$25,685,000 CERTIFICATES OF PARTICIPATION
(School Board of Columbia County, Florida Master Lease Program), Series 2007
Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Columbia County, Florida

Dated: Date of Delivery

Due: July 1, as shown on inside cover hereof

The above referenced Certificates of Participation, (the “Series 2007 Certificates”) offered hereby are a part of the Master Lease-Purchase Program of The School Board of Columbia County, Florida (the “Board”) pursuant to which the Board will, from time to time lease-purchase certain educational and related facilities. See “THE MASTER LEASE-PURCHASE PROGRAM” and “THE 2007 PROJECT” herein. The Series 2007 Certificates evidence undivided proportionate interests in Basic Rent Payments (as defined herein) to be made by the Board, acting as the governing body of the School District of Columbia County, Florida (the “District”), pursuant to a Master Lease-Purchase Agreement with the Columbia County School Board Leasing Corporation (the “Corporation”), dated as of July 1, 2007 (the “Master Lease”), as supplemented by Lease Schedule No. 2007, dated as of July 1, 2007 (together with the Master Lease, the “Series 2007 Lease Agreement”), providing for the lease purchase financing of certain educational facilities by the Board designated the 2007 Project (as described herein). The Series 2007 Certificates are being issued in fully registered form in denominations of $5,000 and integral multiples thereof. The Interest Component of the Basic Rent Payments represented by the Series 2007 Certificates is payable on January 1 and July 1 of each year, commencing January 1, 2008, by check or draft of Wells Fargo Bank, N.A., Jacksonville, Florida, as Trustee, mailed to the Series 2007 Certificate owner of record (as of the 15th day of the month next preceding the month in which the applicable Payment Date occurs) at the address shown on the Certificate register. When issued, the Series 2007 Certificates will initially be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”). Purchasers of the Series 2007 Certificates (the “Beneficial Owners”) will not receive physical delivery of Series 2007 Certificates. Ownership of the Beneficial Owners of the Series 2007 Certificates will be evidenced through a book-entry only system of registration. As long as Cede & Co. is the registered owner as nominee of DTC, payment of the Principal Component and Interest Component of the Basic Rent Payments represented by the Series 2007 Certificates will be made directly to Cede & Co., which will in turn remit such payments to the DTC Participants for subsequent disbursement to the Beneficial Owners. The Principal Component of the Basic Rent Payments represented by the Series 2007 Certificates is payable on the dates set forth on the inside cover upon surrender thereof at the designated corporate trust office of the Trustee.

The Series 2007 Certificates are subject to optional, mandatory and extraordinary prepayment prior to maturity as described herein.


The scheduled payment of principal of and interest on the Series 2007 Certificates when due will be guaranteed by a municipal bond insurance policy to be issued by Financial Security Assurance Inc. simultaneously with the delivery of the Series 2007 Certificates.

SEE INSIDE COVER FOR MATURITY SCHEDULE

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

The Series 2007 Certificates are offered when, as and if delivered and received by the Underwriters, subject to the approving legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Special Counsel, and certain other conditions. Certain legal matters will be passed upon for the Board and for the Corporation by Norris & Norris, P.A., Lake City, Florida, and by Livermore, Freeman & McWilliams, P.A. Jacksonville Beach, Florida, Counsel to the Underwriters. Public Financial Management, Inc., Orlando, Florida, is serving as Financial Advisor to the Board. It is expected that the Series 2007 Certificates will be available for delivery through the facilities of DTC on or about July 24, 2007.
The initial term of the Series 2007 Lease Agreement commences on the date of delivery of the Series 2007 Certificates and continues through and including June 30, 2008, and is automatically renewable annually thereafter through June 30, 2032, unless earlier terminated as described herein. The Board may enter into other Lease Agreements under the Master Lease in addition to the Series 2007 Lease Agreement. Failure to appropriate funds to pay lease payments under any such lease, or an event of default under any such lease, will result in the termination of all Leases, including the Series 2007 Lease Agreement. Upon any such termination, any proceeds of the disposition of leased facilities (other than Designated Facilities as described herein) will be applied to payment of the related Series of Certificates, all as further described herein. In no event will owners of the Series 2007 Certificates have any interest in or right to any proceeds of the disposition of facilities leased under any lease other than the Series 2007 Lease Agreement. Should termination of the Master Lease occur, the Series 2007 Certificates will not be prepaid except at the option of the Insurer or to the extent the Trustee has moneys available therefor. Special Counsel will express no opinion as to tax exemption or the effect of securities laws with respect to the Series 2007 Certificates following an event of non-appropriation or an event of default under the Master Lease, which results in termination of the Lease Term. Transfers of the Series 2007 Certificates may be subject to compliance with the registration provisions of state and federal securities laws following an event of non-appropriation or an event of default under the Master Lease which results in termination of the Series 2007 Lease Agreement (See “TAX EXEMPTION” and “RISK FACTORS” herein). An event of non-appropriation or an event of default under the Master Lease which results in termination of the Series 2007 Lease Agreement will not result in termination of the municipal bond insurance policy issued by Financial Security Assurance Inc.

