	-	-	-	-	-	\$ 48,339	\$ 83,485	\$ 150,611
Debt services	-	-	-	-	-	-	-	89,560	90,291	91,147
Unreserved, Reported in:										
Special revenue funds	-	-	-	-	-	-	-	13,341	5,224	52
Capital projects funds	-	-	-	-	-	-	-	212,839	250,868	326,485
Total all other governmental funds	<u>\$ 234,028</u>	<u>\$ 226,773</u>	<u>\$ 285,915</u>	<u>\$ 313,221</u>	<u>\$ 318,634</u>	<u>\$ 333,929</u>	<u>\$ 390,108</u>	<u>\$ 364,079</u>	<u>\$ 429,868</u>	<u>\$ 568,295</u>

Note:  
The change in fund balances presentations from fiscal year 2010 to 2011 is due to the implemented GASB 54 for the fiscal year ended June 30, 2011.

Source: District Records

**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)  
(unaudited))

	Fiscal Year			
	2017	2016	2015	2014
<b>REVENUES</b>				
Local sources:				
Ad valorem taxes	\$ 578,804	\$ 563,422	\$ 530,554	\$ 519,635
Local sales tax	30,718	29,661	27,602	25,880
Food services	24,292	22,523	21,475	25,022
Interest income	3,374	3,273	1,552	2,115
Other	107,328	111,156	102,302	101,273
Total local sources	744,516	730,035	683,485	673,925
State sources:				
Florida education finance program	794,841	767,173	731,095	696,124
Public education capital outlay	-	-	-	-
Categorical programs	245,787	267,201	268,957	263,615
Class size reduction	-	-	-	-
Workforce development	27,038	27,631	28,412	28,708
Food services	1,418	1,446	1,447	1,419
Other	29,823	21,999	21,332	17,896
Total state sources	1,098,907	1,085,450	1,051,243	1,007,762
Federal sources:				
Food services	92,304	91,856	84,531	81,060
Federal grants direct	22,459	26,373	24,283	18,891
Federal grants through state	143,644	148,124	142,679	151,199
Federal grants through local	52,567	51,420	56,541	51,623
Total federal sources	310,974	317,773	308,034	302,773
Total revenues	2,154,397	2,133,258	2,042,762	1,984,460
<b>EXPENDITURES</b>				
Current:				
Instructional services:				
Basic programs	937,226	924,621	926,265	856,439
Exceptional child programs	201,907	197,562	196,814	176,665
Adult and vocational technical programs	60,644	57,913	56,670	55,613
Total instructional services	1,199,777	1,180,096	1,179,749	1,088,717
Instructional support services:				
Pupil personnel services	83,427	83,326	84,762	80,105
Instructional media services	24,862	23,926	24,112	22,933
Instruction and curriculum development services	57,005	59,787	56,116	48,587
Instructional staff training services	41,694	42,656	43,044	42,386
Instructional related technology	34,834	35,374	33,774	32,955
Total instructional support services	241,822	245,069	241,808	226,966
Pupil transportation services	66,385	63,936	74,336	69,447
Operation and maintenance of plant:				
Operation of plant	114,978	110,092	111,249	107,957
Maintenance of plant	27,463	26,909	27,239	26,810
Total operation and maintenance of plant	142,441	137,001	138,488	134,767
School administration	104,128	103,209	102,679	94,018
General administration:				
Central services	28,000	46,438	39,723	37,126
Board of education	1,594	2,563	1,644	2,454
General administration	14,502	14,608	11,894	11,945
Fiscal services	6,960	6,924	7,486	7,714
Administrative technology services	228	399	403	1,000
Total general administration	51,284	70,932	61,150	60,239

		2013	2012	2011	2010	2009	2008
	\$	504,215	\$ 514,765	\$ 512,202	\$ 583,741	\$ 667,563	\$ 636,178
		24,661	23,605	22,651	21,858	22,892	24,765
		24,885	25,422	26,967	28,771	31,549	32,708
		5,411	3,708	5,935	9,134	(83)	29,692
		104,666	92,345	76,797	66,603	65,286	58,282
		663,838	659,845	644,552	710,107	787,207	781,625
		620,982	577,088	610,790	547,771	518,746	620,999
		-	-	8,673	3,115	16,962	30,576
		261,253	255,284	251,296	244,294	302,285	298,558
		-	-	-	-	-	32,338
		30,434	30,603	29,139	29,770	32,392	34,254
		1,406	1,475	1,455	1,476	1,470	1,449
		14,396	13,700	13,343	13,483	14,215	16,062
		928,471	878,150	914,696	839,909	886,070	1,034,256
		73,276	68,547	66,401	62,761	58,220	50,900
		15,152	23,406	17,897	19,715	21,940	13,649
		144,218	151,680	286,615	232,208	132,055	127,268
		53,610	54,279	61,221	60,638	57,011	57,678
		286,256	297,912	432,134	375,322	269,226	249,495
		1,878,565	1,835,907	1,991,382	1,925,338	1,942,503	2,065,356
		801,529	787,946	811,299	782,153	799,155	769,261
		159,592	161,653	174,859	167,394	172,096	169,017
		53,993	52,698	57,767	59,208	61,299	66,310
		1,015,114	1,002,297	1,043,925	1,008,755	1,032,550	1,004,588
		74,534	73,816	77,390	75,521	76,684	76,711
		21,683	22,164	22,556	22,240	24,639	24,050
		42,694	48,866	53,817	46,299	45,205	46,081
		47,950	46,876	52,302	44,544	36,704	33,151
		28,137	30,686	27,150	26,129	22,733	23,936
		214,998	222,408	233,215	214,733	205,965	203,929
		66,576	67,340	69,863	65,559	65,946	65,370
		107,455	109,076	109,343	113,399	109,009	106,956
		27,555	27,294	29,031	28,163	30,040	29,280
		135,010	136,370	138,374	141,562	139,049	136,236
		89,472	88,662	93,777	92,653	92,249	91,713
		25,313	24,657	26,504	24,263	21,163	18,578
		1,519	1,277	1,443	1,546	1,357	1,160
		10,584	9,678	11,384	12,075	10,138	12,573
		7,194	6,551	7,546	7,526	6,916	8,994
		602	607	583	518	542	535
		45,212	42,770	47,460	45,928	40,216	41,840

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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)  
(unaudited)

	Fiscal Year			
	2017	2016	2015	2014
Non-capitalizable facilities acquisition and construction	28,056	41,067	31,073	31,415
Food services	116,335	115,557	110,006	102,873
Community services and other	65,166	88,107	86,957	85,179
Debt Service:				
Principal retirement	98,838	58,040	46,308	44,279
Interest	35,702	36,569	42,762	46,867
Dues, fees and other	545	2,531	1,017	988
Capital outlay				
Facilities Acquisitions & Construction	61,938	65,752	69,906	44,231
Other capital outlay	12,580	9,944	12,653	8,889
Total expenditures	2,224,997	2,217,810	2,198,892	2,038,875
Excess (deficiency) of revenues over (under) expenditures	(70,600)	(84,552)	(156,130)	(54,415)
<b>OTHER FINANCING SOURCES (USES):</b>				
Long term bonds issued	-	-	-	-
Premium on sale of bonds	-	-	-	-
Discount on sale of bonds	-	-	-	-
Refunding bonds issued	72,712	118,955	18,583	2,486
Premium on sale of refunding bonds	5,901	33,234	1,395	397
Certificates of participation issued	-	-	-	-
Premium on sale of certificates of participation	-	-	-	-
Discount on sale of certificates of participation	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Refunding certificates of participation	32,445	231,680	-	39,950
Payments to refunded bond escrow agent	(40,094)	(384,982)	(17,558)	(42,420)
Proceeds from capital leases	-	-	-	-
Transfers in	140,807	186,938	126,884	83,396
Transfers out	(139,217)	(160,364)	(84,089)	(74,444)
Total other financing sources and uses	72,554	25,461	45,215	9,365
Net change in fund balances	1,954	(59,091)	(110,915)	(45,050)
Fund balances - beginning	372,848	431,939	542,853	587,903
Fund balances - ending	\$ 374,802	\$ 372,848	\$ 431,938	\$ 542,853
Debt service as a percentage of non-capital expenditures	6.26%	4.42%	4.21%	4.59%

	01	01	011	010	009	008
	26,400	26,283	27,122	38,516	47,060	52,016
	93,553	89,778	88,585	84,613	85,787	86,550
	83,565	84,229	84,208	84,784	83,038	76,787
	41,659	50,502	38,206	36,494	35,022	32,075
	47,071	50,318	49,930	53,244	58,154	57,254
	961	1,668	1,729	4,203	1,302	602
	55,841	83,995	68,878	101,848	222,705	273,211
	7,796	8,898	13,652	14,395	9,814	12,348
	1,923,238	1,955,518	1,998,924	1,987,287	2,118,857	2,134,519
	(44,663)	(119,611)	(7,542)	(61,949)	(176,354)	(69,163)
	-	-	3,235	675	-	5,085
	-	-	295	18	-	184
	-	-	-	-	-	-
	-	1,685	970	3,945	-	-
	-	257	157	362	-	-
	-	-	37,935	-	-	-
	-	16,280	-	3,898	1,095	-
	-	-	-	(664)	-	-
	-	93	-	-	-	1,257
	-	124,565	-	97,545	109,830	-
	-	(141,872)	(1,130)	(105,720)	(110,570)	-
	-	-	-	-	-	-
	70,972	69,194	77,400	73,641	80,669	71,999
	(70,972)	(69,194)	(67,400)	(76,211)	(83,239)	(74,520)
	-	1,008	51,462	-	(2,215)	4,005
	(44,663)	(118,603)	43,920	(64,460)	(178,569)	(65,158)
	632,566	751,169	707,249	771,709	950,278	1,015,436
	\$ 587,903	\$ 632,566	\$ 751,169	\$ 707,249	\$ 771,709	\$ 950,278
	4.77%	5.41%	4.60%	4.80%	4.94%	4.83%

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Source: District Records

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)  
(unaudited)

Fiscal Year Ended June 30,	Property Tax			Sales Tax	Total
	General Purposes	Debt Service	Capital Projects		
2017	\$ 453,097,176	\$ -	\$ 125,707,135	\$ 30,717,925	\$ 609,522,237
2016	446,798,976	-	116,622,698	29,660,622	593,082,296
2015	422,316,780	-	108,238,031	27,601,925	558,156,736
2014	418,312,866	-	101,321,821	25,879,851	545,514,539
2013	408,137,021	-	96,077,474	24,660,463	528,874,958
2012	417,155,104	-	97,610,428	23,604,577	538,370,109
2011	410,958,535	-	101,243,466	22,650,963	534,852,964
2010	469,725,783	-	114,014,998	21,857,951	605,598,732
2009	517,235,374	-	150,328,238	22,892,186	690,455,798
2008	467,057,120	-	169,121,245	24,764,880	660,943,245

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)  
(unaudited)

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			
2017	\$ 49,890,034	\$ 32,507,754	\$ 4,360,598	\$ 86,758,386	6.9060	\$ 106,868,077	81.18%
2016	49,980,977	26,088,836	4,378,530	80,448,343	7.2470	99,744,677	80.65%
2015	43,169,446	27,885,418	3,585,242	74,640,106	7.3530	93,045,243	80.22%
2014	44,158,619	21,686,777	3,723,569	69,568,965	7.6900	87,642,064	79.38%
2013	40,557,101	21,309,556	3,970,024	65,836,681	7.8770	83,787,329	78.58%
2012	36,420,767	27,208,584	3,730,500	67,359,851	7.9130	85,121,195	79.13%
2011	39,993,330	26,403,397	3,957,846	70,354,573	7.5920	88,512,696	79.49%
2010	44,400,315	29,802,280	4,317,137	78,519,732	7.6920	91,800,328	85.53%
2009	53,254,024	31,189,571	4,804,756	89,248,351	7.7770	110,127,213	81.04%
2008	53,207,245	29,807,452	4,590,349	87,605,046	7.5230	114,865,796	76.27%

Note: Net Taxable Values are net Assessed 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**  
(unaudited)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District School Board:										
Local Required Effort	4.6580	4.9990	5.1050	5.4420	5.6290	5.6650	5.3440	5.4440	5.3040	4.7840
Discretionary Local	0.7480	0.7480	0.7480	0.7480	0.7480	0.7480	0.7480	0.7480	0.4980	0.5100
Supplemental Discretionary	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.2250	0.2290
Debt Service	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Capital Improvement	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.7500	2.0000
<b>Total District School Board</b>	<b>6.9060</b>	<b>7.2470</b>	<b>7.3530</b>	<b>7.6900</b>	<b>7.8770</b>	<b>7.9130</b>	<b>7.5920</b>	<b>7.6920</b>	<b>7.7770</b>	<b>7.5230</b>
Other County-Wide:										
Board of County Commissioners	5.7926	5.7926	5.7943	5.7960	5.7978	5.7995	5.8011	5.8027	5.8043	5.8050
Tampa Port Authority	0.1450	0.1550	0.1650	0.1750	0.1850	0.1900	0.1900	0.1925	0.1950	0.1982
Children's Board	0.4589	0.4589	0.4589	0.4828	0.5000	0.5000	0.5000	0.5000	0.5000	0.4634
S.W. Florida Water Management	0.3317	0.3488	0.3658	0.3818	0.3928	0.3928	0.3770	0.3866	0.3866	0.3866
<b>Total County-Wide</b>	<b>13.6342</b>	<b>14.0023</b>	<b>14.1370</b>	<b>14.5256</b>	<b>14.7526</b>	<b>14.7953</b>	<b>14.4601</b>	<b>14.5738</b>	<b>14.6629</b>	<b>14.3762</b>
Non-County Wide:										
Board of County Commissioners										
Public Library Service (1)	0.5583	0.5583	0.5583	0.5583	0.5583	0.5583	0.5583	0.5583	0.5583	0.6083
Municipal Service Tax	4.3745	4.3745	4.3745	4.3745	4.3745	4.3745	4.3745	4.3745	4.3745	4.3755
Parks & Recreation (unincorporated)	0.0259	0.0259	0.0259	0.0259	0.0259	0.0259	0.0259	0.0259	0.0259	0.0259
Independent Special Districts										
SWFWMD Watershed Basins(2)										
Alafia River Basin	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.2163	0.2163	0.2163	0.2163
Hillsborough River Basin	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.2300	0.2421	0.2547	0.2547
N.W. Hillsborough River Basin	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.2421	0.2421
Transit Authority	0.5000	0.5000	0.0000	0.0000	0.5000	0.5000	0.4682	0.4682	0.4682	0.4495
Tampa Palms C.D.D.	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Municipalities:										
Tampa	5.7326	5.7326	5.7326	5.7326	5.7326	5.7326	5.7326	5.7326	5.7326	5.7326
Plant City	4.7157	4.7157	4.7157	4.7157	4.7157	4.7157	4.7157	4.7157	4.1653	4.1653
Temple Terrace	7.2050	6.9550	6.3050	6.4300	6.4300	6.2500	5.9500	5.2829	4.5692	4.5692

(1) This Levy is assessed on all property outside Plant City and Temple Terrace, i.e., Tampa and unincorporated areas.

(2) As of fiscal year 2012 SWFWMD no longer has taxes on basins.

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 Property Appraiser

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
 PRINCIPAL PROPERTY TAX PAYERS  
 LAST TEN FISCAL YEARS  
 (amounts in thousands)  
 (unaudited)

Fiscal Year									
2017					2016				
Taxpayer	Type of Business	Rank	Total Tax	Assessed Value	Percentage of Total Assessed Value	Rank	Total Tax	Assessed Value	Percentage of Total Assessed Value
Tampa Electric Company	Electric Utility	1	\$ 42,735	\$ 2,208,536	2.34%	1	\$ 42,019	\$ 2,132,264	2.43%
Verizon Florida Inc	Communications	3	12,480	627,657	0.68%	2	14,253	704,209	0.82%
Hillsborough Aviation Authority	Transportation	2	12,664	611,391	0.69%	3	11,025	513,635	0.64%
Camden Operating LP	Real Estate/Apartment	4				4	6,011	284,337	0.35%
Post Apartment Homes LP	Housing	6	5,948	284,968	0.33%	6	5,434	274,267	0.31%
Westfield	Shopping Malls	7	5,828	301,204	0.32%	7	4,791	235,615	0.28%
Liberty Property	Property Management	10	4,015	202,396	0.22%	9	4,056	193,900	0.22%
Metropolitan		9	4,056	193,900	0.22%				
Highwoods/Florida Holding	Real Estate Mgmt	5	7,258	336,138	0.40%	8	4,700	217,037	0.27%
Retail-Mart	Retail Sales	8	4,705	228,666	0.26%	9	4,472	211,235	0.26%
Mosaic Fertilizer, LLC	Mining	4	8,071	416,990	0.44%	5	5,501	276,385	0.32%
Brighthouse Networks	Communications								
Tampa Port Authority	Cargo/Cruise/Real Estate					10	4,300	214,752	0.25%
<b>Total</b>			<b>\$ 107,760</b>	<b>\$ 5,411,346</b>	<b>5.90%</b>		<b>\$ 102,506</b>	<b>\$ 5,063,736</b>	<b>5.93%</b>

Fiscal Year									
2012					2011				
Taxpayer	Type of Business	Rank	Total Tax	Assessed Value	Percentage of Total Assessed Value	Rank	Total Tax	Assessed Value	Percentage of Total Assessed Value
Tampa Electric Company	Electric Utility	1	\$ 37,592	\$ 1,690,235	2.50%	1	\$ 34,683	\$ 1,581,026	2.24%
Verizon Florida Inc	Communications	2	15,858	713,031	1.06%	2	17,657	804,901	1.14%
Hillsborough Aviation Authority	Transportation	3	9,510	427,581	0.63%	3	9,855	449,227	0.64%
Camden Operating LP	Real Estate	4	5,972	268,494	0.40%	5	5,539	252,485	0.36%
Liberty Property	Property Management	8	4,312	193,864	0.29%	6	4,607	210,028	0.30%
Post Apartment Homes	Housing	7	4,604	207,016	0.31%	7	4,288	195,469	0.28%
Highwoods/Florida Holding	Real Estate Mgmt	4	4,248	191,019	0.28%	9	4,156	189,438	0.27%
Mosaic Fertilizer, LLC	Mining								
Wal-Mart	Retail Sales	10	4,196	188,642	0.28%	8	4,275	194,860	0.28%
Brighthouse Networks	Communications								
Westfield	Shopping Malls	6	4,707	211,658	0.31%				
Busch Entertainment	Entertainment								
Tampa Port Authority	Cargo/Cruise/Real Estate	5				10	3,771	171,911	0.24%
Teachers Insurance & Annuity	Insurance								
Tampa Sports Authority	Sports Facilities								
Mosaic/Cargil Incorporated	Mining	9	5,770	259,443	0.38%	4	6,459	294,446	0.42%
<b>Total</b>			<b>\$ 96,769</b>	<b>\$ 4,350,983</b>	<b>6.44%</b>		<b>\$ 95,290</b>	<b>\$ 4,343,791</b>	<b>6.17%</b>

Source: Hillsborough County Tax Collector

Fiscal Year															
2015					2014					2013					
Rank	Total Tax	Assessed Value	Percentage of Total Assessed Value	Rank	Total Tax	Assessed Value	Percentage of Total Assessed Value	Rank	Total Tax	Assessed Value	Percentage of Total Assessed Value	Rank	Total Tax	Assessed Value	Percentage of Total Assessed Value
1	\$ 41,735	\$ 2,107,634	2.60%	1	\$ 39,268	\$ 1,792,659	2.57%	1	\$ 39,075	\$ 1,751,481	2.65%	1	\$ 19,845	\$ 889,528	1.53%
2	15,383	756,107	0.96%	2	16,861	769,725	1.10%	2	19,845	889,528	1.53%	2	19,845	889,528	1.53%
3	10,967	505,695	0.68%	3	10,862	495,854	0.71%	3	9,770	437,913	0.75%	3	9,770	437,913	0.75%
4	5,379	264,283	0.34%	4	5,637	257,338	0.37%	4	6,390	280,592	0.48%	4	6,390	280,592	0.48%
5	5,227	247,821	0.33%	5	5,028	229,514	0.33%	5	4,978	223,137	0.38%	5	4,978	223,137	0.38%
6	4,917	249,502	0.31%	6	4,802	219,231	0.31%	6	4,832	216,574	0.37%	6	4,832	216,574	0.37%
7	4,308	216,668	0.27%	7	4,308	216,668	0.27%	7	4,308	216,668	0.27%	7	4,308	216,668	0.27%
8	4,300	203,168	0.27%	8	4,300	203,168	0.27%	8	4,300	203,168	0.27%	8	4,300	203,168	0.27%
9	4,281	199,981	0.27%	9	4,281	199,981	0.27%	9	4,281	199,981	0.27%	9	4,281	199,981	0.27%
10	3,949	199,654	0.25%	10	3,949	199,654	0.25%	10	3,949	199,654	0.25%	10	3,949	199,654	0.25%
<b>Total</b>	<b>\$ 100,446</b>	<b>\$ 4,950,313</b>	<b>0.00%</b>	<b>Total</b>	<b>\$ 100,673</b>	<b>\$ 4,595,888</b>	<b>6.57%</b>	<b>Total</b>	<b>\$ 101,824</b>	<b>\$ 4,564,084</b>	<b>7.47%</b>	<b>Total</b>	<b>\$ 101,824</b>	<b>\$ 4,564,084</b>	<b>7.47%</b>

Fiscal Year															
2010					2009					2008					
Rank	Total Tax	Assessed Value	Percentage of Total Assessed Value	Rank	Total Tax	Assessed Value	Percentage of Total Assessed Value	Rank	Total Tax	Assessed Value	Percentage of Total Assessed Value	Rank	Total Tax	Assessed Value	Percentage of Total Assessed Value
1	\$ 32,379	\$ 1,481,634	1.88%	1	\$ 31,181	\$ 1,435,499	1.61%	1	\$ 36,664	\$ 1,653,149	1.88%	1	\$ 36,664	\$ 1,653,149	1.88%
2	26,455	1,210,535	1.53%	2	25,857	1,190,392	1.33%	2	19,477	878,194	1.00%	2	19,477	878,194	1.00%
3	11,039	505,153	0.64%	3	12,008	552,822	0.62%	3	11,286	508,850	0.58%	3	11,286	508,850	0.58%
4	6,475	296,292	0.38%	4	5,758	265,122	0.30%	4	5,834	263,064	0.25%	4	5,834	263,064	0.25%
5	4,913	224,823	0.28%	5	5,286	243,354	0.27%	5	4,777	215,381	0.25%	5	4,777	215,381	0.25%
6	4,586	209,827	0.27%	6	5,245	241,460	0.27%	6	4,585	206,741	0.24%	6	4,585	206,741	0.24%
7	4,391	200,936	0.25%	7	4,391	200,936	0.25%	7	4,391	200,936	0.25%	7	4,391	200,936	0.25%
8	4,205	192,442	0.24%	8	4,205	192,442	0.24%	8	4,205	192,442	0.24%	8	4,205	192,442	0.24%
9	4,048	185,225	0.23%	9	4,309	198,384	0.22%	9	4,309	198,384	0.22%	9	4,309	198,384	0.22%
10	3,432	157,035	0.20%	10	3,432	157,035	0.20%	10	3,432	157,035	0.20%	10	3,432	157,035	0.20%
<b>Total</b>	<b>\$ 101,923</b>	<b>\$ 4,663,902</b>	<b>5.90%</b>	<b>Total</b>	<b>\$ 108,271</b>	<b>\$ 4,984,605</b>	<b>5.58%</b>	<b>Total</b>	<b>\$ 107,046</b>	<b>\$ 4,810,071</b>	<b>5.51%</b>	<b>Total</b>	<b>\$ 107,046</b>	<b>\$ 4,810,071</b>	<b>5.51%</b>

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**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
(unaudited)

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	
2017	\$ 601,253,945	\$ 577,457,540	96.04%	1,346,771	\$ 578,804,312	96.27%	
2016	585,846,513	562,013,067	95.93%	1,408,877	563,421,944	96.17%	
2015	551,207,182	529,052,460	95.98%	1,502,351	530,554,811	96.25%	
2014	538,166,770	515,483,196	95.79%	4,151,492	519,634,688	96.56%	
2013	521,066,245	497,507,461	95.48%	6,707,034	504,214,495	96.77%	
2012	535,661,273	512,201,737	95.62%	2,563,795	514,765,532	96.10%	
2011	537,023,488	508,048,259	94.60%	4,153,742	512,202,011	95.38%	
2010	607,883,201	578,606,240	95.18%	5,134,542	583,740,782	96.03%	
2009	695,871,440	664,675,893	95.52%	2,887,719	667,563,612	95.93%	
2008	662,885,929	635,203,884	95.82%	974,481	636,178,365	95.97%	

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**  
(unaudited)

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	Premiums/ (Discounts)/ (Loss on Refunding) (C)	Total Primary Government			
2017	\$ -	\$ 17,706,000	\$ 703,863,000	\$ 178,745,000	\$ 48,619,533	\$ 948,933,533	1.619%	\$ 689.51	
2016	-	23,525,000	740,903,000	172,100,000	48,399,974	984,927,974	1.786%	743.03	
2015	-	28,405,000	797,863,000	191,935,000	25,973,656	1,044,176,656	1.987%	802.05	
2014	-	34,641,000	827,508,000	198,469,861	28,191,208	1,088,810,069	2.130%	843.01	
2013	-	39,960,000	855,283,000	209,448,592	4,845,256	1,109,536,848	2.234%	868.35	
2012	-	46,620,000	881,518,000	220,082,159	5,084,377	1,153,304,536	2.536%	925.25	
2011	-	50,570,000	925,971,000	230,290,971	(3,561,048)	1,203,270,923	2.644%	971.25	
2010	-	50,735,000	912,061,000	240,101,621	(3,584,929)	1,199,312,692	2.620%	975.66	
2009	-	54,530,000	936,491,000	249,560,619	(3,607,539)	1,236,974,080	2.738%	1,002.40	
2008	-	58,400,000	958,151,000	258,698,225	(3,063,895)	1,272,185,330	2.962%	1,038.93	

(A) The primary government does not have any business type activities.

(B) Total Primary Government Debt divided by Personal Income and Population from Page 172 - Demographics and Economics.

(C) Effective in 2014, only premiums and discounts are part of the debt totals. Loss on refunding has been moved to deferred outflows due to the implementation of GASB Statement 65. Prior year amounts were not restated.

Source: District Records

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**RATIO OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN YEARS**  
(unaudited)

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
2017	1,376,238	\$ 86,758,386	\$ -	\$ -	\$ -	0.000%	\$ -
2016	1,325,563	80,448,343	-	-	-	0.000%	-
2015	1,301,887	74,640,107	-	-	-	0.000%	-
2014	1,291,578	69,568,965	-	-	-	0.000%	-
2013	1,277,746	65,836,681	-	-	-	0.000%	-
2012	1,246,480	67,359,851	-	-	-	0.000%	-
2011	1,245,870	70,354,573	-	-	-	0.000%	-
2010	1,229,226	78,519,732	-	-	-	0.000%	-
2009	1,234,010	89,248,351	-	-	-	0.000%	-
2008	1,224,510	87,605,046	-	-	-	0.000%	-

- (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

**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**  
(unaudited)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Non-Capital Expenditures (A)	Ratio of Debt Service to General Governmental Non-Capital Expenditures
2017	\$ -	\$ -	\$ -	\$ 2,150,479	-
2016	-	-	-	2,357,416	-
2015	-	-	-	2,116,333	-
2014	-	-	-	1,985,755	-
2013	-	-	-	1,859,591	-
2012	-	-	-	1,862,625	-
2011	-	-	-	1,916,394	-
2010	-	-	-	1,871,044	-
2009	-	-	-	1,886,338	-
2008	-	-	-	1,848,960	-

- (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, 2017  
(unaudited)

Jurisdiction	General Obligation Bonded Debt Outstanding	State Board of Education Bonds	Certificates Of Participation	District Revenue Bonds	Premiums/ (Discounts)	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	\$ 61,345,000	\$ -	\$ -	\$ -	\$ -	0%	\$ -	100%	\$ 61,345,000
School District of Hillsborough County	-	17,706,000	703,863,000	178,745,000	48,619,533	100%	948,933,533	100%	948,933,533
<b>Totals</b>	<b>\$ 61,345,000</b>	<b>\$ 17,706,000</b>	<b>\$ 703,863,000</b>	<b>\$ 178,745,000</b>	<b>\$ 48,619,533</b>		<b>\$ 948,933,533</b>		<b>\$ 1,010,278,533</b>

Source: District Records  
Hillsborough County Clerk of the Circuit Court

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
ANTICIPATED CAPITAL OUTLAY MILLAGE LEVY  
REQUIRED TO COVER CERTIFICATES OF PARTICIPATION PAYMENTS  
LAST TEN FISCAL YEARS  
(unaudited)

Fiscal Year	Taxable Assessed Value (A)	Annual Lease Payment	Millage Levy to Provide 1.00x Coverage (B)
2017	\$ 86,758,386	\$ 65,178,750	0.8148
2016	80,448,343	65,375,307	0.8126
2015	74,640,107	66,963,746	0.8972
2014	69,568,965	65,206,725	0.9373
2013	65,836,681	67,756,565	1.0292
2012	67,359,851	66,005,259	0.9799
2011	70,354,573	62,458,386	0.8878
2010	78,519,732	62,535,435	0.7964
2009	89,248,351	61,358,676	0.6875
2008	87,605,046	59,112,895	0.6748

(A) Assessed Value is in Thousands.

(B) In Fiscal Year 2017, assumptions were made to calculate Millage Levy due to a variable rate in debt and swaps. Prior to Fiscal Year 2017 Millage rates were 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

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**CALCULATION OF LEGAL DEBT MARGIN**  
**LAST TEN FISCAL YEARS**  
(amounts in thousands)  
(unaudited)

	Fiscal Year			
	2017	2016	2015	2014
Net Assessed Value	\$ 106,868,077	\$ 99,744,677	\$ 93,045,243	\$ 87,642,064
Debt Limit - 10% of Assessed Value	\$ 10,686,807	\$ 9,974,468	\$ 9,304,524	\$ 8,764,206
Amount of Debt Applicable to Debt Limit:				
Bond Payable	\$ -	\$ -	\$ -	\$ -
Less, Amount Available for Debt Service	-	-	-	-
Total Debt Applicable to the Debt Limit	-	-	-	-
Legal Debt Margin	\$ 10,686,807	\$ 9,974,468	\$ 9,304,624	\$ 8,764,206
Total Debt Applicable to the Debt Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%

	2013	2012	2011	2010	2009	2008
Net Assessed Value	\$ 83,787,329	\$ 85,121,195	\$ 88,512,696	\$ 91,800,328	\$ 110,127,213	\$ 114,865,796
Debt Limit - 10% of Assessed Value	\$ 8,378,733	\$ 8,512,120	\$ 8,851,270	\$ 9,180,033	\$ 11,012,721	\$ 11,486,580
Amount of Debt Applicable to Debt Limit:						
Bond Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less, Amount Available for Debt Service	-	-	-	-	-	-
Total Debt Applicable to the Debt Limit	-	-	-	-	-	-
Legal Debt Margin	\$ 8,378,733	\$ 8,512,120	\$ 8,851,270	\$ 9,180,033	\$ 11,012,721	\$ 11,486,580
Total Debt Applicable to the Debt Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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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

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN YEARS**  
(unaudited)

Fiscal Year	Population (A)	Personal Income (1) (A)	Per Capita Personal Income (A)	Median Age (A)	Unemployment Rate (B)	Education Level (C)				School Enrollment (D)	Government-wide Governmental Activities (1) Expenses(2)	Cost per Student
						Less than High School	High School	Bachelors	Graduate			
2017	1,376,238	\$ 58,596,262	\$ 43,435	36.20	4.90%	109,206	496,248	170,046	96,391	212,038	\$ 2,281,598	\$ 10,760
2016	1,325,563	55,155,924	41,902	36.20	5.0%	109,851	488,793	163,499	89,413	209,414	2,179,935	10,410
2015	1,301,887	52,541,062	40,358	37.90	5.8%	109,902	477,076	159,025	86,590	204,089	2,153,918	10,554
2014	1,291,578	51,109,828	39,572	36.50	6.2%	108,577	484,510	173,879	95,403	201,300	2,071,638	10,291
2013	1,277,746	49,671,035	38,874	36.40	7.1%	107,407	488,402	164,779	88,920	198,659	1,941,496	9,773
2012	1,246,480	45,473,079	36,481	36.40	8.8%	114,640	493,709	149,792	83,115	195,198	1,917,411	9,823
2011	1,238,890	45,511,155	36,735	36.10	11.0%	112,733	463,938	155,213	77,644	192,499	1,969,964	10,234
2010	1,229,226	45,779,076	37,242	35.60	11.9%	109,242	458,402	142,655	78,010	190,799	1,921,131	10,069
2009	1,234,010	45,184,510	36,616	37.10	10.9%	114,372	438,754	148,956	79,789	189,761	1,936,011	10,202
2008	1,224,510	42,954,586	35,079	36.50	6.7%	107,281	438,220	151,495	77,595	190,580	1,905,518	9,999

- (1) Personal Income and Government-wide expenses are in thousands.  
(2) The District adopted GASB Statement No. 68 during 2015. Prior year amount were not restated.

Sources:

- (A) Estimates of Population, Personal Income, Per Capita Personal Income and Median Age were obtained from the United States Department of Commerce and the City-County Planning Commission.  
(B) Unemployment Rate was obtained from the City-County Planning Commission.  
(C) Education Level was obtained from the U. S. Census Bureau, Population 25 years and over.  
(D) Student Enrollment was obtained from District Records.

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**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
PRINCIPAL EMPLOYERS  
HILLSBOROUGH COUNTY EMPLOYMENT  
LAST TEN YEARS**  
(unaudited)

Employer	Fiscal Year					
	2017			2016		
	Employees	Rank	Percentage of County Employment	Employees	Rank	Percentage of County Employment
School District of Hillsborough County	25,900	1	4.025%	26,195	1	4.071%
MacDill Air Force Base	19,978	2	3.104%	18,853	2	2.930%
Hillsborough County Government	10,000	3	1.554%	9,846	3	1.530%
University of South Florida	6,398	5	0.994%	8,968	4	1.394%
St Josephs Hospital / Bay Care Health	6,243	6	0.970%	5,869	7	0.912%
Publix Supermarkets	7,732	4	1.202%	6,969	6	1.083%
Tampa General Hospital	5,378	7	0.836%	7,819	5	1.215%
City of Tampa	4,151	8	0.645%	4,101	9	0.637%
HCA West Florida	3,886	9	0.604%	4,171	8	0.648%
US Postal Service	3,197	10	0.497%	3,154	10	0.490%
Tampa International Airport						
James A Haley Veterans Hospital						
H. Lee Moffitt Cancer Center						
Verizon						
	<u>92,863</u>		<u>14.430%</u>	<u>95,945</u>		<u>14.909%</u>

Employer	Fiscal Year					
	2012			2011		
	Employees	Rank	Percentage of County Employment	Employees	Rank	Percentage of County Employment
School District of Hillsborough County	25,554	1	4.444%	25,226	1	4.526%
MacDill Air Force Base	15,485	2	2.693%	15,485	2	2.778%
Hillsborough County Government	9,328	3	1.622%	10,034	3	1.800%
University of South Florida	8,507	4	1.479%	8,353	4	1.499%
Verizon	7,850	6	1.365%	7,850	6	1.408%
Tampa International Airport	8,047	5	1.399%	8,060	5	1.446%
University of South Florida						
Tampa General Hospital	6,600	7	1.148%	6,700	7	1.202%
Publix Supermarkets	6,100	8	1.061%	5,823	8	1.045%
City of Tampa	4,500	9	0.783%	4,246	10	0.762%
HCA West Florida						
St Josephs Hospital / Bay Care Health	4,437	10	0.772%	4,437	9	0.796%
James A Haley Veterans Hospital						
H. Lee Moffitt Cancer Center						
Tampa Electric						
JP Morgan Chase						
US Postal Service						
GTE Communications Corp						
Nations Banks						
	<u>96,408</u>		<u>16.766%</u>	<u>96,214</u>		<u>17.262%</u>

Employees	Rank	Percentage of County Employment	2015			2014			2013		
			Employees	Rank	Percentage of County Employment	Employees	Rank	Percentage of County Employment	Employees	Rank	Percentage of County Employment
			26,000	1	4.191%	26,004	1	4.293%	25,776	1	4.380%
14,500	2	2.337%	14,500	2	2.394%	15,485	2	2.631%			
10,268	3	1.655%	9,355	4	1.544%	10,212	3	1.735%			
11,269	4	1.816%	10,837	3	1.789%	9,464	4	1.608%			
4,927	5	0.794%									
6,964	6	1.122%	6,826	6	1.127%	5,714	7	0.971%			
6,900	7	1.112%	6,500	7	1.073%	6,515	6	1.107%			
4,364	8	0.703%	4,000	10	0.660%	4,278	9	0.727%			
3,500	9	0.564%									
3,284	10	0.529%									
			7,500	5	1.238%	7,500	5	1.274%			
			4,700	8	0.776%	4,700	8	0.799%			
			4,187	9	0.691%	4,187	10	0.711%			
			<u>91,976</u>		<u>14.825%</u>	<u>94,409</u>		<u>15.585%</u>			
						<u>93,831</u>		<u>15.943%</u>			

Employees	Rank	Percentage of County Employment	2010			2009			2008		
			Employees	Rank	Percentage of County Employment	Employees	Rank	Percentage of County Employment	Employees	Rank	Percentage of County Employment
			24,957	1	4.467%	25,272	1	4.452%	25,360	1	4.385%
13,300	2	2.380%	13,300	2	2.343%	6,656	6	1.151%			
12,246	3	2.192%	12,246	3	2.157%	10,502	2	1.816%			
7,850	4	1.405%	7,850	5	1.383%	7,000	5	1.210%			
7,500	5	1.342%	7,500	6	1.321%	7,500	4	1.297%			
6,151	6	1.101%	8,600	4	1.515%	9,575	3	1.656%			
6,020	7	1.077%	6,020	7	1.061%	5,842	7	1.010%			
5,823	8	1.042%	5,714	8	1.007%	4,984	8	0.862%			
4,525	9	0.810%	4,154	10	0.732%	4,502	10	0.778%			
4,437	10	0.794%									
			4,900	9	0.863%	4,529	9	0.783%			
								0.000%			
			<u>92,809</u>		<u>16.611%</u>	<u>95,556</u>		<u>16.834%</u>			
						<u>86,450</u>		<u>14.948%</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  
 (unaudited)

	Square Footage (2)	Full-Time Equivalent Enrollment Data				2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
		2016-17	2015-16	2014-15	2013-14						
<b>Charter Schools</b>											
Walton Academy	n/a	197,5000	208,5000	200,0000	175,0000	159,0000	153,5000	164,5000	166,0000	163,5000	175,4600
West University Charter H S	n/a	257,6300	277,7251	382,5000	327,0000	181,8600	-	-	-	-	-
Winthrop Charter School	n/a	1,301,0000	1,306,5000	1,288,5000	1,282,5000	1,081,0000	830,0000	-	-	-	-
Woodmont Charter School	n/a	785,0000	727,5000	635,0000	644,0000	702,0000	504,6500	-	-	-	-
Wilbesan Academy	n/a	-	-	-	-	-	-	-	-	-	-
<b>Total Charter Schools</b>		<b>18,468,7391</b>	<b>16,835,8699</b>	<b>15,039,8178</b>	<b>14,068,5835</b>	<b>11,826,1423</b>	<b>9,408,0393</b>	<b>6,239,5808</b>	<b>5,323,9338</b>	<b>4,476,8577</b>	<b>4,240,1717</b>
<b>Other Programs</b>											
Acts	n/a	12,0008	15,0012	13,5016	10,2514	-	-	-	-	-	-
Alternative Sch Non-DJJ Prog	n/a	-	0,5000	-	3,4000	16,5000	10,7568	-	-	-	-
AMI Kids - Tampa Marine Institute	n/a	29,0000	20,5000	35,5000	36,0000	-	1,4000	15,4750	22,2800	106,1164	95,0000
AMI Kids Yes - Youth Services	n/a	-	30,0000	30,0000	31,0000	20,5000	54,0000	53,5000	52,0000	59,5000	54,0000
Columbus Juvenile Residential	n/a	44,5000	48,0000	37,5000	47,0000	32,0000	33,0000	33,5000	31,0000	33,0000	32,0000
Detention Center, East	n/a	-	-	-	-	48,5000	47,0000	50,0000	48,0000	48,5000	49,0000
Detention Center, West	n/a	78,0000	93,0000	87,5000	81,5000	-	-	43,5000	41,5000	38,5000	59,5000
Dorothy Thomas	n/a	56,5504	70,8336	69,8336	46,5000	82,0000	84,0000	66,5000	55,5000	65,9990	94,0000
ESE Birth Through Age 5	n/a	15,9354	21,0190	17,4554	16,4502	67,4170	64,5000	69,7044	72,0000	80,3790	112,5000
ESE Hospital/Homebound Program	n/a	46,8775	51,3642	44,2358	40,5130	18,6500	20,4318	20,5890	19,7034	15,6335	18,9500
Falkenburg JCF/Mental Health	n/a	-	-	-	-	40,4236	44,6490	44,3181	43,0050	46,9210	43,2430
Falkenburg Road Jail	n/a	29,5000	47,0000	30,0000	11,5000	56,5000	52,0000	26,5000	44,5000	47,4670	39,5000
FI Virtual School Franchise	n/a	0,3608	-	1,8348	-	-	-	-	-	38,5299	0,8340
Haven Poe	n/a	-	-	-	-	-	-	-	11,0000	8,0000	7,5000
Hillsborough ESE Contract Res	n/a	3,0000	3,0000	3,0000	2,5000	3,5000	5,5000	3,8000	-	-	-
Hillsborough Girls Academy	n/a	17,5000	16,5000	14,0000	11,5000	17,0000	14,5000	12,0000	22,0000	20,9340	16,0000
Lake Academy	n/a	45,0000	46,0000	39,0000	46,5000	-	-	-	-	-	-
Leslie Peters Halfway House	n/a	23,0000	20,0000	23,0000	11,0000	21,5000	22,0000	22,0000	22,5000	26,0000	23,0000
Mendez Exceptional Center	n/a	22,0000	22,0000	28,5000	47,5000	41,9750	38,1688	29,5000	47,6688	44,9174	55,3504
Pace	n/a	60,5000	54,5000	55,0000	54,5000	51,5000	47,0000	43,0000	44,0000	46,0000	40,5850
Parkhill Exception Center	n/a	-	-	-	-	-	-	-	-	-	-
Plant City Exceptional Ed Center	n/a	-	-	-	-	-	-	-	-	-	-
Private School (Disabled)	n/a	1,761,4400	1,718,0000	1,723,5000	1,459,1667	1,433,6667	1,253,8334	990,7934	650,4982	742,1268	907,0000
<b>Other Programs</b>											
Private School PPPS	n/a	6,7923	8,6291	7,0461	8,3582	9,5000	7,4700	10,4000	-	-	-
Project Craft	n/a	-	-	-	-	-	-	-	-	-	-
Riverside Academy	n/a	-	-	-	130,5000	136,5000	120,0000	150,0000	156,0000	157,9375	156,4751
Simmons Exceptional	n/a	42,6760	35,9045	22,3326	-	-	-	-	-	-	-
Tampa Residential Facility	n/a	52,5000	49,5000	-	29,5000	41,5000	44,0000	89,5000	96,0000	92,0000	81,0000
Teen Parent East	n/a	-	-	-	25,5806	17,0000	19,2500	30,5000	41,8165	37,2093	30,3221
Teen Parent North	n/a	-	-	-	-	8,0000	12,5683	18,5000	-	-	-
Teen Parent South	n/a	-	-	-	20,7600	16,4175	47,0026	29,5068	-	-	-
Teen Parent West	n/a	-	-	-	81,9931	105,6027	114,0307	123,1638	136,2796	67,8668	61,3376
Spring	n/a	-	3,0000	-	-	-	-	-	-	-	-
<b>Total Other Sites</b>		<b>2,346,1332</b>	<b>2,374,2516</b>	<b>2,336,2399</b>	<b>2,253,4732</b>	<b>2,286,1525</b>	<b>2,157,0592</b>	<b>1,976,2415</b>	<b>1,657,2495</b>	<b>1,823,5576</b>	<b>1,978,2972</b>
<b>Total District</b>		<b>212,038,1305</b>	<b>209,414,4311</b>	<b>205,019,2557</b>	<b>201,431,1556</b>	<b>198,658,6833</b>	<b>195,198,1663</b>	<b>192,499,0100</b>	<b>190,798,6594</b>	<b>189,760,5935</b>	<b>190,580,3065</b>

1) Date contract was let to build.  
 2) Square footage is current, but does not include portables.