**MATURITY SCHEDULE**

$18,025,000 Serial Series 2007 Certificates

<table>
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<tr>
<th>Year (July 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>Initial CUSIP No.</th>
<th>Year (July 1)</th>
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<th>Interest Rate</th>
<th>Yield</th>
<th>Initial CUSIP No.</th>
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**Term Series 2007 Certificates**

$7,660,000 5.000% Term Certificates due July 1, 2032, Yield 4.740%* Initial CUSIP No. 19744RAW1

* Callable premium Series 2007 Certificates. Yield is calculated to first Optional Prepayment Date on July 1, 2017
THE SCHOOL BOARD OF COLUMBIA COUNTY, FLORIDA

372 West Duval Street
Lake City, Florida 32055

BOARD MEMBERS

Charles Maxwell, Chair
Steve Nelson, Vice Chair
Keith Hudson, Board Member
Glenn Hunter, Board Member
Linard Johnson, Board Member

SUPERINTENDENT OF SCHOOLS AND
EX OFFICIO SECRETARY TO THE BOARD
Grady D. Markham

ASSISTANT SUPERINTENDENT FOR ADMINISTRATION
Mike Millikin

DIRECTOR OF PURCHASING
R.M. “Mike” Null

DIRECTOR OF FINANCE
Mary A. Loughran

COUNSEL TO THE BOARD
Norris & Norris, P.A.
Lake City, Florida

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

FINANCIAL ADVISOR
Public Financial Management, Inc.
Orlando, Florida

TRUSTEE
Wells Fargo Bank, N.A.
Jacksonville, Florida
No dealer, broker, salesman or other person has been authorized by the Board or the Underwriters to give any information or to make any representations, other than those contained in this Offering Statement, in connection with the offering contained herein, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Offering Statement does not constitute an offer to sell nor a solicitation of an offer to buy any securities, other than the securities offered hereby, or an offer or a solicitation of an offer of the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful. The information set forth herein has been obtained from the Board, the Insurer, the Financial Advisor and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of the Board with respect to information provided by the Insurer and is not to be construed as a representation by the Underwriters, except with regard to any information provided by it. UBS Securities LLC as the managing underwriter (the "Managing Underwriter") has reviewed the information in this Offering Statement in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Managing Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion stated herein are subject to change without notice, and neither the delivery of this Offering Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board since the date hereof.

The information contained in this Offering Statement has been obtained from the District, the Corporation, the Board, The Depository Trust Company ("DTC"), the Insurer and other sources that are considered to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct. However, the information related to DTC and the Insurer is not to be construed as a representation of the Board, the Corporation, the Trustee, the Financial Advisor, or the Underwriters and the information related to the District, the Board and the Corporation is not be construed as a representation of 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.
Other than with respect to information concerning the Insurer contained under the caption "MUNICIPAL BOND INSURANCE POLICY" and "APPENDIX E – Specimen Municipal Bond Insurance Policy" herein, none of the information in this Offering Statement has been supplied or verified by the Insurer and the Insurer makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Series 2007 Certificates; or (iii) the tax exempt status of the Interest Portion of the Basic Rent Payments represented by the Series 2007 Certificates.