Source: District Records

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**NUMBER OF PERSONNEL**  
**LAST TEN FISCAL YEARS**  
(unaudited)

<b>Fiscal Year</b>	<b>(A) Instructional</b>	<b>(B) Administrative</b>	<b>(C) Support Services</b>	<b>Total</b>	<b>Ratio of Students to Instructional Personnel</b>	<b>Ratio of Instructional Personnel to Administrators</b>
2017	15,466	994	9,440	25,900	13.71	15.56
2016	15,441	1,168	9,586	26,195	13.56	13.22
2015	15,704	991	9,458	26,153	13.05	15.85
2014	15,787	937	9,280	26,004	12.75	16.85
2013	15,638	915	9,223	25,776	12.70	17.09
2012	15,477	882	9,185	25,544	12.61	17.55
2011	15,217	890	9,119	25,226	12.65	17.10
2010	15,048	880	9,029	24,957	12.68	17.10
2009	15,376	840	9,056	25,272	12.34	18.30
2008	15,229	836	9,295	25,360	12.51	18.22

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

**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**TEACHER BASE SALARIES**  
**LAST TEN FISCAL YEARS**  
(unaudited)

<b>Fiscal Year</b>	<b>Minimum Salary</b>	<b>Maximum Salary</b>	<b>Average Salary</b>
2017 (1)	\$ 38,200	\$ 66,200	\$ 52,200
2016 (1)	38,001	66,001	51,333
2015 (1)	38,001	66,001	51,333
2014	37,785	64,885	51,158
2013	37,569	61,519	48,314
2012	37,014	61,594	47,601
2011	37,014	61,594	47,601
2010	37,014	61,594	47,601
2009	37,014	61,594	47,601
2008	37,014	61,594	47,601

10 Month Teachers with Bachelors Degree

(1) Average of regular salary schedule and the new empowering effective teachers evaluation schedule

Source: District Records

SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
 FOOD SERVICE OPERATING DATA  
 LAST TEN YEARS  
 (unaudited)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Days Meals Served:</b>	177	181	181	181	181	181	180	181	182	182
<b>Student Lunches Served:</b>										
Paid Lunches (regular)	3,888,388	3,772,264	3,523,662	3,414,131	3,461,533	3,637,054	3,868,506	3,961,620	4,551,148	5,409,282
Reduced Lunches (regular)	1,441,858	1,283,305	1,514,929	1,696,283	1,930,977	1,987,547	2,149,221	2,423,399	2,822,078	2,767,948
Free Lunches (regular)	15,562,985	16,219,755	15,861,792	15,044,904	14,193,275	13,989,877	13,527,929	12,820,820	11,785,998	10,990,241
<b>Total Student Lunches Served</b>	<b>20,893,231</b>	<b>21,275,324</b>	<b>20,900,383</b>	<b>20,155,318</b>	<b>19,585,785</b>	<b>19,614,478</b>	<b>19,545,656</b>	<b>19,205,839</b>	<b>19,159,224</b>	<b>19,167,471</b>
Daily Average Student Lunches Served	118,041	117,543	115,472	111,355	108,209	108,367	108,587	106,110	105,270	105,316
<b>Student Breakfasts Served:</b>										
Paid Breakfasts (regular)	2,630,619	2,613,381	2,449,697	2,811,466	2,757,077	3,062,197	3,373,601	3,539,910	3,901,214	3,976,455
Reduced Breakfasts (regular)	797,085	671,893	771,495	934,465	999,640	1,037,880	1,153,426	1,320,463	1,527,314	1,440,498
Free Breakfasts (regular)	9,918,839	9,992,191	9,525,275	9,366,988	8,371,783	8,169,292	7,954,549	7,566,867	6,990,486	6,266,791
<b>Total Student Breakfasts Served</b>	<b>13,346,543</b>	<b>13,277,465</b>	<b>12,746,467</b>	<b>13,112,919</b>	<b>12,128,500</b>	<b>12,269,369</b>	<b>12,481,576</b>	<b>12,427,240</b>	<b>12,419,014</b>	<b>11,683,744</b>
Daily Average Student Breakfasts Served	75,404	73,356	70,422	72,447	67,008	67,787	69,342	68,659	68,236	64,196
<b>Student Dinner Served(1):</b>										
Paid Dinner (regular)	-	-	-	-	-	-	-	-	-	-
Reduced Dinner (regular)	-	-	-	-	-	-	-	-	-	-
Free Dinner (regular)	1,316,780	1,272,092	105,973	-	-	-	-	-	-	-
<b>Total Student Dinners Served</b>	<b>1,316,780</b>	<b>1,272,092</b>	<b>105,973</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Daily Average Student Dinners Served	7,439	7,028	585	-	-	-	-	-	-	-
<b>LUNCH PRICES:</b>										
Elementary	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$1.75
Secondary	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75	\$2.25
<b>BREAKFAST PRICES:</b>										
Elementary	FREE	FREE	FREE	FREE	FREE	FREE	FREE	FREE	FREE	FREE
Secondary	FREE	FREE	FREE	FREE	FREE	FREE	FREE	FREE	FREE	FREE
<b>DINNER PRICES:</b>										
Elementary	FREE	FREE	FREE	-	-	-	-	-	-	-
Secondary	FREE	FREE	FREE	-	-	-	-	-	-	-
<b>Free and Reduced Percentages:</b>										
Paid	19.0%	18.5%	17.8%	18.7%	19.6%	21.0%	22.6%	23.7%	26.7%	30.4%
Reduced	6.5%	5.7%	6.8%	7.9%	9.2%	9.5%	10.3%	11.8%	13.8%	13.6%
Free	74.4%	75.9%	75.5%	73.4%	71.2%	69.5%	67.2%	64.6%	59.5%	55.9%

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(1) 2015 was the first full year of implementation for the dinner program.  
 (2) 2017 had a decrease in the number of days meals were served due to the hurricane.

Source: District Records

**FLORIDA DEPARTMENT OF EDUCATION  
SUPERINTENDENT’S ANNUAL FINANCIAL REPORT (ESE 145)  
DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
For the Fiscal Year Ended June 30, 2018**

Return completed form to: Department of Education Office of Funding and Financial Reporting 325 W. Gaines St., Suite 824 Tallahassee, FL 32399-0400
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**PAGE NUMBER**

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The Superintendent’s Annual Financial Report (ESE 145) for the fiscal year ended June 30, 2018, was submitted in accordance with rule 6A-1.0071, F.A.C. (section 1001.51(12)(b), F.S.). This report was approved by the school board on September 11, 2018.

\_\_\_\_\_  
District Superintendent’s Signature

September 11, 2018  
Date

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2018

The School District of Hillsborough County's (the "District") 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 2).

**Overview of the Financial Statements**

The MD&A 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 Position details information on all of the District's assets, deferred outflows, liabilities, and deferred inflows, with the assets plus deferred outflows minus liabilities plus deferred inflows being reported as net position. 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 position may serve as a useful indicator of whether the financial position of the District has changed.

The Statement of Activities (see page 3) presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position 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 unit as well. The Hillsborough School Board Leasing Corporation, although 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 District has other component units that, due to the timing of the issuance of the Superintendent's Annual Financial Report, are not included in the basic financial statements. The Hillsborough County Education Foundation and several separate public charter schools for which the District is financially accountable are not included.

Key financial highlights included assets and deferred outflows of resources exceeding its liabilities and deferred inflows of resources by \$639,280,432.72 (net position). Of this amount \$(963,483,188.87) represents a deficit unrestricted net position. This deficit balance was attributed to the effects of the long term liabilities such as other post employment benefits and compensated absences. See notes 11 and 19 to the financial statements for additional information.

The government-wide financial statements can be found on pages 2 - 3 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2018

**Fund Financial Statements**

Fund financial statements are one of the components of the basic financial statements. 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 Statements allow for the demonstration of sources and uses and/or budgeting compliance associated therewith (beginning on page 4). 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 entity. Because the focus is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers can 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) which is reflected on the page following each statement (see pages 5 and 7). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financing sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into the Governmental Activities column in the Government-wide statements.

The District maintains thirteen 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, Special Revenue Fund – Other, Other Debt Service, Capital Improvement, and Other Capital Projects Fund that are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation.

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 insurance, 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 8 – 10.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2018

**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 liable 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 position and a statement of changes in fiduciary net position. The District excludes these activities from the government-wide financial statements because the District cannot use these assets to finance any of its ongoing 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 18.1 – 18.61 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of an entities financial position. In the case of the District, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$639,280,432.72 at the end of the current fiscal year.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g. land, building, machinery, and equipment), less any related debt and deferred outflows 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 and deferred outflows, 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.

	<b>Governmental Activities 2018</b>	<b>Governmental Activities 2017 (Restated)*</b>
Current and other assets	\$ 518,944,083.39	\$ 465,713,101.29
Capital assets	2,218,426,037.34	2,272,759,581.95
Total assets	<u>2,737,370,120.73</u>	<u>2,738,472,683.24</u>
Deferred outflows	<u>496,788,416.96</u>	<u>726,226,397.70</u>
Long-term liabilities outstanding	2,382,885,700.62	2,722,465,220.35
Other liabilities	90,568,302.35	98,598,465.37
Total liabilities	<u>2,473,454,002.97</u>	<u>2,821,063,685.72</u>
Deferred inflows	<u>121,424,102.00</u>	<u>35,794,532.00</u>
Net position:		
Net Investment in Capital Assets	1,317,829,521.19	1,323,826,048.83
Restricted	284,934,100.40	253,270,084.81
Unrestricted	<u>(963,483,188.87)</u>	<u>(969,255,270.42)</u>
Total Net Position	<u>\$ 639,280,432.72</u>	<u>\$ 607,840,863.22</u>

\*Prior year amounts have been restated for the District's implementation of GASB Statement No. 75.

An additional portion of the District's Net Position represents resources that are subject to external restrictions on how they may be used. The District's net position increased by \$31,439,569.50 from last year, due to current year operations and an overall decrease in long term liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2018

**Governmental Activities**

Governmental activities increased the District's net position by \$31,439,569.50. Key elements of this increase are as follows:

	<b>Governmental Activities 2018</b>	<b>Governmental Activities 2017* Restated</b>
Revenues:		
Program revenues:		
Charges for services	\$ 45,364,734.84	\$ 52,943,666.52
Operating grants and contributions	98,126,943.96	93,721,866.78
Capital grants and contributions	11,914,869.85	12,962,778.28
General revenues:		
Property taxes, levied for operational Purposes	463,070,018.08	453,097,176.43
Property taxes, levied for capital projects	136,301,146.91	125,707,135.42
Local sales taxes	32,257,232.56	30,717,925.03
Grants and contributions not restricted to specific programs	1,333,859,912.75	1,303,194,275.45
Investment earnings	6,167,091.80	3,567,656.58
Miscellaneous	82,184,192.20	79,301,523.36
Total revenues	<u>\$ 2,209,246,142.95</u>	<u>2,155,214,003.85</u>
Expenses:		
Instruction	1,243,362,244.38	1,294,842,155.64
Pupil personnel services	86,418,419.28	90,552,194.13
Instructional media services	23,837,263.58	26,768,110.40
Instruction and curriculum development	52,072,732.27	61,387,234.12
Instructional staff training services	31,829,305.29	44,740,201.78
Instruction related technology	35,491,349.47	37,702,453.06
Board	3,929,504.19	1,752,328.56
General administration	12,714,361.91	15,400,529.00
School administration	103,174,689.89	114,527,764.27
Facilities acquisition and construction	126,025,264.34	116,950,049.47
Fiscal services	6,406,083.00	7,867,397.77
Food services	111,765,725.28	121,827,931.99
Central services	27,392,113.10	30,976,993.94
Pupil transportation services	66,181,399.98	71,438,578.07
Operation of plant	118,193,022.32	120,378,033.95
Maintenance of plant	26,904,605.71	29,251,957.51
Administrative Technology Services	193,998.26	129,698.36
Community services	63,444,924.53	65,737,887.78
Interest on long-term debt	38,204,168.29	29,140,738.62
Unallocated depreciation	265,398.38	225,534.17
Total expense	<u>2,177,806,573.45</u>	<u>2,281,597,772.59</u>
Change in net position	31,439,569.50	(126,383,768.74)
Net position beginning of year – Restated due to GASB Statement 75	607,840,863.22	734,224,631.96
Net position end of year	<u>\$ 639,280,432.72</u>	<u>607,840,863.22</u>

\*Prior year amounts have been restated for the District's implementation of GASB Statement No. 75.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2018

The increase in unrestricted grants and contributions revenue of \$30,665,637.30 is a result of an increase in grants awarded to the District. Property taxes increased \$20,566,853.14 during the year as a result of an increase in assessed values.

For the most part the decrease in expenses was due to the overall reduction in long term liabilities.

**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, unassigned 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 \$416,124,989.63, an increase of \$41,319,945.84 as compared to the prior year.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$100,053,366.00, while total fund balance was \$146,203,253.03. The fund balance of the District's General Fund increased by \$5,429,228.89 during the current fiscal year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents six percent of total General Fund expenditures, while total fund balance represents eight percent of that same amount. The fund balance increase of \$5,429,228.89 in the current year was primarily due to a district-wide initiative to reduce expenditures and maintain consistent staffing formulas to align workforce with student needs.

The Special Revenues Fund (Other Federal Programs) revenue and expenditures remain equal to the prior year.

The Other Debt Service Fund decreased this year over last year due to transfers back to the capital funds

The Capital Improvement Fund's ending fund balance of \$11,047,384.11 increased \$10,627,654.30 from the prior year. Taxes for capital outlay were \$10,581,657.92 more this year while operational expenditures for various projects were \$8,108,534.18 less than last year. However transfers out totaled \$95,205,034.14 to cover expenditures related to Capital Improvement, but not recorded in those funds.

Other Capital Projects Fund had an increase in fund balance of \$23,497,035.20 from a prior year fund balance of \$112,630,243.66 to a current year fund balance of \$136,127,278.86. This change was due to a decrease in expenditures for those funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2018

**General Fund Budgetary Highlights**

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

The General Fund final budget appropriations increased \$60.3 million from the original budget to the final amended budget. The increases were due to increases in the number of approved charter schools and their corresponding enrollment.

Actual expenditures were \$48.7 million below the final amended expenditure budget. Unexpended appropriations of \$48.7 million were composed of the following: (1) \$31.8 million in restricted programs, (2) \$3.1 million in other earmarked assigned funds and (3) \$13.8 million in other unexpended budget items. The \$13.8 million reflects less than 1.0% of the final budget. In the normal course of business, some of the budget is left unspent, primarily due to temporarily unfilled positions.

**Capital Asset and Debt Administration**

**Capital Assets**

The District's investment in capital assets for its governmental activities as of June 30, 2018 amounts to \$2,218,426,037.34 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, construction in progress, improvements other than buildings, buildings and systems, furniture, fixtures and equipment, motor vehicles, and computer equipment.

	<b>Governmental Activities 2018</b>	<b>Governmental Activities 2017</b>
Land	\$ 161,410,563.66	\$ 161,410,563.66
Land improvements	96,118,480.90	96,077,620.44
Construction in progress	39,068,474.65	40,551,727.46
Improvements other than buildings	72,150,336.51	77,302,893.37
Buildings and systems	1,785,186,336.81	1,833,765,605.44
Furniture, fixtures and equipment	22,929,530.89	23,807,054.76
Motor vehicles	40,956,944.74	39,129,015.78
Computer software	605,369.18	715,101.04
Total capital assets	<u>\$ 2,218,426,037.34</u>	<u>\$ 2,272,759,581.95</u>

This year's additions of \$42,164,836.98, excluding transfers from construction in progress, included several renovation projects. The total of capital assets decreased due to the fact that deletions and depreciation charges were higher than additions.

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

DISTRICT SCHOOL BOARD  
OF HILLSBOROUGH COUNTY, FLORIDA

Exhibit A-1  
Page 1-7

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2018

**Long Term Debt**

At the end of the current fiscal year the District had borrowed and bonded debt outstanding of \$900,596,516.15, which is net of un-amortized bond premiums of (\$55,353,516.15).

	<u>2018</u>	<u>2017</u>
Bonds payable	185,210,371.18	205,079,468.41
Certificates of participation	715,386,144.97	743,854,064.71
Total long term debt	<u>\$ 900,596,516.15</u>	<u>\$ 948,933,533.12</u>

The District's total borrowed and bonded debt decreased by \$48,337,016.97 (net of repayment of principal on outstanding debt) during the current fiscal year. The decrease is approximately equal to the payment of principal.

The District has been given the following bond ratings:

	<u>Sales Tax Revenue Bonds</u>
	<u>Underlying</u>
Moody's	A2
Standard & Poors	A
Fitch IBCA	A-

	<u>Certificates of Participation</u>
	<u>Underlying</u>
Moody's	Aa2
Standard & Poors	AA-
Fitch IBCA	AA

See notes 8-12 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 Services, 901 E. Kennedy Blvd., Tampa, Florida, 33602 or call 813-272-4292.

DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
STATEMENT OF NET POSITION  
June 30, 2018

	Account Number	Primary Government	
		Governmental Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	1110	174,184,393.63	174,184,393.63
Investments	1160	271,917,730.48	271,917,730.48
Item Receivable, Net	1220		0.00
Accounts Receivable, Net	1131	4,880,659.11	4,880,659.11
Interest Receivable on Investments	1170		0.00
Due From Other Agencies	1220	112,813,283.30	112,813,283.30
Due From Insurer	1180		0.00
Grants Receivable	1210		0.00
Internal Balances	1210		0.00
Cash with Fiscal Service Agency	1114		0.00
Section 1011.13, F.S. Loan Proceeds	1450		0.00
Inventory	1150	5,148,006.67	5,148,006.67
Prepaid Items	1220		0.00
Long-Term Investments	1600		0.00
Prepaid Insurance Costs	1410		0.00
Other Postemployment Benefits Asset	1410		0.00
Pension Asset	1415		0.00
<b>Capital Assets</b>			
Land	1310	161,410,563.66	161,410,563.66
Land Improvements - Nondepreciable	1315	96,114,480.90	96,114,480.90
Construction in Progress	1460	39,068,474.65	39,068,474.65
Nondepreciable Capital Assets		296,597,519.21	296,597,519.21
Depreciable Capital Assets	1320	277,771,814.64	277,771,814.64
Less Accumulated Depreciation	1329	(155,201,478.33)	(155,201,478.33)
Buildings and Fixed Equipment	1330	2,414,721,488.42	2,414,721,488.42
Less Accumulated Depreciation	1339	(1,029,535,151.61)	(1,029,535,151.61)
Furniture, Fixtures and Equipment	1340	143,426,950.86	143,426,950.86
Less Accumulated Depreciation	1349	(112,467,419.97)	(112,467,419.97)
Motor Vehicles	1350	209,209,294.41	209,209,294.41
Less Accumulated Depreciation	1359	(79,603,349.67)	(79,603,349.67)
Property Under Capital Leases	1370		0.00
Less Accumulated Depreciation	1379		0.00
Intangible Assets	1380		0.00
Less Accumulated Depreciation	1389		0.00
Computer Software	1382	10,093,578.30	10,093,578.30
Less Accumulated Amortization	1389	(18,488,209.71)	(18,488,209.71)
Depreciable Capital Assets, Net		1,921,828,518.13	1,921,828,518.13
Total Capital Assets		2,218,426,037.34	2,218,426,037.34
<b>Total Assets</b>		2,317,023,128.73	2,317,023,128.73
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Accumulated Increase in Fair Value of Hedging Derivatives	1910		0.00
Net Carrying Amount of Debt Refunding	1920	20,185,507.80	20,185,507.80
Pension	1940	476,407,909.16	476,407,909.16
Other Postemployment Benefits	1950		0.00
<b>Total Deferred Outflows of Resources</b>		496,783,416.96	496,783,416.96
<b>LIABILITIES</b>			
Cash Overdraft	2125		0.00
Accrued Salaries and Benefits	2110	396,342.09	396,342.09
Payroll Deductions and Withholdings	2170	2,843,429.49	2,843,429.49
Accounts Payable	2120	45,548,155.38	45,548,155.38
Notes Payable	2130		0.00
Current Notes Payable	2250	8,446.56	8,446.56
Accrued Interest Payable	2110	15,443,278.47	15,443,278.47
Debt Issuance Costs	2220	295,648.30	295,648.30
Due to Other Agencies	2220	6,059,987.78	6,059,987.78
Due to Fiscal Agent	2240		0.00
Pension Liability	2115		0.00
Other Postemployment Benefits Liability	2116		0.00
Advances Payable	2110		0.00
Construction Contracts Payable	2140		0.00
Construction Contracts Payable - Retained Percentage	2140	1,369,668.13	1,369,668.13
Estimated Liability for Claims - Self-Insurance Program	2271		0.00
Estimated Liability for Claims Adjustment	2272		0.00
Estimated Liability for Arbitrage Rebate	2280		0.00
Unapplied Revenues	2410	18,674,118.21	18,674,118.21
<b>Noncurrent Liabilities</b>			
Portion Due Within One Year:			
Notes Payable	2110		0.00
Obligations Under Capital Leases	2115		0.00
Bonds Payable	2120	26,643,171.18	26,643,171.18
Liability for Compensated Absences	2310	152,548.57	152,548.57
Liability for Long-Term Claims	2310	15,779,141.97	15,779,141.97
Estimated Liability for Long-Term Claims	2360	13,652,605.85	13,652,605.85
Net Other Postemployment Benefits Obligation	2360		0.00
Net Pension Liability	2365		0.00
Estimated PEVY Advance Payable	2410		0.00
Other Long-Term Liabilities	2500		0.00
Derivative Instrument	2500		0.00
Estimated Liability for Arbitrage Rebate	2500		0.00
Due Within One Year		134,600,671.35	134,600,671.35
Portion Due After One Year:			
Obligations Under Capital Leases	2110		0.00
Bonds Payable	2120	158,565,000.00	158,565,000.00
Liability for Compensated Absences	2310	157,129,170.74	157,129,170.74
Liability for Long-Term Claims	2310	616,409,000.00	616,409,000.00
Estimated Liability for Long-Term Claims	2360	9,834,828.14	9,834,828.14
Net Other Postemployment Benefits Obligation	2360	160,185,695.00	160,185,695.00
Net Pension Liability	2365	1,128,952,015.38	1,128,952,015.38
Estimated PEVY Advance Payable	2410		0.00
Other Long-Term Liabilities	2500		0.00
Derivative Instrument	2500		0.00
Estimated Liability for Arbitrage Rebate	2500		0.00
Due in More than One Year		2,248,285,029.27	2,248,285,029.27
Total Long-Term Liabilities		2,382,885,700.62	2,382,885,700.62
<b>Total Liabilities</b>		2,473,454,002.97	2,473,454,002.97
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Accumulated Increase in Fair Value of Hedging Derivatives	2610		0.00
Deficit Net Carrying Amount of Debt Refunding	2620		0.00
Deferred Revenues	2630		0.00
Pension	2640	98,543,635.00	98,543,635.00
Other Postemployment Benefits	2650	17,926,465.00	17,926,465.00
<b>Total Deferred Inflows of Resources</b>		116,470,100.00	116,470,100.00
<b>NET POSITION</b>			
Net Investment in Capital Assets	2770	1,317,829,521.19	1,317,829,521.19
<b>Restricted For:</b>			
Capitalized Curative Programs	2780	26,129,699.27	26,129,699.27
Food Services	2780	26,914,108.28	26,914,108.28
Child Services	2780	78,111,563.16	78,111,563.16
Capital Projects	2780	155,400,728.09	155,400,728.09
Other Purposes	2780	5,475,611.13	5,475,611.13
Unrestricted	2790	(963,483,188.27)	(963,483,188.27)
<b>Total Net Position</b>		659,280,432.72	659,280,432.72

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2018

FUNCTIONS	Account Number	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
						Governmental Activities	Total
<i>Governmental Activities:</i>							
Instruction	5000	1,243,362,244.38	25,755,548.50			(1,217,606,695.88)	(1,217,606,695.88)
Student Support Services	6100	86,418,419.28				(86,418,419.28)	(86,418,419.28)
Instructional Media Services	6200	23,837,263.58				(23,837,263.58)	(23,837,263.58)
Instruction and Curriculum Development Services	6300	52,072,732.27				(52,072,732.27)	(52,072,732.27)
Instructional Staff Training Services	6400	31,829,305.29				(31,829,305.29)	(31,829,305.29)
Instruction-Related Technology	6500	35,491,349.47				(35,491,349.47)	(35,491,349.47)
Board	7100	3,929,504.19				(3,929,504.19)	(3,929,504.19)
General Administration	7200	12,714,361.91				(12,714,361.91)	(12,714,361.91)
School Administration	7300	103,174,689.89				(103,174,689.89)	(103,174,689.89)
Facilities Acquisition and Construction	7400	126,025,264.34			5,779,579.45	(120,245,684.89)	(120,245,684.89)
Fiscal Services	7500	6,406,083.00				(6,406,083.00)	(6,406,083.00)
Food Services	7600	111,765,725.28	17,069,430.64	98,126,943.96		3,430,649.32	3,430,649.32
Central Services	7700	27,392,113.10				(27,392,113.10)	(27,392,113.10)
Student Transportation Services	7800	66,181,399.98	2,539,755.70			(63,641,644.28)	(63,641,644.28)
Operation of Plant	7900	118,193,022.32				(118,193,022.32)	(118,193,022.32)
Maintenance of Plant	8100	26,904,605.71				(26,904,605.71)	(26,904,605.71)
Administrative Technology Services	8200	193,998.26				(193,998.26)	(193,998.26)
Community Services	9100	63,444,924.53				(63,444,924.53)	(63,444,924.53)
Interest on Long-Term Debt	9200	38,204,168.29			6,135,290.40	(32,068,877.89)	(32,068,877.89)
Unallocated Depreciation/Amortization Expense		265,398.38				(265,398.38)	(265,398.38)
<b>Total Governmental Activities</b>		<b>2,177,806,573.45</b>	<b>45,364,734.84</b>	<b>98,126,943.96</b>	<b>11,914,869.85</b>	<b>(2,022,400,024.80)</b>	<b>(2,022,400,024.80)</b>
<i>Business-type Activities:</i>							
Self-Insurance Consortium							0.00
Daycare Operations							0.00
Other Business-Type Activity							0.00
<b>Total Business-Type Activities</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.00</b>
<b>Total Primary Government</b>		<b>2,177,806,573.45</b>	<b>45,364,734.84</b>	<b>98,126,943.96</b>	<b>11,914,869.85</b>	<b>(2,022,400,024.80)</b>	<b>(2,022,400,024.80)</b>
<i>Component Units:</i>							
Major Component Unit Name		0.00	0.00	0.00	0.00		
Major Component Unit Name		0.00	0.00	0.00	0.00		
Total Nonmajor Component Units		0.00	0.00	0.00	0.00		
<b>Total Component Units</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		

**General Revenues:**

*Taxes:*

- 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
- Special Items
- Extraordinary Items
- Transfers

**Total General Revenues, Special Items, Extraordinary Items and Transfers**

**Change in Net Position**  
Net Position, July 1, 2017  
Adjustments to Net Position  
Net Position, June 30, 2018

	463,070,018.08	463,070,018.08
		0.00
	136,301,146.91	136,301,146.91
	32,257,232.56	32,257,232.56
	1,333,859,912.75	1,333,859,912.75
	6,167,091.80	6,167,091.80
	82,184,192.20	82,184,192.20
		0.00
		0.00
		0.00
<b>Total General Revenues, Special Items, Extraordinary Items and Transfers</b>	<b>2,053,839,594.30</b>	<b>2,053,839,594.30</b>
<b>Change in Net Position</b>	<b>31,439,569.50</b>	<b>31,439,569.50</b>
Net Position, July 1, 2017	<b>607,840,863.22</b>	<b>607,840,863.22</b>
Adjustments to Net Position		0.00
Net Position, June 30, 2018	<b>639,280,432.72</b>	<b>639,280,432.72</b>

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2018

**THE SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
For the Fiscal Year Ended June 30, 2018**

**Total Fund Balances - Governmental Funds** \$ 416,124,989.63

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 2,218,426,037.34

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. -

Deferred outflows are not available to pay for current period expenditures and therefore are deferred in the funds 496,788,416.96

Deferred inflows are not available to pay for current period expenditures and therefore are deferred in the funds (121,424,102.00)

Derivative instrument liability is not due and payable in the current period and therefore is not reported in the funds. -

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 position. 5,556,184.01

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.

Post Employment Benefits	160,195,695.00	
Pension	1,128,952,015.38	
Compensated Absences Payable	169,653,920.09	
Certificates of Participation	715,386,144.97	
Bonds Payable	185,210,371.18	(2,359,398,146.62)

Accrued interest on long-term liabilities is not due and payable in the current period and therefore, is not reported in the funds. (15,423,278.47)

Accrued retainage payable is not due and payable in the current period and therefore is not reported in the funds. (1,369,668.13)

**Total Net Position - Governmental Activities** \$ 639,280,432.72

	Account Number	General 100	Other Federal Programs 420	Other Debt Service 290	Nonvoted Capital Improvement Fund 370	Other Capital Projects 390
<b>REVENUES</b>						
Federal Direct	3100	3,116,222.38	15,914,264.30	0.00	0.00	0.00
Federal Through State and Local	3200	6,209,406.34	182,290,198.18	0.00	0.00	0.00
State Sources	3300	1,121,257,488.49	1,044,687.25	0.00	0.00	3,702,576.00
<i>Local Sources:</i>						
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	463,175,736.48	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423	0.00	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	0.00	0.00	0.00	136,301,146.91	0.00
Local Sales Taxes	3418, 3419	0.00	0.00	21,003,000.02	0.00	11,254,232.54
Charges for Service - Food Service	345X	0.00	0.00	0.00	0.00	0.00
Impact Fees	3496	0.00	0.00	0.00	0.00	33,062,556.79
Other Local Revenue		76,927,005.72	3,030,091.51	747,296.06	1,264,675.41	1,353,216.48
Total Local Sources	3400	540,102,742.20	2,030,091.51	21,750,296.08	137,565,823.32	45,670,005.81
<b>Total Revenues</b>		1,670,685,859.41	201,279,241.24	21,750,296.08	137,565,823.32	49,372,581.81
<b>EXPENDITURES</b>						
<i>Current:</i>						
Instruction	5000	1,153,564,946.71	78,857,221.75	0.00	0.00	0.00
Student Support Services	6100	68,837,652.13	18,807,593.98	0.00	0.00	0.00
Instructional Media Services	6200	21,452,713.80	2,285,390.88	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	24,072,214.42	28,198,850.51	0.00	0.00	0.00
Instructional Staff Training Services	6400	19,851,567.87	12,355,108.69	0.00	0.00	0.00
Instruction-Related Technology	6500	32,085,096.09	2,511,589.19	0.00	0.00	0.00
Board	7100	3,981,621.21	0.00	0.00	0.00	0.00
General Administration	7200	7,018,764.21	5,963,619.42	0.00	0.00	0.00
School Administration	7300	102,022,355.56	827,057.14	0.00	0.00	0.00
Facilities Acquisition and Construction	7410	2,838,242.23	0.00	0.00	0.00	174,336.01
Fiscal Services	7500	5,765,239.23	616,532.03	0.00	0.00	0.00
Food Services	7600	402,486.02	0.00	0.00	0.00	0.00
Central Services	7700	20,610,475.85	6,090,034.01	0.00	0.00	0.00
Student Transportation Services	7800	65,702,099.15	804,577.59	0.00	0.00	0.00
Operation of Plant	7900	117,816,935.53	201,715.35	0.00	0.00	0.00
Maintenance of Plant	8100	26,875,630.08	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	189,871.83	0.00	0.00	0.00	0.00
Community Services	9100	19,562,567.44	43,828,817.34	0.00	0.00	0.00
<i>Debt Service: (Function 9200)</i>						
Redemption of Principal	710	0.00	0.00	156,652,000.00	0.00	0.00
Interest	720	0.00	0.00	25,830,817.78	0.00	0.00
Days and Fees	730	0.00	0.00	1,254,265.69	0.00	0.00
Miscellaneous	790	0.00	0.00	0.00	0.00	0.00
<i>Capital Outlay:</i>						
Facilities Acquisition and Construction	7420	181,822.69	72,439.00	0.00	30,482,521.88	32,748,634.60
Charter School Local Capital Improvement	7430	0.00	0.00	0.00	2,742,204.00	0.00
Other Capital Outlay	9300	3,224,263.78	1,878,133.57	0.00	0.00	0.00
<b>Total Expenditures</b>		1,696,048,155.83	201,298,700.43	183,757,083.47	33,224,725.88	32,922,970.61
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		(25,362,296.42)	(19,459.19)	(162,006,787.39)	104,341,096.44	16,449,611.20
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of Bonds	3710	0.00	0.00	0.00	0.00	0.00
Premium on Sale of Bonds	3791	0.00	0.00	0.00	0.00	0.00
Discount on Sale of Bonds	891	0.00	0.00	0.00	0.00	0.00
Proceeds of Lease-Purchase Agreements	3750	0.00	0.00	162,880,000.00	0.00	0.00
Premium on Lease-Purchase Agreements	3793	0.00	0.00	24,195,964.75	0.00	0.00
Discount on Lease-Purchase Agreements	893	0.00	0.00	0.00	0.00	0.00
Loans	3720	0.00	0.00	0.00	0.00	0.00
Sale of Capital Assets	3730	0.00	0.00	0.00	0.00	0.00
Loss Recoveries	3740	0.00	0.00	0.00	0.00	0.00
Proceeds of Forward Supply Contract	3760	0.00	0.00	0.00	0.00	0.00
Proceeds from Special Facility Construction Account	3770	0.00	0.00	0.00	0.00	0.00
Face Value of Refunding Bonds	3715	0.00	0.00	0.00	0.00	0.00
Premium on Refunding Bonds	3792	0.00	0.00	0.00	0.00	0.00
Discount on Refunding Bonds	892	0.00	0.00	0.00	0.00	0.00
Refunding Lease-Purchase Agreements	3755	0.00	0.00	0.00	0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794	0.00	0.00	0.00	0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894	0.00	0.00	0.00	0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760	0.00	0.00	(79,474,762.42)	0.00	0.00
Transfers In	3600	34,302,576.00	19,459.19	62,669,704.44	1,491,592.00	10,750,000.00
Transfers Out	9700	(3,511,051.19)	0.00	(11,067,077.32)	(95,205,034.14)	(3,702,576.00)
<b>Total Other Financing Sources (Uses)</b>		30,791,524.81	19,459.19	159,203,829.45	(93,713,442.14)	7,047,424.00
<b>SPECIAL ITEMS</b>						
EXTRAORDINARY ITEMS		0.00	0.00	0.00	0.00	0.00
<b>Net Change in Fund Balances</b>		5,429,228.39	0.00	(2,802,957.94)	10,627,654.30	23,497,035.20
Fund Balances, July 1, 2017	2800	140,774,024.64	0.00	72,373,865.12	419,729.81	112,630,243.66
Adjustments to Fund Balances	2891	0.00	0.00	0.00	0.00	0.00
Fund Balances, June 30, 2018	2700	146,203,253.03	0.00	69,570,907.18	11,047,384.11	136,127,278.86

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2018

	Account Number	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Federal Direct	3100	0.00	19,030,486.68
Federal Through State and Local	3200	96,733,437.96	285,233,042.48
State Sources	3300	13,633,445.66	1,139,638,197.40
<i>Local Sources:</i>			
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	0.00	463,175,736.48
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	0.00	136,301,146.91
Local Sales Taxes	3418, 3419	0.00	32,257,232.56
Charges for Service - Food Service	345X	17,069,430.64	17,069,430.64
Impact Fees	3496	0.00	33,062,556.79
Other Local Revenue		775,177.93	83,326,699.91
Total Local Sources	3400	17,844,608.57	765,192,803.29
<b>Total Revenues</b>		128,211,492.19	2,209,094,529.85
<b>EXPENDITURES</b>			
<i>Current:</i>			
Instruction	5000	0.00	1,232,422,168.46
Student Support Services	6100	0.00	85,645,246.11
Instructional Media Services	6200	0.00	23,738,104.68
Instruction and Curriculum Development Services	6300	0.00	52,271,064.93
Instruction Staff Training Services	6400	0.00	32,206,676.56
Instruction-Related Technology	6500	0.00	34,596,685.28
Board	7100	0.00	3,981,621.21
General Administration	7200	0.00	12,982,383.63
School Administration	7300	0.00	102,849,412.70
Facilities Acquisition and Construction	7410	0.00	3,012,578.24
Fiscal Services	7500	0.00	6,381,861.24
Food Services	7600	112,011,127.52	112,413,613.54
Central Services	7700	0.00	26,700,509.86
Student Transportation Services	7800	0.00	66,506,676.74
Operation of Plant	7900	0.00	118,018,650.88
Maintenance of Plant	8100	0.00	26,875,630.08
Administrative Technology Services	8200	0.00	180,871.82
Community Services	9100	0.00	63,391,384.78
<i>Debt Service: (Function 9200)</i>			
Redemption of Principal	710	5,671,000.00	162,323,000.00
Interest	720	917,095.52	26,907,620.32
Days and Fees	730	11,806.48	1,271,362.17
Miscellaneous	790	0.00	0.00
<i>Capital Outlay:</i>			
Facilities Acquisition and Construction	7420	3,416,732.59	66,902,150.76
Charter School Local Capital Improvement	7430	0.00	2,742,204.00
Other Capital Outlay	9300	0.00	5,102,917.35
<b>Total Expenditures</b>		122,027,852.11	2,269,424,395.35
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		6,183,640.08	(60,329,865.50)
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of Bonds	3710	0.00	0.00
Premium on Sale of Bonds	3791	0.00	0.00
Discount on Sale of Bonds	391	0.00	0.00
Proceeds of Lease-Purchase Agreements	3750	0.00	162,880,000.00
Premium on Lease-Purchase Agreements	3793	0.00	24,195,964.75
Discount on Lease-Purchase Agreements	893	0.00	0.00
Loans	3720	0.00	0.00
Sale of Capital Assets	3730	0.00	0.00
Loss Recoveries	3740	0.00	0.00
Proceeds of Forward Supply Contract	3760	0.00	0.00
Proceeds from Special Facility Construction Account	3770	0.00	0.00
Face Value of Refunding Bonds	3715	0.00	0.00
Premium on Refunding Bonds	3792	0.00	0.00
Discount on Refunding Bonds	892	0.00	0.00
Refunding Lease-Purchase Agreements	3755	0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794	0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894	0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760	(3,951,390.99)	(83,426,153.41)
Transfers In	3600	0.00	111,485,738.65
Transfers Out	9700	0.00	(113,485,738.65)
<b>Total Other Financing Sources (Uses)</b>		(3,951,390.99)	101,649,811.34
<b>SPECIAL ITEMS</b>			
		0.00	0.00
<b>EXTRAORDINARY ITEMS</b>			
		0.00	0.00
<b>Net Change in Fund Balances</b>		2,232,249.09	41,319,945.84
Fund Balances, July 1, 2017	2800	35,759,808.47	374,805,043.79
Adjustments to Fund Balances	2891	0.00	0.00
Fund Balances, June 30, 2018	2700	37,992,057.56	416,124,989.63

The notes to 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, 2018**

**Net Change in Fund Balances - Total Governmental Funds** 41,319,945.84

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 assets (\$42,452,197.97) was less than depreciation expense (\$95,582,377.44) during the current period. (53,130,179.47)

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 position differs by the change in fund balances by the cost of assets sold. (637,897.23)

Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 410,736.82

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which payments of bond principal (\$52,911,000) and payments to refunding agent (\$192,838,153.41) was more than the proceeds of (\$162,880,000.00) in the current year. 82,869,153.41

Governmental funds report certain bond transaction as resources or uses. However, in the statement of activities these transactions are reported over the life of the debt as (\$24,195,964.75 bond premium). (24,195,964.75)

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

Postemployment health care benefits (11,495,595.00)

Interest expense (including arbitrage rebate) (2,809,337.56)

Compensated absences (3,355,227.91)

Pension (5,266,145.48)

Amortization of bond discount, premium, loss on refunding 2,955,114.78

Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities. 4,774,966.11

**Change in Net Position of Governmental Activities** 31,439,569.50

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

DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2018

	Account Number	Governmental Activities - Internal Service Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	1110	3,274,524.37
Investments	1160	55,847,951.15
Accounts Receivable, Net	1131	190,775.51
Interest Receivable on Investments	1170	0.00
Due From Other Agencies	1220	530,748.25
Due From Insurer	1180	0.00
Due From Budgetary Funds	1141	0.00
Deposits Receivable	1210	0.00
Cash with Fiscal Service Agents	1114	0.00
Section 1011.13, F.S., Loan Proceeds	1420	0.00
Inventory	1150	0.00
Prepaid Items	1230	0.00
Long-Term Investments	1460	0.00
Prepaid Insurance Costs	1430	0.00
Other Postemployment Benefits Asset	1410	0.00
Pension Asset	1415	0.00
<i>Capital Assets:</i>		
Land	1310	0.00
Land Improvements - Nondepreciable	1315	0.00
Construction in Progress	1360	0.00
Nondepreciable Capital Assets		0.00
Improvements Other Than Buildings	1320	0.00
Accumulated Depreciation	1329	0.00
Buildings and Fixed Equipment	1330	0.00
Accumulated Depreciation	1339	0.00
Furniture, Fixtures and Equipment	1340	0.00
Accumulated Depreciation	1349	0.00
Motor Vehicles	1350	0.00
Accumulated Depreciation	1359	0.00
Property Under Capital Leases	1370	0.00
Accumulated Depreciation	1379	0.00
Computer Software	1382	0.00
Accumulated Amortization	1389	0.00
Depreciable Capital Assets, Net		0.00
Total Capital Assets		0.00
<b>Total Assets</b>		59,843,996.32
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00
Net Carrying Amount of Debt Refunding	1920	0.00
Pension	1940	0.00
Other Postemployment Benefits	1950	0.00
<b>Total Deferred Outflows of Resources</b>		0.00
<b>LIABILITIES</b>		
Cash Overdraft	2125	0.00
Accrued Salaries and Benefits	2110	0.00
Payroll Deductions and Withholdings	2170	0.00
Accounts Payable	2120	15,755,337.07
Sales Tax Payable	2260	48,264.80
Accrued Interest Payable	2210	0.00
Deposits Payable	2220	0.00
Due to Other Agencies	2140	0.00
Due to Budgetary Funds	2161	0.00
Pension Liability	2115	0.00
Other Postemployment Benefits Liability	2116	0.00
Judgments Payable	2130	0.00
Estimated Liabilities - Self-Insurance Program	2271	0.00
Estimated Liability for Claims Adjustment	2272	0.00
Unearned Revenues	2410	14,996,666.44
<i>Noncurrent Liabilities</i>		
<i>Portion Due Within One Year:</i>		
Obligations Under Capital Leases	2315	0.00
Liability for Compensated Absences	2330	0.00
Estimated Liability for Long-Term Claims	2350	13,652,605.85
Net Other Postemployment Benefits Obligation	2360	0.00
Net Pension Liability	2365	0.00
Other Long-Term Liabilities	2380	0.00
Due Within One Year		13,652,605.85
<i>Portion Due After One Year:</i>		
Obligations Under Capital Leases	2315	0.00
Liability for Compensated Absences	2330	0.00
Estimated Liability for Long-Term Claims	2350	9,834,948.15
Net Other Postemployment Benefits Obligation	2360	0.00
Net Pension Liability	2365	0.00
Other Long-Term Liabilities	2380	0.00
Due in More Than One Year		9,834,948.15
Total Long-Term Liabilities		23,487,554.00
<b>Total Liabilities</b>		54,287,812.31
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00
Deficit Net Carrying Amount of Debt Refunding	2620	0.00
Deferred Revenues	2630	0.00
Pension	2640	0.00
Other Postemployment Benefits	2650	0.00
<b>Total Deferred Inflows of Resources</b>		0.00
<b>NET POSITION</b>		
Net Investment in Capital Assets	2770	0.00
Restricted for	2780	5,556,184.01
Unrestricted	2790	0.00
<b>Total Net Position</b>		5,556,184.01

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2018

	Account Number	Governmental Activities - Internal Service Funds
<b>OPERATING REVENUES</b>		
Charges for Services	3481	10,596,365.37
Charges for Sales	3482	0.00
Premium Revenue	3484	183,776,779.06
Other Operating Revenues	3489	385,554.58
<b>Total Operating Revenues</b>		194,758,699.01
<b>OPERATING EXPENSES</b>		
Salaries	100	564,865.07
Employee Benefits	200	224,068.79
Purchased Services	300	344,753.57
Energy Services	400	0.00
Materials and Supplies	500	0.00
Capital Outlay	600	0.00
Other	700	191,228,818.98
Depreciation and Amortization Expense	780	0.00
<b>Total Operating Expenses</b>		192,362,506.41
<b>Operating Income (Loss)</b>		2,396,192.60
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment Income	3430	323,455.25
Gifts, Grants and Bequests	3440	0.00
Other Miscellaneous Local Sources	3495	55,318.26
Loss Recoveries	3740	0.00
Gain on Disposition of Assets	3780	0.00
Interest	720	0.00
Miscellaneous	790	0.00
Loss on Disposition of Assets	810	0.00
<b>Total Nonoperating Revenues (Expenses)</b>		378,773.51
<b>Income (Loss) Before Operating Transfers</b>		2,774,966.11
Transfers In	3600	2,000,000.00
Transfers Out	9700	0.00
<b>SPECIAL ITEMS</b>		0.00
<b>EXTRAORDINARY ITEMS</b>		
		0.00
<b>Change In Net Position</b>		4,774,966.11
Net Position, July 1, 2017	2880	781,217.90
Adjustments to Net Position	2896	0.00
Net Position, June 30, 2018	2780	5,556,184.01

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2018

	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	8,800,036.37
Receipts from interfund services provided	184,428,455.13
Payments to suppliers	(190,190,679.06)
Payments to employees	(788,933.86)
Payments for interfund services used	0.00
Other receipts (payments)	477,694.44
<b>Net cash provided (used) by operating activities</b>	<b>2,726,573.02</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Subsidies from operating grants	0.00
Transfers from other funds	2,000,000.00
Transfers to other funds	(3,542,154.36)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(1,542,154.36)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from capital debt	0.00
Capital contributions	0.00
Proceeds from disposition of capital assets	0.00
Acquisition and construction of capital assets	0.00
Principal paid on capital debt	0.00
Interest paid on capital debt	0.00
<b>Net cash provided (used) by capital and related financing activities</b>	<b>0.00</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sales and maturities of investments	(12,754,643.14)
Interest and dividends received	323,455.25
Purchase of investments	0.00
<b>Net cash provided (used) by investing activities</b>	<b>(12,431,187.89)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(11,246,769.23)</b>
Cash and cash equivalents - July 1, 2017	14,521,293.60
Cash and cash equivalents - June 30, 2018	3,274,524.37
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	2,451,510.86
<i>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</i>	
Depreciation/Amortization expense	0.00
Commodities used from USDA program	0.00
<i>Change in assets and liabilities:</i>	
(Increase) decrease in accounts receivable	(20,174.05)
(Increase) decrease in interest receivable	0.00
(Increase) decrease in due from insurer	0.00
(Increase) decrease in deposits receivable	0.00
(Increase) decrease in due from other funds	0.00
(Increase) decrease in due from other agencies	118,802.11
(Increase) decrease in inventory	0.00
(Increase) decrease in prepaid items	0.00
(Increase) decrease in pension	0.00
Increase (decrease) in salaries and benefits payable	0.00
Increase (decrease) in payroll tax liabilities	0.00
Increase (decrease) in accounts payable	485,143.03
Increase (decrease) in cash overdraft	0.00
Increase (decrease) in judgments payable	0.00
Increase (decrease) in sales tax payable	0.00
Increase (decrease) in accrued interest payable	0.00
Increase (decrease) in deposits payable	0.00
Increase (decrease) in due to other funds	0.00
Increase (decrease) in due to other agencies	0.00
Increase (decrease) in unearned revenues	651,676.07
Increase (decrease) in pension	0.00
Increase (decrease) in other postemployment benefits	0.00
Increase (decrease) in estimated unpaid claims - Self-Insurance Prog	(960,385.00)
Increase (decrease) in estimated liability for claims adjustment	0.00
<b>Total adjustments</b>	<b>275,062.16</b>
<b>Net cash provided (used) by operating activities</b>	<b>2,726,573.02</b>
<b>Noncash investing, capital and financing activities:</b>	
Borrowing under capital lease	0.00
Contributions of capital assets	0.00
Purchase of equipment on account	0.00
Capital asset trade-ins	0.00
Net Increase/(Decrease) in the fair value of investments	0.00
Commodities received through USDA program	0.00

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
June 30, 2018

	Account Number	Total Pension Trust Funds 87X	Total Agency Funds 89X
<b>ASSETS</b>			
Cash and Cash Equivalents	1110	0.00	46,236,101.74
Investments	1160	10,276,546.94	12,384,094.26
Accounts Receivable, Net	1131	45,498.15	0.00
Pension Contributions Receivable	1132	0.00	
Interest Receivable on Investments	1170	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00
Due From Other Agencies	1220	0.00	0.00
Inventory	1150		135,817.17
<b>Total Assets</b>		<b>10,322,045.09</b>	<b>58,756,013.17</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	
Pension	1940	0.00	
Other Postemployment Benefits	1950	0.00	
<b>Total Deferred Outflows of Resources</b>		<b>0.00</b>	
<b>LIABILITIES</b>			
Cash Overdraft	2125	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	40,796,022.06
Accounts Payable	2120	0.00	1,196,718.80
Internal Accounts Payable	2290	0.00	16,763,272.31
Due to Other Agencies	2230	0.00	
Due to Budgetary Funds	2161	0.00	0.00
<b>Total Liabilities</b>		<b>0.00</b>	<b>58,756,013.17</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	
Pension	2640	0.00	
Other Postemployment Benefits	2650	0.00	
<b>Total Deferred Inflows of Resources</b>		<b>0.00</b>	
<b>NET POSITION</b>			
Held in Trust for Pension Benefits	2785	10,322,045.09	
Held in Trust for Other Purposes	2785	0.00	
<b>Total Net Position</b>		<b>10,322,045.09</b>	

The notes to financial statements are an integral part of this statement.  
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**DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
For the Fiscal Year Ended June 30, 2018**

	Account Number	Total Pension Trust Funds 87X
<b>ADDITIONS</b>		
<i>Contributions:</i>		
Employer		1,170,000.00
Plan Members		0.00
Gifts, Grants and Bequests	3440	0.00
<i>Investment Income:</i>		
Interest on Investments	3431	172,599.95
Gain on Sale of Investments	3432	0.00
Net Increase (Decrease) in the Fair Value of Investments	3433	(124,532.17)
Total Investment Income		48,067.78
Less Investment Expense		27,217.69
Net Investment Income		20,850.09
<b>Total Additions</b>		1,190,850.09
<b>DEDUCTIONS</b>		
Salaries	100	0.00
Employee Benefits	200	1,891,506.79
Purchased Services	300	0.00
Other	700	0.00
Refunds of Contributions		0.00
Administrative Expenses		11,682.39
<b>Total Deductions</b>		1,903,189.18
<b>Change In Net Position</b>		(712,339.09)
Net Position Held In Trust, July 1, 2017	2885	11,034,384.18
Adjustments to Net Position	2896	0.00
Net Position Held in Trust for Pension Benefits and Other Purposes, June 30, 2018	2785	10,322,045.09

**PAGES 13 THROUGH 17 INTENTIONALLY OMITTED**

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The notes to financial statements are an integral part of this statement.  
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The School District of Hillsborough County, Florida (District) has direct responsibility for the operation, control, and supervision of the District schools and is considered a primary government for financial reporting purposes. The 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 (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 Board and its component units. Criteria for determining if other entities are potential component units, which should be reported within the District's financial statements, are identified and described in Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units and GASB Statement No. 61, The Financial Reporting Entity - Omnibus. The application of these criteria provide for identification of any entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the School Board are such that exclusion would cause the District'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. The governing board of the Corporation is the same as the District School Board. Financial records for the Corporation are maintained by

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

the District and District staff is responsible for the day-to-day operation of the Corporation. 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 Other Capital Projects Fund. Separate financial statements of the Corporation are not published.

Discretely Presented Component Units

For the purpose of presentation of this report, the Superintendent's Annual Financial Report (SAFR), there are no discretely presented component units reported.

The SAFR is required by the Department of Education to report certain financial aspects of the District to them. At the time this report was due to the State no component units had provided financial data.

When the audit of the district is completed, the Comprehensive Annual Financial Report (CAFR) will be published. In the CAFR, the inclusion of discretely presented component units will be determined by the application of appropriate criteria of the GASB.

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 Position 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.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 non operating 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 non-operating revenues and expenses.

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 – *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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Special Revenue Fund-Other - to account for financial resources of certain federal grant program resources.

Other Debt Service Fund – Accounts for and reports on various bond revenue and principal and interest payments, including the Certificates of Participation.

Local Capital Improvement – Accounts for and reports on the revenues generated from the local capital outlay property taxes.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

E. Investments

Investments of the general government 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. Such

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 further 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, technology repair, and the bus garage are stated at cost basis 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 acquired are recorded at cost in the government-wide statement of net position 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 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Asset Class Description	Estimated Useful Lives
Buildings	15-50 years
Improvements other than Buildings	10-25 years
Building Improvements	10-25 years
Furniture, Fixtures and Equipment	5-10 years
Motor Vehicles	4-10 years
Audio Visual Materials and Computer Software	3-5 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 position. Bond premiums, discounts and losses on refunding issuances, are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Gains and losses on refunding issuances are netted and reported as deferred outflows of resources.

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 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.

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 a subsequent note.

I. Lease Obligations

The District has operating leases for facility rental. These agreements allow use of a facility that meet specific needs of certain programs. Adult Education pays rental fees out of workforce funding, Early Childhood pays rental fees with federal funding sources, while Student Nutrition Services pays with earned revenue.

J. 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

K. 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 2017 tax levy for fiscal year 2018 on September 19, 2017. 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 a subsequent note.

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. 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.

M. Deferred Outflows of Resources and Deferred Inflows of Resources

In the government-wide financial statements the District records deferred outflows of resources which represent the consumption of net position by the District that is applicable to a future reporting period. At June 30, 2018 deferred outflows of resources represent activity associated with the deferred charge on refunding as discussed in note 10, and pension related items as discussed in note 17.

In addition to liabilities on the government-wide financial statements, the District records deferred inflows of resources which represent an acquisition of net position that applies to future periods. At June 30, 2018 deferred inflows of resources represent activity associated with pension related items as discussed in note 17 and other post employee benefits discussed in note 19.

N. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Accounting Standards

The District implemented GASB Statement Number 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75) for the fiscal year ended June 30, 2018. This resulted in a \$13,251,269.00 reduction of beginning net position from \$621,092,132.22 to \$607,840,863.22 due to the addition of a liability from the District's OPEB Plan.

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 objects. 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 11, 2018.
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.

2. BUDGET COMPLIANCE AND ACCOUNTABILITY (continued)

Appropriations lapse at year-end and encumbrances outstanding are honored from the subsequent year's appropriations.

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 re-appropriated 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, 2018, 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, 2018, the District had the following investments and maturities:

Investment	Maturities	Fair Value
United States Treasuries	06/30/2018 - 02/28/2021	\$ 5,825,154.23
United States Agencies	07/20/2018 - 09/28/2020	10,838,459.08
State Board of Administration		
Florida PRIME	30.5 Days	216,757,580.77
Debt Service Account	30.5 Days	313,612.13
Certificates of Deposit	07/17/2018 - 02/09/2019	10,459,369.23
Wells Fargo Advantage Treasury		
Plus Money Market	N/A	384,204.44
Total Investments Reporting Entity		<u>\$ 244,578,379.88</u>

3. CASH AND INVESTMENTS (continued)

Investments are reflected in the financial statement as follows:

Governmental funds	\$ 166,069,787.49
Internal service funds	55,847,951.19
Fiduciary funds	
Pension trust	10,276,546.94
Agency	<u>12,384,094.26</u>
Total Primary Government	<u>\$ 244,578,379.88</u>

Interest Rate Risk

The District has a formal investment policy that the investment objectives are safety of capital, liquidity of funds, and investment income, in that order. The performance measurement objective shall be to exceed the State Board of Administration's Florida PRIME yield. The policy limits the type of investments and the length of investments of idle funds. The weighted average duration of the investment portfolio shall not exceed five years.

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 State Board of Administration (SBA) Investment Pool, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided by F.S. 163.01.
- (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.

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2018

3. CASH AND INVESTMENTS (continued)

- (e) Obligations of Federal agencies, government sponsored enterprises, and instrumentalities.
- (f) Securities of, or other interest in, any open-end or closed-end management type investment company or trust registered under the Investment Company Act of 1940, 15 U.S. C 80a-1.
- (g) Short-term obligations commonly referred to as "money market instruments" including but not limited to commercial paper, provided such obligations carry the highest credit rating from a nationally recognized rating agency.
- (h) Asset-backed securities when either a) the underlying asset is guaranteed by the issuer or b) the security carries the highest quality rating by a nationally recognized rating agency.

The District's investment in the SBA consists of Florida PRIME.

Florida PRIME 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. Rule 2a7 allows funds to use amortized cost to maintain a constant net asset value (NAV) of \$1.00 per share. Accordingly, the District's investment in the Florida PRIME is reported at the account balance which is considered fair value. Florida PRIME is rated AAAM by Standard & Pools.

The District's investments in United States Agencies or Treasuries for the Pension Trust Fund were rated either AA+ by Standard and Pools or AAA by Moody's Investors Services.

The District's investments in Certificates of Deposits were in qualified public depositories.

Investments in the State Board of Administration Debt Service Account totaling \$313,612.13 to provide for debt service payments on bonded debt issued by the State Board of Administration for the benefit of the District. These investments consist of United States Treasury securities, with maturity dates of six months or less and are reported at fair value. The District has no formal policy for managing interest rate risk or credit risk for this account, but relies on policies developed by the State Board of Administration.

3. CASH AND INVESTMENTS (continued)

Custodial Credit Risk

The District's investment policy requires that securities purchased or otherwise acquired by the District shall be properly designated as an asset of the District. Also, 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.

Of The District's investments, \$5,825,154.23 in U. S. Treasuries and \$10,838,459.08 in U.S.

Agencies are not registered in the name of the District, are held by the counterparty's trust department or agent and are not insured.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one issuer. The District had no investment excluding amounts held with the State Board of that made up more than 5% of total investments.

3. CASH AND INVESTMENTS (continued)

Foreign Currency Risk

The District has no investments which are exposed to foreign currency risk as of June 30, 2018. The District does not have a formal investment policy that limits its investment in foreign currency.

Fair Value Measurement

The District categorizes its fair value measurement within the hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following fair value measurements as of June 30, 2018:

- U.S. Treasury securities of \$5,825,154.23 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices (Level 2 inputs).
- U.S. Agency securities of \$10,838,459.08 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices (Level 2 inputs).
- Money markets of \$384,204.44 are valued using the quoted market prices (Level 1 inputs).
- Certificates of deposit of \$10,459,369.23 are valued using the quoted market prices (Level 1 inputs).
- State board of administration \$217,071,192.90 are valued using the quoted market prices (Level 1 inputs).

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3. CASH AND INVESTMENTS (continued)

	Quoted Prices in Active Markets			Significant Unobservable Inputs (Level 3)
	6/30/2018	for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
<b>Investments by fair value level</b>				
Debt securities				
U.S. Treasuries	5,825,154.23		5,825,154.23	-
U.S. Agencies	10,838,459.08		10,838,459.08	-
Total debt securities	16,663,613.31		16,663,613.31	-
Money market				
Certificates of deposit	384,204.44	384,204.44		-
Total investments by fair value	10,459,369.23	10,459,369.23		-
	27,507,186.98	10,843,573.67	16,663,613.31	-
<b>Investments measure at the net asset value (NAV)</b>				
State Board of Administration	217,071,192.90			
Total investments measured at fair value	244,578,379.88			

4. DUE FROM OTHER AGENCIES

Amount due from other governmental agencies as of June 30, 2018 are shown below:

	General Fund	Other Special Revenue Fund	Other Debt Service	Local Capital Improvement	Other Capital Projects Fund	Non-Major and Other Funds	Total
Federal Government:							
Miscellaneous	\$6,549,481.10	\$13,250,083.97	-	-	-	-	\$19,799,565.07
State Government:							
Food Reimbursement	-	-	-	-	-	1,517,453.06	1,517,453.06
Miscellaneous	456,282.99	106,693.00	-	-	46,850.12	3,610,919.76	4,220,745.87
Local Government:							
Hillsborough County Board of County Commissioners	149,936.69	9,997,423.72	0.00	38,235.46	75,528,026.34	-	85,713,622.21
Miscellaneous	1,135,735.27	-	-	-	426,163.82	-	1,561,899.09
Total:	\$8,291,436.05	\$23,354,200.69	\$0.00	\$38,235.46	\$76,001,040.28	\$5,128,372.82	\$112,813,285.30



NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2018

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

Description	Beginning Balances	Additions	Deletions	Ending Balances
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$161,410,563.66	-	-	\$161,410,563.66
Land Improvements-Non Depreciable	96,077,620.44	43,960.46	3,100.00	96,118,480.90
Construction in Progress	40,551,727.46	29,764,623.93	31,247,876.74	39,068,474.65
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$298,039,911.56</b>	<b>29,808,584.39</b>	<b>31,250,976.74</b>	<b>\$296,597,519.21</b>
<u>Capital Assets Being Depreciated:</u>				
Improvements Other Than Buildings	225,474,309.30	2,182,923.96	305,418.42	227,351,814.84
Buildings and Systems	2,782,943,186.71	26,745,127.08	1,754,832.24	2,807,933,481.55
Furniture, Fixtures and Equipment	145,863,136.67	6,173,352.64	6,209,538.45	145,826,950.86
Leasehold Improvements	6,465,281.15	322,725.72	-	6,788,006.87
Motor Vehicles	121,940,585.30	7,751,776.16	9,132,067.05	120,560,294.41
Computer Software	19,913,241.19	428,223.77	1,247,886.57	19,093,578.39
<b>Total Capital Assets Being Depreciated</b>	<b>3,302,599,740.32</b>	<b>43,604,129.33</b>	<b>18,649,742.73</b>	<b>3,327,554,126.92</b>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	148,171,415.93	7,262,619.96	232,557.56	155,201,478.33
Buildings & Systems	955,520,022.08	74,979,181.63	1,216,293.51	1,029,282,910.20
Furniture, Fixtures, And Equipment	122,057,376.91	6,745,873.81	5,905,830.75	122,897,419.97
Leasehold Improvements	122,840.34	131,604.21	2,203.14	252,241.41
Motor Vehicles	82,811,569.52	5,923,847.20	9,132,067.05	79,603,349.67
Computer Software	19,196,845.15	539,250.63	1,247,886.57	18,488,209.21
Total Accumulated Depreciation	1,327,880,069.93	95,582,377.44	17,736,838.58	1,405,725,608.79
<b>Total Capital Assets Being Depreciated (Net)</b>	<b>1,974,719,670.39</b>	<b>(51,978,248.11)</b>	<b>912,904.15</b>	<b>1,921,828,518.13</b>
Governmental Activities Capital Assets (Net)	\$2,272,759,581.95	(\$22,169,663.72)	\$32,163,880.89	\$2,218,426,037.34

5. CAPITAL ASSETS (continued)

Depreciation expense charged to governmental functions are:

Instructional Services	\$ 2,965,784.23
Instructional Support Services	1,396,692.97
Pupil Transportation Services	236,411.53
Operation and Maintenance of Plant	435,391.11
Facilities Acquisition and Construction	89,020,243.54
School Administration	141,396.99
General Administration	176,416.41
Food Services	952,335.48
Community Services and Other	45,793.75
Un-Allocated Depreciation	211,911.43
<b>Total Depreciation Expense</b>	<b>\$ 95,582,377.44</b>

6. REVOLVING LINE OF CREDIT

Pursuant to the provisions of Section 1011.13, Florida Statutes, on May 16, 2017 the Board authorized the Superintendent to establish a Line of Credit Tax Anticipation Note for fiscal year 2018, in the amount of \$100,000,000 with Wells Fargo Bank, N.A. The outstanding principal amount of the Note shall bear interest with an indicative rate equal to 70 percent of one month London Interbank Offered Rate (LIBOR) plus 80 basis points. 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 Note would be repaid in full in ninety days from the first draw. The Note shall not exceed \$100,000,000 at any time. For the year ended June 30, 2018, no funds had been borrowed or utilized under this line-of-credit, and therefore no amounts are outstanding at June 30, 2018.

7. OPERATING LEASES

The District entered into a 3, 10, and 15 year facility lease for Adult Education, Early Childhood, and Student Nutrition Services. The facility lease for Adult Education ends June 30, 2020. The facility lease for Early Childhood ends September 7, 2018 with an expected renewal, and the lease for

7. OPERATING LEASES (continued)

Student Nutrition Services ends February 28, 2031. Adult Education funds their lease with workforce dollars. Both Early childhood and Student Nutrition Services are federally funded; however, Student Nutrition Services utilizes earned revenue to pay their lease. The current portion of rental expenditures in Fiscal Year 2018 for Adult Education was \$150,451, Early Child was \$68,892, and Student Nutrition Services was \$384,956. The District does have other operating leases that are not material.

The following is a schedule, by years, of the District's portion of future minimum rental payments required under operating leases that have lease terms in excess of one year.

<u>Fiscal Year Ending June 30</u>	<u>Annual Amount</u>
2019	\$ 549,544
2020	564,057
2021	414,555
2022	424,919
2023	435,542
2024-2028	2,346,587
2029-2032	<u>1,961,434</u>
Total	<u>\$ 6,696,638</u>

8. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT – CERTIFICATES OF PARTICIPATION

The District entered into various financing arrangements 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 proceeds of rents paid by the 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.

8. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT – CERTIFICATES OF PARTICIPATION (continued)

Certificates of Participation that are still part of the District's debt obligation are as follows:

<u>Certificates</u>	<u>Date of Certificates</u>	<u>Original Amount of Certificates</u>	<u>Ground Lease Term</u>
Series 1998 Project	March 1, 1998	\$ 336,930,000	June 30, 2023
Series 2004 QZAB Project	June 8, 2004	6,131,000	June 7, 2020
Series 2005 QZAB Project	December 20, 2005	3,002,000	December 20, 2020
Series 2006B Project	January 26, 2007	77,900,000	June 30, 2026
Series 2010A Projects	April 15, 2010	97,545,000	June 30, 2025
Series 2010 QSCB Projects	December 21, 2010	37,935,000	November 30, 2028
Series 2012A Projects	April 3, 2012	124,565,000	June 30, 2029
Series 2014A Projects	April 2, 2014	39,950,000	June 30, 2028
Series 2015A Projects	August 20, 2015	100,625,000	June 30, 2031
Series 2015B Projects	September 30, 2015	77,705,000	June 30, 2030
Series 2016A Projects	March 31, 2016	53,350,000	June 30, 2031
Series 2017A Projects	May 25, 2017	32,445,000	June 30, 2026
Series 2017B Projects	November 13, 2017	51,915,000	June 30, 2028
Series 2017C Projects	November 13, 2017	97,380,000	June 30, 2023
Series 2017D Projects	November 13, 2017	13,585,000	June 30, 2019
Total		<u>\$ 1,150,963,000</u>	

The Series 1998 Certificates of Participation were 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 educational facilities which the School Board acquired, constructed and installed from the proceeds of the Series 1994 and Series 1995 Certificates of Participation. The Series 2006B Certificates of Participation were issued in order to provide the funds necessary to partially refund the Series 1998B and 2001B Certificates of Participation and refinance the educational facilities that the School Board acquired, constructed and installed from the proceeds of the Series 1998B and 2001B Certificates of Participation. The Series 2010A Certificates of Participation were issued in order to provide the funds necessary to partially refund the Series 2001A Certificates of Participation and refinance the educational facilities that the

8. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT – CERTIFICATES OF PARTICIPATION (continued)

School Board acquired, constructed and installed from the proceeds of the Series 2001A Certificates of Participation. The Series 2012A Certificates of Participation were issued in order to provide funds necessary to partially advance refund the Series 2002 Certificates of Participation and fully refund the Series 2003B Certificates of Participation and refinance the educational facilities that the School Board acquired, constructed and installed from the proceeds of the Series 2002 and Series 2003B Certificates of Participation. The Series 2014A Certificates of Participation were issued in order to provide funds necessary to fully advance refund the Series 2002 Certificates of Participation and partially advance refund the Series 2004B Certificates of Participation and refinance the educational facilities that the School Board acquired, constructed and installed from the proceeds of the Series 2002 and Series 2004B Certificates of Participation. The Series 2015A Certificates of Participation were issued in order to refund the Series 2005A and advance refund the Series 2006A Certificates of Participation and refinance the educational facilities that the school board acquired, constructed, and installed from the proceeds of the 2005A and 2006A Certificates of Participation. The Series 2015B Certificates of Participation were issued in order to refund the Series 2004C Certificates of Participation and refinance the educational facilities that the school board acquired, constructed, and installed from the proceeds of the 2004C Certificates of Participation. The Series 2016A Certificates of Participation were issued in order to advance refund the Series 2007 Certificates of Participation and refinance the educational facilities that the school board acquired, constructed, and installed from the proceeds of the 2007 Certificates of Participation. See Note 10 for current issuances. The Series 2017A Certificates of Participation were issued in order to advance refund the Series 2006B Certificates of Participation and refinance the educational facilities that the school board acquired, constructed, and installed from the proceeds of the 2006B Certificates of

8. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT – CERTIFICATES OF PARTICIPATION (continued)

Participation. The Series 2017B Certificates of Participation were issued in order to advance refund the Series 2012A Certificates of Participation and refinance the educational facilities that the School Board acquired, constructed and installed from the proceeds of the 2012A Certificates of Participation. The Series 2017C Certificates of Participation were issued in order to refund the Series 2008A Certificates of Participation and refinance the educational facilities that the School Board acquired, constructed and installed from the proceeds of the 2008A Certificates of Participation. The Series 2017D Certificates of Participation were issued in order to terminate the swap associated with the Series 2008A Certificates of Participation.

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.

The lease payments for the Series 1998, Series 2006B, Series 2010A, Series 2012A, Series 2014A, Series 2015A, Series 2016A, 2017A, 2017B, 2017C and 2017D Certificates are payable by the District, semi-annually, on July 1 and January 1 at interest rates of 3.60 to 5.50 percent, 3.50 to 5.00 percent, 3.00 to 5.00 percent, 4.00 to 5.00 percent 2.56 percent, 2.00 to 5.00 percent, 5.00 percent, 4.00 to 5.00 percent, 5.00 percent, 5.00 percent, and 1.80 to 1.98 percent, respectively. The lease payments for the Series 2015B Certificates are payable by the District semi-annually on July 1 and January 1. The interest is paid monthly based on a daily rate set by the remarketing agent that is expected to approximate the Securities Industry and Financial Markets Associations (SIFMA) Municipal Swap index over the life of the Bonds. The lease payments for the Series 2004-QZAB, 2005-QZAB and 2010-QSCB Certificates are due June 7, 2020, December 20, 2020 and December 1, 2028, respectively. There is no interest to be paid on the QZABs or QSCB, as the

8. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT – CERTIFICATES OF PARTICIPATION (continued)

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:

Fiscal Year Ending June 30	Total	Principal	Interest
2019	\$ 61,265,620.99	\$ 35,200,000.00	\$ 26,065,620.99
2020	66,650,801.73	43,096,000.00	23,554,801.73
2021	63,251,595.69	41,247,000.00	22,004,595.69
2022	59,977,536.30	39,765,000.00	20,212,536.30
2023	60,067,466.77	41,710,000.00	18,357,466.77
2024 - 2028	297,902,785.37	236,895,000.00	61,007,785.37
2029 - 2033	240,318,683.83	229,895,000.00	10,423,683.83
Total Minimum Lease Payments	<u>\$ 849,434,490.68</u>	<u>\$ 667,808,000.00</u>	<u>\$ 181,626,490.68</u>

9. BONDS PAYABLE

Bonds payable at June 30, 2018 were as follows:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity to:
<b>State School Bonds</b>			
Series 2009-A	895,000.00	2.0 - 5.0	2029
Series 2010-A	2,510,000.00	3.0 - 5.0	2030
Series 2011-A	1,015,000.00	3.0 - 5.0	2023
Series 2014-A	1,740,000.00	2.0 - 5.0	2025
Series 2014-B	980,000.00	2.0 - 5.0	2021
Series 2017-A	5,160,000.00	3.0 - 5.0	2028
<b>District Revenue Bonds</b>			
Series 2015 Capital Improvement & Racetrack Revenue Refunding	5,105,000.00	2.0 - 4.0	2033
Series 2015A Sales Tax Refunding	27,255,000.00	1.4	2019
Series 2015B Sales Tax Refunding	65,195,000.00	3.0 - 5.0	2026
Series 2017A Sales Tax Refunding	67,580,000.00	2.49	2027
Total Bonds Payable	<u>\$ 177,435,000.00</u>		

9. 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

Series 2015 Capital Improvement and Racetrack Revenue Refunding Bonds

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 2015A, 2015B and 2017A

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.

9. BONDS PAYABLE (continued)

Annual requirements to amortize all bonded debt outstanding as of June 30, 2018, are as follows:

**TOTAL SBE BONDS**

Fiscal Year Ending June 30	Total	Principal	Interest
2019	\$ 2,533,222.50	\$ 1,975,000.00	\$ 558,222.50
2020	2,124,122.50	1,662,000.00	462,122.50
2021	1,640,402.50	1,246,000.00	394,402.50
2022	1,671,452.50	1,339,000.00	332,452.50
2023	1,569,252.50	1,299,000.00	270,252.50
2024 - 2028	4,949,307.50	4,354,000.00	595,307.50
2029 - 2030	449,550.00	425,000.00	24,550.00
Total Debt Service Payments	<u>\$14,937,310.00</u>	<u>\$12,300,000.00</u>	<u>\$2,637,310.00</u>

**TOTAL DISTRICT REVENUE BONDS**

Fiscal Year Ending June 30	Total	Principal	Interest
2019	\$ 21,203,515.26	\$ 15,895,000.00	\$ 5,308,515.26
2020	21,201,754.51	16,145,000.00	5,056,754.51
2021	20,949,473.01	16,395,000.00	4,554,473.01
2022	20,930,840.76	17,145,000.00	3,785,840.76
2023	20,915,414.51	17,935,000.00	2,980,414.51
2024 - 2028	84,486,439.05	79,635,000.00	4,851,439.05
2029 - 2033	2,151,190.64	1,985,000.00	166,190.64
Total Debt Service Payments	<u>\$ 191,838,627.74</u>	<u>\$ 165,135,000.00</u>	<u>\$ 26,703,627.74</u>

10. DEFEASED DEBT

On November 13, 2017 the District issued \$51,915,000 Refunding Certificates of Participation, Series 2017B at a net premium, with an interest rate of 5.00%. The proceeds were used to advance refund \$55,515,000 of the Certificates of Participation, Series 2012A maturing in the years 2027-2028. \$62,931,987.42 of the net proceeds (after payment of \$414,828.18 of issuance costs), as well as \$1,017,775.00 of District funds, were placed in an irrevocable trust to provide for future debt service payments of the refunded amount of the Series 2012A Certificates of Participation.

As a result, \$55,515,000 of the Series 2012A are considered defeased and the liability for these certificates have been removed from long term debt. Accordingly, the trust account assets and liability for that portion of the Series 2012A are not included in the District's financial statements.

As a result of the refunding the District reduced its total debt service requirements by \$4,387,824.68, which resulted in an economic gain of \$2,626,116.09.

On November 13, 2017, the District issued \$97,380,000 Refunding Certificates of Participation, Series 2017C at a net premium, at an interest rate of 5.00% and \$13,585,000 Taxable Refunding Certificates of Participation, Series 2017D at interest rates of 1.80-1.98%. The proceeds were used to refund \$109,525,000 of the Certificates of Participation, Series 2008A maturing in the years 2018-2023 and to terminate an associated interest rate swap agreement. \$109,525,000 of the net proceeds of the Series 2017C Certificates (after payment of \$619,658.60 of issuance costs) were used to redeem all of the outstanding Series 2008A Certificates. \$13,416,089.42 of the net proceeds of the Series 2017D Certificates (after payment of \$132,525.23 of issuance costs), as well as \$1,995,910.58 of District funds, were paid to UBS AG to terminate the interest rate swap agreement.

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2018

10. DEFEASED DEBT (continued)

As a result, \$109,525,000 of the Series 2008A Certificates are considered defeased and the liability for these certificates have been removed from long term debt. Accordingly, the trust account assets and liability for the Series 2008A are not included in the District's financial statements.

As a result of the refunding and swap termination, the District reduced its total debt service requirements by \$ 1,995,847.25. Series 2017C resulted in an economic gain of \$182,458.28 and Series 2017D resulted in an economic loss of \$1,421,000.00.

11. CHANGES IN LONG TERM DEBT

The following is a summary of changes in general long-term debt:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due in One Year
Estimated Liability for Long Term claims	\$24,447,939.00	6,051,461.67	7,011,846.67	\$23,487,554.00	13,652,605.85
Post Employment Benefits	157,956,970.00	2,238,725.00	-	160,195,695.00	-
Compensated Absences Payable	166,298,692.18	39,249,224.29	35,893,996.38	169,653,920.09	12,524,549.35
Net Pension Liability					
State - FRS	964,675,632.07	87,443,859.00	322,828,859	729,290,632.38	-
State - HIS	432,149,985.00	-	46,726,566	385,423,419.00	-
Early Retirement Program	14,751,200.00	-	513,236.00	14,237,964.00	-
Certificate of Participation	703,863,000.00	162,880,000.00	198,935,000.00	667,808,000.00	35,200,000.00
Bonds Payable	196,451,000.00	-	19,016,000.00	177,435,000.00	17,870,000.00
<b>TOTAL</b>	<u>\$2,660,594,418.25</u>	<u>\$297,863,269.96</u>	<u>\$630,925,503.74</u>	<u>\$2,327,532,184.47</u>	<u>\$79,247,155.20</u>
Plus unamortized bond premium					
Certificates of Participation				47,578,144.97	
Bonds payable				<u>7,775,371.18</u>	
<b>Total Long-Term Debt</b>				<u><u>2,382,885,700.62</u></u>	

11. CHANGES IN LONG TERM DEBT (continued)

Internal service funds predominately serve the governmental funds and, accordingly, long-term liabilities of those funds are included in the governmental activities. For the governmental activities, compensated absences, net pension liability, and other postemployment benefits are generally liquidated with resources of the General and Special Revenue Funds. The estimated liability for long term claims are generally liquidated with resources of the Worker's Compensation and the General and Automobile liability programs Internal Service Funds.

12. FUND BALANCE REPORTING

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions (GASB 54). The intention of GASB 54 is to provide more structured classification of fund balance reporting. The reporting standards established a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or are legally or contractually required to remain intact. Examples of this classification are prepaid item, inventories, and principal of an endowment fund. The District has inventories that are considered nonspendable. The District does not have any other nonspendable fund balances.

The GASB 54 statement provides a hierarchy of spendable fund balances, based on spending constraints:

Restricted – fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

12. FUND BALANCE REPORTING (continued)

Committed – fund balance that contain self-imposed constraints by the Board, (the district's highest level of decision-making authority). The Board has not established a policy to commit fund balance, therefore no such balance is reported.

Assigned – fund balances that contain self imposed constraints of the government to be used for a particular purpose. The District has a policy No. 6100 approved by the Board that designates administrative staff (the Superintendent and Chief Business Officer) to determine the assignments.

Unassigned – fund balance of the general fund that is not constrained for a particular purpose.

The District has classified its fund balances based on the GASB 54 hierarchy as follows:

Nonspendable – The Districts has inventories totaling \$5,148,006.67 that are classified as nonspendable.

Spendable – The District has classified the spendable fund balances as restricted, assigned and unassigned. The District currently has no funds classified as committed.

Restricted for Federal, State and Local Programs, Debt Service and Capital Projects:

Federal Laws, Florida Statutes and local constraints require that certain revenues be specifically used for certain expenditures. These funds have been included in the restricted category of fund balances. The restricted fund balances totals \$301,036,594.66 and represent \$26,223,655.94 for Federal programs, \$28,748,456.54 for State programs, and \$3,056,853.86 for Local programs, \$86,237,232.10 for Debt Service and \$156,770,396.22 for Capital Projects.

12. FUND BALANCE REPORTING (continued)

Assigned for School Operations:

The District has set aside certain spendable fund balances in the amount of \$9,887,022.30 for Lee Elementary insurance dollars, and the shortage of funding for the Safe Schools initiative.

Unassigned:

The District has a policy that requires it to maintain a contingency fund balance in its operating fund of no less than 5 percent of the annual revenues. The district has \$100,053,366.00 in unassigned fund balance. At the end of the fiscal year the unassigned fund balance in the general fund is 5.99% of total general fund revenues.

The District applies resources for expenditures to restricted, then assigned and then unassigned, when expenditures are incurred which could use any of the fund balance classifications.

13. INTERFUND RECEIVABLES AND PAYABLES

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

<u>Funds</u>	<u>Receivables</u>	<u>Payables</u>
Major Funds:		
General	\$ 48,514,464.64	\$ 220,270.82
Contracted Services - Spec. Rev.	117,168.95	17,096,207.37
Contracted Services - Food Svs.	74,742.65	427,962.27
Other Debt Services	-	10,750,000.00
Local Capital Improvement	187,241.04	30,906,582.49
Other Capital Projects	10,759,687.09	16,229.88
Non-Major Governmental Funds		
Non-major	\$ 3,465.15	\$ 191,251.89
Internal Service		48,264.80
Total	<u>\$ 59,656,769.52</u>	<u>\$ 59,656,769.52</u>

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NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2018

13. INTERFUND RECEIVABLES AND PAYABLES (continued)

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 of the prior fiscal year. The amounts in local capital improvement, other capital project funds and non-major funds is mostly due to the movements of expenditures between capital project funds. The amount in the internal service fund is due to movement of revenue to other funds. The amounts payable are expected to be paid within a reasonable period of time.

14. INTERFUND TRANSFERS

The following is a summary of interfund transfers reported in the fund financial statements:

<u>Funds</u>	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ 34,302,576.00	\$ 3,511,051.19
Contracted Services	19,459.19	-
Other Debt Service	62,669,704.44	11,067,077.32
ARRA Stimulus Debt Service	2,252,407.02	-
Local Capital Improvement	1,491,592.00	95,205,034.14
Other Capital Projects	10,750,000.00	3,702,576.00
Non-Major Governmental Funds		
Internal Service Funds	2,000,000.00	-
<b>Total</b>	<b>\$ 113,485,738.65</b>	<b>\$ 113,485,738.65</b>

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

15. STATE REVENUE SOURCES

The following is a schedule of the Districts state revenue for the 2018 fiscal year:

<u>Sources</u>	<u>Amount</u>
Florida Education Finance Program	\$ 824,486,323.00
Workforce Development	25,677,265.00
Categorical Education Programs	250,556,964.07
Capital Outlay and Debt Service	11,779,427.00
Food Service Supplement	1,393,506.00
Mobile Home License Tax	631,051.12
State Board of Education Bond Interest	135,442.85
Pari-Mutuel Tax	446,500.00
Discretionary Lottery Funds	389,962.00
Miscellaneous	24,141,756.36
<b>Total</b>	<b>\$ 1,139,638,197.40</b>

16. PROPERTY TAXES

The following is a summary of millages and taxes levied in the 2017 tax roll for the fiscal year

2018:

<u>General Fund</u>	<u>Millage Levied</u>	<u>Taxes Levied</u>
Non-voted School Tax:		
Required Local Effort	4.348	\$ 411,165,738.16
Discretionary Local Effort	0.748	70,734,124.23

Capital Projects Funds

Non-voted Tax:		
Local Capital Improvements	1.500	141,846,505.81
<b>Total</b>	<b>6.596</b>	<b>\$ 623,746,368.20</b>



17. STATE RETIREMENT PROGRAMS

a. Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS and HIS's fiduciary net position have been determined on the same basis as they are reported by FRS and HIS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

b. General Information about the Pension Plan

*Plan description.* All regular employees of the District are covered by the Florida Retirement System (FRS). The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the FRS Investment Plan.

Essentially all regular employees of participating employers are eligible and must enroll as members of the Plan. Employees in the Pension Plan vest at six years of service if enrolled in the plan prior to July 1, 2011. Enrollment after July 1, 2011 requires eight years of service to vest. All vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. For enrollees prior to July 1, 2011, pension plan benefit payments are based on the member's highest 5-year average annual salary (average final compensation) times the number of years of service. Enrollees after July 1,

17. STATE RETIREMENT PROGRAMS (continued)

2011 have benefit payments based on the member's highest 8 year average annual salary. For regular class members enrolled before July 1, 2011, the annual final compensation is 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. Regular class members enrolled after July 1, 2011 have an annual final compensation multiplied by a percentage ranging from 1.60 at age 65 or with 33 years of service to 1.68 percent at age 68 or with 36 years of service. Members are eligible for early retirement after 6 years of service, however, normal benefits are reduced by 5 percent for each year a member retires before age 62. As described in note 18, 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.

Eligible FRS members may elect to participate in FRS Investment Plan in lieu of the Defined Benefit Plan. District employees participating in DROP are not eligible to participate in the Investment Plan. This plan is funded by employer contributions that are

17. STATE RETIREMENT PROGRAMS (continued)

based on salary and membership class (Regular, Elected County Officers, etc.) Contributions are directed to individual member accounts, and the ultimate benefit depends in part on the performance of investment funds chosen. Employees in the FRS Investment Plan vest after one year of service.

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

The contribution rates for the Plan are established by section 121.71 of the Florida State Statutes, and may be amended, by the State of Florida. As of June 30, 2018, the contribution rates were as follows:

<u>Class or Plan</u>	<u>Employee</u>	<u>Employer (A)</u>
Florida Retirement System, Regular (HA)	3.00	7.92
Florida Retirement System, County Elected Officers (HI)	3.00	45.50
Florida Retirement System, Senior Management Service Class (HM)	3.00	22.71
Florida Retirement System, Special Risk (HB)	3.00	23.27
Teachers' Retirement System, Plan E (IE)	6.25	11.90
Florida Retirement System, Reemployed Retiree (UA)	n/a	4.96
Drop	n/a	13.26

Notes: (A)

Employer rates include the post-retirement health insurance supplement, which remained the same from the prior fiscal year. As of July 1, 2017 this amount totaled 1.66 percent.

The District's contributions to the FRS Pension Plan, net of employee contributions, for the fiscal year ending June 30, 2018, totaled \$67,273,588.00 This amount is equal to the required contributions for the fiscal year. Effective July 1, 2011, all members of FRS, except for DROP participants and reemployed retirees who are not eligible for renewed membership, are required to contribute 3 percent of their compensation to FRS. Amounts collected by the District, and remitted to the Plan for employee contributions, are not considered employer contributions for the Plan.

17. STATE RETIREMENT PROGRAMS (continued)

c. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a liability of \$729,290,632 for its proportionate share of the FRS Pension Plan net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The District's proportionate share of the net pension liability was based on a projection of the District's long term share of contributions to the pension plan relative to the projected contributions during the fiscal year ended June 30, 2017. At June 30, 2017, the District's proportionate share was 2.47 percent, which was a decrease of 0.07 percent from its proportionate share of 2.54 percent measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$136,894,621 for the FRS Pension Plan. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions for the FRS Pension Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 66,931,330	\$ 4,039,896
Changes in Assumptions	245,093,140	-
Difference between projected and actual earnings on pension plan investments	-	18,073,644
Changes in proportion and differences between District contributions and proportionate share of contributions	10,099,895	31,426,282
District contributions subsequent to the measurement date	67,273,588	-
Total	<u>\$ 389,397,953</u>	<u>\$ 53,539,822</u>

17. STATE RETIREMENT PROGRAMS (continued)

The deferred outflows of resources related to pensions totaling \$67,273,588 resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported for the FRS Pension plan as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount Recognized
2019	\$ 34,567,721
2020	97,305,062
2021	66,154,677
2022	8,297,505
2023	44,799,734
Thereafter	17,459,844
Total	<u>\$ 268,584,543</u>

*Actuarial assumptions.* The total pension liability for the FRS Pension Plan was determined by an actuarial valuation as of the valuation date calculated on the assumptions listed below:

Valuation date	July 1, 2017
Measurement date	June 30, 2017
Discount rate	7.10%
Long-term expected rate of return, Net of investment expense	7.10%
Inflation	2.60%
Salary increase, including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Entry Age

17. STATE RETIREMENT PROGRAMS (continued)

The actuarial assumptions that determined the total pension liability of the FRS Pension Plan as of June 30, 2017, were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

*Long-term expected rate of return.* The long-term expected rate of return assumption of 7.10 percent consists of two building block components: 1) a real (in excess of inflation) return of 4.50 percent, consistent with the currently articulated real return target in the current Florida State Board of Administration's investment policy, developed using capital market assumptions calculated by Aon Hewitt Investment Consulting; and 2) a long-term average annual inflation assumption of 2.60 percent as adopted in October 2017 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 7.10 percent return assumption were determined to be reasonable and appropriate per the Actuarial Standards of Practice. The 7.10 percent reported investment return assumption differs from the 7.50 percent investment return assumption chosen by the 2017 FRS Actuarial Assumption Conference for funding policy purposes, as allowable under governmental accounting and reporting standards.

Asset Class	Target Allocation	Annual Arithmetic Rate of Return
Cash	1.00%	3.0%
Fixed Income	18.00%	4.5%
Global Equity	53.00%	7.8%
Real Estate (Property)	10.00%	6.6%
Private Equity	6.00%	11.5%
Strategic Investments	12.00%	6.1%
Total	<u>100%</u>	

17. STATE RETIREMENT PROGRAMS (continued)

*Discount rate.* The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.10 percent and is based on a projection of cash flows that assumed that employee contributions will be made at the current contribution rate and that contributions from participating members will be made at statutorily required rates, actuarially determined.

Based on those assumptions, the FRS Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the District's proportionate share of the net position liability to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability of the FRS Pension Plan calculated using the discount rate of 7.10 percent. Also presented is what the District's proportionate share of the FRS Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the FRS Pension Plan net pension liability	\$1,319,971,996	\$729,290,632	\$238,889,768

17. STATE RETIREMENT PROGRAMS (continued)

*Pension plan fiduciary net position.* Detailed information about FRS Pension Plan's fiduciary net position is available in the separately issued FRS Comprehensive Annual Financial Report. The comprehensive annual financial report of the FRS is available by mail at: State of Florida, Division of Retirement, Department of Management Services, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32399; by telephone toll free (844) 377-1888 or (850) 907-6500; by e-mail at [rep@dms.myflorida.com](mailto:rep@dms.myflorida.com); or at the Division's Web site (<http://www.dms.myflorida.com>).

d. General Information about the Health Insurance Subsidy (HIS)

*HIS plan description.* The HIS Pension Plan is a cost-sharing multiple-employer defined benefit pension plan established to provide a monthly subsidy payment to retired members of any state-administered retirement system, or beneficiary entitled to receive benefits.

*HIS benefits provided.* The benefit of the HIS Pension Plan is a monthly payment to assist retirees in paying their health insurance costs. This plan is administered by the Department of Management Services within the Florida Retirement System. HIS benefits are not guaranteed and are subject to annual legislative appropriation.

For fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at a minimum of \$30 but not more than \$150 monthly per Florida Statutes 112.363.