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

UPON ISSUANCE, THE SERIES 2007 CERTIFICATES WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER INDEPENDENT FEDERAL, STATE OR GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING STATEMENT OR APPROVED THE SERIES 2007 CERTIFICATES FOR SALE. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFERING STATEMENT SHALL NOT CONSTITUTE A CONTRACT BETWEEN THE BOARD, THE CORPORATION OR THE UNDERWRITERS AND ANY ONE OR MORE HOLDERS OF THE SERIES 2007 CERTIFICATES.
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OFFERING STATEMENT
Related to
$25,685,000
CERTIFICATES OF PARTICIPATION
(School Board of Columbia County, Florida Master Lease Program), Series 2007
Evidencing an Undivided Proportionate Interest of
Owners thereof in Basic Rent Payments to be made under a Master
Lease-Purchase Agreement by the School Board of Columbia County, Florida

INTRODUCTION

This Offering Statement, including the cover page, inside cover and appendices hereto, is provided to furnish information in connection with the sale and delivery of $25,685,000 aggregate principal amount of the above-referenced Certificates of Participation, Series 2007 (the "Series 2007 Certificates"). The Series 2007 Certificates offered hereby are a part of the Master Lease-Purchase Program of The School Board of Columbia County, Florida (the "Board") pursuant to which the Board will, from time to time, lease-purchase certain educational and related facilities. See "THE MASTER LEASE-PURCHASE PROGRAM" and "THE 2007 PROJECT" herein. The Series 2007 Certificates evidence an undivided proportionate interest of owners thereof in the Basic Rent Payments to be made by The School Board of Columbia County, Florida (the "Board"), under the Series 2007 Lease Agreement (as defined below). The Series 2007 Certificates are being executed and delivered pursuant to a Master Trust Agreement dated as of July 1, 2007 (the "Master Trust Agreement") and the Series 2007 Supplemental Trust Agreement dated as of July 1, 2007 (the "Series 2007 Trust Agreement" and together with the Master Trust Agreement, the "Trust Agreement"), each between The Columbia County School Board Leasing Corporation, a Florida non-for-profit corporation (the "Corporation"), and Wells Fargo Bank, N.A., Jacksonville, Florida, as trustee (the "Trustee").

The Board is the governing body of the School District of Columbia County, Florida (the "District"), and has entered into a Master Lease-Purchase Agreement dated as of July 1, 2007 (the "Master Lease") between the Corporation, as lessor, and the Board, as lessee, for the purpose of lease purchasing from time to time certain educational and related projects and sites ("Projects") from the Corporation. Projects to be leased from time to time will be identified on separate schedules (each a "Schedule") attached to the Master Lease. Upon execution and delivery thereof, each Schedule, together with the provisions of the Master Lease, will constitute a separate lease agreement (individually a "Lease Agreement" and collectively the "Lease Agreements").

The Board is entering into Lease Schedule No. 2007 dated as of July 1, 2007 (together with the Master Lease, the "Series 2007 Lease Agreement") in connection with the lease purchase of the 2007 Project. The Series 2007 Lease Agreement original term commences on the date of delivery of the Series 2007 Certificates and ends on June 30, 2008, and is automatically
renewable annually thereafter through June 30, 2032, unless earlier terminated as described herein.

The 2007 Project to be lease-purchased by the Board under the Series 2007 Lease Agreement consist of new elementary school “AA”, a middle school addition at Fort White High School and additions, renovations and upgrades to Columbia High School, to be financed with the Series 2007 Certificate proceeds, as more particularly described herein. See "THE MASTER LEASE- PURCHASE PROGRAM" and "THE 2007 PROJECT."

Pursuant to the Ground Lease Agreement dated as of July 1, 2007 or such later date as the property is acquired by the Board as described herein under "THE 2007 PROJECT" (the "Ground Lease"), the Board will lease the sites on which the 2007 Project will be located (the "2007 Project Sites") to the Corporation for an anticipated initial term of approximately 25 years subject to 5-year extensions and Permitted Encumbrances (as defined in the Ground Lease). See "THE 2007 PROJECT" and "APPENDIX C" -- FORMS OF LEGAL DOCUMENTS -- GROUND LEASE.

Pursuant to the Assignment of Lease Agreement and the Assignment of Ground Lease Agreement, each dated as of July 1, 2007 (collectively, the "Series 2007 Assignment"), between the Corporation and the Trustee, the Corporation has irrevocably assigned by outright and absolute assignment to the Trustee for the benefit of the owners of the Series 2007 Certificates substantially all of its right, title and interest in and to the Ground Lease and the Lease Schedule No. 2007, including the right to receive the Basic Rent Payments and all other amounts due under the Series 2007 Lease Agreement, as herein described. See "SECURITY FOR THE SERIES 2007 CERTIFICATES."

Payment of the Principal Component and Interest Component of Basic Rent Payments represented by the Series 2007 Certificates will be insured by a municipal bond insurance policy (the "Municipal Bond Insurance Policy") issued by Financial Security Assurance Inc. (the "Insurer") simultaneously with the delivery of the Series 2007 Certificates. See "MUNICIPAL BOND INSURANCE POLICY."

The Board has covenanted and agreed for the benefit of the Series 2007 Certificate holders to provide certain continuing disclosure information pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). See "CONTINUING DISCLOSURE."

Brief descriptions of the Board, the District, the Municipal Bond Insurance Policy issued by the Insurer and the 2007 Project are included in this Offering Statement together with summaries of certain provisions of the Series 2007 Certificates, the Master Lease, the Series 2007 Lease Agreement, the Trust Agreement, the Ground Lease and the Series 2007 Assignment. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the Master Lease, the Series 2007 Lease Agreement, the Trust Agreement, the Ground Lease and the Series 2007 Assignment are qualified in their entirety by reference to the respective complete documents. Copies of the documents may be obtained upon written
PURPOSE OF THE SERIES 2007 CERTIFICATES

The Series 2007 Lease Agreement is being entered into by the Board and the Series 2007 Certificates are being issued for the principal purpose of providing funds sufficient to finance a portion of the cost of acquisition, construction and installation of the 2007 Project. Proceeds from the sale of the Series 2007 Certificates shall also be used to pay costs associated with the issuance of the Series 2007 Certificates. See "THE 2007 PROJECT" and "ESTIMATED SOURCES AND USES OF FUNDS."

THE SERIES 2007 CERTIFICATES

General

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

The Interest Component of Basic Rent Payments represented by the Series 2007 Certificates is payable on January 1 and July 1 of each year (each a "Payment Date"), commencing January 1, 2008. Said Interest Component represents an undivided proportionate interest in the Interest Component of Basic Rent Payments due on June 15 and December 15 of each year, as set forth in the Series 2007 Lease Agreement, to and including the maturity date of each Series 2007 Certificate at the rates set forth on the inside cover page hereof. The Interest Component of Basic Rent Payments is payable by check or draft of the Trustee, mailed on each Payment Date to the registered owner at the address shown on the Series 2007 Certificate register maintained by the Trustee as of the 15th day of the month preceding the Payment Date, whether or not a business date (the "Record Date"); provided, however, that at the request and expense of the Owner of a $1,000,000 or more in aggregate principal amount of Series 2007 Certificates, interest will be paid by wire transfer on the interest Payment Date to a domestic bank account designated in writing to the Trustee by said Owner at least five days prior to the Record Date prior to such interest Payment Date.

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

**Book-Entry Only System**


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


DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds
and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of securities transactions, in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation ("DTCC"). DTCC, in turn is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers, dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has Standard and Poor’s highest rating: AAA. The DTC rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

To facilitate subsequent transfers, all Series 2007 Certificates deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2007 Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2007 Certificates. DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2007 Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping an account of their holdings on behalf of their customers.
Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements made among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Series 2007 Certificates are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such Series 2007 Certificates, as the case may be, to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2007 Certificates unless authorized by a Direct Participant in accordance with DTC’s procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series 2007 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2007 Certificates will be made to DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from the Trustee on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Direct or Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Direct or Indirect Participants and not of DTC or the Trustee, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Trustee for the Series 2007 Certificates. Disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2007 Certificates at any time by giving reasonable notice to the Board. Under such circumstances, in the event that a successor securities depository is not obtained, certificates are required to be printed and delivered.

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

The Series 2007 Certificates maturing on or before July 1, 2017 shall not be subject to prepayment at the option of the Board.

The Series 2007 Certificates maturing on or after July 1, 2018 may be prepaid, from prepayments of Basic Rent made by the Board pursuant to the Series 2007 Lease Agreement, in whole on or in part on July 1, 2017 or any date thereafter, and if in part, in such order of maturities as may be designated by the Board, or if not so designated, in the inverse order of maturities, and by lot within a maturity in such manner as may be designated by the Trustee, at the Prepayment Price equal to 100% of the principal amount of the Series 2007 Certificates or portion thereof to be prepaid, plus accrued and unpaid interest thereon to the optional prepayment date.