*HIS contributions.* The HIS Pension Plan is funded by required contributions from FRS participating employers. The funds are deposited in a separate trust fund and

17. STATE RETIREMENT PROGRAMS (continued)

consequently paid from that trust fund. Employer contributions are a percentage of gross compensation for all FRS members. For the fiscal year ended June 30, 2018, the contribution rate was 1.66 percent of payroll per Florida Statutes 112.363. Employees do not contribute to this plan. The District's contributions to the HIS Pension Plan totaled \$18,428,926 for the fiscal year ended June 30, 2018.

e. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIS Pensions

At June 30, 2018, the District reported a liability of \$385,423,419 for its proportional share of the HIS Pension Plan net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net pension liability was based on a projection of the District's long term share of contributions to the pension plan relative to the projected contributions during the fiscal year ended June 30, 2017. At June 30, 2017, the District's proportionate share was 3.60 percent, which was a decrease of 0.11 percent from its proportionate share of 3.71 percent measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$31,214,284 for the FRS Pension Plan. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions for the FRS Pension Plan from the following sources:

17. STATE RETIREMENT PROGRAMS (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 802,514
Changes in Assumptions	54,177,280	33,327,971
Difference between projected and actual earnings on pension plan investments	213,745	-
Changes in proportion and differences between District contributions and proportionate share of contributions	13,875,534	10,884,327
District contributions subsequent to the measurement date	18,428,926	-
Total	<u>\$ 86,695,485</u>	<u>\$ 45,014,812</u>

The deferred outflows of resources related to pensions totaling \$18,428,926 resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported for the HIS Pension plan as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount Recognized
2019	\$ 8,214,495
2020	8,174,048
2021	8,154,634
2022	5,190,730
2023	422,773
Thereafter	<u>(6,904,933)</u>
Total	<u>\$ 23,251,747</u>

17. STATE RETIREMENT PROGRAMS (continued)

*Actuarial assumptions.* The total pension liability for the HIS Pension Plan was determined by an actuarial valuation as of the valuation date calculated on the assumptions listed below:

Valuation date	July 1, 2017
Measurement date	June 30, 2017
Discount rate	3.58%
Long-term expected rate of return, Net of investment expense	N/A
Inflation	2.60%
Salary increase, including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Entry Age

The actuarial assumptions that determined the total pension liability of the HIS Pension Plan as of June 30, 2017, were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013. The only change was the discount rate. The discount rate increased from 2.85% to 3.58%. This change will continue to allow FRS to meet or exceed its assumed investment return in future years.

*Discount rate.* Because the HIS pension Plan is funded on a pay-as-you-go basis, the depletion date is considered to be immediate. The single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The discount rates used at the two dates differ due to changes in the applicable municipal bond index.

17. STATE RETIREMENT PROGRAMS (continued)

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability of the HIS Pension Plan calculated using the discount rate of 3.58 percent. Also presented is what the District's proportionate share of the HIS Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
District's proportionate share of the HIS Pension Plan net pension liability	\$439,819,161	\$385,423,419	\$340,114,771

*Pension plan fiduciary net position.* Detailed information about HIS Pension Plan's fiduciary net position is available in the separately issued FRS Comprehensive Annual Financial Report. The comprehensive annual financial report of the FRS is available by mail at: State of Florida, Division of Retirement, Department of Management Services, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32399; by telephone toll free (844) 377-1888 or (850) 907-6500; by e-mail at [rep@dms.myflorida.com](mailto:rep@dms.myflorida.com); or at the Division's Web site (<http://www.dms.myflorida.com>).

18. EARLY RETIREMENT PROGRAM

a. Summary of Significant Accounting Policies

*Pension.* 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 an economic 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.

18. EARLY RETIREMENT PROGRAM (continued)

Plan assets are valued at fair value, based on quoted market prices, for financial statement purposes. Separate Statements are not issued for the Plan.

b. General Information about the Early Retirement Program

*Plan Description:* 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 17, 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 Wells Fargo 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.

*Eligibility.* A member of the Plan was 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. The Board approved to eliminate new participants to the Early Retirement Program on June 30, 2008. Certain employees were eligible to enter the plan before July 1, 2010. As of July 1, 2010 the plan was closed to any new participants.

*Benefits provided.* 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

18. 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.

*Employees covered by benefit terms.* Based on an actuarial report as of June 30, 2018 employee membership data related to the Plan was as follows:

Retirees and beneficiaries currently receiving benefits 523  
Active Plan Participants: There are no longer any active plan participants.

*Contributions.* The District's Early Retirement Program was established by the Board on August 1, 1984. On July 1, 2010, the plan was closed to any new participants. Pursuant to the Plan Agreement, no contribution shall be required or permitted from any member. The District's annual contribution to the pension trust is determined through the budgetary process and with reference to actuarial determined contributions. The board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The contribution is designed to accumulate sufficient assets to pay benefits when due. As of June 30, 2018, the actuarial study shows a deficit of \$14.2 million in accordance with GASB 68. Total contributions to the Plan in fiscal year 2018 amounted to \$1,170,000.

c. Net Pension Liability

In fiscal year ending in 2018, the net pension liability decreased by \$513,236 for a liability in the amount of \$14,237,964.

NOTES TO FINANCIAL STATEMENTS  
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NOTES TO FINANCIAL STATEMENTS  
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18. EARLY RETIREMENT PROGRAM (continued)

Total pension liability	\$ 24,560,009.00
Plan fiduciary net position	<u>10,322,045.00</u>
Net pension liability	<u>\$ 14,237,964.00</u>
Plan fiduciary net position as a percentage of the total pension liability	42.03%

The Net Pension Liability of \$14,237,964 was added as a long term liability on the Statement of Net Position in the Government-wide Financial Statements. The plan fiduciary net position represents 42.03% of the total pension liability.

The computation of the total pension liability for fiscal 2018 was based on the same (a) benefit provisions, (b) actuarial funding method, and (c) other significant factors as used to determine annual required contributions in the previous year.

*Actuarial assumptions.* Significant assumptions and other inputs used to measure the annual required contribution are:

Valuation Date	July 1, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Aggregate
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	2.5%
Projected Salary Increases	0%
Rate of Inflation Adjustment	2.5%

Mortality rates were based on the RP-2000 Generational, 100% Annuitant White Collar-Female, Scale BB, 50% Annuitant White Collar/ 50% Annuitant Blue Collar – Male, Scale BB.

18. EARLY RETIREMENT PROGRAM (continued)

*Investments.* The District oversees the management of the District's Early Retirement Plan. The Superintendent has established procedures to ensure that idle funds are invested as authorized by Florida Statute, to earn the maximum interest. Investments are reported at fair value. The primary objectives, in priority order, in investment activities shall be safety, liquidity, and yield.

The Plan's investments at June 30, 2018, consisted of the following:

	Balance June 30, 2018	Percentage of Plan Net Position
U.S. Treasury Notes and Bonds	\$ 1,725,497.50	16.72%
U.S. Agencies	8,166,845.00	79.12%
Federation Prime Obligations Fund	384,204.44	3.72%
Accued Income	45,498.15	0.44%
Total	<u>\$ 10,322,045.09</u>	100%

*Long-term expected rate of return.* The long-term expected rate of return on pension plan investment was confirmed appropriate using Aon's ( The District's actuary) e-tool model assuming general inflation of 2.5%, which is a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation



18. EARLY RETIREMENT PROGRAM (continued)

percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target allocation</u>	<u>Long-term Expected real rate of return</u>
Government Fixed Income	96%	0.3%
Cash	4%	0.2%

*Rate of return.* For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.5 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Receivables.* The pension plan does not have receivables from long-term contracts with the District contribution.

*Allocated insurance contracts.* The pension plan has not allocated insurance contracts that are excluded from pension plan assets.

*Reserves.* The pension plan has no reserves that are required to be disclosed under paragraph 30e of GASB Statement No. 67, Financial Reporting for Pension Plans.

*Deferred Retirement Option Program (DROP).* The District does not offer DROP to employees in the Early Retirement Program.

d. Total Pension Liability

The District's total pension liability for the Early Retirement Program for the current fiscal year were as follows:

18. EARLY RETIREMENT PROGRAM (continued)

	2018
Total Pension Liability	
Service cost	\$ -
Interest cost	620,996
Changes of benefit terms	-
Differences between expected and actual	44,936
Changes of assumptions	-
Benefit payments, including refunds of contributions	<u>(1,891,507)</u>
Net change in total pension liability	<u>(1,225,575)</u>
Total pension liability (beginning)	<u>25,785,584</u>
Total pension liability (ending)	<u>\$ 24,560,009</u>

*Discount rate.* The discount rate used to measure the total pension liability was 2.50 percent. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current plan members. Therefore, the long term expected rate of return on pension plan investment was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the District, calculated using the discount rate of 2.50 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.50 percent) and 1-percentage point higher (3.50 percent) than the current rate.

	1% Decrease (1.50%)	Current Discount Rate (2.50%)	1% Increase (3.50%)
District's net pension liability	\$16,681,357	\$14,237,964	\$12,150,758

18. EARLY RETIREMENT PROGRAM (continued)

e. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a liability of \$14,237,964 for the Early Retirement Plan net pension liability. The liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The District's net pension liability was based on a projection of the pension plan relative to the projected contributions during the fiscal year ended June 30, 2018.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ -	\$ -
Assumption changes	\$ -	\$ -
Net difference between expected and actual earnings on pension plan investments	\$ 509,469	\$ -
Total	<u>\$ 509,469</u>	<u>\$ -</u>

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Year Ending June 30	
2019	\$ 209,103
2020	144,834
2021	108,951
2022	46,581
2023	-
Thereafter	-
Total	<u>\$ 509,469</u>

19. POST EMPLOYMENT HEALTH CARE BENEFITS

a. General Information about the Plan

*Plan description.* The Postemployment Health Care Benefits Plan is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District and eligible dependents may continue to participate in the District's health and hospitalization plan for medical and prescription drug coverage. Based on the valuation as of May 1, 2018, the District had 25,701 active participants and 905 retirees and eligible dependents in the plan. The District subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. Separate financial statements for the Plan are not issued.

*Benefits provided.* Eligible retirees are generally covered by one of three fully insured comprehensive medical programs from Blue Cross Blue Shield with the following designs:

Plan Type	Staff HMO	Select HMO	Coverage 1 <sup>st</sup> Local	Coverage 1 <sup>st</sup> National		HDHP PPO	
Deductible	0\$	\$250	\$1,000	\$1,000	\$2,000	\$2,000	\$3,000
Coinsurance	100%	100%	100%	100%	70%	90%	60%
Copyment	\$15	\$30	\$25	\$25	\$0	\$0	\$0
Out of pocket limit	\$3,500	\$5,000	\$4,00	\$4,000	\$4,500	\$6,500	\$13,100

19. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

In addition to the plans described above, Medicare eligible retirees have the option to participate in a Medicare Advantage plan offered by Aetna. The employer has no liability for this plan because retirees pay the full cost with no cost sharing. Medicare eligible retirees coordinate benefits with Medicare on a "Coordination of Benefits" basis. That is, the plan pays up to the amount it would pay as primary payer, except that it will not pay benefits already paid by Medicare (which is actually the primary payer) or if the retiree elects not to participate in Medicare Parts A and B, the hypothetical amount Medicare would have paid. Spouses of retirees or surviving spouses of retirees of the School District who meet retirement criteria, and received pension benefits at termination may elect medical coverage. Retirees pay the full cost of dental and vision with no employer cost sharing in the implicit subsidy between active employees and retirees. Retirees pay the full cost with no implicit subsidy for life insurance.

*Employees covered by benefit terms.* At May 1, 2018, the following employees were covered by the benefit terms:

Retirees or dependents receiving benefits	905
Active employees or dependents receiving benefits	25,701

b. Total OPEB Liability

The District's total OPEB liability of \$160,195,695 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

19. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

*Actuarial assumptions and methods.* The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	May 1, 2018
Measurement date	June 30, 2018
Actuarial cost method	Entry age
Inflation	2.5 percent
Salary increases	4.00 percent
Discount rate	3.87 percent

Discount rates were based on Bond Buyer GO 20-Bond Municipal Bond Index.

Mortality rates were based on the RP-2000 Sex distinct fully generational mortality table,

50% Blue Collar and 50% White Collar for Males and 100% White Collar for females.

c. Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	\$11,939,817
Interest	6,476,707
Changes of benefit terms	-
Differences between expected and actual experience	(12,513,779)
Changes in assumptions	(12,406,762)
Benefit payments	(4,508,527)
Net change in total OPEB liability	<u>(11,012,544)</u>
Total OPEB Liability (Beginning)	<u>171,208,239</u>
Total OPEB Liability (Ending)	<u>\$ 160,195,695</u>

Changes of assumptions reflect a change in the discount rate from 2.00 percent in 2017 to 3.87 percent in 2018.

19. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

*Funded Status and Funding Progress.* As of May 1, 2018, the most recent valuation date, the total OPEB Plan liability was \$160,195,695, and assets held in trust were \$0, resulting in a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$1,110,758,832 and the ratio of the total OPEB Plan liability to the covered payroll was 14.42 percent. The OPEB Plan contribution requirements of the District and OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. The District has not advance-funded or established a funding methodology for the annual OPEB expense or the net OPEB Plan liability, and the OPEB Plan is financed on a pay-as-you-go basis.

*Actuarial Assumptions and Methods.* OPEB selected the economic, demographic and health care claim cost assumptions and prescribed them for use for purposes of compliance with GASB 75. The method used to calculate the service cost and accumulated postretirement benefit obligation for determining OPEB expense is the entry age normal cost methods. Under this cost method, the actuarial accrued liability is based on a prorated portion of the present value of all benefits earned to date over expected future working life time as defined by GASB. The proration is determined so that the cost with respect to service accrued from date of hire is recognized as a level percentage of pay each year. The Normal Cost is equal to the prorated cost for the year of the valuations. Benefit obligations and expense/(income) are calculated under U.S. Generally Accepted Accounting Principles as set forth in Government Accounting Standards Board Statement 75. The total OPEB liability represents the actuarial present value of benefits based on the entry age normal cost method as of the measurement date reflecting all normal costs over the period when benefits were earned. The OPEB

19. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

expense is the annual amount to be recognized in the income statement as the cost of OPEB benefits for this plan for the period ending June 30, 2018.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the district, as well as what the district's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	\$184,204,730	\$160,195,695	\$140,444,647

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the district, as well as what the district's total OPEB liability would be if it were calculated using healthcare cost trend rates (7.0 percent pre 65 and 7.5 percent post 65 both decreasing to 4.5 percent) or 1-percentage-point higher (8.0 percent pre 65 and 8.5 percent post 65 decreasing to 5.5 percent) or 1-percentage point lower (6.0 percent pre 65 and 6.5 percent post 65 decreasing to 3.5 percent):

	1% Decrease (6.0% pre 65/ 6.5% post 65 decreasing to 3.5%)	Healthcare Cost Trend Rates (7.0% pre 65/ 7.5 post 65 decreasing to 4.5%)	1% Increase (8.0% pre 65/ 8.5% post 65 decreasing to 5.5%)
Total OPEB liability	\$133,450,649	\$160,195,695	\$195,161,845

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NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2018

19. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

d. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized negative OPEB expense of \$16,365,450. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ -	\$ 11,483,838
Changes of assumption or other inputs		11,385,629
Total	<u>\$ -</u>	<u>\$ 22,869,467</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Year Ending June 30
2019	\$ 2,051,074
2020	2,051,074
2021	2,051,074
2022	2,051,074
2023	2,051,074
Thereafter	12,614,097
Total	<u>\$ 22,869,467</u>

20. 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. Prior to July 18, 2007 the District entered into agreements with various insurance companies to provide specific excess coverage of claim amounts above the stated amount on an individual claim basis. Effective July 18, 2007, the district chose not to purchase excess coverage. The District has continued to retain \$ 4,000,000 to cover any excess claims. 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 yet to exceeded commercial insurance coverage.

A liability in the amount of \$23,487,554.00 was actuarially determined using a discount rate of 2.0% to cover reported and unreported insurance claims payable at June 30, 2018. It is 20. estimated that \$13,652,605.85 of the liability is current and due within one year. The remaining \$9,834,948.15 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
2016--2017	\$23,918,359.00	\$10,252,808.77	\$(9,723,228.77)	\$24,447,939.00
2017--2018	\$24,447,939.00	\$6,051,461.67	\$(7,011,846.67)	\$23,487,554.00

Claims and judgments are generally liquidated by the internal service funds that are funded by the general fund and special revenue funds.

DISTRICT SCHOOL BOARD  
OF HILLSBOROUGH COUNTY, FLORIDA

Exhibit D-1  
Page 18-61

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2018

DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFITS PLAN  
June 30, 2018

21. COMMITMENTS AND CONTINGENCIES

Construction Contract Commitments

The following is summary of major construction contract commitments remaining at June

30, 2018:

DETAIL LISTING OF CONSTRUCTION IN PROGRESS

Description	Project Authorization	Expended 6/30/18	Committed
Additions	\$ 10,930,337.79	\$ 3,970,825.35	\$ 6,959,512.44
Elementary	23,492,421.92	103,887.36	\$ 23,388,534.56
Senior High	69,285,000.77	2,378,604.10	\$ 66,906,396.67
Conversion to K-8	3,913,658.32	1,358,864.90	\$ 2,554,793.42
Renovations	22,805,971.24	7,830,439.98	\$ 14,975,531.26
Total	<u>\$ 130,427,390.04</u>	<u>\$ 15,642,621.69</u>	<u>\$ 114,784,768.35</u>

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (U.AAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll [(b-a)/c]
6/30/2018	0	160,195,695.00	160,195,695.00	0	1,110,758,831.00	14.42%
6/30/2017	0	171,208,239.00	171,208,239.00	0	1,149,179,153.00	14.90%
6/30/2016	0	208,556,503.00	208,556,503.00	0	1,145,023,748.32	18.20%
6/30/2015	0	212,358,525.00	212,358,525.00	0	1,134,992,341.00	18.70%
6/30/2014	0	191,669,324.00	191,669,324.00	0	1,064,282,519.00	18.00%
6/30/2013	0	194,788,495.00	194,788,495.00	0	998,616,019.00	19.50%
6/30/2012	0	156,271,280.00	156,271,280.00	0	979,901,112.00	15.90%
6/30/2011	0	144,887,062.00	144,887,062.00	0	991,177,970.00	14.60%
6/30/2010	0	122,763,693.00	122,763,693.00	0	964,984,023.00	12.70%
6/30/2009	0	139,930,959.00	139,930,959.00	0	990,757,415.00	14.10%
6/30/2008	0	142,851,161.00	142,851,161.00	0	984,347,938.00	14.50%

\*Actuarial Accrued Liability has been restated for Fiscal Year ended 6/30/17 due to GASB 75

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.

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.

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THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
June 30, 2018  
(UNAUDITED)

The following are relevant to the supplemental early retirement pension:

1) Change in plan eligibility

As of July 1, 2010 the Supplemental Early Retirement Pension Plan was closed to any new participants.

2) There were no method or assumption changes since the prior fiscal year.

Method and assumptions used in calculation of actuarially determined contribution:

Actuarial cost method

Aggregate: This method spreads the excess of the present value of benefits minus the actuarial value of the assets over the average total life expectancy of the remaining participants. This amount is recalculated each year.

Actuarial assumptions

Valuation Date	07/01/17
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	2.5%
Projected Salary Increases	0%
Rate of Inflation Adjustment	2.5%

The following is relevant to the post employment health care benefits:

1) Actuarial assumptions

- (a). Entry age actuarial cost method
- (b). Asset method - fair value
- (c). Inflation - 2.5%
- (d). Salary scale - 4.0%
- (e). Discount rate - 3.87%  
Discount rates were based on Bond Buyer GO 20-Bond Municipal Bond index.
- (f). Healthcare cost trend rate is 7.0% for pre-65 and 7.50% for post-65 participants, both decreasing to 4.5%.

2) Mortality assumption:

Mortality rates were based on the RP-2000 Sex distinct fully generational mortality table, 50% Blue Collar and 50% White Collar for Males and 100% White Collar for females.

THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
June 30, 2018  
(UNAUDITED)

The following are relevant to the Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) Program:

- 1) Actuarial assumptions for defined benefit plans are reviewed annually by the Florida Retirement System. The FRS Pension Plan has a valuation performed annually, whereas the HIS Program has a valuation performed biennially which was updated for GASB reporting in the year a valuation was not performed. The most recent experience study for the pension plan was completed in 2014 for the period July 1, 2008 through June 30, 2013.

- 2) Method and assumptions used in calculation of actuarially determined contribution:

FRS Pension Plan

Valuation Date	07/01/17
Actuarial Cost Method	Entry Age

Actuarial Assumptions:	
Discount Rate	7.10%
Investment Rate of Return	7.10%
Projected Salary Increases	3.25%
Rate of Inflation Adjustment	2.60%

Mortality assumption:  
Generational RP-2000 with Projection Scale BB Tables

HIS Program

Valuation Date	07/01/16
Actuarial Cost Method	Entry Age

Actuarial Assumptions:	
Discount Rate	3.58%
Investment Rate of Return	N/A
Projected Salary Increases	3.25%
Rate of Inflation Adjustment	2.60%

Mortality assumption:  
Generational RP-2000 with Projection Scale BB Tables

DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2018

	Account Number	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
Federal Direct	3100	3,403,927.71	3,116,222.38	3,116,222.38	0.00
Federal Through State and Local	3200	12,000,000.00	6,209,406.34	6,209,406.34	0.00
State Sources	3300	1,121,053,556.55	1,123,751,539.93	1,121,257,488.49	(2,494,051.44)
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	460,840,231.45	463,174,736.48	463,175,736.48	1,000.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423			0.00	0.00
Local Sales Taxes	3418, 3419			0.00	0.00
Charges for Service - Food Service	345X			0.00	0.00
Impact Fees	3496			0.00	0.00
Other Local Revenue		74,118,467.22	77,028,379.67	76,927,005.72	(101,373.95)
Total Local Sources	3400	534,958,698.67	540,203,116.15	540,102,742.20	(100,373.95)
<b>Total Revenues</b>		<b>1,671,416,182.93</b>	<b>1,673,280,284.80</b>	<b>1,670,685,859.41</b>	<b>(2,594,425.39)</b>
<b>EXPENDITURES</b>					
<i>Current:</i>					
Instruction	5000	1,168,884,101.38	1,192,022,326.63	1,153,564,946.71	38,457,379.92
Student Support Services	6100	68,593,253.42	69,284,944.31	68,837,652.13	447,292.18
Instructional Media Services	6200	21,129,395.99	22,265,812.86	21,452,713.80	813,099.06
Instruction and Curriculum Development Services	6300	27,014,087.06	24,133,093.73	24,072,214.42	60,879.31
Instructional Staff Training Services	6400	20,671,077.94	20,818,562.16	19,851,567.87	966,994.29
Instruction-Related Technology	6500	30,646,026.15	33,978,611.44	32,085,096.09	1,893,515.35
Board	7100	2,735,696.28	3,981,621.21	3,981,621.21	0.00
General Administration	7200	8,463,343.77	7,070,968.18	7,018,764.21	52,203.97
School Administration	7300	97,229,490.07	102,270,699.86	102,022,355.56	248,344.30
Facilities Acquisition and Construction	7410	1,822,774.11	3,628,839.35	2,838,242.23	790,597.12
Fiscal Services	7500	6,473,916.96	5,785,208.35	5,765,329.23	19,879.12
Food Services	7600	278,485.81	402,976.28	402,486.02	490.26
Central Services	7700	19,521,921.08	21,978,115.97	20,610,475.85	1,367,640.12
Student Transportation Services	7800	51,831,613.95	65,948,807.34	65,702,099.15	246,708.19
Operation of Plant	7900	109,585,197.51	120,282,945.49	117,816,935.53	2,466,009.96
Maintenance of Plant	8100	26,436,306.12	27,897,538.70	26,875,630.08	1,021,908.62
Administrative Technology Services	8200	222,979.39	180,871.83	180,871.83	0.00
Community Services	9100	22,898,917.32	22,861,524.98	19,562,567.44	3,298,957.54
<i>Debt Service: (Function 9200)</i>					
Redemption of Principal	710			0.00	0.00
Interest	720			0.00	0.00
Due and Fees	730			0.00	0.00
Miscellaneous	790			0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420			181,822.69	(181,822.69)
Other Capital Outlay	9300			3,224,763.78	(3,224,763.78)
<b>Total Expenditures</b>		<b>1,684,538,584.31</b>	<b>1,744,793,468.67</b>	<b>1,696,048,155.83</b>	<b>48,745,312.84</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		<b>(13,122,401.38)</b>	<b>(71,513,183.87)</b>	<b>(25,362,296.42)</b>	<b>46,150,887.45</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	3710			0.00	0.00
Premium on Sale of Bonds	3791			0.00	0.00
Discount on Sale of Bonds	891			0.00	0.00
Proceeds of Lease-Purchase Agreements	3750			0.00	0.00
Premium on Lease-Purchase Agreements	3793			0.00	0.00
Discount on Lease-Purchase Agreements	893			0.00	0.00
Loans	3720			0.00	0.00
Sale of Capital Assets	3730			0.00	0.00
Loss Recoveries	3740			0.00	0.00
Proceeds of Forward Supply Contract	3760			0.00	0.00
Face Value of Refunding Bonds	3715			0.00	0.00
Premium on Refunding Bonds	3792			0.00	0.00
Discount on Refunding Bonds	892			0.00	0.00
Refunding Lease-Purchase Agreements	3755			0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794			0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894			0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760			0.00	0.00
Transfers In	3600	15,047,432.00	34,302,576.00	34,302,576.00	0.00
Transfers Out	9700	(2,000,000.00)	(3,511,051.19)	(3,511,051.19)	0.00
<b>Total Other Financing Sources (Uses)</b>		<b>13,047,432.00</b>	<b>30,791,524.81</b>	<b>30,791,524.81</b>	<b>0.00</b>
<b>SPECIAL ITEMS</b>					
				0.00	0.00
<b>EXTRAORDINARY ITEMS</b>					
				0.00	0.00
<b>Net Change in Fund Balances</b>		<b>(74,969.38)</b>	<b>(40,721,659.06)</b>	<b>5,429,228.39</b>	<b>46,150,887.45</b>
Fund Balances, July 1, 2017	2800	140,774,024.64	140,774,024.64	140,774,024.64	0.00
Adjustments to Fund Balances	2891			0.00	0.00
Fund Balances, June 30, 2018	2700	140,699,055.26	100,052,365.58	146,203,253.03	46,150,887.45

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DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
MAJOR SPECIAL REVENUE FUNDS - OTHER FEDERAL PROGRAMS  
For the Fiscal Year Ended June 30, 2018

FLORIDA DEPARTMENT OF EDUCATION  
REPORT OF FINANCIAL DATA TO THE  
COMMISSIONER OF EDUCATION (ESE 348)  
DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
For the Fiscal Year Ended June 30, 2018

Return completed form to:  
Department of Education  
Office of Funding and  
Financial Reporting  
325 W. Gaines St., Suite 824  
Tallahassee, FL 32399-0400

	Account Number	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
Federal Direct	3100	22,937,744.99	21,624,735.28	15,914,264.30	(5,710,470.98)
Federal Through State and Local	3200	178,223,015.26	206,400,971.16	182,290,198.18	(24,110,772.98)
<b>State Sources</b>	3300	1,128,747.34	1,196,937.25	1,044,687.25	(152,250.00)
<b>Local Sources:</b>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423			0.00	0.00
Local Sales Taxes	3418, 3419			0.00	0.00
Charges for Service - Food Service	345X			0.00	0.00
Impact Fees	3496			0.00	0.00
Other Local Revenue		1,954,383.99	3,757,106.65	2,030,091.51	(1,727,015.14)
Total Local Sources	3400	1,954,383.99	3,757,106.65	2,030,091.51	(1,727,015.14)
<b>Total Revenues</b>		204,243,891.58	232,979,750.34	201,279,241.24	(31,700,509.10)
<b>EXPENDITURES</b>					
<i>Current:</i>					
Instruction	5000	73,331,293.89	96,969,376.71	78,857,221.75	18,112,154.96
Instruction Support Services	6100	17,409,114.05	18,233,067.41	16,807,593.98	1,425,473.43
Instructional Media Services	6200	3,073,935.25	3,100,807.80	2,285,390.88	815,416.92
Instruction and Curriculum Development Services	6300	30,325,567.27	31,244,155.73	28,198,850.51	3,045,305.22
Instructional Staff Training Services	6400	21,938,788.97	15,647,753.75	12,355,108.69	3,292,645.06
Instruction-Related Technology	6500	2,857,760.36	2,946,970.23	2,511,589.19	435,381.04
Board	7100	0.00	0.00	0.00	0.00
General Administration	7200	7,266,436.58	6,896,986.95	5,963,619.42	633,367.53
School Administration	7300	750,673.27	1,329,108.45	827,057.14	502,051.31
Facilities Acquisition and Construction	7410	36,629.00	118,039.00	0.00	118,039.00
Fiscal Services	7500	597,569.40	643,261.95	616,532.01	26,729.94
Food Services	7600	0.00	0.00	0.00	0.00
Central Services	7700	4,872,371.06	8,517,958.54	6,090,034.01	2,427,924.53
Student Transportation Services	7800	846,354.49	1,098,537.86	804,577.59	293,960.27
Operation of Plant	7900	191,798.40	255,276.90	201,715.35	53,561.55
Maintenance of Plant	8100	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00
Community Services	8100	40,745,599.59	46,298,446.64	43,828,817.34	2,469,629.30
<i>Debt Service: (Function 9200)</i>					
Redemption of Principal	710			0.00	0.00
Interest	720			0.00	0.00
Dues and Fees	730			0.00	0.00
Miscellaneous	790			0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420			72,439.00	(72,439.00)
Other Capital Outlay	9300			1,878,153.57	(1,878,153.57)
<b>Total Expenditures</b>		204,243,891.58	232,999,747.92	201,298,700.43	31,701,047.49
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		0.00	(19,997.58)	(19,459.19)	538.39
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	3710			0.00	0.00
Premium on Sale of Bonds	3791			0.00	0.00
Discount on Sale of Bonds	891			0.00	0.00
Proceeds of Lease-Purchase Agreements	3750			0.00	0.00
Premium on Lease-Purchase Agreements	3793			0.00	0.00
Discount on Lease-Purchase Agreements	893			0.00	0.00
Loans	3720			0.00	0.00
Sale of Capital Assets	3730			0.00	0.00
Loss Recoveries	3740			0.00	0.00
Proceeds of Forward Supply Contract	3760			0.00	0.00
Face Value of Refunding Bonds	3715			0.00	0.00
Premium on Refunding Bonds	3792			0.00	0.00
Discount on Refunding Bonds	892			0.00	0.00
Refunding Lease-Purchase Agreements	3755			0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794			0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894			0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760			0.00	0.00
Transfers In	3600		19,997.58	19,459.19	(538.39)
Transfers Out	9700			0.00	0.00
<b>Total Other Financing Sources (Uses)</b>		0.00	19,997.58	19,459.19	(538.39)
<b>SPECIAL ITEMS</b>				0.00	0.00
<b>EXTRAORDINARY ITEMS</b>				0.00	0.00
<b>Net Change in Fund Balances</b>		0.00	0.00	0.00	0.00
Fund Balances, July 1, 2017	2800			0.00	0.00
Adjustments to Fund Balances	2891			0.00	0.00
Fund Balances, June 30, 2018	2700	0.00	0.00	0.00	0.00

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Exhibit K-1	Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund.....
Exhibit K-2	Statement of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Funds - Food Services.....
Exhibit K-3	Statement of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Funds - Other Federal Programs.....
Exhibit K-4	Statement of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Funds - Miscellaneous.....
Exhibit K-5	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Debt Service Funds.....
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Exhibit K-17	Schedule 5, Supplementary Schedule of Federal Financial Assistance Program Expenditures.....

The Report of Financial Data to the Commissioner of Education (ESE 348) for the fiscal year ended June 30, 2018, was submitted in accordance with rule 6A-1.0071, F.A.C. (section 1001.51(12)(b), F.S.). This report was approved by the school board on September 11, 2018.

District Superintendent's Signature \_\_\_\_\_ September 11, 2018  
Date

DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - GENERAL FUND  
 for the Fiscal Year Ended June 30, 2018

Exhibit K-1  
 FPOE Page 1  
 Fund 100

REVENUES	Account Number	
<i>Federal Direct:</i>		
Federal Impact, Current Operations	3121	908,667.36
Reserve Officers Training Corps (ROTC)	3191	1,859,738.65
Miscellaneous Federal Direct	3199	648,466.57
<b>Total Federal Direct</b>	<b>3100</b>	<b>3,116,872.58</b>
<i>Federal Through State and Local:</i>		
Medicaid	3202	6,209,406.34
National Fund Funds	3255	
Federal Through Local	3280	
Miscellaneous Federal Through State	3299	
<b>Total Federal Through State and Local</b>	<b>3200</b>	<b>6,209,406.34</b>
<i>State:</i>		
Florida Education Finance Program (FEFP)	3310	834,486,523.00
Workforce Development	3315	25,677,265.00
Workforce Development Capitalization Incentive Grant	3316	
Workforce Education Performance Incentive	3317	
Adults with Disabilities	3318	
CO&DS Withheld for Administrative Expenditure	3323	121,450.19
Diagnostic and Learning Resources Centers	3335	
Sales Tax Distribution (s. 212.20(6)(d)6 a., F.S.)	3341	
State Forest Funds	3342	
State License Tax	3343	651,251.12
District Discretionary Lottery Funds	3344	389,362.00
<i>Categorical Programs:</i>		
Class Size Reduction Operating Funds	3355	230,198,842.00
Florida School Recognition Funds	3361	8,718,957.00
Voluntary Prekindergarten Program	3371	2,640,025.67
Preschool Projects	3372	
<i>Other State:</i>		
Reading Programs	3373	
Tuition-Service Schools Program	3378	
State Through Local	3380	2,319.29
Other Miscellaneous State Revenues	3399	19,292,173.82
<b>Total State</b>	<b>3300</b>	<b>1,211,257,488.49</b>
<i>Local:</i>		
District School Taxes	3411	463,070,618.08
Tax Redemptions	3421	
Payment in Lieu of Taxes	3422	
Excess Fees	3425	105,718.40
Tuition	3424	
Rent	3425	741,782.84
Interest on Investments	3431	2,861,555.10
Gain on Sale of Investments	3432	
Net Increase (Decrease) in Fair Value of Investments	3433	
Grants, Grants and Bequests	3440	2,248,730.99
<i>Student Fees:</i>		
Adult General Education Course Fees	3461	390,653.61
Postsec Career Cert-Appl Tech Diploma Course Fees	3462	2,802,544.99
Continuing Workforce Education Course Fees	3463	
Capital Improvement Fees	3464	
Postsecondary Lab Fees	3465	
Lifelong Learning Fees	3466	225,154.91
GED/AB Testing Fees	3467	
Financial Aid Fees	3468	
Other Student Fees	3469	
<i>Other Fees:</i>		
Preschool Program Fees	3471	2,173,645.36
Prekindergarten Early Intervention Fees	3472	
School-Age Child Care Fees	3473	18,904,383.95
Other Schools, Courses and Classes Fees	3479	1,181,668.18
<i>Miscellaneous Local:</i>		
Hus Fees	3491	
Transportation Services Provided for School Activities	3492	2,530,733.70
Sale of Junk	3493	26,286.53
Receipt of Federal Indirect Cost Rate	3494	5,976,004.82
Other Miscellaneous Local Services	3495	32,041,729.09
Impact Fees	3496	
Reunds of Prior Year's Expenditures	3497	
Collections for Lost, Damaged and Sold Textbooks	3498	69,027.43
Receipt of Food Service Indirect Costs	3499	2,843,141.81
<b>Total Local</b>	<b>3400</b>	<b>540,102,742.20</b>
<b>Total Revenues</b>	<b>3000</b>	<b>1,670,685,839.41</b>

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DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND (Continued)  
 For the Fiscal Year Ended June 30, 2018

Exhibit K-1  
 FDOE Page 2  
 Fund 100

EXPENDITURES	Account Number	100	200	300	400	500	600	700	Totals
		Salaries	Employee Benefits	Purchase Services	Energy Services	Materials and Supplies	Capital Outlay	Other	
<i>Current:</i>									
Instruction	5000	731,889,990.21	203,365,969.42	175,601,396.72	43,286.47	30,631,102.52	3,282,541.13	8,656,565.24	1,153,564,946.71
Student Support Services	6100	53,328,330.64	14,828,392.71	314,666.86	0.00	372,362.00	11,457.97	1,563.02	68,837,622.13
Instructional Media Services	6200	14,169,642.14	3,829,888.56	1,731,956.92	0.00	305,607.02	1,439,131.55	1,586.71	21,452,213.82
Instruction and Curriculum Development Services	6300	16,187,523.94	4,192,828.88	1,990,423.30	1,334.53	303,698.91	49,986.47	2,435,619.39	24,072,214.42
Instructional Staff Training Services	6400	14,293,563.37	3,681,115.06	1,024,845.10	0.00	396,121.50	19,119.66	432,784.98	19,851,567.87
Instruction-Related Technology	6500	13,976,019.13	3,960,914.05	13,171,886.51	539.89	967,122.51	0.00	8,614.20	32,085,096.09
Board	7100	407,348.29	235,446.49	1,387,668.64	0.00	621.81	0.00	1,946,636.05	3,081,621.21
General Administration	7200	4,996,937.96	1,227,073.39	598,140.86	40.08	53,644.81	833.86	142,103.25	7,018,764.21
School Administration	7300	77,653,036.72	21,939,116.19	439,956.60	0.00	1,234,017.60	342,616.86	373,611.59	102,023,355.56
Facilities Acquisition and Construction	7410	2,172,280.02	587,311.01	56,044.16	0.00	1,873.62	16,638.17	4,095.25	2,838,242.23
Fiscal Services	7500	4,165,869.11	1,122,039.24	390,423.38	0.00	28,533.27	18,389.71	39,854.52	5,765,329.23
Food Services	7600	371,760.94	28,916.69	0.00	0.00	0.00	0.00	1,858.39	402,486.02
Central Services	7700	12,206,037.57	4,835,788.09	7,545,708.40	42,044.64	221,950.68	18,452.65	770,533.92	26,010,473.85
Student Transportation Services	7800	34,386,070.37	15,191,086.86	6,626,999.80	5,057,077.10	3,659,847.84	244.63	669,877.46	65,002,099.13
Operation of Plant	7900	40,805,837.93	18,286,150.44	23,286,200.90	31,276,785.09	2,799,180.18	71,247.95	1,291,237.04	112,816,935.53
Maintenance of Plant	8100	13,840,999.02	4,783,953.60	2,629,416.76	489,230.32	4,996,133.50	128,033.40	67,361.54	26,875,030.08
Administrative Technology Services	8200	85,789.52	25,062.25	6,090.00	0.00	63,077.06	0.00	0.00	180,871.83
Community Services	9100	11,968,802.30	1,163,176.89	1,093,507.47	8,651.61	1,764,194.95	242,063.95	3,885,165.37	19,562,567.44
<i>Capital Outlay:</i>									
Facilities Acquisition and Construction	7420						181,822.69		181,822.69
Other Capital Outlay	9300						3,224,763.78		3,224,763.78
<i>Debt Service: (Function 9200)</i>									
Redemption of Principal	710								0.00
Interest	720								0.00
<b>Total Expenditures</b>		<b>1,047,041,332.38</b>	<b>303,061,157.73</b>	<b>231,952,542.14</b>	<b>36,831,889.81</b>	<b>47,254,302.41</b>	<b>5,137,882.63</b>	<b>20,729,043.72</b>	<b>1,696,048,155.83</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>									<b>(25,362,286.42)</b>

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DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - GENERAL FUND (Continued)  
 For the Fiscal Year Ended June 30, 2018

Exhibit K-1  
 FDOE Page 3  
 Fund 100

OTHER FINANCING SOURCES (USES) and CHANGES IN FUND BALANCES	Account Number	
Loans	3720	
Sale of Capital Assets	3730	
Loss Recoveries	3740	
<i>Transfers In:</i>		
From Debt Service Funds	3620	
From Capital Projects Funds	3650	34,302,576.00
From Special Revenue Funds	3640	
From Permanent Funds	3660	
From Internal Service Funds	3670	
From Enterprise Funds	3690	
Total Transfers In	3600	34,302,576.00
<i>Transfers Out: (Function 9700)</i>		
To Debt Service Funds	920	
To Capital Projects Funds	930	(1,491,592.00)
To Special Revenue Funds	940	(19,459.19)
To Permanent Funds	960	
To Internal Service Funds	970	(2,000,000.00)
To Enterprise Funds	990	
Total Transfers Out	9700	(3,511,051.19)
Total Other Financing Sources (Uses)		30,791,524.81
Net Change In Fund Balance		5,429,228.39
Fund Balance, July 1, 2017	2800	140,774,024.64
Adjustments to Fund Balance	2891	
<i>Ending Fund Balance:</i>		
Nonspendable Fund Balance	2710	4,457,554.33
Restricted Fund Balance	2720	31,805,310.40
Committed Fund Balance	2730	
Assigned Fund Balance	2740	9,887,022.30
Unassigned Fund Balance	2750	100,053,366.00
Total Fund Balances, June 30, 2018	2700	146,203,233.03

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DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - SPECIAL REVENUE  
 FUNDS - FOOD SERVICES  
 For the Fiscal Year Ended June 30, 2018

Exhibit K-2  
 FDOE Page 4  
 Fund 410

REVENUES	Account Number	
<i>Federal:</i>		
Miscellaneous Federal Direct	3199	
<i>Federal Through State and Local:</i>		
School Lunch Reimbursement	3261	59,014,166.03
School Breakfast Reimbursement	3262	23,303,911.40
After-school Snack Reimbursement	3263	74,181.36
Child Care Food Program	3264	4,457,012.83
USDA-Donated Commodities	3265	6,768,815.20
Cash in Lieu of Donated Foods	3266	320,782.30
Summer Food Service Program	3267	1,834,815.62
Fresh Fruit and Vegetable Program	3268	959,815.20
Other Food Services	3269	
Federal Through Local	3280	
Miscellaneous Federal Through State	3299	
Total Federal Through State and Local	3200	96,733,437.96
<i>State:</i>		
School Breakfast Supplement	3337	679,163.00
School Lunch Supplement	3338	714,343.00
State Through Local	3380	
Other Miscellaneous State Revenues	3399	
Total State	3300	1,393,506.00
<i>Local:</i>		
Interest on Investments	3431	214,250.57
Gain on Sale of Investments	3432	
Net Increase (Decrease) in Fair Value of Investments	3433	
Gifts, Grants and Bequests	3440	25,000.00
Student Lunches	3451	5,346,169.07
Student Breakfasts	3452	
Adult Breakfasts/Lunches	3453	770,239.87
Student and Adult à la Carte Fees	3454	9,248,540.60
Student Snacks	3455	
Other Food Sales	3456	1,704,481.10
Other Miscellaneous Local Sources	3495	439,878.87
Refunds of Prior Year's Expenditures	3497	
Total Local	3400	17,748,540.08
Total Revenues	3000	115,875,484.04

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DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - SPECIAL REVENUE  
 FUNDS - FOOD SERVICES (Continued)  
 For the Fiscal Year Ended June 30, 2018

Exhibit K-2  
 FDOE Page 5  
 Fund 410

EXPENDITURES (Function 7600/9300)	Account Number	
Salaries	100	34,550,703.85
Employee Benefits	200	17,650,647.33
Purchased Services	300	3,337,896.75
Utility Services	400	2,495,302.05
Materials and Supplies	500	47,433,113.57
Capital Outlay	600	2,005,002.26
Other	700	4,538,461.21
Other Capital Outlay (Function 9300)	600	
<b>Total Expenditures</b>		<b>112,011,127.52</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>		<b>3,864,356.52</b>
<b>OTHER FINANCING SOURCES (USES) and CHANGES IN FUND BALANCES</b>		
Loans	3720	
Sale of Capital Assets	3730	
Loss Recoveries	3740	
<i>Transfers In:</i>		
From General Fund	3610	
From Debt Service Funds	3620	
From Capital Projects Funds	3630	
Interfund	3650	
From Permanent Funds	3660	
From Internal Service Funds	3670	
From Enterprise Funds	3690	
<b>Total Transfers In</b>	<b>3600</b>	<b>0.00</b>
<i>Transfers Out: (Function 9700)</i>		
To General Fund	910	
To Debt Service Funds	920	
To Capital Projects Funds	930	
Interfund	950	
To Permanent Funds	960	
To Internal Service Funds	970	
To Enterprise Funds	990	
<b>Total Transfers Out</b>	<b>9700</b>	<b>0.00</b>
<b>Total Other Financing Sources (Uses)</b>		<b>0.00</b>
<b>Net Change in Fund Balance</b>		<b>5,864,356.52</b>
Fund Balance, July 1, 2017	2800	23,049,751.76
<b>Adjustments to Fund Balance</b>	<b>2891</b>	
<i>Ending Fund Balance:</i>		
Nonspendable Fund Balance	2710	690,452.34
Restricted Fund Balance	2720	26,223,655.94
Committed Fund Balance	2730	
Assigned Fund Balance	2740	
Unassigned Fund Balance	2750	
<b>Total Fund Balances, June 30, 2018</b>	<b>2700</b>	<b>26,914,108.28</b>

DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - SPECIAL REVENUE  
 FUNDS - OTHER FEDERAL PROGRAMS  
 For the Fiscal Year Ended June 30, 2018