Mandatory Prepayment

The Series 2007 Certificates maturing on July 1, 2032 are subject to mandatory sinking fund prepayment commencing on July 1, 2028 and on each July 1 thereafter in Amortization Installments and in the years set forth below (the Trustee shall select such Series 2007 Certificates by lot in such manner as it deems appropriate).

<table>
<thead>
<tr>
<th>Year (July 1)</th>
<th>Amortization Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2028</td>
<td>$1,385,000</td>
</tr>
<tr>
<td>2029</td>
<td>1,455,000</td>
</tr>
<tr>
<td>2030</td>
<td>1,530,000</td>
</tr>
<tr>
<td>2031</td>
<td>1,605,000</td>
</tr>
<tr>
<td>2032*</td>
<td>1,685,000</td>
</tr>
</tbody>
</table>

* Final maturity

Extraordinary Prepayment

The Series 2007 Certificates are subject to extraordinary prepayment, in whole or in part, on any Mandatory Prepayment Date (if in part, in any order of maturity as directed by the Board or, in the absence of such direction, in inverse order of maturities and by lot within maturities), without prepayment premium, at the principal amount, together with accrued interest to the Mandatory Prepayment Date from the Net Proceeds of insurance or condemnation deposited with the Trustee pursuant to the Series 2007 Lease Agreement. Subsequent to an Event of Non-Appropriation and termination of the Series 2007 Lease Agreement as provided therein, the Series 2007 Certificates are also subject to extraordinary mandatory prepayment, in whole or in part, on any Mandatory Prepayment Date (if in part,
only with the prior written consent of the Insurer and, if consented to, in such order of maturities as directed by the Insurer and by lot within a maturity, without premium, at the principal amount, together with accrued interest to the Mandatory Prepayment Date, if and to the extent requested by the Insurer. For purposes of this paragraph, the Mandatory Prepayment Date shall be the next succeeding Payment Date; provided, however, if such Payment Date occurs within forty (40) days of receipt by the Trustee of the moneys to be used for such prepayment, the Mandatory Prepayment Date shall be the second succeeding Payment Date.

Selection

If the Series 2007 Certificates are prepaid by lot, the selection of Series 2007 Certificates for prepayment shall be in such manner as the Trustee shall determine; provided, however, that the portion of any Series 2007 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 2007 Certificates for prepayment, the Trustee shall treat each such Series 2007 Certificate as representing that number of Series 2007 Certificates which is obtained by dividing the principal amount with respect to such Series 2007 Certificate by $5,000.

Notice of Prepayment

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

The Trustee shall give to the Owners of Series 2007 Certificates to be prepaid notice, at the expense of the Board, of the prepayment of the Series 2007 Certificates. Such notice shall state: (i) the CUSIP numbers of all Series 2007 Certificates being prepaid, (ii) the original issue date of such Series 2007 Certificates, (iii) the maturity date and rate of interest borne by each Series 2007 Certificate being prepaid, (iv) the prepayment date, (v) the Prepayment Price, (vi) the date on which such notice is mailed, (vii) if less than all Outstanding Series 2007 Certificates are to be prepaid, the certificate number (and, in the case of a partial prepayment of any Series 2007 Certificate, the principal amount) of each Series 2007 Certificate to be prepaid, (viii) that on such prepayment date there shall become due and payable upon each Series 2007 Certificate to be prepaid the Prepayment Price thereof, or the Prepayment Price of the specified portions of the principal thereof in the case of Series 2007 Certificates to be prepaid in part only, together with interest accrued thereon to the prepayment date, and that from and after such date interest thereon shall cease to accrue and be payable, and (ix) that the Series 2007 Certificates to be prepaid, whether as a whole or in part, are to be surrendered for payment of the Prepayment Price at the designated corporate trust office of the Trustee at an address specified. Such notice of prepayment may also state that the prepayment of such Series 2007 Certificates is
conditioned upon the happening of certain events and if such events do not take place, such notice of prepayment shall be of no effect and such Series 2007 Certificates shall not be prepaid; provided, however, notice of such cancellation shall be provided to be the Owners of such Series 2007 Certificates at least two days prior to such prepayment date.

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 Series 2007 Certificates to be prepaid. Such mailing shall not be a condition precedent to such prepayment, and failure to mail such notice, or any defect in such notice as mailed, shall not affect the validity of the proceedings for the prepayment of the Series 2007 Certificates for which proper notice was given.

Effect of Prepayment

On or before the date on which a notice of prepayment is mailed, the Board will 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 Series 2007 Certificates called for 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 2007 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 2007 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 Series 2007 Certificates to be prepaid, interest on the Series 2007 Certificates called for prepayment shall cease to accrue as of the date set for prepayment; such Series 2007 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 2007 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. Series 2007 Certificates and portions of Series 2007 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 Trust Agreement and shall cease to be entitled to the security of or any rights under 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 above, and, to the extent provided in the Trust Agreement, to receive Series 2007 Certificates for any unpaid portions of Series 2007 Certificates if money or Refunding Securities, or a combination of both, sufficient to pay the Prepayment Price of such Series 2007 Certificates or portions thereof, together with accrued interest thereon to the date upon which such Series 2007 Certificates are to be prepaid, are held in separate accounts by the Trustee in trust for the Owners of such Series 2007 Certificates.
Negotiability, Registration and Transfer

In the event the book-entry only system of registration is discontinued by the Board, the following provisions will apply:

The Trustee will keep or cause to be kept a Certificate Register and will, under such reasonable regulations as it may prescribe, register the transfer or cause to be registered the transfer, on the Certificate Register, of Series 2007 Certificates as provided in the Trust Agreement.

The transfer of any Series 2007 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 2007 Certificate a new registered Series 2007 Certificate or Series 2007 Certificates, registered in the name of the transferee, of any denomination or denominations authorized by the Trust Agreement in the aggregate principal amount equal to the principal amount of such Series 2007 Certificate surrendered or exchanged, of the same maturity and bearing interest at the same rate.

In all cases in which Series 2007 Certificates are exchanged or transferred, the Trustee will authenticate and deliver at the earliest practicable time Series 2007 Certificates in accordance with the provisions of the Trust Agreement. All Series 2007 Certificates surrendered in any such exchange or registration of transfer will forthwith be cancelled by the Trustee. No service charge shall be made for any registration, transfer, or exchange of Series 2007 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 2007 Certificates as a condition precedent to such registration, transfer or exchange. The Trustee will not be required to transfer or exchange Series 2007 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 of Series 2007 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.

SECURITY FOR THE SERIES 2007 CERTIFICATES

General

The Series 2007 Certificates evidence an undivided proportionate interest in Basic Rent Payments made by the Board under the Series 2007 Lease Agreement and are secured by and payable from the Trust Estate established pursuant to the Trust Agreement. The Trust Estate consists of all right, title and interest in the funds, accounts and subaccounts established under the Trust Agreement and the cash, securities and investments of which they are comprised (other than the Rebate Fund); all right, title and interest of the Corporation in, to and under the
Ground Lease and the Series 2007 Lease Agreement and the right to receive the Lease Payments under the Series 2007 Lease Agreement but excluding any rights of the Corporation to indemnification set forth therein, its right to enter into Lease Schedules from time to time and certain other obligations provided in the Series 2007 Lease Agreement; all right, title and interest of the Trustee under the Series 2007 Assignment; 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 the Trust Agreement, the Series 2007 Lease Agreement, the Ground Lease or any mortgage agreement entered into pursuant to the Trust Agreement; and all property which by the express provisions of the Trust Agreement, the Series 2007 Lease Agreement or the Ground Lease is required to be subject to the lien of the Trust Agreement, and any additional property that may from time to time hereafter expressly be made subject to the lien of the Trust Agreement by the Trustee, the Corporation or the Board or anyone authorized to act on their behalf.

Neither the Board nor the Corporation will mortgage or grant a security interest in the real and personal property comprising the 2007 Project to the Trustee. Upon termination of the Series 2007 Lease Agreement in certain events of non-appropriation or default, however, the Series 2007 Lease Agreement provides that the Board must relinquish possession of the 2007 Project (except Designated Equipment) to the Trustee as assignee of the Corporation for disposition by sale or reletting of its leasehold interest in the 2007 Project as provided in the Trust Agreement, and any proceeds of any such disposition will be applied to the payment of the Series 2007 Certificates after payment of the expenses of the Trustee. See "RISK FACTORS" and "THE MASTER LEASE-PURCHASE PROGRAM – Effect of Termination for Non-Appropriation or Default."