Exhibit K-3  
 FDOE Page 6  
 Fund 420

REVENUES	Account Number	
<i>Federal Direct:</i>		
Head Start	3130	
Workforce Innovation and Opportunity Act	3170	
Community Action Programs	3180	
Reserve Officers Training Corps (ROTC)	3191	
Pell Grants	3192	3,540,711.84
Miscellaneous Federal Direct	3199	12,375,552.46
<b>Total Federal Direct</b>	<b>3100</b>	<b>15,914,264.30</b>
<i>Federal Through State and Local:</i>		
<b>Career and Technical Education</b>	<b>3201</b>	<b>2,414,832.35</b>
Medicaid	3202	
Individuals with Disabilities Education Act (IDEA)	3230	44,489,909.19
<i>Workforce Innovation and Opportunity Act:</i>		
Adult General Education	3221	1,812,010.31
English Literacy and Civics Education	3222	326,951.85
Adult Migrant Education	3223	354,095.59
Other WIOA Programs	3224	
<i>ESSA - Elementary and Secondary Education Act:</i>		
Elementary and Secondary Education Act - Title I	3240	63,141,431.38
Teacher and Principal Training and Recruiting - Title II, Part A	3225	5,693,450.76
Math and Science Partnerships - Title II, Part B	3226	1,039,839.30
Language Instruction - Title III	3241	3,212,830.96
Twenty-First Century Schools - Title IV	3242	841,020.81
<b>Federal Through Local</b>	<b>3280</b>	<b>52,926,768.87</b>
Emergency Immigrant Education Program	3293	1,355,939.61
Miscellaneous Federal Through State	3299	4,681,077.20
<b>Total Federal Through State and Local</b>	<b>3200</b>	<b>182,290,198.18</b>
<i>State:</i>		
State Through Local	3380	12,786.00
Other Miscellaneous State Revenues	3399	1,031,901.25
<b>Total State</b>	<b>3300</b>	<b>1,044,687.25</b>
<i>Local:</i>		
Interest on Investments	3431	
Gain on Sale of Investments	3432	
Net Increase (Decrease) in Fair Value of Investments	3433	
Gifts, Grants and Bequests	3440	
Adult General Education Course Fees	3461	77,457.79
Sale of Junk	3495	
Other Miscellaneous Local Sources	3495	1,952,653.72
Refunds of Prior Year's Expenditures	3497	
<b>Total Local</b>	<b>3400</b>	<b>2,030,091.51</b>
<b>Total Revenues</b>	<b>3000</b>	<b>201,279,241.24</b>

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THE SCHOOL DISTRICT HAS NO SPECIAL REVENUE  
FUNDS – MISCELLANEOUS**

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DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
 CARRYING FORWARD UNRECORDED LIABILITIES AND CHANGES IN FUND BALANCES - FUND SERVICE FUNDS  
 For the Fiscal Year Ended June 30, 2018

Exhibit 16-3  
 PLOPP Page 6  
 Funds 218

REVENUES	Account Number	SRECOBI Bonds 210	Special Act Bonds 220	Sections 1011.14 and 1011.15, F.S., Loans 230	Motor Vehicle Revenue Bonds 240	District Bonds 250	Other Debt Service 290	ARRA Economic Stimulus Debt Service 299	Totals
Admission/Enrollment Direct	3380								0.00
Administrative/Professional Through State	4200								0.00
CUMULY Willards in SRECOBI Bonds	3322	6,098,740.75							6,098,740.75
SRECOBI Bond Interest	4128	30,369.00							30,369.00
State Tax Rebate (Section 1011.14 and 1011.15)	2541		6,500.00						6,500.00
Other Miscellaneous State Revenues	3396								0.00
Total State Sources	3320	6,135,399.75	6,500.00	0.00	0.00	0.00	0.00	0.00	6,141,900.00
District Debt Service Taxes	3412								0.00
County Local Sales Tax	3418						21,091,074.35		21,091,074.35
Admitted District Local Sales Tax	3419								0.00
Tax Occupancy	3421								0.00
Property in Lieu of Taxes	3422								0.00
Miscellaneous	3423								0.00
Interest on Investments	3424		1,245.00				747,250.00	720,200.00	998,695.00
Dividends on Investments	3425								0.00
Net Increase (Decrease) in Fair Value of Investments	3426								0.00
Gifts, Claims and Payments	3427								0.00
Other Miscellaneous Local Sources	3428								0.00
Impact Fees	3429								0.00
Refunds of Prior Year's Transactions	3432								0.00
Total Local Sources	3430		1,245.00	0.00	0.00	0.00	21,790,298.00	720,200.00	21,992,543.00
Total Revenue	3900	6,135,399.75	7,745.00	0.00	0.00	0.00	21,790,298.00	720,200.00	28,723,642.75
<b>EXPENDITURES</b>									
July Month (Purchase 2000)									
Repayment of Principal	710	5,400,000.00	251,000.00				170,652,000.00		181,253,000.00
Interest	720	247,170.70	106,048.20				55,870,412.70		269,089,431.00
Debt and Fees	730	4,400.00	85.00				1,224,200.00		5,609.00
Miscellaneous	740								0.00
Total Expenditures		5,157,670.70	357,133.20	0.00	0.00	0.00	187,756,612.70	18,000.00	269,491,416.60
Excess (Deficiency) of Revenues Over Expenditures		977,729.05	4,387.80	0.00	0.00	0.00	1,033,681.30	540,200.00	8,232,226.15

OTHER FINANCING SOURCES (USES) and CHANGES IN FUND BALANCE	Account Number	SRECOBI Bonds 210	Special Act Bonds 220	Sections 1011.14 and 1011.15, F.S., Loans 230	Motor Vehicle Revenue Bonds 240	District Bonds 250	Other Debt Service 290	ARRA Economic Stimulus Debt Service 299	Totals
Issuance of Bonds	3710								0.00
Premium on Sale of Bonds	3791								0.00
Discount on Sale of Bonds (Function 9299)	891								0.00
Proceeds of Lease-Purchase Agreements	3750						162,880,000.00		162,880,000.00
Premium on Lease-Purchase Agreements	3793						26,195,064.75		26,195,064.75
Discount on Lease-Purchase Agreements (Function 9299)	893								0.00
Leases	3720								0.00
Proceeds of Forward Supply Contract	3760								0.00
Face Value of Refunding Bonds	3715								0.00
Premium on Refunding Bonds	3792								0.00
Discount on Refunding Bonds (Function 9299)	892								0.00
Payments to Refunded Bonds Escrow Agent (Function 9299)	761	(3,951,300.99)					(79,474,763.43)		(83,426,064.42)
Refunding Lease-Purchase Agreements	3755								0.00
Premium on Refunding Lease-Purchase Agreements	3794								0.00
Discount on Refunding Lease-Purchase Agreements (Function 9299)	894								0.00
Payments to Refunded Lease-Purchase Escrow Agent (Function 9299)	762								0.00
<b>Transfers In:</b>									
From General Fund	3610								0.00
From Capital Projects Funds	3630						63,352,627.12	2,252,407.02	64,605,034.14
From Special Revenue Funds	3640								0.00
Interfund	3650						517,077.32		517,077.32
From Permanent Funds	3660								0.00
From Internal Service Funds	3670								0.00
From Enterprise Funds	3690								0.00
Total Transfers In	3600	0.00	0.00	0.00	0.00	0.00	62,669,704.44	2,252,407.02	64,922,111.46
<b>Transfers Out: (Function 9700)</b>									
To General Fund	910								0.00
To Capital Projects Funds	930						(10,750,000.00)		(10,750,000.00)
To Special Revenue Funds	940								0.00
Interfund	950						(317,077.32)		(317,077.32)
To Permanent Funds	960								0.00
To Internal Service Funds	970								0.00
To Enterprise Funds	990								0.00
Total Transfers Out	9700	0.00	0.00	0.00	0.00	0.00	(11,067,077.32)	0.00	(11,067,077.32)
<b>Total Other Financing Sources (Uses)</b>		(3,951,300.99)	0.00	0.00	0.00	0.00	159,200,829.45	2,252,407.02	157,500,845.48
<b>Net Change in Fund Balances</b>		(3,973,976.61)	26,487.80	0.00	0.00	0.00	(2,809,957.94)	2,252,407.02	(4,413,716.73)
Fund Balances, July 1, 2017	2800	4,287,589.74	1,142,116.34				72,373,846.12	13,847,372.04	90,650,924.24
Adjustments to Fund Balances	2801								0.00
<b>Ending Fund Balance:</b>									
Nonspendable Fund Balance	2710								0.00
Restricted Fund Balance	2720	313,612.13	1,168,603.90				69,570,807.18	15,184,108.89	86,237,232.10
Committed Fund Balance	2730								0.00
Assigned Fund Balance	2740								0.00
Unassigned Fund Balance	2750								0.00
<b>Total Fund Balances, June 30, 2018</b>	2700	313,612.13	1,168,603.90	0.00	0.00	0.00	69,570,807.18	15,184,108.89	86,237,232.10





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**DOE PAGES 12 AND 13 INTENTIONALLY OMITTED  
THE SCHOOL DISTRICT HAS NO PERMANENT OR  
ENTERPRISE FUNDS**

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DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - INTERNAL SERVICE FUNDS  
 For the Fiscal Year Ended June 30, 2018

Exhibit K-9  
 FDOE Page 14  
 Funds 708

INCOME OR (LOSS)	Account Number	Self-Insurance 711	Self-Insurance 712	Self-Insurance 713	Self-Insurance 714	Self-Insurance 715	Checkbook Programs 734	Other Internal Service 791	Totals
<b>OPERATING REVENUES</b>									
Charges for Services	3481	10,590,365.37							10,590,365.37
Charges for Sales	3482								0.00
Premium Revenue	3484							183,726,779.06	183,726,779.06
Other Operating Revenues	3489	385,554.58							385,554.58
<b>Total Operating Revenues</b>		10,981,919.95	0.00	0.00	0.00	0.00	0.00	183,726,779.06	194,758,699.01
<b>OPERATING EXPENSES (Function 9900)</b>									
Salaries	100	364,865.07							364,865.07
Employee Benefits	200	228,068.79							228,068.79
Purchased Services	300	281,589.50	63,164.37						344,753.87
Energy Services	400								0.00
Materials and Supplies	500								0.00
Capital Outlay	600								0.00
Other	700	5,542,037.01	1,910,002.91					183,726,779.06	191,228,818.98
Depreciation and Amortization Expense	780								0.00
<b>Total Operating Expenses</b>		6,612,560.87	1,973,167.28	0.00	0.00	0.00	0.00	183,726,779.06	193,362,506.21
<b>Operating Income (Loss)</b>		4,369,359.08	(1,973,167.28)	0.00	0.00	0.00	0.00	0.00	3,396,191.80
<b>NONOPERATING REVENUES (EXPENSES)</b>									
Interest on Investments	3431	241,318.84	82,136.41						323,455.25
Gain on Sale of Investments	3432								0.00
Net Increase (Decrease) in Fair Value of Investments	3433								0.00
Gifts, Grants and Bequests	3440								0.00
Other Miscellaneous Local Sources	3495		55,318.26						55,318.26
Loss Recoveries	3780								0.00
Gain on Disposition of Assets	3790								0.00
Interest (Function 9900)	720								0.00
Miscellaneous (Function 9900)	790								0.00
Loss on Disposition of Assets (Function 9900)	810								0.00
<b>Total Nonoperating Revenues (Expenses)</b>		241,318.84	137,454.67	0.00	0.00	0.00	0.00	0.00	378,773.51
<b>Income (Loss) Before Operating Transfers</b>		4,610,678.72	(1,835,712.61)	0.00	0.00	0.00	0.00	0.00	2,774,966.11
<b>TRANSFERS and CHANGES IN NET POSITION</b>									
<i>Transfers In:</i>									
From General Fund	3610		2,000,000.00						2,000,000.00
From Debt Service Funds	3620								0.00
From Capital Projects Funds	3630								0.00
From Special Revenue Funds	3640								0.00
Interfund	3650								0.00
From Permanent Funds	3660								0.00
From Enterprise Funds	3690								0.00
<b>Total Transfers In</b>	3600	0.00	2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00
<i>Transfers Out: (Function 9700)</i>									
To General Fund	910								0.00
To Debt Service Funds	920								0.00
To Capital Projects Funds	930								0.00
To Special Revenue Funds	940								0.00
Interfund	950								0.00
To Permanent Funds	960								0.00
To Enterprise Funds	990								0.00
<b>Total Transfers Out</b>	9700	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Change in Net Position</b>		4,610,678.72	164,287.39	0.00	0.00	0.00	0.00	0.00	4,774,966.11
Net Position, July 1, 2017	2880	697,965.99	148,251.98						846,217.97
Adjustments to Net Position	2896								0.00
<b>Net Position, June 30, 2018</b>	2780	5,241,644.64	312,539.37						5,554,184.01

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DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 SCHOOL INTERNAL FUNDS  
 June 30, 2018

Exhibit K-10  
 FDOE Page 15  
 Fund 891

ASSETS	Account Number	Beginning Balance July 1, 2017	Additions	Deductions	Ending Balance June 30, 2018
Cash	1110	16,197,034.81	16,745,675.74	16,197,034.81	16,745,675.74
Investments	1160	1,076,802.92	16,899.95	44,671.67	1,049,031.20
Accounts Receivable, Net	1131				0.00
Interest Receivable on Investments	1170				0.00
Due From Budgetary Funds	1141				0.00
Due From Other Agencies	1220				0.00
Inventory	1150	122,922.40	135,817.17	122,922.40	135,817.17
<b>Total Assets</b>		17,396,760.13	16,898,392.86	16,364,628.88	17,930,524.11
<b>LIABILITIES</b>					
Cash Overdraft	2125				0.00
Accrued Salaries and Benefits	2110				0.00
Payroll Deductions and Withholdings	2170				0.00
Accounts Payable	2120	1,117,033.93	1,167,251.80	1,117,033.93	1,167,251.80
Internal Accounts Payable	2290	16,279,726.20	26,001,361.76	25,517,815.65	16,763,272.31
Due to Budgetary Funds	2161				0.00
<b>Total Liabilities</b>		17,396,760.13	27,168,613.56	26,634,849.58	17,930,524.11

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DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
 SCHEDULE OF LONG-TERM LIABILITIES  
 June 30, 2018

Exhibit K-11  
 FDOE Page 16  
 Fund 601

	Account Number	Governmental Activities Total Balance [1] June 30, 2018	Business-Type Activities Total Balance [1] June 30, 2018	Total	Governmental Activities - Debt Principal Payments 2017-18	Governmental Activities - Principal Due Within One Year 2018-19	Governmental Activities - Debt Interest Payments 2017-18	Governmental Activities - Interest Due Within One Year 2018-19
Notes Payable	2310			0.00				
Obligations Under Capital Leases	2315			0.00				
Bonds Payable								
SBE/COBI Bonds Payable	2321	12,300,000.00		12,300,000.00	5,406,000.00	1,975,000.00	840,623.88	558,222.50
District Bonds Payable	2322			0.00				
Special Act Bonds Payable	2323			0.00				
Motor Vehicle License Revenue Bonds Payable	2324	5,257,148.33		5,257,148.33	265,000.00	270,000.00	169,618.76	162,918.76
Sales Taxate Bonds Payable	2326	167,653,222.85		167,653,222.85	13,245,000.00	15,625,000.00	5,107,365.70	5,145,596.50
Total Bonds Payable	2320	185,210,371.18	0.00	185,210,371.18	19,016,000.00	17,870,000.00	6,117,608.34	5,866,737.76
Liability for Compensated Absences	2330	169,653,920.09		169,653,920.09				
Lease-Purchase Agreements Payable								
Certificates of Participation (COPS) Payable	2341	668,318,144.97		668,318,144.97	33,895,000.00	35,200,000.00	20,520,343.99	26,065,620.99
Qualified Zone Academy Bonds (QZAB) Payable	2342	9,133,000.00		9,133,000.00				
Qualified School Construction Bonds (QSCB) Payable	2343	37,935,000.00		37,935,000.00			69,853.51	
Build America Bonds (BAB) Payable	2344			0.00				
Other Lease-Purchase Agreements Payable	2349			0.00				
Total Lease-Purchase Agreements Payable	2340	715,386,144.97	0.00	715,386,144.97	33,895,000.00	35,200,000.00	20,590,197.50	26,065,620.99
Estimated Liability for Long-Term Claims	2350	23,487,554.00		23,487,554.00				
Net Other Postemployment Benefits Obligation	2360	160,195,695.00		160,195,695.00				
Net Pension Liability	2365	1,128,952,015.38		1,128,952,015.38				
Estimated PECO Advance Payable	2370			0.00				
Other Long-Term Liabilities	2380			0.00				
Derivative Instrument	2390			0.00				
<b>Total Long-term Liabilities</b>		<b>2,382,885,700.62</b>	<b>0.00</b>	<b>2,382,885,700.62</b>	<b>52,911,000.00</b>	<b>53,070,000.00</b>	<b>26,707,805.84</b>	<b>31,932,358.75</b>

[1] Report carrying amount of total liability due within one year and due after one year on June 30, 2018, including discounts and premiums.

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DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
 SCHEDULE OF CATEGORICAL PROGRAMS  
 REPORT OF EXPENDITURES AND AVAILABLE FUNDS  
 For the Fiscal Year Ended June 30, 2018

Exhibit K-12  
 FDOE Page 17

CATEGORICAL PROGRAMS (Revenue Number) [Footnote]	Grant Number	Unexpended June 30, 2017	Returned To FDOE	Revenues [1] 2017-18	Expenditures 2017-18	Flexibility [2] 2017-18	Unexpended June 30, 2018
Class Size Reduction Operating Funds (3355)	94740	0.00		239,198,842.00	239,198,842.00		0.00
Excellent Teaching Program (3363)	90570	0.00					0.00
Florida Digital Classrooms (FEFF Earmark)	98250	2,335,179.10		3,832,044.00	2,395,771.87		3,771,431.23
Florida School Recognition Funds (3361)	92040	456,560.84		8,718,087.00	8,718,087.00		456,560.84
Instructional Materials (FEFF Earmark) [3]	90880	19,196,971.60		16,313,801.00	17,313,673.96		18,197,098.64
Library Media (FEFF Earmark) [3]	90881	108,591.87		921,714.00	904,926.45		125,379.42
Preschool Projects (3372)	97950	0.00					0.00
Research-Based Reading Instruction (FEFF Earmark) [4]	90800	3,287,426.86		9,390,521.00	9,296,883.21		3,381,064.65
Safe Schools (FEFF Earmark) [5]	90803	0.00		3,477,666.00	3,477,666.00		0.00
Salary Bonus Outstanding Teachers in D and T Schools	94030	0.00					0.00
Student Transportation (FEFF Earmark)	90830	0.00		31,071,678.00	31,071,678.00		0.00
Supplemental Academic Instruction (FEFF Earmark) [4]	91280	2,820,018.43		50,055,924.00	52,789,326.35		86,616.08
Teachers Classroom Supply Assistance (FEFF Earmark)	97580	311,528.41		3,457,728.00	3,457,728.00		311,528.41
Voluntary Prekindergarten - School Year Program (3371)	96440	0.00		1,291,261.68	1,291,261.68		0.00
Voluntary Prekindergarten - Summer Program (3371)	96441	0.00		1,348,773.39	1,348,773.39		0.00

- [1] Include both state and local revenue sources.
- [2] Report the amount of funds transferred from each program to maintain board-specified academic classroom instruction.
- [3] Report the Library Media portion of the Instructional Materials allocation on the line "Library Media."
- [4] Expenditures for designated low-performing elementary schools should be included in expenditures.
- [5] Combine all programs funded from the Safe Schools allocation on one line, "Safe Schools."

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DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
 SCHEDULE OF SELECTED SUBOBJECT EXPENDITURES  
 For the Fiscal Year Ended June 30, 2018

Exhibit K-13  
 FDOE Page 18

	Subject	General Fund 100	Special Revenue Food Services 410	Special Revenue Other Federal Programs 420	Total
<b>UTILITIES AND ENERGY SERVICES EXPENDITURES:</b>					
<b>Public Utility Services Other than Energy - All Functions</b>	<b>380</b>	7,269,092.09	914,586.17		8,183,678.26
Public Utility Services Other than Energy - Functions 7900 & 8100	380	7,269,092.09			7,269,092.09
Natural Gas - All Functions	411	306,021.95	25,875.04		331,896.99
Natural Gas - Functions 7900 & 8100	411	306,021.95			306,021.95
Bottled Gas - All Functions	421	67,171.31	62,604.52		129,775.83
Bottled Gas - Functions 7900 & 8100	421	67,171.31			67,171.31
Electricity - All Functions	430	30,740,542.58	2,375,620.20	40,752.26	33,156,915.04
Electricity - Functions 7900 & 8100	430	30,731,890.97			30,731,890.97
Heating Oil - All Functions	440				0.00
Heating Oil - Functions 7900 & 8100	440				0.00
Gasoline - All Functions	450	476,368.15	11,297.59	4,778.68	492,444.42
Gasoline - Functions 7900 & 8100	450	373,221.20			373,221.20
Diesel Fuel - All Functions	460	4,548,667.66	15,160.00		4,563,827.66
Diesel Fuel - Functions 7900 & 8100	460	136,156.30			136,156.30
Other Energy Services - All Functions	490				0.00
Other Energy Services - Functions 7900 & 8100	490				0.00
<b>Subtotal - Functions 7900 &amp; 8100</b>		38,883,553.82	0.00	0.00	38,883,553.82
<b>Total - All Functions</b>		43,407,863.74	3,405,152.52	45,530.94	46,858,547.20
<b>ENERGY EXPENDITURES FOR STUDENT TRANSPORTATION: (Function 7800 only)</b>					
Compressed Natural Gas	412				0.00
Liquefied Petroleum Gas	422	402,021.66			402,021.66
Gasoline	450	34,328.45		2,479.75	36,808.20
Diesel Fuel	460	4,621,627.08			4,621,627.08
Oil and Grease	540	112,558.06			112,558.06
<b>Total</b>		5,170,535.25		2,479.75	5,173,015.00

	Subject	General Fund 100	Special Revenue Other Federal Programs 420	Capital Projects Funds 3XX	Total
<b>EXPENDITURES FOR SCHOOL BUSES AND SCHOOL BUS REPLACEMENTS:</b>					
Buses	651			7,412,206.06	7,412,206.06

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DISTRICT SCHOOL BOARD OF \_\_\_\_\_ COUNTY  
 SCHEDULE OF SELECTED SUBOBJECT EXPENDITURES

Exhibit K-13  
 FDOE Page 19

	Subject	General Fund 100	Special Revenue Funds 4XX	Capital Projects Funds 3XX	Total
<b>TECHNOLOGY-RELATED SUPPLIES AND PURCHASED SERVICES</b>					
<i>Noncapitalized Expenditures:</i>					
Technology-Related Professional and Technical Services	319	2,010,373.08	5,749,154.93		7,759,528.01
Technology-Related Repairs and Maintenance	359	1,672,323.27	158,288.40		1,830,611.67
Technology-Related Rentals	369	7,805,972.91	144,602.20		7,950,575.11
Telephone and Other Data Communication Services	379	3,162,079.34	65,548.74		3,227,628.08
Other Technology-Related Purchased Services	399	812,724.31			812,724.31
Technology-Related Materials and Supplies	5X9	1,581.18			1,581.18
Noncapitalized Computer Hardware	644	3,080,881.19	8,604,952.06		11,685,833.25
Technology-Related Noncapitalized Fixtures and Equipment	649	824,784.92	672,586.87		1,497,371.79
Noncapitalized Software	692	151,844.97	127,697.59		279,542.56
Miscellaneous Technology-Related	799	9,884.15			9,884.15
<b>Total</b>		19,532,449.32	15,522,830.79	0.00	35,055,280.11

	Subject	General Fund 100	Special Revenue Funds 4XX	Capital Projects Funds 3XX	Total
<b>TECHNOLOGY-RELATED EQUIPMENT, COMPUTER HARDWARE AND SOFTWARE*</b>					
<i>Capitalized Expenditures:</i>					
Capitalized Computer Hardware and Technology-Related Infrastructure	643	680,177.23	420,897.22		1,101,074.45
Technology-Related Capitalized Fixtures and Equipment	648	517,593.06	785,698.86		1,303,291.92
Capitalized Software	691	464,389.20	132,823.18		597,212.38
<b>Total</b>		1,662,159.49	1,339,419.26	0.00	3,001,578.75

\* Include (1) technology-related hardware: network equipment, servers, PCs, printers, and other peripherals and devices that exceed the district's capitalization threshold; and (2) technology software: purchased software used for educational or administrative purposes that exceed the district's capitalization threshold.

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DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
 SCHEDULE OF SELECTED SUBJECT EXPENDITURES  
 For the Fiscal Year Ended June 30, 2018

Exhibit K-13  
 Page 20

	Subobject	General Fund 100	Special Revenue Food Services 410	Special Revenue Other Federal Programs 420	Total
<b>STIPENDS FOR INDIVIDUALS RATE:</b>					
<i>Professional and Technical Services:</i>					
Stipends Under Subagreements - Up To \$25,000	311				0.00
Stipends Under Subagreements - In Excess of \$25,000	412	6,047,816.00		4,254,614.44	11,082,430.44
<i>Other Professional Services:</i>					
Stipends Under Subagreements - Up To \$25,000	391				0.00
Stipends Under Subagreements - In Excess of \$25,000	392				0.00

	Subobject	Special Revenue Food Services 410
<b>FOOD SERVICE SUPPLIES SUBJECT</b>		
Supplies	510	98,381.24
Food	570	36,035,699.62
Donated Foods	580	6,788,833.70

	Subobject	General Fund 100	Special Revenue Other Federal Programs 420	Total
<b>Teacher Salaries</b>				
Basic Programs 101, 102 and 103 (Function 5100)	120	570,355,554.95	18,464,589.00	548,820,143.95
Basic Programs 101, 102 and 103 (Function 5105)	125			0.00
Basic Programs 101, 102 and 103 (Function 5140)	125	22,852.02		22,852.02
<b>Total Basic Program Salaries</b>		530,428,367.97	18,464,589.00	548,892,956.97
Other Programs 150 (ESOL) (Function 5120)	120	8,278,272.11	551,011.42	8,279,283.53
Other Programs 150 (ESOL) (Function 5125)	140			0.00
Other Programs 150 (ESOL) (Function 5180)	150			0.00
<b>Total Other Program Salaries</b>		8,476,222.11	551,011.42	8,477,233.53
ESR Programs 111, 112, 113, 251 and 255 (Function 5200)	120	115,469,286.60	1,219,476.28	117,188,762.88
SNR Programs 114, 115, 116, 254 and 255 (Function 5200)	140			0.00
ENR Programs 111, 112, 113, 254 and 255 (Function 5200)	250	885.76		885.76
<b>Total ESR Program Salaries</b>		115,725,451.88	1,219,476.28	117,189,928.16
Career Program 500 (Function 5300)	120	25,792,169.69	136,285.75	25,928,455.44
Career Program 500 (Function 5340)	140			0.00
Career Program 500 (Function 5500)	250			0.00
<b>Total Career Program Salaries</b>		25,792,169.69	136,285.75	25,928,455.44
<b>TOTAL</b>		679,169,261.25	20,571,368.45	699,740,629.70
<b>Textbooks (used for classroom instruction)</b>				
Textbooks (Function 5000)	570	18,361,848.22	1,074,691.66	18,276,942.99

ESR: 349

DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY  
 SPECIFIC ACADEMIC CLASSROOM INSTRUCTION AND OTHER DATA COLLECTION  
 For the Fiscal Year Ended June 30, 2018

Exhibit K-13  
 Page 21

CATEGORICAL FLEXIBLE EXPENDITURES - GENERAL FUND EXPENDITURES	Account Number	Sub-Schools	Student Transportation	Supplemental Academic Instruction	Research-Based Training Instruction	Instructional Materials	Instructional Materials - Library Media	Total
Instructional								
Basic	5100							0.00
Occupational	5700							0.00
Career Education	5320							0.00
Adult General	5450							0.00
Professional	5200							0.00
Other Instruction	5900							0.00
<b>Total Flexible Spending Instructional Expenditures</b>	5000	0.00	0.00	3.00	0.00	0.00	0.00	0.00

DISTRIBUTIONS TO CHARTER SCHOOLS (If funds are used in fiscal year 2018)	Fund Number	Direct Payment (Subobject 332 and 703)	Account Withheld for Administration	Payments and Services on Behalf of Charter Schools	Total Amount
General Fund	100	1,111,079,147.04	2,840,035.55	153,876,178.89	1,114,995,361.48
Special Revenue Funds - Food Service	410			0.00	0.00
Special Revenue Funds - Other Federal Programs	420	5,807,955.69		1,869,853.69	7,677,809.38
Capital Project Funds	300			0.00	0.00
<b>Total Charter School Distribution</b>		1,116,887,102.73	2,840,035.55	1,869,853.69	1,121,596,991.97

LIFELONG LEARNING (If only Learning Services are used in fiscal year 2018)	Account Number	Amount
General Fund	5900	613,661.25
Special Revenue Funds - Other Federal Programs	5900	1,728,140.89
<b>Total</b>	5900	2,341,802.14

MEDICAL EXPENDITURE REPORT (Medical Expenditures are used in fiscal year 2018)	Unexpended June 30, 2017	Encumbrances 2017-28	Expenditures 2017-18	Unexpended June 30, 2018
Expenses, Expenses and Other Medical Expenses		6,209,403.29	6,268,406.57	
Expenses, Program or Activity			6,268,406.57	
Professional Student Expenses				
School Nurses and Health Care Services				
Occupational Therapy, Physical Therapy and Other Therapy Services				
ESL Professional and Technical Services				
Gifted Student Education				
Staff Training and Curriculum Development				
Medical Administration and Billing Services				
Student Services				
Continuum				
Other				
<b>Total Expenditures</b>			6,268,406.57	

General Fund Balance Sheet Information (This information is used in state reporting)	Fund Number	Amount
Balance Sheet Amount, June 30, 2017		
Total Assets and Deferred Outflows of Resources	100	171,344,633.32
Total Liabilities and Deferred Inflows of Resources	100	171,344,633.32

ESR: 248

VOLUNTARY PREKINDERGARTEN PROGRAM (H) GENERAL FUND EXPENDITURES	Account Number	100 Salaries	200 Employee Benefits	300 Purchased Services	400 Energy Services	500 Materials and Supplies	600 Capital Outlay	700 Other	Totals
<i>Carroll</i>									
Prekindergarten	5500	231,086.56	66,232.26	100,651.63	1,403.08	5,555.01	968.46	669.17	413,766.17
Student Support Services	6100								0.00
Instructional Media Services	6200								0.00
Instruction and Curriculum Development Services	6300								0.00
Instructional Staff Training Services	6400								0.00
Instruction-Related Technology	6500								0.00
Board	7100								0.00
General Administration	7200							19,389.48	19,389.48
School Administration	7300								0.00
Facilities Acquisition and Construction	7410								0.00
Food Services	7500	153,008.88	47,276.66	134.77	0.00	0.00	0.00	0.00	200,420.31
Food Services	7500								0.00
Central Services	7700								0.00
Student Transportation Services	7800								0.00
Operation of Plant	7900	199.02	68.69						267.71
Maintenance of Plant	8100								0.00
Administrative Technology Services	8200								0.00
Community Services	8100			26,439,501.16					26,439,501.16
<i>Capital Outlay</i>									
Facilities Acquisition and Construction	7420								0.00
Other Capital Outlay	9300								0.00
<i>DPW Services - (Function 2030)</i>									
Redemption of Principal	710								0.00
Interest	720								0.00
<b>Total Expenditures</b>		<b>388,294.46</b>	<b>113,577.61</b>	<b>26,643,287.56</b>	<b>1,403.08</b>	<b>5,555.01</b>	<b>968.46</b>	<b>20,058.65</b>	<b>27,173,744.81</b>

[1] Include expenditures for the summer program (section 1002.61, F.S.) and the school-year program (section 1002.63, F.S.)

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SCHEDULE 5  
SUPPLEMENTAL SCHEDULE OF FEDERAL  
FINANCIAL ASSISTANCE PROGRAM EXPENDITURES  
For the Fiscal Year Ended June 30, 2018

DOE PAGES 23 AND 24 INTENTIONALLY OMITTED

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Number	Amount of Expenditures	Amount Provided to Subrecipients
School Breakfast Program	10.553	17002, 18002	25,802,794.00	
National School Lunch Program	10.555	17001, 17003, 18001, 18003	51,088,811.79	
National School Lunch Program (Comm)	10.555	17001, 17003, 18001, 18003	6,768,013.20	
Child and Adult Care Food Program	10.558	4272	4,775,357.25	
Summer Food Service Program for Children	10.559	17006, 17007, 18006, 18007	1,494,819.67	
Fresh Fruit and Vegetable Program	10.582	18004	950,815.20	
<b>Total for United States Department of Agriculture</b>			<b>96,735,437.96</b>	
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	Department of Defense H11254-1b-1-001B	122,063.50	
<b>Total Department of Defense</b>			<b>122,063.57</b>	
National Farmworker Jobs Program	17.264	4057B-8CF11, 4057B-7CF11	354,095.59	
<b>Total Department of Labor Employment Training Administration</b>			<b>354,095.59</b>	
Adult Education - Basic Grants to States	84.002	1917B-7CG01, 1937B-7CE01, 1918B-8CG01, 1938B-8CE01	2,338,962.16	
Federal Supplemental Educational Opportunity Grants	84.007	Federal SEOG	1,441.38	
Title I Grants to Local Educational Agencies	84.010	2127B-7CB01, 2128B-8CB01, 2237B-7CD01, 2238B-8CD01, 2267B-7CS01, 2268A-8CS01, 2268A-8CS02, 2268A-8CS03, 2268A-8CS04	59,277,076.94	264,551.49
Migrant Education State Grant Program	84.011	2177B-7C001, 2177T-7CF01, 2178B-8CF01, 2178T-8CT01	9,249,174.30	
Special Education Grants to States	84.027	2627B-7CD01, 2627B-7CD04, 2628B-8CD01, 2628B-8CD04, 2628B-8CD05, 2628B-8CDT1, 2628B-8CDT6, 2637B-7CB01, 2638B-8CB01, Sednet Mini Grant	43,612,063.72	
Federal Work-Study Program	84.033	Federal FWS	35,095.25	
Impact Aid	84.041	Impact Aid 19-FI-2019-0202	508,062.36	
Career and Technical Education - Basic Grants to States	84.048	1617A-7CS01, 1618A-8CS01, 1618A-8CP01	2,414,832.35	
Indian Education Grants to Local Educational Agencies	84.060	US-DOE-060A172533	11,452.00	
Federal Pell Grant Program	84.063	Federal PELL	9,540,711.84	
Special Education Preschool Grants	84.173	2677B-7CP01, 2678B-8CP01, 2668B-8CD01	877,555.02	
School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs)	84.184	US-DOE-S184M140088-16, S184G140293-16, S184M140088-17, S184G140293-17	1,578,611.64	
Education for Homeless Children and Youth	84.196	290-12785-8CH01	123,539.40	



DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY		Exhibit K-17 DOE Page 25	
SCHEDULE 5 SUPPLEMENTAL SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAM EXPENDITURES For the Fiscal Year Ended June 30, 2018			
Charter Schools	84.282 2982A-6C007, 2982A-6C006, 2982A-6C005, 2982A-7C102, 2987B-7C001, 2982A-8C101, 2987B-7C002, 2987B-7C003, 2982A-8C103, 2982A-8C105, 2987B-7C004, 2982A-7C107	3,458,739.82	3,458,739.82
Twenty-First Century Community Learning Centers	84.287 2447B-7CCC1, 2448B-8CCC1	254,973.85	254,973.85
Education Research, Development and Dissemination	84.305 Contract USF 5810-1023-00-A	97,683.78	
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334 US-DOE-P334A140182-15, P334A140182-16, P334A140182-17	484,966.38	
Transition to Teaching Program	84.350 US-DOE-U350A110026-15	26,192.00	
English Language Acquisition State Grants	84.365 1027B-7C001, 1027B-7C101, 1027B-7CLL1, 1028B-8C001, 1028B-8C101	3,363,236.68	
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367 2357B-7C001, 2247B-7CT01, 2248B-8CT01	6,733,330.06	
Teacher and School Leader Incentive Grants (formerly the Teacher Incentive Fund)	84.374 US-DOE-S374A120095-16, U374A170025	8,948,505.69	
School Improvement Grants	84.377 1264A-7C001, 1265A-8C001	665,182.14	
Education Innovation and Research (formerly Investing in Innovation (I3) Fund)	84.411 US-DOE-U411C140098	432,123.91	
Student Support and Academic Enrichment Program	84.424 290-2418A-8C001	586,048.86	
<b>Total for United States Department of Education</b>		<b>143,099,303.33</b>	<b>3,978,265.16</b>
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079 N/A	17,863.87	
Temporary Assistance for Needy Families	93.558 SR 1718	11,906,118.55	
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566 LK193, LK179, LK198	1,670,588.21	
Child Care and Development Block Grant	93.575 LC937, SR 1718	16,286,289.91	
Refugee and Entrant Assistance Discretionary Grants	93.576 LK179	21,245.93	
Refugee and Entrant Assistance Targeted Assistance Grants	93.584 LK179	47,394.77	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596 SR 1718	12,897,953.55	
Head Start	93.600 0-04CH4768/03, 0-04CH4768/04	11,825,954.12	
Social Services Block Grant	93.667 SR 1718	36,886.43	
Children's Health Insurance Program	93.767 HB331	422,772.00	
<b>Total for United States Department of Health and Human Services</b>		<b>55,133,067.34</b>	
<b>Grand Total</b>		<b>295,445,967.79</b>	<b>3,978,265.16</b>

Notes:

1) Hillsborough County Public Schools did not use the 10% de minimis cost rate.

SCHEDULE 5  
SUPPLEMENTAL SCHEDULE OF FEDERAL  
FINANCIAL ASSISTANCE PROGRAM EXPENDITURES  
For the Fiscal Year Ended June 30, 2018

- The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the 2017-2018 fiscal year as determined based on the modified accrual basis of accounting. The amount reported on the Schedule have been reconciled to and are in agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported.
- Noncash Assistance: National School Lunch Program includes \$6,768,813.20 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.

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## **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.

**"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 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.

**"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 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.

**"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(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 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.

**"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 Mellon Trust Company, N.A. (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**

**MASTER TRUST AGREEMENT, AS AMENDED, AND FORM OF THE SERIES 2018  
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

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.

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.

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

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

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 Assignment of Ground Lease, (B) 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 accrue, 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;

(k) 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.

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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.

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**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

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(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

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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 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) (i) 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 6.03. 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:

(i) 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 Rebutable 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 XIII 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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Corporation and Moody's Investors Service at least 5 days prior to the effective date of such Supplemental Trust Agreement.

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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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.

## ARTICLE XIII

### MISCELLANEOUS PROVISIONS

**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 Trustees: 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, teletype or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such

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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.

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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.

(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

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.

Interest Rate Dated Date Maturity Date CUSIP

REGISTERED OWNER:

PRINCIPAL AMOUNT:

NATIONSBANK OF FLORIDA, N.A., as Trustee

By: Sharon B Sawyers Vice President

(SEAL)

ATTEST:

Jeanne Mckenney Trust Officer

(SEAL)

ATTEST:

HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION, as Lessor

By: Yvonne Mackintosh President

Walter L. Seibler Secretary

(SEAL)

ATTEST:

SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA, as Lessee

By: Yvonne Mackintosh Chairman

Walter L. Seibler Superintendent/Secretary

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 is 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.

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.

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.

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.

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

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

**CERTIFICATE OF AUTHENTICATION**

(Reverse Side of Form of Certificate of Participation)

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

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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[INSERT OPTIONAL AND MANDATORY PREPAYMENT PROVISIONS.]

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**

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.

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EXHIBIT C

(FORM OF REQUEST AND AUTHORIZATION)

1. The undersigned, being the duly qualified and acting 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:

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 \$

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: NATIONSBANK OF FLORIDA, N.A., as Trustee

By: Title:

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SCHEDULE A

TERMS OF SERIES CERTIFICATES

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**FIRST AMENDMENT TO MASTER TRUST AGREEMENT**

**by and among**

**THE BANK OF NEW YORK  
(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 February 19, 2003**

***Relating to*  
Certificates of Participation  
(School Board of Hillsborough County, Florida Master Lease Program)  
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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FIRST AMENDMENT TO MASTER TRUST AGREEMENT

THIS FIRST AMENDMENT TO MASTER TRUST AGREEMENT, dated as of February 19, 2003 (the "First Amendment to Master Trust Agreement"), amending the Master Trust Agreement, dated as of April 1, 1994, as heretofore amended and supplemented (the "Trust Agreement"), by and among THE BANK OF NEW YORK (successor to NationsBank of Florida, N.A.), a New York banking corporation 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, 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 Trust Agreement;

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

**SECTION 1. AUTHORIZATION.** This First Amendment to Master Trust 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 11.03 of the Trust Agreement.

**SECTION 2. DEFINITIONS.** The words and terms which are defined in the Trust 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 TRUST AGREEMENT.** (a) Exhibit A to the Trust 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 Trust 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 4.14 OF THE TRUST AGREEMENT.** Section 4.14 of the Trust Agreement is hereby amended in its entirety to read as follows:

**"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 and each Hedge Obligation related thereto shall rank pari passu and be equally and ratably secured under this Trust Agreement with each other Certificate of such Series and each Hedge Obligation related thereto, but not with any Certificate of any other Series issued pursuant to this Trust Agreement and Outstanding or any Hedge Obligation related thereto, without preference, priority or distinction of any such Certificate, Hedge Obligation over any other such Certificate, Hedge Obligation, except that to the extent that Basic Rent Payments available for payment to all Certificateholders, each Hedge Obligation related hereto, are less than all amounts owed with respect to all Series of Certificates, all Hedge Obligations on any Payment Date, such amounts available shall be applied on a pro-rata basis to Certificateholders of all Series and all related Counterparties 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.

Termination Fees shall be secured by the Trust Estate subordinated to the security provided for each Series of Certificates and Hedge Obligations and payable only if and to the extent Supplemental Rent for such amounts has been received for distribution pursuant to Section 6.06(b) hereof.

(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, Hedge Obligations 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 any related Hedge Agreement 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, and each Counterparty by its

execution and delivery of a Hedge Agreement shall be deemed to have agreed, except as otherwise expressly provided herein, to look solely to the income of and the proceeds from such portion of the Trust Estate to the extent available for distribution to such holder, each such Credit Enhancer and each Counterparty as herein provided and thus the Trustee is not personally liable to any Certificateholder, Counterparty 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."

**SECTION 5. AMENDMENTS TO SECTION 6.06 OF THE TRUST AGREEMENT.** Subsections (a) and (b) of Section 6.06 of the Trust Agreement are hereby amended in their entirety to read as follows:

"**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, and in accordance with each Hedge 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 and (including Hedge Receipts) 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 and any Hedge Obligations, when due. Moneys in each subaccount of the Interest Account shall be used to pay the interest on the Series of Certificates (or the Hedge Obligations related thereto) 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

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such money in the special account established for such Series shall be applied:

**First:** to the payment to the Persons entitled thereto of (a) all installments of interest on such Series of Certificates and (b) the Hedge Obligations related thereto; in each case, then due and payable in the order in which such installments or amounts become due and payable and, if the amount available shall not be sufficient to pay in full any particular installment or amount, 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 specified in such Series of Certificates and the Hedge Obligations, related thereto;

**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 Termination Fees related to such Series of Certificates.

**Sixth:** to the payment of any amounts owing in regard to Ground Leases relating to such Series; and

**Seventh:** to the payment of any surplus moneys to the Board.

(i) 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

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Installment of the Series of Certificates for which it was established as and when the same shall mature or are redeemed, and for no other purpose. No further deposit need be made 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 Supplemental Rent payments made by the Board representing Termination Fees pursuant to Section 4.03(e) of the Lease Agreement shall be paid as received by the Trustee to the appropriate Counterparty. 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."

**SECTION 6. AMENDMENTS TO SECTION 8.04 OF THE TRUST AGREEMENT.** Subsection (a) of Section 8.04 of the Trust Agreement is hereby amended in its entirety to read as follows:

"**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) and the Hedge Obligations related thereto, 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-leasing or other disposition of each Project, including moneys 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 or the Counterparty or Counterparties to any Hedge Agreements related thereto 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

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the payment of principal and interest then due upon such Series of Certificates (or, in the case of Capital Appreciation Certificates, the Accredited Value thereof) and all Hedge Obligations related thereto 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, then to the payment of any Termination Fees related thereto 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.

(ii) 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)(i) 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."

**SECTION 7. 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 First Amendment to Master Trust Agreement, the terms hereof shall control.

**SECTION 8. THIRD PARTY BENEFICIARIES.** Nothing in this First Amendment to Master 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 Enhancers, Counterparties and the Board any rights, remedies or claims under or by reason of this First Amendment to Master Trust Agreement or any covenants, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this First Amendment to Master 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 Credit Enhancers, Counterparties and the Board.

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**SECTION 9. COUNTERPARTS.** This First Amendment to Master 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 10. 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 Trust Agreement, nor shall they affect its meaning, construction or effect.

**SECTION 11. LAWS.** This First Amendment to Master Trust 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 Trust Agreement by their officers thereunto duly authorized as of the date and year first written above.

**THE BANK OF NEW YORK**, as Trustee

By: The Bank of New York Trust Company of Florida, N.A., as agent for The Bank of New York (successor to NationsBank of Florida, N.A.)