Lease Payments

All Leases Payments and all other amounts required to be paid by the Board under the Series 2007 Lease Agreement and all other Leases will be made only from Available Revenues specifically appropriated for such purpose by the Board. See "THE MASTER LEASE-PURCHASE PROGRAM." Available Revenues are defined in the Series 2007 Lease Agreement and the Trust Agreement as the moneys and revenues of the Board legally available under the Act (Chapters 1001, 1010 and 1013, Florida Statutes and other available provisions of law) to make Lease Payments. Available Revenues may include, but are not limited to, PECO Funds, FEPF, the Capital Outlay Millage, sales surtax revenues collected pursuant to Chapter 212, Florida Statutes, and school impact fees. Available Revenues to the Board for operational purposes and capital projects such as the 2007 Project are more fully described herein under "DISTRICT REVENUES."

The Trust Agreement provides for the establishment and maintenance of a Lease Payment Fund for the deposit of Basic Rent Payments appropriated and paid under the Series 2007 Lease Agreement. Separate Lease Payment Accounts will be established for each subsequent series of Certificates issued under the Trust Agreement. Lease Payments due under all Schedules to the Master Lease including Lease Schedule No. 2007 are subject to annual
appropriation by the Board on an all-or-none basis and are payable on a parity basis solely from Available Revenues appropriated by the Board for such purpose; provided, that Lease Payments with respect to a particular Schedule and Series of Certificates may be additionally and separately secured by a Credit Product. There is no limit on the number of additional Projects that may be financed under the Master Lease. Such additional Projects may be financed through the sale of additional series of Certificates under the Trust Agreement. THE BOARD MAY NOT BUDGET AND APPROPRIATE FOR A PORTION OF LEASE PAYMENTS DUE FOR ALL OF THE PROJECTS LEASED UNDER THE MASTER LEASE; IT MUST BUDGET AND APPROPRIATE FOR ALL SUCH LEASE PAYMENTS OR NONE OF THEM. THERE CAN BE NO ASSURANCE THAT SUFFICIENT FUNDS WILL BE APPROPRIATED OR OTHERWISE BE MADE AVAILABLE TO MAKE ALL OF THE LEASE PAYMENTS DUE UNDER THE MASTER LEASE.

Limited Obligations of the Board


Uniform Commercial Code

The Series 2007 Certificates will have all the qualities and incidents of an investment security under the Uniform Commercial Code-Investment Securities Law of the State of Florida and the Board’s pledge of the Lease Payments is exempt from the provisions of such law relating to perfection of secured transactions.

Reserve Account

The Trust Agreement also provides for the establishment and maintenance within the Project Fund of a separate Reserve subaccount for the sole benefit of the Owners of the Series of Certificates for which it shall be established. No Reserve subaccount is being established for the Series 2007 Certificates. The moneys in a particular Reserve subaccount may only be used for the purpose of making up deficiencies in an Interest subaccount or a Principal subaccount with respect to the Series of Certificates for which it was established. 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 such deficiency.

**Additional Leases**

The Board may enter into Additional Leases under the Master Lease (each an "Additional Lease") in addition to the Series 2007 Lease Agreement. Failure to appropriate funds to make Lease Payments under any Additional Lease will, or certain events of default under an Additional Lease may, result in the termination of the Lease Term of all Leases, including the Series 2007 Lease Agreement. Upon any such termination of the Lease Term of all Leases, the Board must relinquish all Projects (except Designated Equipment), including the 2007 Project to the Trustee for sale or re-letting of the Trustee's interest. The proceeds of any disposition of the 2007 Project will only be applied to the payment of the Series 2007 Certificates. **In no event will owners of the Series 2007 Certificates have any interest in or right to any proceeds of the disposition of projects financed with the proceeds of another Series of Certificates.** There can be no assurance that the remedies available to the Trustee upon any such termination of the Lease Term of all Leases and the disposition of the Projects will produce sufficient amounts to pay all of the outstanding Certificates.