(SEAL)

Barbara B. Buck  
Authorized Signatory

**HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION**, as Lessor

(SEAL)

By: Carol W. Kurdeel  
President

ATTEST:

Early Howard  
Secretary

**SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA**, as Lessee

(SEAL)

By: Carol W. Kurdeel  
Chairman

ATTEST:

Early Howard  
Superintendent/Secretary

CONSENT:

**MBIA INSURANCE CORPORATION**

By: Amy R. Gonch  
Title: Amy R. Gonch  
Assistant Secretary

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**SERIES 2018 SUPPLEMENTAL TRUST AGREEMENT**

**by and among**

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.  
(successor to NationsBank of Florida, N.A.),  
as Trustee**

**and**

**HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION,  
as Lessor**

**and**

**THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA,  
as Lessee**

**Dated as of November 1, 2018**

***Relating to*  
Refunding Certificates of Participation  
(School Board of Hillsborough County, Florida Master Lease Program),  
Series 2018  
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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**THIS SERIES 2018 SUPPLEMENTAL TRUST AGREEMENT**, dated as of November 1, 2018 (the "Series 2018 Supplemental Trust Agreement"), amending and 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 MELLON 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 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 public schools within the School District of Hillsborough County, Florida (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**, at the request of the Board and the Corporation, the Trustee has agreed to deliver a Series of Refunding 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 2018 Supplemental Trust Agreement (the "Series 2018 Certificates"); 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 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**, each Series of Certificates (other than partial Refunding Certificates or Completion Certificates) shall be secured independently from each other Series of Certificates; and

**WHEREAS**, the Board has heretofore caused the Trustee to execute, authenticate and deliver, under the Trust Agreement, \$77,705,000 Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2015B (the "Series 2015B Certificates") 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; and

**WHEREAS**, the proceeds of the Series 2015B Certificates were principally used to refinance the costs of acquisition, construction and installation of various educational facilities (collectively, the "Series 2004C Project") as more particularly described in Lease Schedule No. 2004C, dated as of November 1, 2004 (as heretofore supplemented and amended, "Current Lease Schedule No. 2004C"); and

**WHEREAS**, the Board and the Corporation agree that the proceeds of the Series 2018 Certificates should be used to refund, on a current basis, all of the outstanding Series 2015B Certificates (collectively, the "Refunded Certificates") pursuant to the terms of the Trust Agreement in order to fix the rate on the Interest Component of Basic Rent Payments related to the Series 2004C Project; and

**WHEREAS**, a portion of the proceeds of the Series 2018 Certificates shall be deposited with the Trustee to prepay the Series 2015B Certificates and shall constitute the deposit of prepaid Basic Rent Payments by the Board; and

**WHEREAS**, the deposit of the prepaid Basic Rent Payments with the Trustee shall be in an amount sufficient to pay all of the principal of, prepayment premium, if any, and interest on the Refunded Certificates; and

**WHEREAS**, in consideration for the deposit of such prepaid Basic Rent Payments to refund the Refunded Certificates, the Board has agreed to enter into a Fifth Amended and Restated Lease Schedule No. 2004C (the "Fifth Amended and Restated Lease Schedule No. 2004C"), with the Corporation, whereby the Board will amend and restate Current Lease Schedule No. 2004C in its entirety thereby continuing to lease the Series 2004C Project and agree to make Basic Rent Payments sufficient to pay the principal of and interest on the Series 2018 Certificates; and

**WHEREAS**, the Series 2018 Certificates shall be secured in the manner provided in the Trust Agreement and shall have the terms and provisions contained in this Series 2018 Supplemental Trust Agreement; and

**WHEREAS**, all things necessary to make the Series 2018 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 2018 Supplemental Trust Agreement, and the creation, execution and issuance of the Series 2018 Certificates subject to the terms hereof, have in all respects been duly authorized;

**NOW, THEREFORE, THIS SERIES 2018 SUPPLEMENTAL TRUST AGREEMENT WITNESSETH:**

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**ARTICLE I  
DEFINITIONS**

**SECTION 1.01. DEFINITIONS.** Capitalized 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 capitalized words and terms elsewhere defined in this Series 2018 Supplemental Trust Agreement, the following capitalized words and terms as used in this Series 2018 Supplemental Trust Agreement shall have the following meanings unless the context or use indicates another or different meaning or intent:

**"Amended and Restated Lease Schedule No. 2004C"** means the Fifth Amended and Restated Lease Schedule No. 2004C, dated as of November 1, 2018, relating to the Series 2004C Project and the Series 2018 Certificates, which shall be part of the Lease Agreement.

**"Assignment of Ground Lease Agreement"** means the Assignment of Ground Lease Agreement, dated as of November 1, 2004 as amended and supplemented, from the Corporation to the Trustee.

**"Refunded Certificates"** means all of the outstanding Series 2015B Certificates.

**"Related Documents"** means the Trust Agreement, the Lease Agreement, the Assignment of Lease Agreement, the Series 2004C Ground Lease Agreement and the Assignment of Ground Lease Agreement.

**"Reserve Requirement"** means, with respect to the Series 2018 Certificates, zero dollars (\$0.00).

**"Series 2004C Ground Lease Agreement"** means the Ground Lease Agreement, dated as of November 1, 2004, as amended and supplemented, between the Board and the Corporation.

**"Series 2015A Certificates"** means the Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2015A Evidencing an Undivided Proportionate Interests 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.

**"Series 2015B Certificates"** means the Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2015B, 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

**"Trust Agreement"** means the Master Trust Agreement, dated as of April 1, 1994, among the Trustee, the Corporation and the Board, as amended and supplemented, particularly as amended and supplemented by this Series 2018 Supplemental Trust Agreement, among the Trustee, the Corporation and the Board.

**"Underwriters"** means, collectively, the underwriters named in the Certificate Purchase Contract between such underwriters, the Corporation and the Board executed in connection with the sale of the Series 2018 Certificates.

Hillsborough County, Florida, dated September 30, 2015, executed, authenticated and delivered by the Trustee under the Trust Agreement.

**"Series 2016A Certificates"** means the Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2016A Evidencing an Undivided Proportionate Interests 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.

**"Series 2018 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 4.01 hereof.

**"Series 2018 Certificates"** means the \$64,995,000 Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2018 Evidencing an Undivided Proportionate Interests 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 authorized to be issued under Section 4.01 of the Trust Agreement and Section 2.01 hereof.

**"Series 2004C Project"** means the Series 2004C Project as described in Amended and Restated Lease Schedule No. 2004C.

**"Series 2018 Pledged Accounts"** means with respect to the Series 2018 Certificates, the Series 2018 Subaccount of the Costs of Issuance Account, the Series 2018 Subaccount of the Interest Account, the Series 2018 Subaccount of the Principal Account, and the Series 2018 Account of the Prepayment Fund, each established hereby.

**"Series 2018 Subaccount of the Costs of Issuance Account"** means the subaccount established in the Costs of Issuance Account pursuant to Section 6.02 of the Trust Agreement and Section 4.01 hereof.

**"Series 2018 Subaccount of the Interest Account"** means the subaccount established in the Interest Account pursuant to Section 6.02 of the Trust Agreement and Section 401 hereof.

**"Series 2018 Subaccount of the Principal Account"** means the subaccount established in the Interest Account pursuant to Sections 6.02 and 6.06 of the Trust Agreement and Section 4.01 hereof.

**"Series 2018 Supplemental Trust Agreement"** means this instrument, as may be amended and supplemented.

**"Trustee"** means The Bank of New York Mellon Trust Company, N.A. (as successor to NationsBank of Florida, N.A.) and any successor or assignee thereto.

**ARTICLE II  
THE SERIES 2018 CERTIFICATES**

**SECTION 2.01. AUTHORIZATION OF SERIES 2018 CERTIFICATES.**

(a) There is hereby created a Series of Certificates to be issued under the Trust Agreement to be known as "Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2018 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 2018 Certificates which may be issued is hereby expressly limited to \$64,995,000. The Series 2018 Certificates shall be issued for the principal purpose of effecting the refunding, on a current basis, of the Refunded Certificates and paying Costs of Issuance of the Series 2018 Certificates. The Series 2018 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 2018 Certificates shall be lettered and numbered R-1 and upward.

(b) Except as otherwise provided in the Trust Agreement, the Series 2018 Certificates shall be dated as of their date of delivery. Interest on the Series 2018 Certificates shall be payable on each Payment Date, commencing January 1, 2019. The Series 2018 Certificates shall be payable in the manner provided in the Trust Agreement.

(c) The Series 2018 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:

Year (July 1)	Principal Amount	Interest Rate
2019	\$ 1,090,000	5.000%
2021	910,000	5.000
2022	1,025,000	5.000
2023	1,200,000	5.000
2024	985,000	5.000
2025	1,010,000	5.000
2026	555,000	5.000
2027	4,965,000	5.000
2028	6,870,000	5.000
2029	6,250,000	5.000
2030	40,135,000	5.000

(d) All of the Series 2018 Certificates shall be Serial Certificates. The Series 2018 Certificates shall be substantially in the form set forth in Exhibit B to the Trust Agreement.

**SECTION 2.02. ISSUANCE OF SERIES 2018 CERTIFICATES.** The Series 2018 Certificates shall be issued upon delivery to the Trustee of the documents referred to in Section 4.13(b) of the Trust Agreement and the payment of the purchase price therefor.

**SECTION 2.03. REFUNDING OF REFUNDED CERTIFICATES.** Upon the delivery of the Series 2018 Certificates, the Refunded Certificates shall be refunded as provided in the Trust Agreement.

**SECTION 2.04. LETTER OF INSTRUCTIONS.** Attached hereto as Schedule 1 is the Letter of Instructions relating to the Series 2018 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 2.05. FULL BOOK-ENTRY.** Notwithstanding the provisions set forth in Section 2.01 hereof or Section 4.06 of the Trust Agreement, the Series 2018 Certificates shall be initially issued in the form of a separate single certificated fully registered Series 2018 Certificate for each of the maturities of the Series 2018 Certificates. Upon initial issuance, the ownership of each such Series 2018 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 2018 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 2018 Certificates shall be registered in the name of Cede & Co., all payments of interest on the Series 2018 Certificates shall be made by the Trustee by check or draft or by wire transfer to Cede & Co., as Holder of the Series 2018 Certificates.

With respect to Series 2018 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 on the Series 2018 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 2018 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 2018 Certificates. The Board, the Corporation and the Trustee may treat and consider the Person in whose name each Series 2018 Certificate is registered in the registration books kept by the Trustee as the Holder and absolute owner of such Series 2018 Certificate for the purpose of payment of principal of,

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### ARTICLE III

#### APPLICATION OF SERIES 2018 CERTIFICATE PROCEEDS

**SECTION 3.01. APPLICATION OF SERIES 2018 CERTIFICATE PROCEEDS.** The proceeds of the Series 2018 Certificates (net of the Underwriters' discount) shall be applied by the Trustee as follows:

(a) Deposit to the credit of a Series 2018 Subaccount of the Costs of Issuance Account an amount equal to the Costs of Issuance of the Series 2018 Certificates, \$316,230.32; and

(b) Deposit irrevocably in trust with the Trustee in the Series 2015B Account of the Prepayment Fund established pursuant to the Series 2015B Supplemental Trust Agreement, dated as of September 1, 2015, and related to the Refunded Certificates, for the benefit of the Owners of the Series 2015B Certificates, an amount equal to \$73,990,000.00 which, together with \$52,693.87 funds deposited by the Board, shall be sufficient to fully prepay the Refunded Certificate on the Prepayment Date (November 14, 2018).

All moneys on deposit in the Subaccounts described in this Section shall be applied in accordance with Section 4.01 hereof and shall be disbursed by the Trustee in the manner and for the purposes described in the Trust Agreement.

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premium, if any, and interest with respect to such Series 2018 Certificate, for providing notices with respect to such Series 2018 Certificate, for the purpose of registering transfers with respect to such Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 to be executed by the Board and delivered to DTC shall apply to the payment of principal of and interest on the Series 2018 Certificates.

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### ARTICLE IV

#### ESTABLISHMENT OF SERIES 2018 PLEDGED ACCOUNTS

**SECTION 4.01. ESTABLISHMENT OF SERIES 2018 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 2018 Certificates, the following accounts and subaccounts:

(a) The "School Board of Hillsborough County, Florida Master Lease Series 2018 Subaccount of the Costs of Issuance Account."

(b) The "School Board of Hillsborough County, Florida Master Lease Series 2018 Subaccount of the Interest Account."

(c) The "School Board of Hillsborough County, Florida Master Lease Series 2018 Subaccount of the Principal Account."

(d) The "School Board of Hillsborough County, Florida Master Lease Series 2018 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 2018 Pledged Accounts shall be invested solely in Permitted Investments at the written direction of an Authorized Officer of the Board.

**SECTION 4.02. SECURITY FOR SERIES 2018 CERTIFICATES.** The Series 2018 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 (i) which is derived from the sale, re-letting or other disposition of the Series 2004C Project shall be utilized solely for the benefit of the Owners of the Series 2018 Certificates; provided, however, that such portion of the Trust Estate which is derived from the sale, re-letting or other disposition of that portion of the Series 2004C Project comprised of High School "SSS" shall be utilized for the benefit of the Owners of the Series 2018 Certificates, on a pro rata basis with the Series 2015A Certificates and Series 2016A Certificates allocable to High School "SSS" and (ii) any cash, securities and investments in the Series 2018 Pledged Accounts shall be utilized solely for the benefit of the Owners of the Series 2018 Certificates. The Owners of the Series 2018 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 2004C Project, or any cash, securities and investments in the Pledged Accounts, other than the Series 2018 Pledged Accounts.

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ARTICLE V

PREPAYMENT OF SERIES 2018 CERTIFICATES

SECTION 5.01. PREPAYMENT DATES AND PRICES OF SERIES 2018 CERTIFICATES. The Series 2018 Certificates are subject to prepayment only as provided in this Section. The Series 2018 Certificates are not subject to extraordinary mandatory prepayment prior to maturity pursuant to Section 6.03(g) of the Trust Agreement or Section 5.08(c) of the Lease Agreement.

(a) The Series 2018 Certificates maturing on and after July 1, 2029 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, 2028 or any date thereafter, and if in part, by lot in such manner as may be designated by the Trustee, at a Prepayment Price equal to the principal amount of the Series 2018 Certificates or portion thereof to be prepaid, plus accrued and unpaid interest thereon to the optional prepayment date, without premium.

(b) Notwithstanding any provisions of the Trust Agreement to the contrary, the Board shall not be required to deposit funds with the Trustee prior to the mailing by the Trustee of any notice of prepayment thereunder, provided that in such case any notice of any prepayment of Series 2018 Certificates shall explicitly state that the proposed prepayment is conditioned on there being on deposit in the applicable account or subaccount on the prepayment date sufficient funds to pay the full Prepayment Price of the Series 2018 Certificates to be prepaid or any other conditions as may be set forth in such notice of prepayment. In the event the conditions stated in the notice of prepayment are not satisfied on the proposed prepayment date, such prepayment shall not occur and such notice of prepayment shall be of no further force or effect. Except as provided herein, the Series 2018 Certificates shall be called for prepayment upon the notice and in the manner provided in Article V of the Trust Agreement.

incumbency certificate listing authorized officers with the authority to provide such directions (each an "Authorized Officer") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Corporation or the Board elects to give the Trustee directions using Electronic Means and the Trustee in its discretion elects to act upon such directions, the Trustee's understanding of such directions shall be deemed controlling. The Corporation and the Board each understands and agrees that the Trustee cannot determine the identity of the actual sender of such directions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such directions notwithstanding such directions conflict or are inconsistent with a subsequent written direction. Each of the Corporation and the Board agree: (i) to assume all risks arising out of the use of Electronic Means to submit directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized directions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting directions to the Trustee and that there may be more secure methods of transmitting directions; (iii) that the security procedures (if any) to be followed in connection with its transmission of directions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures. "Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

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ARTICLE VI

MISCELLANEOUS

SECTION 6.01. 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 2018 Supplemental Trust Agreement, the terms hereof shall control.

SECTION 6.02. THIRD PARTY BENEFICIARIES. Nothing in this Series 2018 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 and the Board any rights, remedies or claims under or by reason of this Series 2018 Supplemental Trust Agreement or any covenants, condition or stipulation hereof; and all covenants, stipulations, promises and agreements in this Series 2018 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, and the Board.

SECTION 6.03. COUNTERPARTS. This Series 2018 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 6.04. 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 2018 Supplemental Trust Agreement, nor shall they affect its meaning, construction or effect.

SECTION 6.05. LAWS. This Series 2018 Supplemental Trust Agreement shall be construed and governed in accordance with the laws of the State.

SECTION 6.06. BROKER CONFIRMATION STATEMENTS NOT REQUIRED. Although the Corporation and the Board each recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Corporation and the Board each hereby agree that broker confirmations of investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered by the Trustee.

SECTION 6.07. ELECTRONIC DIRECTIONS TO TRUSTEE. The Trustee shall have the right to accept and act upon directions given pursuant to this Trust Agreement, the Lease Agreement or any other document reasonably relating to the Certificates and delivered using Electronic Means (defined below); provided, however, that the Corporation or the Board, as the case may be, shall provide to the Trustee an

IN WITNESS WHEREOF, the parties have executed this Series 2018 Supplemental Trust Agreement by their officers thereunto duly authorized as of the date and year first written above.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

(SEAL)

By: \_\_\_\_\_ Vice President

HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION, as Lessor

(SEAL)

By: \_\_\_\_\_ President

ATTEST:

By: \_\_\_\_\_ Secretary

THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA, as Lessee

(SEAL)

By: \_\_\_\_\_ Chair

ATTEST:

By: \_\_\_\_\_ Superintendent/Secretary



## SCHEDULE 1

### LETTER OF INSTRUCTIONS

The School Board of Hillsborough County, Florida  
Tampa, Florida

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

Hillsborough School Board Leasing Corporation  
Tampa, Florida

Re: \$64,995,000 Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2018 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

Ladies and Gentlemen:

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 Refunding Certificates of Participation (the "Series 2018 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.

The Series 2018 Certificates have been issued pursuant to a Master Trust Agreement, dated as of April 1, 1994, as amended and supplemented, including, in particular, by the Series 2018 Supplemental Trust Agreement, dated as of November 1, 2018 (collectively, the "Trust Agreement"), among The Bank of New York Mellon Trust Company, 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 2018 Certificates represent undivided proportionate interests of the Owners of the Series 2018 Certificates in a portion of 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 amended and supplemented by Fifth Amended and Restated Lease Schedule No. 2004C, dated as of November 1, 2018 (the

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"Lease Agreement"), between the Corporation and the Board. Pursuant to an Assignment of Lease Agreement, dated as of April 1, 1994, as amended, between the Corporation and the Trustee, the Corporation has assigned all of its rights, title and interest in and to Fifth Amended and Restated Lease Schedule No. 2004C (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 2018 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 2018 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 2018 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 2018 Certificates or the Lease Payments or any other funds or take or omit to take any action that would cause the Series 2018 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 2018 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 2018 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

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Year if such selection is made prior to the earlier of the final maturity date of the Series 2018 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 2018 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 2018 Certificates are discharged.

"**Gross Proceeds**" means, with respect to the Series 2018 Certificates:

- (1) Amounts constituting Sale Proceeds of the Series 2018 Certificates.
- (2) Amounts constituting Investment Proceeds of the Series 2018 Certificates.
- (3) Amounts constituting Transferred Proceeds of the Series 2018 Certificates.
- (4) Other amounts constituting Replacement Proceeds of the Series 2018 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 2018 Certificates.

"**Investment Proceeds**" means any amounts actually or constructively received from investing proceeds of the Series 2018 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 November 14, 2018.

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"**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 2018 Certificates, e.g., obligations acquired with Gross Proceeds that are invested temporarily until needed for the governmental purpose of the Series 2018 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 2018 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 2018 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) \$39,000 (for calendar year 2017), or (b) the greater of (x) .2% of the "computational base," or (y) \$4,000; and (2) the Board does not treat as Qualified Administrative Costs more than \$111,000 (for calendar year 2017) 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

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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 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 2018 Certificates or to the governmental purpose of the Series 2018 Certificates to conclude that the amounts would have been used for that governmental purpose if the Proceeds of the Series 2018 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 of or interest on the Series 2018 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 2018 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 2018 Certificate and that is described in Section 1.148-4(b)(4) of the Regulations.

"**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

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(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 2018 Certificates**" means, for all Computation Dates, the Yield expected as of the date hereof on the Series 2018 Certificates over the term of such Series 2018 Certificates computed by:

(1) using as the purchase price of the Series 2018 Certificates, the amount at which such Series 2018 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 2018 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 2018 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 2018 Certificates.

### 3. Payment of Rebatale 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 Rebatale 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 Rebatale 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

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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 2018 Certificates.

"**Value**" (of a Series 2018 Certificate) means with respect to a Series 2018 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 2018 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;

(c) an investment may be valued at its Fair Market Value on such date.

(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):

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 Rebatale Arbitrage or any penalty due pursuant to Section 3(d) below. The Board agrees to pay the Trustee the amount of the Rebatale Arbitrage for deposit to the Rebate Fund on or before the same must be remitted by the Trustee. Upon receipt of such Rebatale 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 2018 Certificates plus the income, if any, from the investment of the Rebatale Arbitrage due the United States Government after the final Computation Date) of the Rebatale Arbitrage.

Each payment must be accompanied by Internal Revenue Service Form 8038-T.

(c) The obligation to pay Rebatale Arbitrage to the United States, as described in this letter, shall be treated as satisfied with respect to the Series 2018 Certificates if (i) Gross Proceeds are expended for the governmental purpose of the Series 2018 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 2018 Certificates and (ii) the requirement to pay Rebatale Arbitrage, if any, to the United States with respect to the portion of the Reserve Account allocable to the Series 2018 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, Rebatale Arbitrage with respect to such Gross Proceeds need not be calculated and no payment thereof to the United States Department of Treasury need be made. Use of Gross Proceeds to redeem Series 2018 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 Rebatale Arbitrage and the payment thereof

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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) 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 2018 Certificates, including moneys derived from, pledged to, or to be used to make payments on the Series 2018 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:

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.

(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.

(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

(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

(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 2018 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.

**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 2018 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 Rebutable Arbitrage are not Qualified Administrative Costs.

Allocation and accounting rules are provided in Appendix I attached hereto.

9. **Board Obligations.** Except for any Rebutable 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.

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10. **Trustee Obligations.** Except for matters set forth in Sections 3(a), (b) and (d) 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:

THE SCHOOL BOARD OF HILLSBOROUGH  
COUNTY, FLORIDA

By: \_\_\_\_\_  
Chair

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Trustee

By: \_\_\_\_\_  
Vice President

HILLSBOROUGH SCHOOL BOARD  
LEASING CORPORATION

By: \_\_\_\_\_  
President

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## APPENDIX I

### 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 only 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 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.

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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**

**MASTER LEASE-PURCHASE AGREEMENT, AS AMENDED, AND FORM OF FIFTH AMENDED  
AND RESTATED LEASE SCHEDULE NO. 2004C**

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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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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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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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(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 3.03 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 REPRESENTATIONS, EITHER EXPRESS OR IMPLIED, AS TO THE TITLE TO, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DESIGN OR CONDITION OF, OR AS TO

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(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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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 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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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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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; 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

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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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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.

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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

**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.

(g) 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 the 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

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, actions and other proceedings as may be appropriate for such purpose and shall, to the extent permitted and limited by applicable law and only from 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 whatsoever 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 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 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 falling 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 (cumingtonite-grunerite); (d) anthophyllite; (e) tremolite; and (f) actinolite.

"Environmental Regulations" shall mean all Laws and Regulations, now or hereafter in effect, with respect to Hazardous Materials, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, as amended (42 U.S.C. Section 9601, et. seq.) (together with the regulations promulgated thereunder, "CERCLA"), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, et. seq.) (together with the regulations promulgated thereunder, "RCRA"), the Emergency Planning and Community Right-to-know Act, as amended (42 U.S.C. Section 11001, et. seq.) (together with the regulations promulgated thereunder, "Title III"), the Clean Water Act, as amended (33 U.S.C. Section 1321, et. seq.) (together with the regulations promulgated thereunder, "CWA"), the Clean Air Act, as amended (42 U.S.C. Section 7401, et. seq.) (together with the regulations promulgated thereunder, "CAA") 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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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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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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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 affect 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 assignee 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 assignee 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 covenants 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.

## 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 Trustees 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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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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**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 D 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 B

SECTION 6.16. 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.

FORM OF REQUISITION FOR PAYMENT OF PROJECT COSTS

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.

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")

(SEAL) HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION, as Lessor
By: [Signature] President

Attest: [Signature] Secretary

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.

(SEAL) SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA, as Lessee
By: [Signature] Chairman

Attest: [Signature] Superintendent/Secretary

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

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

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: \_\_\_\_\_



SCHEDULE I

SCHEDULE II

DESCRIPTION OF EQUIPMENT

DESCRIPTION OF DESIGNATED EQUIPMENT

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B-5

SCHEDULE III

SCHEDULE IV

DESCRIPTION OF BUILDINGS

DESCRIPTION OF LAND

B-6

B-7

**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
--------	-------	----------------------------------	----------------------

SCHOOL BOARD OF HILLSBOROUGH  
COUNTY, FLORIDA

By: \_\_\_\_\_  
Title: \_\_\_\_\_

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.

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**EXHIBIT C**

**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 thereof 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

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.

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 \_\_\_\_\_.

HILLSBOROUGH SCHOOL BOARD  
 LEASING CORPORATION

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Attest: \_\_\_\_\_

(SEAL)

SCHOOL BOARD OF HILLSBOROUGH  
 COUNTY, FLORIDA

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Attest: \_\_\_\_\_

(SEAL)

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SCHEDULE A

SCHEDULE B

BASIC RENT SCHEDULE

PROJECT DESCRIPTION, PROJECT BUDGET,  
 PROJECT SCHEDULE AND DESIGNATED EQUIPMENT

Remaining Basic Rent Payment Date	Interest Component	Principal Component	Total Basic Rent Payment	Principal Component
-----------------------------------------	-----------------------	------------------------	-----------------------------	------------------------

[Provide Basic Rent Schedule for each  
 Group within Project]

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SCHEDULE C

SCHEDULE D

DESCRIPTION OF THE LAND

DOCUMENTS REQUIRED BY SECTION 3.01(C) OF THE LEASE AGREEMENT

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EXHIBIT D

MEMORANDUM OF LEASE AND NOTICE OF OPTION

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**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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**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. Kusdeep  
President

ATTEST:

Eddy Howard  
Secretary

SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA, as Lessee

(SEAL)

By: Carol W. Kusdeep  
Chairman

ATTEST:

Eddy Howard  
Superintendent/Secretary

CONSENT:

MBIA INSURANCE CORPORATION

By: \_\_\_\_\_  
Title: \_\_\_\_\_

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

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CONSENT:

MBIA INSURANCE CORPORATION

By: Amy R. Borch  
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.

(SEAL)

HILLSBOROUGH SCHOOL BOARD  
LEASING CORPORATION, as Lessor

By: *Jack Roland*  
President

ATTEST:

*Paul Ellen Elia*  
Secretary

(SEAL)

SCHOOL BOARD OF HILLSBOROUGH  
COUNTY, FLORIDA, as Lessee

By: *Jack Roland*  
Chairman

ATTEST:

*Paul Ellen Elia*  
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.

(SEAL)

HILLSBOROUGH SCHOOL BOARD  
LEASING CORPORATION, as Lessor

By: \_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

(SEAL)

SCHOOL BOARD OF HILLSBOROUGH  
COUNTY, FLORIDA, as Lessee

By: \_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Superintendent/Secretary

CONSENT:

MBIA INSURANCE CORPORATION

By: *W. J. ...*  
Title: Assistant Secretary

**FIFTH AMENDED AND RESTATED LEASE SCHEDULE NO. 2004C**

**Fifth Amended and Restated Schedule No. 2004C  
to the  
Master Lease-Purchase Agreement,  
dated as of April 1, 1994,  
between  
Hillsborough School Board Leasing Corporation (the "Corporation")  
and  
The School Board of Hillsborough County, Florida (the "Board")**

**THIS FIFTH AMENDED AND RESTATED LEASE SCHEDULE NO. 2004C** (the "Fifth Amended and Restated Lease Schedule") hereby amends and restates in its entirety Lease Schedule No. 2004C, dated as of November 1, 2004, between the Board and the Corporation, as heretofore amended and restated (the "Prior Lease Schedule") to that certain Master Lease-Purchase Agreement, dated as of April 1, 1994, between the Board and the Corporation, as amended (the "Master Lease Agreement"). The Master Lease Agreement, together with this Fifth Amended and Restated Lease Schedule, is herein collectively referred to as the "Lease Agreement." This Fifth Amended and Restated Lease Schedule is hereby entered into under 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 2004C Project as herein described. All capitalized terms not otherwise defined herein shall have the respective meanings therefor set forth in the (i) Lease Agreement or (ii) the Master Trust Agreement, dated as of April 1, 1994, among the Board, the Corporation and the Trustee, as amended, particularly as amended and supplemented by the Series 2018 Supplemental Trust Agreement (the "Series 2018 Supplemental Trust Agreement"), dated as of November 1, 2018, among the Board, the Corporation and the Trustee (collectively, the "Trust Agreement"). Reference to "Lease Agreement" herein shall include the terms of this Fifth Amended and Restated Lease Schedule.

1. Findings. The Board and the Corporation hereby find and determine that:
  - (a) The Board has heretofore executed and delivered the Lease Agreement pursuant to which it has established a master lease-purchase program.
  - (b) The Board has heretofore leased the Series 2004C Project from the Corporation in accordance with the terms of the Lease Agreement including, particularly, the Prior Lease Schedule.

(c) The Board has heretofore caused the Series 2015B Certificates (as defined in the Series 2018 Supplemental Trust Agreement) to be executed, authenticated and delivered by the Trustee in connection with the refinancing of the costs of acquisition and construction and the Board's leasing of the Series 2004C Project.

(d) The Board and the Corporation deem it in their best interests to issue Refunding Certificates for the purpose of refunding, on a current basis, all of the outstanding Series 2015B Certificates.

(e) In order to accomplish such refunding, the Board and the Corporation hereby agree to cause the issuance of the Series 2018 Certificates (as defined herein) pursuant to the Master Trust Agreement and the Series 2018 Supplemental Trust Agreement.

(f) The Board and the Corporation further agree to use the proceeds of the Series 2018 Certificates, together with other legally available funds of the Board, to (i) prepay the Series 2015B Certificates pursuant to the terms of the Master Trust Agreement (including, particularly, Articles V and XII thereof) in order to restructure the transaction documents related to the Series 2004C Project and (ii) pay costs associated with the issuance of the Series 2018 Certificates. The portion of the proceeds of the Series 2018 Certificates to be applied to the refunding and prepayment of the Series 2004C Certificates, together with any other available funds of the Board, shall be deposited with the Trustee and shall constitute the deposit of prepaid Basic Rent Payments by the Board. The refunding and prepayment of the Series 2004C Certificates is in the best interests of the Board and the Corporation because it enables the Board to restructure the financing documents related to the Series 2004C Project in a manner deemed more favorable to the Board.

(g) In consideration of the foregoing, the Board and the Corporation agree to enter into this Fifth Amended and Restated Lease Schedule, whereby the Board will continue to lease the Series 2004C Project and agree to make Basic Rent Payments sufficient to pay the principal of and interest on the Series 2018 Certificates.

2. Series 2004C Project. The leased property, which is described in Section 6 of this Lease Schedule (the "Series 2004C Project"), and had an estimated Maximum Cost of \$88,567,572.00, has been acquired, constructed and installed, and is being lease-purchased, by the Board from the Corporation pursuant to the terms of the Lease Agreement.

3. Commencement Date; Lease Term; Other Definitions. For purposes of this Lease Schedule and the Lease Agreement:

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(b) as to the Interest Component represented by the Series 2018 Certificates, each June 15 and December 15 prior to each July 1 and January 1 interest payment date as set forth in Schedule A hereto.

6. Supplemental Rent. The Supplemental Rent payable by the Board to the Corporation with respect to the Series 2004C Project under the Lease Agreement includes, but is not limited to: the following:

(a) The fees and expenses of the Trustee;

(b) During any period when a Hedge Agreement is in effect, any payment due pursuant to a Hedge Agreement other than payments payable as part of the Basic Rent; and

(c) During any period when a Liquidity Facility or other Credit Facility is in effect, the fees and expenses related to such Liquidity Facility and/or Credit Facility.

7. Use of Certificate Proceeds.

(a) The proceeds of the Series 2004C Certificates (net of underwriters' discount) were disbursed as follows:

Deposit to Series 2004C Subaccount of Project Account established for the Series 2004C Certificates.....	\$88,534,049.00
Deposit to Series 2004C Subaccount of Costs of Issuance Account established for the Series 2004C Certificates.....	\$794,754.25*

\*\$428,000 of which was wired directly to MBIA at closing.

(b) The proceeds of the Series 2015B Certificates (\$77,705,000.00) were disbursed as follows:

Deposit with the Trustee to prepay (or reimburse the Liquidity Facility Provider for the prepayment of) the Series 2015B Certificates and the Liquidity Facility draw fee .....	\$77,525,150.00
Deposit to Series 2015B Subaccount of Costs of Issuance Account established for the Series 2018 Certificates .....	\$179,850.00

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(a) The Commencement Date for the Series 2004C Project was November 1, 2004.

(b) The Initial Lease Termination Date of the lease of the Series 2004C Project was June 30, 2005. The Maximum Lease Term commenced on the Commencement Date and, unless earlier terminated in accordance with the provisions of the Trust Agreement, terminates on June 30, 2030.

(c) The Estimated Completion Date was November 1, 2007.

4. Certificates of Participation.

(a) The Certificates of Participation issued under the Trust Agreement and related to this Fifth Amended and Restated Lease Schedule are identified as "Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2018 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 2018 Certificates").

(b) The Series 2018 Certificates are not secured by credit enhancement on the date of this Fifth Amended and Restated Lease Schedule. [Change if acquire Bond Insurance]

(c) The Reserve Requirement for the Series 2018 Subaccount established in the Reserve Account under the Trust Agreement shall be zero (\$0.00).

(d) The Optional Prepayment Date for the Series 2018 Certificates is July 1, 2028.

(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 2004C Subaccount of the Project Account established for the Series 2004C Certificates, for purposes of Section 6.03(g) of the Trust Agreement, was November 1, 2007.

5. Basic Rent and Basic Rent Payment Dates. The Basic Rent payable by the Board to the Corporation with respect to the Series 2004C Project under the Lease Agreement is as follows:

(a) as to the Principal Component of Basic Rent Payments, each June 15, commencing June 15, 2019, in the amounts described in Schedule A hereto; and

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(c) The proceeds of the Series 2018 Certificates, net of underwriters' discount, (\$74,306,230.43) shall be disbursed as follows:

Deposit with the Trustee to prepay the Series 2015B Certificates.....	\$73,990,000.00
Deposit to Series 2018 Subaccount of Costs of Issuance Account established for the Series 2018 Certificates.....	\$316,230.32

8. The Series 2004C Project. The Project Description, Project Budget and Project Schedule for the Series 2004C Project are attached hereto as Schedule B. **Notwithstanding any provision of the Lease Agreement to the contrary, that portion of the Series 2004C Project comprised of High School "SSS" shall be secured, on a proportionate basis, by this Fifth Amended and Restated Lease Schedule, Third Amended and Restated Lease Schedule No. 2006A and Second Amended and Restated Lease Schedule No. 2007.**

9. Designated Equipment. The Designated Equipment for the Series 2004C Project is attached hereto as part of Schedule B.

10. The Land. A description of the Land is attached as Schedule C attached hereto.

11. 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 2004C Project shall be located shall be the lesser of (i) \$1,000,000 per each Series 2004C 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.

12. 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.

13. Assignment of Lease Agreement and Ground 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 assigned to the Trustee pursuant to the Assignment of Lease Agreement, dated as of April 1, 1994, as supplemented and amended pursuant to a Thirty-Third Amendment to Assignment of Lease Agreement between the Corporation and the Trustee, dated as of November 1, 2018 and that all of its right, title and interest in the Ground Lease Agreement, November 1, 2004 as amended and supplemented, have been assigned to the Trustee pursuant to the Assignment of Ground Lease, dated as of November 1, 2004, as amended and supplemented.

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14. Other Permitted Encumbrances. Those encumbrances set forth in the title policies delivered in connection with any Series 2004C Project component site.

15. Section 5.08(c) and (d) of the Master Lease Agreement Not Applicable. Notwithstanding the provisions set forth in Sections 5.08(c) and (d) of the Master Lease Agreement, if the Net Proceeds related to the Series 2004C Project are not greater than the amount of the Lease Payments represented by the Series 2018 Certificates coming due in the immediately following fiscal year under this Fifth Amended and Restated Lease Schedule No. 2004C, then such amounts shall be used first, to pay the Interest Component of the Series 2018 Certificates, for the next two interest Payment Dates and then to pay the Principal Component next coming due. In the event such Net Proceeds are greater than the amount of the Lease Payments coming due under this Fifth Amended and Restated Lease Schedule No. 2004C in the immediately following fiscal year, at the option of the Board, the Board shall apply the portion of the Net Proceeds of such insurance or condemnation award to (i) the acquisition, construction and installation of other Land and/or Buildings to be used for educational purposes that will be subject to this Third Amended and Restated Lease Schedule or (ii) upon receipt of an approving opinion of Special Counsel, to the Series 2018 Subaccount of the Interest Account, or Series 2018 Subaccount of the Principal Account, as applicable, to be credited against the payments next due to such accounts or subaccounts.

16. Release of Series 2004C Project Components and Series 2004C Project Component Sites. *The following provisions shall become effective upon execution by the School Board, the Corporation and the Trustee of this Fifth Amended and Restated Lease Schedule No. 2004C. Purchase of the Series 2018 Certificates shall constitute consent by each holder of the Series 2018 Certificates.*

Notwithstanding anything to the contrary in the Master Lease Agreement, one or more of the facilities comprising a portion of the Series 2004C Project components as identified in Schedule B hereto, or a portion thereof, may be released from the lien of the Lease Agreement if after the release of such facility or facilities the total construction cost of remaining facilities components comprising the Series 2004C Project components subject to the lien of the Lease Agreement exceeds the remaining principal portion of the Basic Rent Payments payable with respect to the Series 2004C Project. The Series 2004C Project components and/or the Premises and any Servient Property (or portions thereof) released under this Section 16 shall be deemed to be paid and fee simple title to such facilities and/or facility sites (or portions thereof) shall vest in the Board.

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 Premises and any Servient Property (or portions thereof) to vest in the Board, free and clear of all encumbrances except Other Permitted Encumbrances. The Corporation agrees to immediately execute all instruments necessary to vest good and marketable fee simple title to the released Premises and any Servient Property (or portions thereof) in the School

Board subject only to Other Permitted Encumbrances. The Series 2004C Ground Lease Agreement shall then be modified to remove the subject Premises and any Servient Property (or portions thereof), as provided therein. The Corporation shall request the execution of such instruments by the Trustee as may be necessary to effect the conveyance described herein.

17. Certification Required by Lease Agreement. Pursuant to Section 3.01(c)(ii) of the Lease Agreement, the Chairman of the Board hereby reaffirms the Board's covenants, representations and warranties made under the Lease Agreement, except as modified hereby, and further certifies that no default has occurred and is continuing under the Lease Agreement.

**IN WITNESS WHEREOF**, each of the parties hereto have caused this Fifth Amended and Restated Lease Schedule No. 2004C to be executed by their proper corporate officers, all as of the 1st day of November, 2018.

**HILLSBOROUGH SCHOOL BOARD  
LEASING CORPORATION**

By: \_\_\_\_\_  
President

(SEAL)

Attest: \_\_\_\_\_  
Secretary

**THE SCHOOL BOARD OF  
HILLSBOROUGH COUNTY, FLORIDA**

By: \_\_\_\_\_  
Chairman

(SEAL)

Attest: \_\_\_\_\_  
Superintendent/Secretary

**SCHEDULE A**

**TOTAL BASIC RENT SCHEDULE**

(Basic Rent due on June 15 and December 15 next preceding each Basic Rent Payment Date)

**BASIC RENT SCHEDULE BY GROUP**

[See attached exhibits]

**SCHEDULE B**

**PROJECT DESCRIPTION, PROJECT BUDGET,  
PROJECT SCHEDULE AND DESIGNATED EQUIPMENT**

New High School "SSS Site Acquisition: Preliminary Costs: Athletic Facility F&E". New High School "SSS" was constructed on an approximately 50 acre parcel located at the junction of Lutz Lake Fern Rd. and the Suncoast Parkway. The school is approximately 247,748 square feet of space and accommodates approximately 2,501 student stations for grades 9 through 12. The proceeds of the Series 2015B Certificates were applied to finance the costs of the site acquisition, architectural and equipping costs and site preparation and Furniture and Equipment for the Athletic Facility.

High School "RRR" Athletic Facility. The Athletic Facility at High School "RRR" was completed in June, 2006.

Middle School "OO". Middle School "OO" was constructed on approximately 50 acres on Bruce B. Downs Blvd. across from Wharton High School. The school is approximately 132,841 square feet and accommodates approximately 1,350 student stations for grades 6 through 8

New Oak Park Elementary "G". New Oak Park Elementary "G" was constructed on approximately 13.6 acres in the Oak Park area. The school contains approximately 74,670 square feet and accommodates 600 student stations for grades Kindergarten through 5.

Elementary School "H". Elementary School "G" was constructed on approximately 15 acres on Fairway Meadow Drive. The school is approximately 87,644 square feet and will accommodate 900 student stations for grades Kindergarten through 5.

Elementary School "I". Elementary School "I" was constructed on approximately 15 acres on Exposition Drive. The new school is approximately 93,758 square feet and accommodates 900 student stations for grades Kindergarten through 5.

Elementary School "L". Elementary School "L" was constructed on approximately 32 acres in the Lake Hutto area. The school is approximately 88,136 square feet and accommodates 940 student stations for grades Kindergarten through 5.

Gary Adult Center. Gary Adult Center was constructed on approximately 8.8 acres in the East Tampa area. The school is approximately 27,217 square feet and replaced the previous Gary Adult School.

Armwood High School. The renovation of existing facilities includes correction of code and safety deficiencies; roof replacement; replacement of data, closed circuit television (CCTV), fire alarm, intercom and heating, ventilating, and air conditioning (HVAC)

systems; new signage, ceiling tiles, lighting and flooring; repair or replacement of damaged casework; upgrades to existing electrical and security systems; interior repainting; repair, cleaning and sealing of exterior brick, and repainting of other exterior surfaces; restroom and kitchen renovations; new stadium lighting and sound systems; new play courts; replacement of auditorium seating; and limited replacement of instructional aids.

Under certain conditions set forth in the Master Lease, the Board may substitute or add components to the above described Project and modify the Plans and Specifications hereof.

Schedule B-1

Schedule B-2

ESTIMATED PROJECT BUDGET\*

New High School "SSS".

Building & Site Preparation	\$ 7,007,410
Furniture, Fixture & Equip	<u>6,665,442</u>
Subtotal	\$13,872,282

High School "RRR" Athletic Facility. \$ 3,041,219

Middle School "OO".

Building & Site Preparation	\$18,786,137
Furniture, Fixture & Equip	<u>2,561,746</u>
Subtotal	\$21,347,883

Elementary School "G"

Site Acquisition	\$ 2,800,000
Building & Site Preparation	7,948,650
Furniture, Fixture & Equip	<u>1,083,907</u>
Subtotal	\$11,832,557

Elementary School "H"

Building & Site Preparation	\$ 9,863,919
Furniture, Fixture & Equip	<u>1,345,080</u>
Subtotal	\$11,208,999

Elementary School "I"

Building & Site Preparation	\$ 9,863,919
Furniture, Fixture & Equip	<u>1,345,080</u>
Subtotal	\$11,208,999

Elementary School "L"

Building & Site Preparation	\$ 9,863,919
Furniture, Fixture & Equip	<u>1,345,080</u>
Subtotal	\$11,208,999

Gary Adult Center

Building & Site Preparation	\$ 4,479,214
Furniture, Fixture & Equip	<u>367,420</u>
Subtotal	\$ 4,846,634

Armwood High School

Total \$88,567,572\*

\* Excludes investment earnings.

Schedule B-1

Schedule B-2

ESTIMATED DRAWDOWN SCHEDULE

NOT APPLICABLE

DESIGNATED EQUIPMENT

The Ancillary Facility and all equipment components not constituting fixtures of the educational facilities described under the heading "PROJECT DESCRIPTION AND SCHEDULE" above.

High School "RRR" Athletic Facility. High School "RRR" is encumbered by the Board's Series 2004B Lease.

Armwood High School renovations.

Schedule B-3

Schedule B-4

**EXHIBIT A TO SCHEDULE B**

**SCHEDULE C**

**EDUCATIONAL PLANT SURVEY EXCERPTS RELATED  
TO THE PROJECT COMPONENTS**

**DESCRIPTION OF THE LAND**

[Not Required per Charter District FDOE Waiver]

**SCHEDULE D**

**DOCUMENTS REQUIRED BY SECTION 3.01(C) OF THE LEASE AGREEMENT**

1. Resolution of the School Board. See Tab 2.1
2. Certificate of School Board. See Tab 2.3
3. Ground Lease Agreement. See Tab 1.10
4. Series 2018 Supplemental Trust Agreement. See Tab 1.5
5. Memorandum of Ground Lease with respect to Series 2004C Project. See Tab 1.12

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Schedule D-1

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**APPENDIX F**

**ASSIGNMENT OF LEASE AGREEMENT AND FORM OF THIRTY-THIRD 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.

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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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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 MORTONBANK 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");

**W I T N E S S E T H :**

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 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 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 4. 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

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

(SEAL)

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

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.

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 \_\_\_\_\_

OFF. 7398 589

STATE OF FLORIDA }  
COUNTY OF HILLSBOROUGH } SS:

The foregoing instrument was acknowledged before me this 17th day of May, 1994, by Shari B. Savyers and Jeanne Milkey, the Vice President and Trust Officer, respectively, of NATIONSBANK OF FLORIDA, N.A.

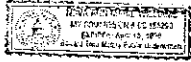
*Shari B. Savyers*  
Name:  
Notary Public, State of Florida

(NOTARIAL SEAL)

My Commission Expires:

Personally Known  or Produced Identification \_\_\_\_\_

Type of Identification Produced \_\_\_\_\_



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This document prepared by:

Ritesh S. Patel, Esq.  
Nabors, Giblin & Nickerson, P.A.  
2502 Rocky Point Drive  
Suite 1060  
Tampa, Florida 33607

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**THIRTY-THIRD AMENDMENT TO  
ASSIGNMENT OF LEASE AGREEMENT**

**by and between**

**HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION,  
as Lessor**

**and**

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.  
(successor to NationsBank of Florida, N.A.),  
as Trustee**

**Dated as of November 1, 2018**

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THIRTY-THIRD AMENDMENT TO  
ASSIGNMENT OF LEASE AGREEMENT

**THIS THIRTY-THIRD AMENDMENT TO ASSIGNMENT OF LEASE AGREEMENT**, is made and entered into as of November 1, 2018, 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 MELLON 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 Thirty-Third Amendment to Assignment of Lease Agreement, not in its individual capacity but solely as successor 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

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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 December 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 Amendment to Assignment Agreement has been recorded at Official Records Book 15989, Page 1796, of the Public Records of Hillsborough County, Florida.

(t) The Corporation and the 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 Amendment to Assignment Agreement has been recorded at Official Records Book 17331, Page 742, of the Public Records of Hillsborough County, Florida.

(u) The Corporation and the Trustee amended the Assignment Agreement to acknowledge Second Amended and Restated Lease Schedule No. 1998 and Amended and Restated Lease Schedule No. 2001B by entering into a Nineteenth Amendment to Assignment of Lease Agreement (the "Nineteenth Amendment to Assignment Agreement"), which Nineteenth Amendment to 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 amended the Assignment Agreement to acknowledge Lease Schedule No. 2007 (the "Twentieth Amendment to Assignment Agreement"), which Twentieth Amendment to Assignment Agreement has been recorded at Official Records Book 17744, Page 1926, of the Public Records of Hillsborough County, Florida.

(w) The Corporation and the Trustee amended the Assignment Agreement to acknowledge Third Amended and Restated Lease Schedule No. 1998 by entering into the Twenty-First Amendment to Assignment of Lease Agreement (the "Twenty-First Amendment to Assignment Agreement"), which Twenty-First Amendment to Assignment

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has been recorded at Official Records Book 23534, Page 440, of the Public Records of Hillsborough County, Florida.

(dd) The Corporation and the Trustee amended the Assignment Agreement to acknowledge Fourth Amended and Restated Lease Schedule No. 2004C by entering into the Twenty-Eighth Amendment to Assignment of Lease Agreement (the "Twenty-Eighth Amendment to Assignment Agreement"), which Twenty-Eighth Amendment to Assignment Agreement has been recorded at Official Records Book 23614, Page 569, of the Public Records of Hillsborough County, Florida.

(ee) The Corporation and the Trustee amended the Assignment Agreement to acknowledge Second Amended and Restated Lease Schedule No. 2007 by entering into the Twenty-Ninth Amendment to Assignment of Lease Agreement (the "Twenty-Ninth Amendment to Assignment Agreement"), which Twenty-Ninth Amendment to Assignment Agreement has been recorded at Official Records Book 24003, Page 1077, of the Public Records of Hillsborough County, Florida.

(ff) The Corporation and the Trustee amended the Assignment Agreement to acknowledge Fifth Amended and Restated Lease Schedule No. 1998 and Amended and Restated Lease Schedule No. 2001B by entering into the Thirtieth Amendment to Assignment of Lease Agreement (the "Thirtieth Amendment to Assignment Agreement"), which Thirtieth Amendment to Assignment Agreement has been recorded at Official Records Book 25004, Page 825, of the Public Records of Hillsborough County, Florida.

(gg) The Corporation and the Trustee amended the Assignment Agreement to acknowledge Third Amended and Restated Lease Schedule No. 2002 by entering into the Thirty-First Amendment to Assignment of Lease Agreement (the "Thirty-First Amendment to Assignment Agreement"), which Thirty-First Amendment to Assignment Agreement has been recorded at Official Records Book 25391, Page 1103 of the Public Records of Hillsborough County, Florida.

(hh) The Corporation and the Trustee amended the Assignment Agreement to acknowledge Fifth Amended and Restated Lease Schedule No. 2004C by entering into the Thirty-Second Amendment to Assignment of Lease Agreement (the "Thirty-Second Amendment to Assignment Agreement"), which Thirty-Second Amendment to Assignment Agreement has been recorded at Official Records Book 25391, Page 882 of the Public Records of Hillsborough County, Florida.

(ii) The Corporation and the Trustee deem it necessary to further amend the Assignment Agreement to acknowledge Fifth Amended and Restated Lease Schedule No. 2004C by entering into this Thirty-Third Amendment to Assignment of Lease Agreement.

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Agreement has been recorded at Official Records Book 18829, Page 142, of the Public Records of Hillsborough County, Florida.

(x) The Corporation and the Trustee amended the Assignment Agreement to acknowledge Second Amended and Restated Lease Schedule No. 1999 by entering into the Twenty-Second Amendment to Assignment of Lease Agreement (the "Twenty-Second Amendment to Assignment Agreement"), which Twenty-Second Amendment to Assignment Agreement has been recorded at Official Records Book 19827, Page 904, of the Public Records of Hillsborough County, Florida.

(y) The Corporation and the Trustee amended the Assignment Agreement to acknowledge Lease Schedule No. 2010B by entering into the Twenty-Third Amendment to Assignment of Lease Agreement (the "Twenty-Third Amendment to Assignment Agreement"), which Twenty-Third Amendment to Assignment Agreement has been recorded at Official Records Book 20283, Page 222, of the Public Records of Hillsborough County, Florida.

(z) The Corporation and the Trustee amended the Assignment Agreement to acknowledge Fourth Amended and Restated Lease Schedule No. 1998 by entering into the Twenty-Fourth Amendment to Assignment of Lease Agreement (the "Twenty-Fourth Amendment to Assignment Agreement"), which Twenty-Fourth Amendment to Assignment Agreement has been recorded at Official Records Book 20669, Page 1113, of the Public Records of Hillsborough County, Florida.

(aa) The Corporation and the Trustee amended the Assignment Agreement to acknowledge Amended and Restated Lease Schedule No. 2002 and Amended and Restated Lease Schedule No. 2003B by entering into the Twenty-Fifth Amendment to Assignment of Lease Agreement (the "Twenty-Fifth Amendment to Assignment Agreement"), which Twenty-Fifth Amendment to Assignment Agreement has been recorded at Official Records Book 21058, Page 1344, of the Public Records of Hillsborough County, Florida.

(bb) The Corporation and the Trustee amended the Assignment Agreement to acknowledge Second Amended and Restated Lease Schedule No. 2002 and Amended and Restated Lease Schedule No. 2004B by entering into the Twenty-Sixth Amendment to Assignment of Lease Agreement (the "Twenty-Sixth Amendment to Assignment Agreement"), which Twenty-Sixth Amendment to Assignment Agreement has been recorded at Official Records Book 22510, Page 113, of the Public Records of Hillsborough County, Florida.

(cc) The Corporation and the Trustee amended the Assignment Agreement to acknowledge Fourth Amended and Second Restated Lease Schedule No. 2000, Third Amended and Restated Lease Schedule No. 2006A by entering into the Twenty-Seventh Amendment to Assignment of Lease Agreement (the "Twenty-Seventh Amendment to Assignment Agreement"), which Twenty-Seventh Amendment to Assignment Agreement

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(jj) The Certificates shall be issued from time to time in order to finance and refine 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.

(kk) 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.

(ll) Each of the parties hereto has authority to enter into this Thirty-Third Amendment to Assignment Agreement, and has taken all actions necessary to authorize its officer to enter into it.

(mm) The capitalized words and terms used in this Thirty-Third 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 amended and supplemented by Fifth Amended and Restated Lease Schedule No. 2004C (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. CORPORATION'S REPRESENTATIONS, WARRANTIES, AND COVENANTS.** The Corporation hereby confirms that the

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representations, warranties, and covenants of the Corporation set forth in Section 5 of the Assignment Agreement are true and correct and in full force as of the date hereof.

**SECTION 5. 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 Thirty-Third Amendment to Assignment Agreement and the Assignment Agreement, the terms of this Thirty-Third Amendment to Assignment Agreement shall govern.

**SECTION 6. COUNTERPARTS.** This Thirty-Third Amendment to Assignment Agreement may be executed in counterparts, and each of said counterparts shall be deemed an original for all purposes of this Thirty-Third Amendment to Assignment Agreement. All of such counterparts taken together shall be deemed to be one and the same instrument.

**SECTION 7. LAW.** This Thirty-Third Amendment to Assignment Agreement shall be construed under the laws of the State of Florida.

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**IN WITNESS WHEREOF,** the parties have executed this Thirty-Third Amendment to Assignment Agreement by their officers thereunto duly authorized as of the day and year first written above.

(SEAL) **HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION**, as Lessor

Witness: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: President  
Address: 901 East Kennedy Boulevard  
3rd Floor  
Tampa, Florida 33602

ATTEST:

Witness: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: Jeff Eakins  
Title: Secretary  
Address: 901 East Kennedy Boulevard  
3rd Floor  
Tampa, Florida 33602

(SEAL) **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, as Trustee (successor to NationsBank of Florida, N.A.)

Witness: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: Brian P. Clark  
Title: Vice President  
Address: 10161 Centurion Parkway N.  
2nd Floor  
Jacksonville, FL 32256

STATE OF FLORIDA )  
 ) SS:  
COUNTY OF HILLSBOROUGH )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of November, 2018, by \_\_\_\_\_ and Jeff Eakins, 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 HILLSBOROUGH )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of November, 2018, by Brian P. Clark, Vice President of THE BANK OF NEW YORK MELLON 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:

**APPENDIX G**

**SERIES 2004C GROUND LEASE AGREEMENT AND SERIES 2004C GROUND LEASE  
ASSIGNMENT**

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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 November 1, 2004**

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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 desire to provide for the structural attachment of certain of the components of the 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 agrees 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 2004C 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 2004C Project may contain certain elements, features or parts which are structural elements of both the Servient Buildings and the Series 2004C Project (hereinafter referred to as "Common Structural Elements"). Such Common Structural Elements include, but are not necessarily limited to the following:

THIS GROUND LEASE AGREEMENT (hereinafter referred to as this "Ground Lease") is made and entered into as of November 1, 2004, 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 insuring 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 2004C Project") and to lease the Series 2004C 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 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

(A) All utility lines, ducts, conduits, pipes and other utility fixtures and appurtenances which are located on or within either the Premises or the Series 2004C 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 2004C 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 2004C 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 2004C Project and the Servient Buildings (collectively referred to as "Flooring"). Should the Flooring of the Series 2004C 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 2004C 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 2004C 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 2004C 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 obtained by law or any agreements or indentures binding upon the Board have been required; (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 2004C Certificates and any Completion Certificates related to the Series 2004C Project and any Certificates issued to refund the foregoing, have been paid or provision for payment of the Series 2004C 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 2004C Project;
- (ii) the Buildings and Equipment comprising a portion of the Series 2004C 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 2004C 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 2004C Project constructed on the Premises shall remain severed from title to the Premises until the earlier of (A) the date on which the Series 2004C Certificates 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 year; 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

(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 2004C 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 2004C 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 2004C Project for the purposes intended or to permit such Series 2004C 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 2004C 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 duty 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 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 2004C Certificates, 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 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 be necessary for a Leasehold Mortgage or a Permitted Sublease to cover all of the Premises.

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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 2004C 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 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 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 2004C Certificates 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

**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 2004C 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 2004C 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.

(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

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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 non-compliance 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.

(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

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resulting therefrom shall be applied first to payment of the amount secured by any Leasehold Mortgage then outstanding hereunder, second, to payment of any outstanding Series 2004C Certificates, 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 2004C 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 2004C 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 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.

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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.  
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.

(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.

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**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 2004C 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.

**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

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(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.

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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: Carolyn Brickley  
Vice Chairman

ATTEST:

By: Earl Lennard  
Superintendent/Secretary

HILLSBOROUGH BOARD LEASING CORPORATION, as Lessee

(SEAL)

By: Carolyn Brickley  
Vice President

ATTEST:

By: Earl Lennard  
Secretary

STATE OF FLORIDA )  
 ) SS:  
COUNTY OF HILLSBOROUGH)

The foregoing instrument was acknowledged before me this 22nd day of November, 2004, by Carolyn Brickley and Dr. Earl J. Lennard, the Vice 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)



Evelyn Carlisle  
Name:  
Notary Public, State of Florida  
My Commission Expires:

STATE OF FLORIDA )  
 ) SS:  
COUNTY OF HILLSBOROUGH)

EXHIBIT A

PREMISES DESCRIPTION

The foregoing instrument was acknowledged before me this 22nd day of November, 2004, by Carolyn Brickley and Dr. Earl J. Lennard, the Vice 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)



Evelyn Carlisle  
Name:  
Notary Public, State of Florida  
My Commission Expires:

DESCRIPTION OF SERVENT 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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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:

C-5

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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:

C-6

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**FIRST SUPPLEMENT TO  
GROUND LEASE AGREEMENT**

This First Supplement to Ground Lease ("First Supplement") is made and entered into as of May 12, 2006 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, dated as of November 1, 2004 (the "Ground Lease") a memorandum of which was recorded in Official Records Book 16353 at page 0200 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 (collectively, the "Subject Parcels"); and

**WHEREAS**, the Subject Parcels are a portion of the Premises and, as such, shall be subject to the Ground Lease as contemplated thereby;

**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 Parcels are hereby declared to be 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.

3. The Ground Lease, 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 First Supplement to be executed by their duly authorized officers or agents, all as of the day and year first above written.

ATTEST: SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA  
By: Maureen Elia Superintendent  
By: Carolyn Bickelmyer Chairman

(SEAL)

ATTEST: HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION  
By: Maureen Elia Secretary  
By: Carolyn Bickelmyer President

(SEAL)

**SIMULTANEOUS ASSIGNMENT**

All of the rights of Hillsborough School Board Leasing Corporation hereunder are hereby assigned without recourse or warranty to The Bank of New York Trust Company, N.A. (successor to NationsBank of Florida, N.A.), as Trustee, as successor in interest to and assignee of Hillsborough School Board Leasing Corporation under the Assignment.

HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION  
By: Carolyn Bickelmyer President

Dated: May 2, 2006

**EXHIBIT A**

**PROPERTY DESCRIPTIONS**

**Elementary School "H"**

A parcel of land lying within Section 8, Township 31 South, Range 20 East, Hillsborough County, Florida and being further described as follows:

Commence at the Northeast corner of said Section 8, thence S. 00°05'16" W., along the East line of said Section 8, a distance of 1980.14 feet to the Southerly line of the North 1980.00 feet of the North 3/4 of said Section 8; thence N. 89°50'23" W., along said Southerly line, a distance of 929.38 feet to the Point of Beginning; thence S. 17°10'54" W., a distance of 838.29 feet to the North line of "Take Down Parcel 54"; thence S. of Fairway Meadow Drive, as recorded in Official Record Book 6961, Page 1294; thence N. 22°23'00" W., a distance of 346.31 feet, to a point of curve to the left; thence continue along said North line and said right of way line, Westerly 486.44 feet along the arc of said curve, having a radius of 2,030.00 feet, a central angle of 13°43'46" and a chord, bearing and distance of N. 79°14'59" W., 485.28 feet, to a point on the West line of Exhibit "A", as recorded in Official Record Book 6961, Page 1294; thence N. 00°08'25" E., along said West line a distance of 606.27 feet; thence S. 89°51'33" E., a distance of 1,019.78 feet; thence S. 89°50'23" E., a distance of 39.26 feet to the Point of Beginning.

**Gary Adult Center**

PARCEL 1: THE EAST 1/4 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 AND THE SOUTH 50 FEET OF THE NORTH 570 FEET OF THE WEST 1/4 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4, LESS ROAD RIGHT OF WAYS IN SECTION 4, TOWNSHIP 29 SOUTH, RANGE 19 EAST, HILLSBOROUGH COUNTY, FLORIDA.

PIN: A04-29-19-ZZZ-000005-71400-0

PARCEL 2: THE SOUTH 75 FEET OF THE NORTH 361 FEET OF THE WEST 1/4 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 4, TOWNSHIP 29 SOUTH, RANGE 19 EAST, LESS 25 FEET ON EAST LINE FOR RIGHT OF WAY FOR STREET AND LESS THAT PORTION TAKEN FOR 40' STREET RIGHT OF WAY AS SHOWN IN CASE NO. 48891-L AS RECORDED IN OFFICIAL RECORDS BOOK 1733, PAGE 932, OF THE PUBLIC RECORDS OF HILLSBOROUGH COUNTY, FLORIDA.

PIN: A04-29-19-ZZZ-000005-71430-0

PARCEL 3: THE SOUTH 50 FEET OF THE NORTH 411 FEET OF THE WEST 1/4 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 4, TOWNSHIP 29 SOUTH, RANGE 19 EAST, LESS THE WEST 31 FEET THEREOF TAKEN BY SUIT NO. 48891-L AND LESS THE EAST 75 FEET THEREOF, HILLSBOROUGH COUNTY, FLORIDA.

PIN: A-04-29-19-ZZZ-000005-71440-0

PARCEL 5: THE SOUTH 50 FEET OF THE NORTH 511 FEET OF THE WEST 1/4 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4, LESS ROAD RIGHT OF WAY, IN SECTION 4, TOWNSHIP 29 SOUTH, RANGE 19 EAST, HILLSBOROUGH COUNTY, FLORIDA.

PIN: A-04-29-19-ZZZ-000005-71460-0

PARCEL 6: THE SOUTH 75 FEET OF THE NORTH 645 FEET OF THE WEST 1/4 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 LESS ROAD RIGHT OF WAYS IN SECTION 4, TOWNSHIP 29 SOUTH, RANGE 19 EAST, HILLSBOROUGH COUNTY, FLORIDA.

PIN: A-04-29-19-ZZZ-000005-71470-0

PARCEL 8: THE SOUTH 50 FEET OF THE NORTH 461 FEET LESS THE WEST 31 FEET AND LESS THE EAST 25 FEET OF THE SOUTH 1/4 OF THE WEST 1/4 OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 4, TOWNSHIP 29 SOUTH, RANGE 19 EAST, HILLSBOROUGH COUNTY, FLORIDA.

PIN: A-01-29-19-ZZZ-000005-71450-0

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**SECOND SUPPLEMENT TO  
GROUND LEASE AGREEMENT**

This Second Supplement to Ground Lease ("Second Supplement") is made and entered into as of July 27, 2006 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, dated as of November 1, 2004 (the "Ground Lease") a memorandum of which was recorded in Official Records Book 16353 at page 0200 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 (collectively, the "Subject Parcels"); and

**WHEREAS**, the Subject Parcels are a portion of the Premises and, as such, shall be subject to the Ground Lease as contemplated thereby;

**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 Parcels are hereby declared to be 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.

3. The Ground Lease, as modified hereby remains in full force and effect in accordance with the terms and provisions thereof.

EXHIBIT A

IN WITNESS WHEREOF, each of the parties hereto have caused this Second Supplement to be executed by their duly authorized officers or agents, all as of the day and year first above written.

ATTEST: SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

By: Mary Ellen Ellis, Superintendent; Carolyn Bickelmeier, Chairman

(SEAL)

ATTEST: HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION

By: Mary Ellen Ellis, Secretary; Carolyn Bickelmeier, President

(SEAL)

SIMULTANEOUS ASSIGNMENT

All of the rights of Hillsborough School Board Leasing Corporation hereunder are hereby assigned without recourse or warranty to The Bank of New York Trust Company, N.A. (successor to NationsBank of Florida, N.A.), as Trustee, as successor in interest to and assignee of Hillsborough School Board Leasing Corporation under the Assignment.

HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION

By: Carolyn Bickelmeier, President

Dated: July 27 2006

PROPERTY DESCRIPTIONS

Elementary School "G" (Oak Park)

A PARCEL OF LAND LYING IN SECTION 9, TOWNSHIP 29 SOUTH, RANGE 19 EAST, HILLSBOROUGH COUNTY, FLORIDA, BEING A PORTION OF JESSIE HEIGHTS SUBDIVISION, AS PER PLAT THEREOF, AS RECORDED IN PLAT BOOK 24, PAGE 69, PUBLIC RECORDS OF HILLSBOROUGH COUNTY, FLORIDA, AND A PORTION OF LOTS 9 AND 10, HENDRY AND KNIGHTS MAP OF DAIRY FARM SUBDIVISION, AS PER PLAT THEREOF, AS RECORDED IN PLAT BOOK 4, PAGE 74, PUBLIC RECORDS OF HILLSBOROUGH COUNTY, FLORIDA. SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID JESSIE HEIGHTS SUBDIVISION; THENCE ALONG THE NORTH BOUNDARY OF SAID JESSIE HEIGHTS SUBDIVISION, SOUTH 89°51'23" EAST, 644.97 FEET TO A POINT ON THE WESTERLY RIGHT OF WAY LINE OF NORTH 46th STREET; THENCE DEPARTING SAID NORTH BOUNDARY, AND ALONG SAID WESTERLY RIGHT OF WAY LINE, SOUTH 00°00'45" WEST, 331.06 FEET; THENCE NORTH 89°55'10" WEST, 7.12 FEET; THENCE SOUTH 00°00'45" WEST, 256.02 FEET TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF EAST COLUMBUS DRIVE, THENCE DEPARTING SAID WESTERLY RIGHT OF WAY LINE, AND ALONG SAID NORTHERLY RIGHT OF WAY LINE, NORTH 89°58'30" WEST, 242.11 FEET; THENCE SOUTH 85°20'50" WEST, 61.42 FEET; THENCE NORTH 00°00'36" EAST, 2.06 FEET; THENCE NORTH 89°57'29" WEST, 313.26 FEET; THENCE DEPARTING SAID NORTHERLY RIGHT OF WAY LINE, NORTH 00°46'16" WEST, 93.52 FEET, THENCE NORTH 00°00'56" EAST, 497.75 FEET TO THE POINT OF BEGINNING.

SAID PARCEL CONTAINS 8.68 ACRES, MORE OR LESS.

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**THIRD SUPPLEMENT TO  
GROUND LEASE AGREEMENT**

This Third Supplement to Ground Lease ("Third Supplement") is made and entered into as of December 11, 2006 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, dated as of November 1, 2004 (the "Ground Lease") a memorandum of which was recorded in Official Records Book 16353 at page 0200 of the Public Records of Hillsborough County, Florida, a first amendment to memorandum was recorded in Official Records Book 16573 at page 0348 and a second amendment to memorandum was recorded in Official Records Book 16866 at page 0698; and

**WHEREAS**, the Board owns that certain real property more particularly described in Exhibit A attached hereto and made a part hereof (collectively, the "Subject Parcels"); and

**WHEREAS**, the Subject Parcels are a portion of the Premises and, as such, shall be subject to the Ground Lease as contemplated thereby;

**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 Parcels are hereby declared to be 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.



**FOURTH SUPPLEMENT TO  
GROUND LEASE AGREEMENT**

This Fourth Supplement to Ground Lease ("Fourth Supplement") is made and entered into as of February 7, 2007 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, dated as of November 1, 2004 (the "Ground Lease") a memorandum of which was recorded in Official Records Book 16353 at page 0200 of the Public Records of Hillsborough County, Florida, a first amendment to memorandum was recorded in Official Records Book 16573 at page 0348, a second amendment to memorandum was recorded in Official Records Book 16866 at page 0698 and a third amendment to memorandum was recorded in Official Records Book 17390 at page 677; and

**WHEREAS**, the Board owns that certain real property more particularly described in Exhibit A attached hereto and made a part hereof (collectively, the "Subject Parcels"); and

**WHEREAS**, the Subject Parcels are a portion of the Premises and, as such, shall be subject to the Ground Lease as contemplated thereby;

**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 Parcels are hereby declared to be 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.

3. The Ground Lease, 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 Fourth Supplement to be executed by their duly authorized officers or agents, all as of the day and year first above written.

ATTEST: SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

By: Mary Ellen Elias Superintendent By: Jack R. Lamb Chairman

(SEAL)

ATTEST: HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION

By: Mary Ellen Elias Secretary By: Jack R. Lamb President

(SEAL)

SIMULTANEOUS ASSIGNMENT

All of the rights of Hillsborough School Board Leasing Corporation hereunder are hereby assigned without recourse or warranty to The Bank of New York Trust Company, N.A. (successor to NationsBank of Florida, N.A.), as Trustee, as successor in interest to and assignee of Hillsborough School Board Leasing Corporation under the Assignment.

HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION

By: Jack R. Lamb President

Dated: February 7, 2007

EXHIBIT A

PROPERTY DESCRIPTIONS

Elementary School "F"

The South 1/2 of the Northeast 1/4 of the Northeast 1/4 of Section 8, Township 28 South, Range 17 East, Hillsborough County, Florida, and also the West 250 feet of the South 1/2 of the Northeast 1/4 of the Northeast 1/4 of Section 9, Township 28 South, Range 17 East, Hillsborough County, Florida, being more particularly described as follows:

Part of the Northeast 1/4 of Section 8, Township 28 South, Range 17 East and the Northwest 1/4 of Section 9, Township 28 South, Range 17 East, Hillsborough County, Florida, more particularly described as:

Beginning at the Southeast corner of Lot 34 of Mandolin Plaza 3, as recorded in Plat Book 91, Page 27 of the Public Records of Hillsborough County, Florida, being the Northeast corner of the Southeast 1/4 of the Northeast 1/4 of said Section 8; thence South 89°15'58" East, on the westerly extension of the South boundary of said Mandolin Plaza 3, 250.00 feet; thence according said Easterly extension, South 01°02'59" West, parallel with the West line of the Northwest 1/4 of said Section 9, 663.66 feet to a point on the South boundary of the Northwest 1/4 of the Northeast 1/4 of said Section 9; thence North 89°22'08" West, along said South boundary, 250.01 feet to the Southeast corner of the Southeast 1/4 of the Northeast 1/4 of said Section 8; thence continuing North 39°22'04" West, along the South boundary of the Northeast 1/4 of the Northeast 1/4 of said Section 8, 1341.80 feet to the Southwest corner of the Southwest 1/4 of the Northeast 1/4 of the Northeast 1/4 of said Section 8, 01°19'14" East, along the West line of the Northeast 1/4 of the Northeast 1/4 of said Section 8, 666.53 feet to the Northwest corner of the Southwest 1/4 of the Northeast 1/4 of the Northeast 1/4 of said Section 8; thence South 89°19'56" East, along the North line of the Southwest 1/4 of the Northeast 1/4 of the Northeast 1/4 of said Section 8, 668.78 feet to the Northwest corner of the Southwest 1/4 of the Northeast 1/4 of the Northeast 1/4 of said Section 8; thence continuing South 89°19'56" East, along the North line of the Southwest 1/4 of the Northeast 1/4 of the Northeast 1/4 of said Section 8, 668.84 feet to the Point of Beginning.

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TOGETHER WITH

Non-exclusive temporary access easement for ingress and egress, created by and set forth in that certain Temporary Easement by and between Hillsborough County, a political subdivision of the State of Florida, and The School Board of Hillsborough County, a public body corporate, recorded in Official Records Book 17204, Page 1855, of the Public Records of Hillsborough County, Florida, over the following described land:

Part of the Northwest 1/4 of Section 9, Township 28 South, Range 17 East, Hillsborough County, Florida, more particularly described as: Beginning at the Southwest corner of the Southwest 1/4 of the Northwest 1/4 of the Northwest 1/4 of said Section 9; thence South 89°22'04" East 435.00 feet; thence South 01°02'55" West, 139.80 feet; thence North 89°22'04" West, 435.00 feet, to the point of intersection with the South and East right-of-way lines of Citrus Park Drive, as per Mandolin Plaza 1, as recorded in Plat Book 88, Page 45, of the Public Records of Hillsborough County, Florida, said point lying on the West line of the Northwest 1/4 of said Section 9; thence North 01°02'51" East, along the said East right-of-way line and the West line of the Northwest 1/4 of said Section 9, 133.00 feet to the Point of Beginning.

**FIFTH SUPPLEMENT TO  
GROUND LEASE AGREEMENT**

This Fifth Supplement to Ground Lease ("Fifth Supplement") is made and entered into as of May 29, 2008 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, dated as of November 1, 2004 (the "Ground Lease") a memorandum of which was recorded in Official Records Book 16353 at page 0200 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 (collectively, the "Subject Parcels"); and

**WHEREAS**, the Subject Parcels are a portion of the Premises and, as such, shall be subject to the Ground Lease as contemplated thereby;

**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 Parcels are hereby declared to be 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.

3. The Ground Lease, 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 Fifth Supplement to be executed by their duly authorized officers or agents, all as of the day and year first above written.

ATTEST: SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

By: Hayden Elias Superintendent By: Jennifer Salera Chairman

(SEAL)

ATTEST: HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION

By: Hayden Elias Secretary By: Jennifer Salera President

(SEAL)

SIMULTANEOUS ASSIGNMENT

All of the rights of Hillsborough School Board Leasing Corporation hereunder are hereby assigned without recourse or warranty to The Bank of New York Trust Company, N.A. (successor to NationsBank of Florida, N.A.), as Trustee, as successor in interest to and assignee of Hillsborough School Board Leasing Corporation under the Assignment.

HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION

By: Jennifer Salera President

Dated: May 29, 2008

EXHIBIT A

PROPERTY DESCRIPTIONS

Elementary School "L"

DESCRIPTION: A parcel of land lying in Section 25, Township 30 South, Range 20 East, Hillsborough County, Florida, being more particularly described as follows:

Commence at the Northeast corner of said Section 25, run thence along the North boundary of the Northeast 1/4 of said Section 25, S.89°58'48"W., 1683.41 feet; thence S.00°01'12"E., 47.34 feet to a point on a curve said point also being the POINT OF BEGINNING; thence Easterly, 470.11 feet along the arc of a curve to the right having a radius of 1153.00 feet and a central angle of 23°21'40" (chord bearing S.78°19'10"E., 466.86 feet); thence S.03°30'00"E., 696.45 feet to a point on a curve; thence Southwesterly, 55.27 feet along the arc of a curve to the right having a radius of 182.00 feet and a central angle of 17°23'57" (chord bearing S.47°29'01"W., 55.06 feet); thence SOUTH, 97.27 feet; thence EAST, 22.82 feet to a point of curvature; thence Easterly, 16.33 feet along the arc of a curve to the right having a radius of 32.00 feet and a central angle of 29°14'49" (chord bearing S.75°22'36"E., 16.16 feet) to a point of compound curvature; thence Southeasterly, 26.51 feet along the arc of a curve to the right having a radius of 25.00 feet and a central angle of 60°45'11" (chord bearing S.30°22'36"E., 23.28 feet) to a point of tangency; thence SOUTH, 338.26 feet; thence WEST, 342.85 feet to the Southeast corner of the Southwest 1/4 of the Northwest 1/4 of the Northeast 1/4 of said Section 25; thence along the East boundary of said Southwest 1/4 of the Northwest 1/4 of the Northeast 1/4 of Section 25, N.00°08'45"E., 658.86 feet; thence along the North boundary of said Southwest 1/4 of the Northwest 1/4 of the Northeast 1/4 of Section 25, S.89°51'59"W., 197.34 feet; thence NORTH, 626.16 feet; thence EAST, 365.94 feet; thence N.45°00'00"E., 5.30 feet; thence EAST, 158.45 feet to the POINT OF BEGINNING.

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Together with the benefits of that certain Temporary Ingress/Egress/Utilities easement as recorded in O.R. Book 18603, Page 1928, of the Public Records of Hillsborough County, Florida, over and across the following described property:

A parcel of land lying in Section 25, Township 30 South, Range 20 East, Hillsborough County, Florida, being more particularly described as follows: Commence at the Northeast corner of said Section 25, run thence along the North boundary of the Northeast 1/4 of said Section 25, S.89°58'48"W., 2211.56 feet; thence S.00°01'12"E., 68.12 feet; thence South, 262.90 feet to the Point of Beginning; thence continue, South, 50.03 feet; thence S.87°48'25"W., 158.84 feet; thence S.58°06'53"W., 57.66 feet; thence N.89°52'43"W., 70.63 feet; thence S.84°45'56"W., 147.90 feet to a point on the East maintained right-of-way line of Boyette Road; thence along said East maintained right-of-way line of Boyette Road, N.00°29'40"E., 50.25 feet; thence N.84°45'56"E., 145.22 feet; thence S.89°52'43"E., 58.63 feet; thence N.58°06'53"E., 56.66 feet; thence N.87°58'23"E., 173.94 feet to the Point of Beginning.

This document prepared by:

John R. Stokes, Esq.  
Nabors, Giblin & Nickerson, P.A.  
2502 Rocky Point Drive, Suite 1060  
Tampa, Florida 33607

---

**ASSIGNMENT OF GROUND LEASE**

by the

**HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION**

---

ASSIGNMENT OF GROUND LEASE

KNOW ALL MEN BY THESE PRESENTS, that the HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION, a Florida single-purpose, not-for-profit corporation (the "Corporation"), for and in consideration of good and valuable considerations to it in hand paid by THE BANK OF NEW YORK TRUST COMPANY, N.A., not in its individual capacity, but solely as trustee (the "Trustee"), the receipt of which is hereby acknowledged, has sold, assigned, transferred and set over, and by these presents does sell, assign, transfer and set over unto the Trustee the following:

(a) The instrument of ground lease and the leasehold estate created by said instrument of ground lease, being that certain Ground Lease Agreement, dated as of November 1, 2004, as the same may be supplemented, modified or amended from time to time, a Memorandum of Ground Lease Agreement describing which has been duly recorded in the public records of Hillsborough County, Florida, granted by the School Board of Hillsborough County, Florida, (the "Board"), acting as the governing body of the School District of Hillsborough County, Florida to the Corporation in and to the Premises described therein, and

TO HAVE AND TO HOLD THE said instrument of ground lease, the leasehold estate created thereby, and any buildings and improvements thereon, unto Trustee, its successors and assigns forever; and

The Corporation does hereby covenant with the Trustee as grantee and assignee, its successors and assigns, that the Corporation (i) is the true and lawful owner of the leasehold estate created thereby, (ii) has good right to bargain, sell and transfer the same hereby, (iii) such leasehold estate of the Corporation is free and clear of any lien or encumbrance created by the Corporation, except for the "Lease Agreement" (as defined in the Ground Lease), (iv) that as of the date hereof there is no default under the terms of said Ground Lease, and (v) from and after this Assignment, the Corporation will have no further interest in such Ground Lease or the leasehold estate thereby created.

1

IN WITNESS WHEREOF, Hillsborough School Board Leasing Corporation, by its officer thereunto duly authorized, has affixed its corporate name and seal as of the 1st day of November, 2004.

HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION

Witness: [Signature]  
 Name: STEVE BERRY  
 Witness: [Signature]  
 Name: John R. Stokes

By: [Signature]  
 Name: Carolyn Bricklemeyer  
 Title: Vice President  
 Address: 901 East Kennedy Boulevard,  
 3rd Floor  
 Tampa, Florida 33602

ATTEST:  
[Signature]  
 By: Dr. Earl J. Lennard  
 Title: Secretary  
 Address: 901 East Kennedy Boulevard  
 3rd Floor  
 Tampa, Florida 33602

SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

(SEAL)  
 Witness: [Signature]  
 Name: STEVE BERRY  
 Witness: [Signature]  
 Name: John R. Stokes

By: [Signature]  
 Name: Carolyn Bricklemeyer  
 Title: Vice Chairman  
 Address: 901 East Kennedy Boulevard,  
 3rd Floor  
 Tampa, Florida 33602

ATTEST:  
[Signature]  
 By: Dr. Earl J. Lennard  
 Title: Superintendent/Secretary  
 Address: 901 East Kennedy Boulevard  
 3rd Floor  
 Tampa, Florida 33602

2

STATE OF FLORIDA )  
 ) SS:  
 COUNTY OF HILLSBOROUGH )

The foregoing instrument was acknowledged before me this 22nd day of November, 2004, by Carolyn Bricklemeyer and Dr. Earl J. Lennard, the Vice 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)



[Signature]  
 Name: Evelyn Carlisle  
 Notary Public, State of Florida  
 My Commission Expires:

EXHIBIT A

The Premises subject to the Ground Lease Agreement are the real property (together with all buildings, structures and improvements now or hereafter erected or situated thereon, including, without limitation, the "Projects" (as defined in the Ground Lease Agreement), all fixtures, additions, alterations or replacements thereto, now or hereafter located in, or used in connection with or attached or made to such land, to the extent title thereto may rest in the Board, 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) described as follows:

3

A-1



CEC 0033

# 52.50

1 1000 10 1100 10 1200 10 1300 10 1400 10 1500 10 1600 10 1700 10 1800 10 1900 10 2000 10 2100 10 2200 10 2300 10 2400 10 2500 10 2600 10 2700 10 2800 10 2900 10 3000 10 3100 10 3200 10 3300 10 3400 10 3500 10 3600 10 3700 10 3800 10 3900 10 4000 10 4100 10 4200 10 4300 10 4400 10 4500 10 4600 10 4700 10 4800 10 4900 10 5000 10 5100 10 5200 10 5300 10 5400 10 5500 10 5600 10 5700 10 5800 10 5900 10 6000 10 6100 10 6200 10 6300 10 6400 10 6500 10 6600 10 6700 10 6800 10 6900 10 7000 10 7100 10 7200 10 7300 10 7400 10 7500 10 7600 10 7700 10 7800 10 7900 10 8000 10 8100 10 8200 10 8300 10 8400 10 8500 10 8600 10 8700 10 8800 10 8900 10 9000 10 9100 10 9200 10 9300 10 9400 10 9500 10 9600 10 9700 10 9800 10 9900 10 10000 10

**INSTR # 2006278791**

**O BK 16573 PG 0342**

**Pgs 0342 - 347; (6pgs)**

RECORDED 06/08/2006 03:03:32 PM

PAT FRANK CLERK OF COURT

HILLSBOROUGH COUNTY

DEPUTY CLERK Y Roche

This instrument was prepared by or under the supervision of (and after recording should be returned to):

John R. Stokes, Esq.  
Nabors, Giblin & Nickerson, P.A.  
2502 Rocky Point Drive, Suite 1060  
Tampa, Florida 33607

(Space reserved for Clerk of Court)

**FIRST AMENDMENT TO ASSIGNMENT  
OF GROUND LEASE**

by the

**HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION**



Gary Adult Center

PARCEL 1: THE EAST ¼ OF THE SOUTHWEST ¼ OF THE NORTHEAST ¼ OF THE NORTHWEST ¼ AND THE SOUTH 59 FEET OF THE NORTH 570 FEET OF THE WEST ½ OF THE SOUTHWEST ¼ OF THE NORTHEAST ¼ OF THE NORTHWEST ¼, LESS ROAD RIGHT OF WAYS IN SECTION 4, TOWNSHIP 29 SOUTH, RANGE 19 EAST, HILLSBOROUGH COUNTY, FLORIDA.

*PIN: A-04-29-19-ZZZ-000005-71400-0*

PARCEL 2: THE SOUTH 75 FEET OF THE NORTH 361 FEET OF THE WEST ½ OF THE SOUTHWEST ¼ OF THE NORTHEAST ¼ OF THE NORTHWEST ¼ OF SECTION 4, TOWNSHIP 29 SOUTH, RANGE 19 EAST, LESS 25 FEET ON EAST LINE FOR RIGHT OF WAY FOR STREET AND LESS THAT PORTION TAKEN FOR 40<sup>TH</sup> STREET RIGHT OF WAY AS SHOWN IN CASE NO. 48891-L AS RECORDED IN OFFICIAL RECORDS BOOK 1733, PAGE 932, OF THE PUBLIC RECORDS OF HILLSBOROUGH COUNTY, FLORIDA.

*PIN: A-04-29-19-ZZZ-000005-71450-0*

PARCEL 3: THE SOUTH 30 FEET OF THE NORTH 411 FEET OF THE WEST ½ OF THE SOUTHWEST ¼ OF THE NORTHEAST ¼ OF THE NORTHWEST ¼ OF SECTION 4, TOWNSHIP 29 SOUTH, RANGE 19 EAST, LESS THE WEST 81 FEET THEREOF TAKEN BY SUIT NO. 48891-L AND LESS THE EAST 25 FEET THEREOF, HILLSBOROUGH COUNTY, FLORIDA.

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*PIN: A-04-29-19-ZZZ-000005-71440-0*

PARCEL 5: THE SOUTH 50 FEET OF THE NORTH 511 FEET OF THE WEST ½ OF THE SOUTHWEST ¼ OF THE NORTHEAST ¼, LESS ROAD RIGHT OF WAY, IN SECTION 4, TOWNSHIP 29 SOUTH, RANGE 19 EAST, HILLSBOROUGH COUNTY, FLORIDA.

*PIN: A-04-29-19-ZZZ-000005-71460-0*

PARCEL 6: THE SOUTH 75 FEET OF THE NORTH 645 FEET OF THE WEST ½ OF THE SOUTHWEST ¼ OF THE NORTHEAST ¼ OF THE NORTHWEST ¼, LESS ROAD RIGHT OF WAYS IN SECTION 4, TOWNSHIP 29 SOUTH, RANGE 19 EAST, HILLSBOROUGH COUNTY, FLORIDA.

*PIN: A-04-29-19-ZZZ-000005-71470-0*

PARCEL 4: THE SOUTH 150 FEET OF THE NORTH 461 FEET LESS THE WEST 81 FEET AND LESS THE EAST 25 FEET OF THE SOUTH ¼ OF THE WEST ½ OF THE NORTHEAST ¼ OF THE NORTHWEST ¼ OF SECTION 4, TOWNSHIP 29 SOUTH, RANGE 19 EAST, HILLSBOROUGH COUNTY, FLORIDA.

*PIN: A-04-29-19-ZZZ-000005-71450-0*

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OBE-00003 (2004C)

HILLSBOROUGH COUNTY CLERK OF COURT

**INSTR # 2006409228**

**O BK 16866 PG 0703**

**Pgs 0703 - 707; (5pgs)**

RECORDED 08/23/2006 02:10:03 PM

PAT FRANK CLERK OF COURT

HILLSBOROUGH COUNTY

DEPUTY CLERK S Edson

This instrument was prepared by or under the supervision of (and after recording should be returned to):

John R. Stokes, Esq. ✓  
Nabors, Giblin & Nickerson, P.A.  
2502 Rocky Point Drive, Suite 1060  
Tampa, Florida 33607

(Space reserved for Clerk of Court)

**SECOND AMENDMENT TO ASSIGNMENT  
OF GROUND LEASE**

by the

**HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION**

**SECOND AMENDMENT TO ASSIGNMENT  
OF GROUND LEASE**

KNOW ALL MEN BY THESE PRESENTS, that the **HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION**, a Florida single-purpose, not-for-profit corporation (the "Corporation"), for and in consideration of good and valuable considerations to it in hand paid by **THE BANK OF NEW YORK TRUST COMPANY, N.A.** (successor to NationsBank of Florida, N.A.), not in its individual capacity, but solely as trustee (the "Trustee"), the receipt of which is hereby acknowledged, has sold, assigned, transferred and set over, and by these presents does sell, assign, transfer and set over unto the Trustee the following:

(a) The instrument of ground lease and the leasehold estate created by said instrument of ground lease, being that certain Ground Lease Agreement, dated as of November 1, 2004 (the "Ground Lease"), as the same may be supplemented, modified or amended from time to time, a Memorandum of Ground Lease describing said Ground Lease which has heretofore been duly recorded in Official Records Book 16353 at page 0200 of the public records of Hillsborough County, Florida, granted by the School Board of Hillsborough County, Florida (the "Board"), acting as the governing body of the School District of Hillsborough County, Florida to the Corporation in and to the Premises described therein; and

**TO HAVE AND TO HOLD** said instrument of ground lease, the leasehold estate created thereby, and any buildings and improvements thereon, unto Trustee, its successors and assigns forever; and

The Corporation does hereby covenant with the Trustee as grantee and assignee, its successors and assigns, that the Corporation (i) is the true and lawful owner of the leasehold estate created thereby, (ii) has good right to bargain, sell and transfer the same hereby, (iii) such leasehold estate of the Corporation is free and clear of any lien or encumbrance created by the Corporation, except for the "Lease Agreement" (as defined in the Ground Lease), (iv) that as of the date hereof there is no default under the terms of said Ground Lease, and (v) from and after this Second Amendment to Assignment of Ground Lease, the Corporation will have no further interest in such Ground Lease or the leasehold estate thereby created.

[Remainder of this page intentionally left blank]

**IN WITNESS WHEREOF**, Hillsborough School Board Leasing Corporation, by its officer thereunto duly authorized, has affixed its corporate name and seal as of the 27<sup>th</sup> day of July, 2006.

<b>WITNESS:</b>	<b>HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION</b>
Name: <u>[Signature]</u>	By: <u>[Signature]</u>
Print: <u>Glenda C. Underwood</u>	Name: Carolyn Bricklemyer
Name: <u>[Signature]</u>	Title: President
Print: <u>Glenda C. Underwood</u>	Address: 901 East Kennedy Boulevard Tampa, Florida 33602

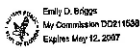
<b>WITNESS:</b>	<b>ATTEST:</b>
Name: <u>[Signature]</u>	Name: <u>[Signature]</u>
Print: <u>Glenda C. Underwood</u>	Name: Mary Ellen Elia
Name: <u>[Signature]</u>	Title: Secretary
Print: <u>Glenda C. Underwood</u>	Address: 901 East Kennedy Boulevard Tampa, Florida 33602

STATE OF FLORIDA )  
 ) SS:  
COUNTY OF HILLSBOROUGH)

The foregoing instrument was acknowledged before me this 27<sup>th</sup> day of July, 2006, by Carolyn Bricklemyer and Mary Ellen Elia, the President and Secretary, respectively, of the **HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION**. Such person(s):

- is/are personally known to me.
- produced a current Florida driver's license as identification.
- produced \_\_\_\_\_ as identification.

(SEAL)



[Signature]  
Name: Emily D. Briggs  
Notary Public, State of Florida  
My Commission Expires: May 12, 2007

**EXHIBIT A**

The Premises subject to the Ground Lease is amended to provide for the addition of the real property (together with all buildings, structures and improvements now or hereafter erected or situated thereon, including, without limitation, the "Projects" (as defined in the Ground Lease), all fixtures, additions, alterations or replacements thereto, now or hereafter located in, or used in connection with or attached or made to such land, to the extent title thereto may rest in the Board, 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) described as follows:

Elementary School "G" (Oak Park)

A PARCEL OF LAND LYING IN SECTION 9, TOWNSHIP 29 SOUTH, RANGE 19 EAST, HILLSBOROUGH COUNTY, FLORIDA, BEING A PORTION OF JESSIE HEIGHTS SUBDIVISION, AS PER PLAT THEREOF, AS RECORDED IN PLAT BOOK 24, PAGE 69, PUBLIC RECORDS OF HILLSBOROUGH COUNTY, FLORIDA, AND A PORTION OF LOTS 9 AND 10, HENDRY AND KNIGHTS MAP OF DAIRY FARM SUBDIVISION, AS PER PLAT THEREOF, AS RECORDED IN PLAT BOOK 4, PAGE 74, PUBLIC RECORDS OF HILLSBOROUGH COUNTY, FLORIDA, SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID JESSIE HEIGHTS SUBDIVISION, THENCE ALONG THE NORTH BOUNDARY OF SAID JESSIE HEIGHTS SUBDIVISION, SOUTH 89°51'23" EAST, 644.97 FEET TO A POINT ON THE WESTERLY RIGHT OF WAY LINE OF NORTH 46<sup>TH</sup> STREET, THENCE DEPARTING SAID NORTH BOUNDARY, AND ALONG SAID WESTERLY RIGHT OF WAY LINE, SOUTH 09°00'45" WEST, 331.06 FEET; THENCE NORTH 89°56'10" WEST, 7.12 FEET; THENCE SOUTH 09°00'45" WEST, 256.02 FEET TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF EAST COLUMBUS DRIVE; THENCE DEPARTING SAID WESTERLY RIGHT OF WAY LINE, AND ALONG SAID NORTHERLY RIGHT OF WAY LINE, NORTH 89°58'40" WEST, 242.11 FEET; THENCE SOUTH 85°20'50" WEST, 61.42 FEET; THENCE NORTH 09°00'36" EAST, 2.06 FEET; THENCE NORTH 89°57'29" WEST, 333.26 FEET; THENCE DEPARTING SAID NORTHERLY RIGHT OF WAY LINE, NORTH 00°46'16" WEST, 93.32 FEET; THENCE NORTH 00°00'56" EAST, 497.75 FEET TO THE POINT OF BEGINNING.

SAID PARCEL CONTAINS 8.68 ACRES, MORE OR LESS.

088-0033  
\$44.00

This instrument was prepared by or under the supervision of (and after recording should be returned to):

INSTRUMENT#: 2007046321, O BK 17390  
PG 682-686 01/29/2007 at 07:09:01 PM,  
DEPUTY CLERK: GGONZALEZ Pat Frank,  
Clerk of the Circuit Court Hillsborough County

John R. Stokes, Esq.  
Nabors, Giblin & Nickerson, P.A.  
2502 Rocky Point Drive, Suite 1060  
Tampa, Florida 33607

(Space reserved for Clerk of Court)

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**THIRD AMENDMENT TO ASSIGNMENT  
OF GROUND LEASE**

by the

**HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION**

---

THIRD AMENDMENT TO ASSIGNMENT  
OF GROUND LEASE

KNOW ALL MEN BY THESE PRESENTS, that the HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION, a Florida single-purpose, not-for-profit corporation (the "Corporation"), for and in consideration of good and valuable considerations to it in hand paid by THE BANK OF NEW YORK TRUST COMPANY, N.A. (successor to NationsBank of Florida, N.A.), not in its individual capacity, but solely as trustee (the "Trustee"), the receipt of which is hereby acknowledged, has sold, assigned, transferred and set over, and by these presents does sell, assign, transfer and set over unto the Trustee the following:

(a) The instrument of ground lease and the leasehold estate created by said instrument of ground lease, being that certain Ground Lease Agreement, dated as of November 1, 2004 (the "Ground Lease"), as the same may be supplemented, modified or amended from time to time, a Memorandum of Ground Lease describing said Ground Lease which has heretofore been duly recorded in Official Records Book 16353 at page 0200 of the public records of Hillsborough County, Florida, granted by the School Board of Hillsborough County, Florida (the "Board"), acting as the governing body of the School District of Hillsborough County, Florida to the Corporation in and to the Premises described therein; and

TO HAVE AND TO HOLD THE said instrument of ground lease, the leasehold estate created thereby, and any buildings and improvements thereon, unto Trustee, its successors and assigns forever; and

The Corporation does hereby covenant with the Trustee as grantee and assignee, its successors and assigns, that the Corporation (i) is the true and lawful owner of the leasehold estate created thereby, (ii) has good right to bargain, sell and transfer the same hereby, (iii) such leasehold estate of the Corporation is free and clear of any lien or encumbrance created by the Corporation, except for the "Lease Agreement" (as defined in the Ground Lease), (iv) that as of the date hereof there is no default under the terms of said Ground Lease, and (v) from and after this Third Amendment to Assignment of Ground Lease, the Corporation will have no further interest in such Ground Lease or the leasehold estate thereby created.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, Hillsborough School Board Leasing Corporation, by its officer thereto duly authorized, has affixed its corporate name and seal as of the 17th day of December, 2006.

WITNESS: HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION  
 Name: [Signature]  
 Print: Steve Barry  
 Name: [Signature]  
 Print: Renee McByr  
 By: [Signature]  
 Name: Jack Lamb  
 Title: President  
 Address: 901 East Kennedy Boulevard  
 Tampa, Florida 33602

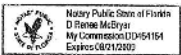
WITNESS: ATTEST:  
 Name: [Signature]  
 Print: Steve Barry  
 Name: [Signature]  
 Print: Renee McByr  
 By: [Signature]  
 Name: Mary Ellen Elia  
 Title: Secretary  
 Address: 901 East Kennedy Boulevard  
 Tampa, Florida 33602

STATE OF FLORIDA )  
 ) SS:  
 COUNTY OF HILLSBOROUGH)

The foregoing instrument was acknowledged before me this 19 day of December, 2006, by Jack Lamb and Mary Ellen Elia, the President and Secretary, respectively, of the HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION. Such person(s):

- is/are personally known to me.
- produced a current Florida driver's license as identification.
- produced \_\_\_\_\_ as identification.

(SEAL)



[Signature]  
 Name: \_\_\_\_\_  
 Notary Public, State of Florida  
 My Commission Expires: 02/11/2009

EXHIBIT A

The Premises subject to the Ground Lease is amended to provide for the addition of the real property (together with all buildings, structures and improvements now or hereafter erected or situated thereon, including, without limitation, the "Projects" (as defined in the Ground Lease), all fixtures, additions, alterations or replacements thereto, now or hereafter located in, or used in connection with or attached or made to such land, to the extent title thereto may rest in the Board, 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) described as follows:

High School "SSS"

BEGINNING AT THE SOUTHEAST CORNER OF SECTION 8, TOWNSHIP 22 SOUTH, RANGE 18 EAST, HILLSBOROUGH COUNTY, FLORIDA, AND CORNER 410 BEING THE NORTHEAST CORNER OF SECTION 7, TOWNSHIP 22 NORTH, RANGE 18 EAST, HILLSBOROUGH COUNTY, FLORIDA, THENCE ALONG THE EAST BOUNDARY OF SECTION 7, THENCE 27 FEET ALONG SECTION 7, SOUTH 02°20'44" WEST, 248.86 FEET TO A POINT ON THE BOUNDARY OF THE NORTHEAST 1/4 OF SAID LOT 2, THENCE ALONG SAID EAST BOUNDARY AND ALONG SAID NORTHEAST BOUNDARY OF WAY LINE NORTH 67°53'50" WEST, 158.74 FEET TO A POINT ON THE EASTERLY EXTENDED ACCESS RIGHT OF WAY LINE, SOUTH 55°58'50" WEST, 158.74 FEET TO A POINT ON THE EASTERLY EXTENDED ACCESS RIGHT OF WAY LINE, AND ALONG SAID EASTERLY EXTENDED ACCESS RIGHT OF WAY LINE, NORTH 62°28'23" EAST, 474.74 FEET, THENCE NORTH 07°43'39" WEST, 289.59 FEET, THENCE NORTH 51°51'07" WEST, 38.48 FEET, THENCE NORTH 02°45'23" EAST, 244.92 FEET TO A POINT ON A PARABOLIC CURVE, CONCAVE WESTERLY, THENCE 614.8 FEET ALONG THE ARC OF SAID CURVE TO THE LEFT HAVING A RADIUS OF 693.71 FEET, A CENTRAL ANGLE OF 53°17'52", A CHORD WHICH BEARS WEST 57°31' FEET TO A POINT ON A PARABOLIC CURVE, CONCAVE WESTERLY, THENCE NORTH 47°42'42" WEST, 572.91 FEET TO A POINT ON THE RIGHT BOUNDARY OF SAID CURVE, HAVING A RADIUS OF 472.80 FEET, A CHORD WHICH BEARS NORTH 47°43'19" WEST, A CHORD DISTANCE OF 802.13 FEET TO A POINT OF CURVATURE, THENCE 832.22 FEET ALONG THE ARC OF SAID CURVE TO BE POINT, HAVING A RADIUS OF 234.46 FEET, A CENTRAL ANGLE OF 153°33'34", A CHORD WHICH BEARS NORTH 18°28'50" EAST, A CHORD DISTANCE OF 234.46 FEET TO A POINT OF CURVATURE, THENCE NORTH 25°02'27" EAST, 711.49 FEET TO A POINT BEARING HAVING A RADIUS OF 1019.22 FEET, A CENTRAL ANGLE OF 23°02'28", A CHORD WHICH BEARS NORTH 1/4 OF SAID SECTION 8; THENCE DEPARTING SAID EASTERLY RIGHT OF WAY LINE, AND ALONG SAID EAST BOUNDARY, SOUTH 02°22' EAST, 388.65 FEET TO THE NORTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 8; THENCE ALONG THE EAST BOUNDARY OF SAID SOUTHEAST 1/4, SOUTH 02°22' EAST, 274.89 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH LOT 2, HORSE C, INC. A PLATTED SUBDIVISION WITH NO IMPROVEMENTS, AS RECORDED IN PLAT BOOK 04, PAGE 75 OF THE PUBLIC RECORDS OF HILLSBOROUGH COUNTY, FLORIDA.

ALSO TOGETHER WITH A PARCEL OF LAND LYING IN SECTION 6, TOWNSHIP 22 SOUTH, RANGE 18 EAST, DESCRIBED AS BEINGING AT A POINT AT THE INTERSECTION OF THE NORTH LINE OF SAID SECTION 6, AND THE EAST LINE OF SAID LOT 2, HORSE C, INC., SAID POINT BEING NORTH 89°29'35" EAST, 325.00 FEET FROM THE NORTHEAST CORNER OF SAID SECTION 8, THENCE CONTINUING SOUTH 89°29'35" EAST, ALONG THE NORTH LINE OF SAID SECTION 8, 30.00 FEET, BEING BEARING THE NORTH LINE OF SAID SECTION 8, SOUTH 89°29'35" WEST, PARALLEL WITH THE EAST LINE OF LOT 2, HORSE C, INC., THENCE NORTH 89°29'35" WEST, 30.00 FEET TO THE EAST LINE OF SAID LOT 2, HORSE C, INC., THENCE ALONG THE EAST LINE OF SAID LOT 2, NORTH 70°16'16" EAST, 102.59 FEET TO THE POINT OF BEGINNING.

088:00000  
2004C  
\$144.00

This instrument was prepared by or under the supervision of (and after recording should be returned to):

John R. Stokes, Esq.  
Nabors, Giblin & Nickerson, P.A.  
2502 Rocky Point Drive, Suite 1060  
Tampa, Florida 33607

INSTRUMENT#: 2007121353, O BK 17552  
PG 1663-1667 03/09/2007 at 09:34:35 AM,  
DEPUTY CLERK: DLEDUC Pat Frank, Clerk of  
the Circuit Court Hillsborough County

(Space reserved for Clerk of Court)

**FOURTH AMENDMENT TO ASSIGNMENT  
OF GROUND LEASE**

by the

**HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION**



FOURTH AMENDMENT TO ASSIGNMENT  
OF GROUND LEASE

IN WITNESS WHEREOF, Hillsborough School Board Leasing Corporation, by its officer thereunto duly authorized, has affixed its corporate name and seal as of the 17th day of February, 2007.

KNOW ALL MEN BY THESE PRESENTS, that the HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION, a Florida single-purpose, not-for-profit corporation (the "Corporation"), for and in consideration of good and valuable considerations to it in hand paid by THE BANK OF NEW YORK TRUST COMPANY, N.A. (successor to NationsBank of Florida, N.A.), not in its individual capacity, but solely as trustee (the "Trustee"), the receipt of which is hereby acknowledged, has sold, assigned, transferred and set over, and by these presents does sell, assign, transfer and set over unto the Trustee the following:

(a) The instrument of ground lease and the leasehold estate created by said instrument of ground lease, being that certain Ground Lease Agreement, dated as of November 1, 2004 (the "Ground Lease"), as the same may be supplemented, modified or amended from time to time, a Memorandum of Ground Lease describing said Ground Lease which has heretofore been duly recorded in Official Records Book 16353 at page 0200 of the public records of Hillsborough County, Florida, granted by the School Board of Hillsborough County, Florida (the "Board"), acting as the governing body of the School District of Hillsborough County, Florida to the Corporation in and to the Premises described therein; and

TO HAVE AND TO HOLD THE said instrument of ground lease, the leasehold estate created thereby, and any buildings and improvements thereon, unto Trustee, its successors and assigns forever; and

The Corporation does hereby covenant with the Trustee as grantee and assignee, its successors and assigns, that the Corporation (i) is the true and lawful owner of the leasehold estate created thereby, (ii) has good right to bargain, sell and transfer the same hereby, (iii) such leasehold estate of the Corporation is free and clear of any lien or encumbrance created by the Corporation, except for the "Lease Agreement" (as defined in the Ground Lease), (iv) that as of the date hereof there is no default under the terms of said Ground Lease, and (v) from and after this Fourth Amendment to Assignment of Ground Lease, the Corporation will have no further interest in such Ground Lease or the leasehold estate thereby created.

[Remainder of this page intentionally left blank]

WITNESS: HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION

Name: Steve Braden  
Print: Steve Braden

Name: Mary R. Perez  
Print: Mary R. Perez

By: Jack R Lamb  
Name: Jack R Lamb  
Title: President  
Address: 901 East Kennedy Boulevard  
Tampa, Florida 33602

WITNESS:  
Name: Steve Braden  
Print: Steve Braden

Name: Mary R. Perez  
Print: Mary R. Perez

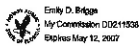
By: Mary Ellen Elia  
Name: Mary Ellen Elia  
Title: Secretary  
Address: 901 East Kennedy Boulevard  
Tampa, Florida 33602

STATE OF FLORIDA )  
 ) SS:  
COUNTY OF HILLSBOROUGH )

The foregoing instrument was acknowledged before me this \_\_\_ day of February, 2007, by Jack Lamb and Mary Ellen Elia, the President and Secretary, respectively, of the HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION. Such person(s):

- is/are personally known to me.
- produced a current Florida driver's license as identification.
- produced \_\_\_\_\_ as identification.

(SEAL)



Emily D. Briggs  
Name: Emily D. Briggs  
Notary Public, State of Florida  
My Commission Expires: May 12, 2007

EXHIBIT A

The Premises subject to the Ground Lease is amended to provide for the addition of the real property (together with all buildings, structures and improvements now or hereafter erected or situated thereon, including, without limitation, the "Projects" (as defined in the Ground Lease), all fixtures, additions, alterations or replacements thereto, now or hereafter located in, or used in connection with or attached or made to such land, to the extent title thereto may rest in the Board, 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) described as follows:

Elementary School "I"

The South 1/2 of the Northeast 1/4 of the Northeast 1/4 of Section 8, Township 28 South, Range 17 East, Hillsborough County, Florida, and also the West 250 feet of the South 1/2 of the Northeast 1/4 of the Northeast 1/4 of Section 9, Township 28 South, Range 17 East, Hillsborough County, Florida, being more particularly described as follows:

Part of the Northeast 1/4 of Section 8, Township 28 South, Range 17 East and the Northeast 1/4 of Section 9, Township 28 South, Range 17 East, Hillsborough County, Florida, more particularly described as:

Beginning at the Southwest corner of Lot 34 of Mandolin Phase 3, as recorded in Plat Book 91, Page 27 of the Public Records of Hillsborough County, Florida, being the Northeast corner of the Southeast 1/4 of the Northeast 1/4 of the Northeast 1/4 of said Section 8; thence South 89°15'56" East, on the Easterly extension of the South boundary of said Mandolin Phase 3, 250.00 feet; thence departing said Easterly extension, South 01°02'55" West, parallel with the West line of the Northwest 1/4 of said Section 9, 663.66 feet to a point on the South boundary of the Northwest 1/4 of the Northwest 1/4 of said Section 9; thence North 89°22'04" West, along said South boundary, 250.00 feet to the Southeast corner of the Southeast 1/4 of the Northeast 1/4 of the Northeast 1/4 of said Section 8; thence continuing North 89°22'04" West, along the South boundary of the Northeast 1/4 of the Northeast 1/4 of said Section 8, 1340.80 feet to the Southwest corner of the Southwest 1/4 of the Northeast 1/4 of the Northeast 1/4 of said Section 8; thence North 01°19'14" East, along the West line of the Northeast 1/4 of the Northeast 1/4 of said Section 8, 666.53 feet to the Northwest corner of the Southwest 1/4 of the Northeast 1/4 of the Northeast 1/4 of said Section 8; thence South 89°15'56" East, along the North line of the Southwest 1/4 of the Northeast 1/4 of the Northeast 1/4 of said Section 8, 668.28 feet to the Northwest corner of the Southwest 1/4 of the Northeast 1/4 of the Northeast 1/4 of said Section 8; thence continuing South 89°15'56" East, along the North line of the Southwest 1/4 of the Northeast 1/4 of the Northeast 1/4 of said Section 8, 668.24 feet to the Point of Beginning.

TOGETHER WITH

Non-exclusive temporary access easement for ingress and egress, created by and set forth in that certain Temporary Easement by and between Hillsborough County, Florida, a political subdivision of the State of Florida, and the School Board of Hillsborough County, a public body corporate, recorded in Official Records Book 17204, Page 1868, of the Public Records of Hillsborough County, Florida, over the following described land:

Part of the Northwest 1/4 of Section 9, Township 28 South, Range 17 East, Hillsborough County, Florida, more particularly described as: Beginning at the Southwest corner of the Southwest 1/4 of the Northwest 1/4 of the Northwest 1/4 of said Section 9; thence South 89°22'04" East 435.00 feet, thence South 01°02'55" West, 139.00 feet, thence North 89°22'04" West, 435.00 feet, to the point of intersection with the South and East right-of-way lines of Citrus Park Drive, as per Mandolin Phase 3, as recorded in Plat Book 38, Page 45, of the Public Records of Hillsborough County, Florida, said point lying on the West line of the Northwest 1/4 of said Section 9; thence North 01°02'21" East, along the said East right-of-way line and the West line of the Northwest 1/4 of said Section 9, 139.00 feet to the Point of Beginning.

CEB-00033  
Amendment  
\$44.00

This instrument was prepared by or under the supervision of (and after recording should be returned to):

John R. Stokes, Esq.  
Nabors, Giblin & Nickerson, P.A.  
2502 Rocky Point Drive, Suite 1060  
Tampa, Florida 33607

INSTRUMENT#: 2008221488, O BK 18707  
PG 650-654 06/20/2008 at 09:39:29 AM,  
DEPUTY CLERK: AHOLTZMAN Pat Frank,  
Clerk of the Circuit Court Hillsborough County

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**FIFTH AMENDMENT TO ASSIGNMENT  
OF GROUND LEASE**

by the

**HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION**

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FIFTH AMENDMENT TO ASSIGNMENT OF GROUND LEASE

KNOW ALL MEN BY THESE PRESENTS, that the HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION, a Florida single-purpose, not-for-profit corporation (the "Corporation"), for and in consideration of good and valuable considerations to it in hand paid by THE BANK OF NEW YORK TRUST COMPANY, N.A. (successor to NationsBank of Florida, N.A.), not in its individual capacity, but solely as trustee (the "Trustee"), the receipt of which is hereby acknowledged, has sold, assigned, transferred and set over, and by these presents does sell, assign, transfer and set over unto the Trustee the following:

(a) The instrument of ground lease and the leasehold estate created by said instrument of ground lease, being that certain Ground Lease Agreement, dated as of November 1, 2004 (the "Ground Lease"), as the same may be supplemented, modified or amended from time to time, a Memorandum of Ground Lease describing said Ground Lease which has heretofore been duly recorded in Official Records Book 16353 at page 0200 of the public records of Hillsborough County, Florida, granted by the School Board of Hillsborough County, Florida (the "Board"), acting as the governing body of the School District of Hillsborough County, Florida to the Corporation in and to the Premises described therein; and

TO HAVE AND TO HOLD THE said instrument of ground lease, the leasehold estate created thereby, and any buildings and improvements thereon, unto Trustee, its successors and assigns forever; and

The Corporation does hereby covenant with the Trustee as grantor and assignee, its successors and assigns, that the Corporation (i) is the true and lawful owner of the leasehold estate created thereby, (ii) has good right to bargain, sell and transfer the same hereby, (iii) such leasehold estate of the Corporation is free and clear of any lien or encumbrance created by the Corporation, except for the "Lease Agreement" (as defined in the Ground Lease), (iv) that as of the date hereof there is no default under the terms of said Ground Lease, and (v) from and after this Fifth Amendment to Assignment of Ground Lease, the Corporation will have no further interest in such Ground Lease or the leasehold estate thereby created.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, Hillsborough School Board Leasing Corporation, by its officer thereunto duly authorized, has affixed its corporate name and seal as of the 29th day of May, 2008.

WITNESS: HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION

Name: [Signature]  
 Print: Steve Brady  
 Name: [Signature]  
 Print: Mary R. Perez

By: [Signature]  
 Name: Jennifer Faliero  
 Title: President  
 Address: 901 East Kennedy Boulevard  
 Tampa, Florida 33602

WITNESS:  
 Name: [Signature]  
 Print: Steve Brady

ATTEST:  
 By: [Signature]  
 Name: Mary Ellen Elia  
 Title: Secretary  
 Address: 901 East Kennedy Boulevard  
 Tampa, Florida 33602

STATE OF FLORIDA )  
 ) SS:  
 COUNTY OF HILLSBOROUGH)

The foregoing instrument was acknowledged before me this 30th day of May, 2008, by Jennifer Faliero and Mary Ellen Elia, the President and Secretary, respectively, of the HILLSBOROUGH SCHOOL BOARD LEASING CORPORATION. Such person(s):

- is/are personally known to me.
- produced a current Florida driver's license as identification.
- produced \_\_\_\_\_ as identification.

(SEAL)



[Signature]  
 Name: Emily D. Briggs  
 Notary Public, State of Florida  
 My Commission Expires: May 12, 2011

EXHIBIT A

The Premises subject to the Ground Lease is amended to provide for the addition of the real property (together with all buildings, structures and improvements now or hereafter erected or situated thereon, including, without limitation, the "Projects" (as defined in the Ground Lease), all fixtures, additions, alterations or replacements thereto, now or hereafter located in, or used in connection with or attached or made to such land, to the extent title thereto may rest in the Board, 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) described as follows:

Elementary School "L"

DESCRIPTION: A parcel of land lying in Section 25, Township 30 South, Range 20 East, Hillsborough County, Florida, being more particularly described as follows:

Commence at the Northeast corner of said Section 25, run thence along the North boundary of the Northeast 1/4 of said Section 25, S.89°58'43"W., 1683.41 feet; thence S.00°01'12"E., 47.34 feet to a point on a curve said point also being the POINT OF BEGINNING; thence Easterly, 470.11 feet along the arc of a curve to the right having a radius of 1153.00 feet and a central angle of 23°21'40" (chord bearing S.78°19'10"E., 466.86 feet); thence S.03°30'00"E., 696.45 feet to a point on a curve; thence Southwesterly, 55.27 feet along the arc of a curve to the right having a radius of 182.00 feet and a central angle of 17°23'57" (chord bearing S.47°29'01"W., 55.06 feet); thence SOUTH, 97.27 feet; thence EAST, 22.82 feet to a point of cutvature; thence Easterly, 16.33 feet along the arc of a curve to the right having a radius of 32.00 feet and a central angle of 29°14'49" (chord bearing S.75°22'36"E., 16.16 feet) to a point of compound curvature; thence Southeasterly, 26.51 feet along the arc of a curve to the right having a radius of 25.00 feet and a central angle of 60°45'11" (chord bearing S.30°22'36"E., 25.28 feet) to a point of tangency; thence SOUTH, 338.20 feet; thence WEST, 842.85 feet to the Southeast corner of the Southwest 1/4 of the Northwest 1/4 of the Northeast 1/4 of said Section 25; thence along the East boundary of said Southwest 1/4 of the Northwest 1/4 of the Northeast 1/4 of said Section 25, N.80°08'45"E., 658.86 feet; thence along the North boundary of said Southwest 1/4 of the Northwest 1/4 of the Northeast 1/4 of Section 25, S.89°51'59"W., 197.34 feet; thence NORTH, 626.16 feet; thence EAST, 365.94 feet; thence N.45°00'00"E., 5.30 feet; thence EAST, 158.45 feet to the POINT OF BEGINNING.

Together with the benefits of that certain Temporary Ingress/Egress/Utilities easement as recorded in O.R. Book 18603, Page-1928, of the Public Records of Hillsborough County, Florida, over and across the following described property:

A parcel of land lying in Section 25, Township 30 South, Range 20 East, Hillsborough County, Florida, being more particularly described as follows:  
 Commence at the Northeast corner of said Section 25, run thence along the North boundary of the Northeast 1/4 of said Section 25, S.89°58'43"W., 2211.56 feet; thence S.00°01'12"E., 60.12 feet; thence South, 262.90 feet to the Point of Beginning; thence continue, South, 50.03 feet; thence S.87°58'25"W., 158.84 feet; thence S.58°06'53"W., 57.66 feet; thence N.89°52'43"W., 70.63 feet; thence S.88°45'56"W., 147.90 feet to a point on the East maintained right-of-way line of Boyette Road; thence along said East maintained right-of-way line of Boyette Road, N.00°29'40"E., 50.25 feet; thence N.84°45'56"E., 145.22 feet; thence S.89°52'43"E., 58.63 feet; thence N.58°06'53"E., 56.66 feet; thence N.87°58'25"E., 173.94 feet to the Point of Beginning.

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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 2018 CERTIFICATES**

Upon delivery of the Series 2018 Certificates in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Special Counsel, proposes to render their opinion with respect to such Series 2018 Certificates in substantially the following form:

(Date of Delivery)

The 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 \$64,995,000 aggregate principal amount of Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2018 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") in connection with the Lease Agreement 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 (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) Fifth Amended and Restated Lease Schedule No. 2004C, dated as of November 1, 2018 ("Amended and Restated Lease Schedule No. 2004C"), between the Corporation and the Board; (iii) the Master Trust Agreement, dated as of April 1, 1994, as amended (the "Trust Agreement"), by and among The Bank of New York Mellon Trust Company, N.A. (successor to NationsBank of Florida, N.A.), as trustee (the "Trustee"), the Board and the Corporation; (iv) the Series 2018 Supplemental Trust Agreement, dated as of November 1, 2018 (the "Series 2018 Supplemental Trust Agreement"), by and among the Trustee, the Board and the Corporation; (v) the Assignment of Lease Agreement, dated as of April 1, 1994, as amended and supplemented, in particular by the Thirty-Third Amendment to Assignment of Lease Agreement, dated as of November 1, 2018 (collectively the "Lease Assignment"), each 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 Lease Agreement (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

November 1, 2004, as amended and supplemented (the "Series 2004C Ground Lease Agreement"), between the Board, as lessor and the Corporation, as lessee, pursuant to which the Board granted to the Corporation a leasehold interest in certain real property owned by the Board and (vii) the Assignment of Ground Lease, dated as of November 1, 2004, as amended and supplemented, between the Corporation and the Trustee pursuant to which the Corporation has assigned to the Trustee its rights under the Series 2004C Ground Lease Agreement and its interest in the leasehold estate created thereby. We have also examined a record of proceedings of the Board relating to all of the foregoing.

The proceeds of the Certificates will be used for the principal purposes of (i) refunding, on a current basis, all of the outstanding Refunding Certificates of Participation (School Board of Hillsborough County Master Lease Program), Series 2015B 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 (ii) paying costs associated with the issuance of the Certificates.

Pursuant to the Lease Agreement, the Corporation is leasing certain educational and related facilities to the Board, including, without limitation, the Series 2004C Project, and the Board is making lease payments to the Trustee, as assignee of the Corporation pursuant to the Lease Assignment, which include Basic Rent Payments (as defined in the Trust Agreement). The Certificates evidence an undivided proportionate interest in the Basic Rent Payments (as defined in the Trust Agreement) under the Lease Agreement, as amended and supplemented by Amended and Restated Lease Schedule No. 2004C. The Basic Rent Payments are payable solely from the Board's Available Revenues (as defined in the Trust Agreement) appropriated for such purpose. The Board is not legally required to budget and appropriate Available Revenues for this purpose. 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, 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 in addition to the Series 2004C Project. The acquisition, construction and installation of each such Project is financed by the issuance of a series of certificates of participation pursuant to the Trust Agreement. 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 leased under the Lease Agreement or for none of them. The Board may issue



Refunding Certificates (as defined in the Trust Agreement), which shall be on a parity with the Certificates (and any other Series of Certificates evidencing an interest in the related Lease) upon satisfying the conditions described thereto in the Trust Agreement.

The Certificates are dated and shall bear interest from their date of delivery, except as otherwise provided in the Trust Agreement. The Certificates will mature on the dates and 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 January 1 and July 1, commencing January 1, 2019. The Certificates are subject to prepayment prior to maturity in accordance with the terms of the Series 2018 Supplemental 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 Trust Agreement and in the certified proceedings relating thereto and to the issuance of the Certificates and other certifications of officials furnished to us in connection therewith, without undertaking to verify the same by independent investigation. Furthermore, we have assumed continuing compliance with the covenants and agreements contained in the Lease Agreement and the Trust Agreement. We have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in any agreements, documents, certificates, representations and opinions relating to the Certificates and have relied solely on the facts, estimates and circumstances described and set forth therein. In our examination of the foregoing, 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, under existing law, we are of the opinion that:

1. The Board is the duly organized and validly existing governing body of the School District of Hillsborough County, Florida and has all necessary power and authority to execute and deliver the Lease Agreement, Amended and Restated Lease Schedule No. 2004C, the Series 2004C Ground Lease Agreement, the Trust Agreement and the Series 2018 Supplemental Trust Agreement.

2. The Lease Agreement, Amended and Restated Lease Schedule No. 2004C, the Series 2004C Ground Lease Agreement, the Trust Agreement and the Series 2018 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.

3. The Certificates, upon proper execution and authentication, shall evidence an undivided proportionate interest in the Basic Rent Payments made by the Board under the Lease Agreement, as amended and supplemented by Amended and Restated Lease

Schedule No. 2004C (as defined in the Series 2018 Supplemental Trust Agreement), and shall be entitled to the benefits and security of the Trust Agreement.

4. Under existing statutes, regulations, rulings and court decisions, prior to the termination of the Lease Agreement 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 (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax. However, it should be noted that solely for taxable years beginning before January 1, 2018, such Interest Component is taken into account in determining adjusted current earnings for certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations. The opinions set forth in this paragraph are 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 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 Lease Agreement 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 Certificates or the receipt by the owners thereof of payments on the Certificates following the termination of the Lease Agreement resulting from an Event of Non-Appropriation or Event of Default thereunder.

The opinions expressed in paragraphs 2 and 3 hereof are qualified to the extent that (i) the enforceability of the Lease Agreement, Amended and Restated Lease Schedule No. 2004C, the Trust Agreement, the Series 2004C Ground Lease Agreement and the Series 2018 Supplemental Trust Agreement, and the rights of the owners of the 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, Amended and Restated Lease Schedule No. 2004C, the Series 2004C Ground Lease Agreement and the Series 2018 Supplemental Trust Agreement by the Corporation.

It should be noted that (a) except as may expressly be set forth in an opinion delivered by us to the underwriters of the 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 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 Certificates and we express no opinion relating thereto.

The opinions set forth herein are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal tax laws of the United States of America. The only opinions rendered hereby shall be those expressly stated as such herein, and no opinion shall be implied or inferred as a result of anything contained herein or omitted herefrom.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We have examined the form of the Certificates and, in our opinion, the form of the Certificates is regular and proper.

Respectfully submitted,

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**APPENDIX I**

**FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT**

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## DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of November 14, 2018, is executed and delivered by The School Board of Hillsborough County, Florida (the "Issuer") and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Series 2018 Certificates (hereinafter defined) and in order to assist the Issuer in processing certain continuing disclosure with respect to the Series 2018 Certificates in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a "Municipal Advisor" as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Offering Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f) hereof, by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" means an Annual Report containing Annual Financial Information described in and consistent with Section 3 of this Disclosure Agreement.

"Audited Financial Statements" means the annual financial statements of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i)(B) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure, or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event

Disclosure, or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

"Disclosure Representative" means the Superintendent or the Chief Finance Officer of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Failure to File Event" means the Issuer's failure to file an Annual Report on or before the Annual Filing Date.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shutdown of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2018 Certificates (including persons holding Series 2018 Certificates through nominees, depositories or other intermediaries) or (b) treated as the owner of any Series 2018 Certificates for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements, the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.



"Obligated Person" means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Series 2018 Certificates (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

"Offering Statement" means that Offering Statement prepared by the Issuer in connection with the Series 2018 Certificates, as listed in Exhibit A.

"Series 2018 Certificates" means the certificates as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Trustee" means the institution identified as such in the document under which the Series 2018 Certificates were issued.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

## SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than March 31 after the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2018. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be

provided and instruct the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide at such time an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) hereof with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) hereof with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) hereof (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. "Principal and interest payment delinquencies;"
2. "Non-Payment related defaults, if material;"
3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"

5. "Substitution of credit or liquidity providers, or their failure to perform;"
6. "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. "Modifications to rights of securities holders, if material;"
8. "Bond calls, if material;"
9. "Defeasances;"
10. "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. "Rating changes;"
12. "Tender offers;"
13. "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. "Merger, consolidation, or acquisition of the obligated person, if material;" and
15. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) hereof with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking;"
2. "change in obligated person;"
3. "notice to investors pursuant to bond documents;"

4. "certain communications from the Internal Revenue Service" other than those communications included in the Rule;
5. "secondary market purchases;"
6. "bid for auction rate or other securities;"
7. "capital or other financing plan;"
8. "litigation/enforcement action;"
9. "change of tender agent, remarketing agent, or other on-going party;"
10. "derivative or other similar transaction;" and
11. "other event-based disclosures."

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) hereof with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. "quarterly/monthly financial information;"
2. "timing of annual disclosure;"
3. "change in fiscal year/timing of annual disclosure;"
4. "change in accounting standard;"
5. "interim/additional financial information/operating data;"
6. "budget;"
7. "investment/debt/financial policy;"
8. "information provided to rating agency, credit/liquidity provider or other third party;"
9. "consultant reports;" and
10. "other financial/operating data."

(viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, the Trustee, and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Anything in this Disclosure Agreement to the contrary notwithstanding, any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and all other information required by the terms of this Disclosure Agreement and that is accompanied by a Certification will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

### SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the following information provided in the Offering Statement:

1. The tables entitled:
  - a. "Summary of Statistical Data;"
  - b. "Summary of Revenues and Expenses – General Fund;"
  - c. "Summary of Revenues and Expenses – Capital Projects Fund;"
  - d. "Debt Statement;"
  - e. "Anticipated Capital Outlay Millage Levy Required to Cover Maximum Annual Payments;"
  - f. "School Taxable Value and Assessed Value of Taxable Property."
  - g. "District Levies;" and
  - h. "Property Tax Levies and Collections;"

2. Description of any additional series of Certificates issued under the Trust Agreement.

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles ("GAAP"), as modified by applicable State of Florida requirements and the governmental accounting standards promulgated by the Governmental Accounting Standards Board will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP, as modified by applicable State of Florida requirements and the governmental accounting standards promulgated by the Governmental Accounting Standards Board will be included in the Annual Report. In such event, Audited Financial Statements (if any) will be provided pursuant to Section 2(d) of this Disclosure Agreement.

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

If the Any Annual Financial Information contains modified operating data or financial information different from the Annual Financial Information agreed to in the continuing disclosure undertaking related to the Series 2018 Certificates, the Issuer is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

#### SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Series 2018 Certificates constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations

with respect to the tax status of the Series 2018 Certificates, or other material events affecting the tax status of the Series 2018 Certificates;

7. Modifications to rights of Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Series 2018 Certificates, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

**Note to subsection (a)(12) of this Section 4:** For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Issuer shall, in a timely manner not later than nine (9) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such

notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth (10th) business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2(e)(iv) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. The Issuer will provide the Dissemination Agent with the CUSIP numbers for (i) new certificates at such time as they are issued or become subject to the Rule, and (ii) any Series 2018 Certificates to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Series 2018 Certificates

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.



## SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) hereof to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Series 2018 Certificates upon the legal defeasance, prior redemption or payment in full of all of the Series 2018 Certificates, when the Issuer is no longer an obligated person with respect to the Series 2018 Certificates, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty (30) days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Series 2018 Certificates. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable to the Disclosure Dissemination Agent until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Series 2018 Certificates or under any other document relating to the Series 2018 Certificates, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Series 2018 Certificates or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this

Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Series 2018 Certificates.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if the following conditions are satisfied: (a) the amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or the type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Series 2018 Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment does not materially impair the interests of the holders, as determined either by parties unaffiliated with the Issuer (such as the trustee or bond counsel), or by approving vote of bondholders pursuant to the terms of the governing instrument at the time of the amendment. Neither the Issuer nor the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than twenty (20) days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within ten (10) days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Disclosure Dissemination Agent, the underwriters, and the Holders from time to time of the Series 2018 Certificates, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

The Disclosure Dissemination Agent and the Issuer have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION,  
L.L.C., as Disclosure Dissemination Agent

By: \_\_\_\_\_

Name: Diana O'Brien

Title: Client Service Manager Director

THE SCHOOL BOARD OF HILLSBOROUGH  
COUNTY, FLORIDA, as Issuer

By: \_\_\_\_\_

Name: Sally A. Harris

Title: Chair

**EXHIBIT A**  
**NAME AND CUSIP NUMBERS OF BONDS**

Name of Issuer: The School Board of Hillsborough County, Florida

Obligated Person(s): The School Board of Hillsborough County, Florida

Name of Bond Issue: Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2018 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

Date of Issuance: November 14, 2018

Date of Offering Statement: October 30, 2018

<b>Maturity (July 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Initial CUSIP Number</b>
2019	\$1,090,000	5.000%	43232VUQ2
2021	910,000	5.000	43232VUR0
2022	1,025,000	5.000	43232VUS8
2023	1,200,000	5.000	43232VUT6
2024	985,000	5.000	43232VUU3
2025	1,010,000	5.000	43232VUV1
2026	555,000	5.000	43232VUW9
2027	4,965,000	5.000	43232VUX7
2028	6,870,000	5.000	43232VUY5
2029	6,250,000	5.000	43232VUZ2
2030	40,135,000	5.000	43232VVA6

**EXHIBIT B**  
**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: The School Board of Hillsborough County, Florida

Obligated Person: The School Board of Hillsborough County, Florida

Name(s) of Bond Issue(s): Refunding Certificates of Participation (School Board of Hillsborough County, Florida Master Lease Program), Series 2018 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

Date(s) of Issuance: November 14, 2018

Date(s) of Disclosure Agreement: November 14, 2018

CUSIP Number:

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual report with respect to the above-named Series 2018 Certificates as required by the Disclosure Agreement between the Issuer and Digital Assurance Certificate, L.L.C., as Disclosure Dissemination Agent. [The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

DIGITAL ASSURANCE CERTIFICATION,  
L.L.C., as Disclosure Dissemination Agent, on  
behalf of the Issuer

---

cc:

**EXHIBIT C-1  
EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" may be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: The School Board of Hillsborough County, Florida

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_

Or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_\_ Description of Notice Events (Check One):

1. \_\_\_\_\_ Principal and interest payment delinquencies;
2. \_\_\_\_\_ Non-payment related defaults, if material;
3. \_\_\_\_\_ Unscheduled draws on debt service reserves reflecting financial difficulties;
4. \_\_\_\_\_ Unscheduled draws on credit enhancements reflecting financial difficulties;
5. \_\_\_\_\_ Substitution of credit or liquidity providers, or their failure to perform;
6. \_\_\_\_\_ Adverse tax opinions, IRS notices or events affecting the tax status of the security;
7. \_\_\_\_\_ Modifications to rights of securities holders, if material;
8. \_\_\_\_\_ Bond calls, if material;
9. \_\_\_\_\_ Defeasances;
10. \_\_\_\_\_ Release, substitution, or sale of property securing repayment of the securities, if material;
11. \_\_\_\_\_ Rating changes;
12. \_\_\_\_\_ Tender offers;
13. \_\_\_\_\_ Bankruptcy, insolvency, receivership or similar event of the obligated person;
14. \_\_\_\_\_ Merger, consolidation, or acquisition of the obligated person, if material; and
15. \_\_\_\_\_ Appointment of a successor or additional trustee or the change of name of a trustee, if material.

\_\_\_\_\_ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_  
Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
315 East Robinson Street  
Suite 300  
Orlando, FL 32801  
407-515-1100

Date: \_\_\_\_\_



**EXHIBIT C-2**  
**VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary event disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of November 14, 2018, between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name: The School Board of Hillsborough County, Florida

Issuer's Six-Digit CUSIP Number:

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Or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

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Number of pages attached: \_\_\_\_\_

\_\_\_\_\_ Description of Voluntary Event Disclosure (Check One):

1. \_\_\_\_\_ Amendment to continuing disclosure undertaking;
2. \_\_\_\_\_ Change in obligated person;
3. \_\_\_\_\_ Notice to investors pursuant to bond documents;
4. \_\_\_\_\_ Certain communications from the Internal Revenue Service;
5. \_\_\_\_\_ Secondary market purchases;
6. \_\_\_\_\_ Bid for auction rate or other securities;
7. \_\_\_\_\_ Capital or other financing plan;
8. \_\_\_\_\_ Litigation/enforcement action;
9. \_\_\_\_\_ Change of tender agent, remarketing agent, or other on-going party;
10. \_\_\_\_\_ Derivative or other similar transaction; and
11. \_\_\_\_\_ Other Event-based disclosures.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

---

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
315 East Robinson Street  
Suite 300  
Orlando, FL 32801  
407-515-1100

Date: \_\_\_\_\_

**EXHIBIT C-3**  
**VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary financial disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of November 14, 2018, between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name: The School Board of Hillsborough County, Florida

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_

Or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_\_ Description of Voluntary Financial Disclosure (Check One):

1. \_\_\_\_\_ Quarterly/monthly financial information;
2. \_\_\_\_\_ Change in fiscal year/timing of annual disclosure;
3. \_\_\_\_\_ Change in accounting standard;
4. \_\_\_\_\_ Interim/additional financial information/operating data;
5. \_\_\_\_\_ Budget;
6. \_\_\_\_\_ Investment/debt/financial policy;
7. \_\_\_\_\_ Information provided to rating agency, credit/liquidity provider or other third party;
8. \_\_\_\_\_ Consultant reports; and
9. \_\_\_\_\_ Other financial/operating data.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
315 East Robinson Street  
Suite 300  
Orlando, FL 32801  
407-515-1100

Date: \_\_\_\_\_





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