For a discussion of remedies available to the Trustee in the event of the non-appropriation of funds to pay Lease Payments, see "THE MASTER LEASE-PURCHASE PROGRAM – Termination of Lease Term" and "-- Effect of Termination for Non-Appropriation or Default." For a discussion of remedies available to the Trustee in the event of default by the Board under any Lease, see "THE MASTER LEASE-PURCHASE PROGRAM – Termination of Lease Term" and "-- Effect of Termination for Non-Appropriation or Default" and "APPENDIX C -- FORMS OF LEGAL DOCUMENTS – MASTER LEASE-PURCHASE AGREEMENT."

**Additional Certificates**

With respect to any Additional Leases, one or more Series of additional Certificates (the "Additional Certificates") may be authorized by the Corporation at the request of the Board and executed and delivered by the Trustee for the purpose of (a) funding or refinancing the Costs of a Project, or completing a Project, (b) funding a subaccount established in the Reserve Account in an amount equal to the Reserve Requirement applicable thereto, (c) capitalizing interest on a Series of Certificates, if deemed appropriate, (d) paying the Costs of Issuance applicable thereto, and/or (e) issuing Refunding Certificates. The aggregate principal amount of Additional Certificates that may be executed and delivered under the provisions of the Trust Agreement is not limited. The Series 2007 Certificates along with any Additional Certificates are herein sometimes collectively referred to as "Certificates."
Non-Appropriation Risk

THE BOARD IS NOT LEGALLY REQUIRED TO APPROPRIATE MONEY FOR THE PURPOSE OF MAKING LEASE PAYMENTS. THERE CAN BE NO ASSURANCE THAT THE REMEDIES AVAILABLE TO THE TRUSTEE IN THE EVENT OF NON-APPROPRIATION WILL PRODUCE SUFFICIENT AMOUNTS TO PAY THE OUTSTANDING CERTIFICATES. FOR A DISCUSSION OF REMEDIES AVAILABLE TO THE TRUSTEE IN THE EVENT OF THE NON-APPROPRIATION OF FUNDS TO PAY LEASE PAYMENTS, SEE "THE MASTER LEASE-PURCHASE PROGRAM – TERMINATION OF LEASE TERM" AND "- EFFECT OF TERMINATION FOR NON-APPROPRIATION OR DEFAULT."

Municipal Bond Insurance Policy

The scheduled payment of principal and interest with respect to the Series 2007 Certificates when due will be guaranteed under the municipal bond insurance policy pertaining to the Series 2007 Certificates to be issued concurrently with the delivery of the Series 2007 Certificates by the Insurer. See "MUNICIPAL BOND INSURANCE POLICY."

MUNICIPAL BOND INSURANCE POLICY

THE INFORMATION IN THIS SECTION CONCERNING THE MUNICIPAL BOND INSURANCE POLICY AND THE INSURER HAS BEEN OBTAINED FROM FINANCIAL SECURITY ASSURANCE INC.; NEITHER THE SCHOOL BOARD, THE DISTRICT NOR THE UNDERWRITERS TAKE RESPONSIBILITY FOR THE ACCURACY THEREOF.

The following information has been supplied by the Insurer for use in this Offering Statement to describe the municipal bond insurance policy to be issued with respect to the Series 2007 Certificates. Reference is made to Appendix E for a specimen of the Insurer's municipal bond insurance policy.

Municipal Bond Insurance Policy

Concurrently with the issuance of the Series 2007 Certificates, Financial Security Assurance Inc. ("Financial Security") will issue its Municipal Bond Insurance Policy for the Series 2007 Certificates (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Series 2007 Certificates when due as set forth in the form of the Policy included as an exhibit to this Offering Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.
Financial Security Assurance Inc.

Financial Security is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Financial Security Assurance Holdings Ltd. ("Holdings"). Holdings is an indirect subsidiary of Dexia, S.A., a publicly held Belgian corporation, and of Dexia Credit Local, a direct wholly-owned subsidiary of Dexia, S.A. Dexia, S.A., through its bank subsidiaries, is primarily engaged in the business of public finance, banking and asset management in France, Belgium and other European countries. No shareholder of Holdings or Financial Security is liable for the obligations of Financial Security.

At March 31, 2007, Financial Security’s combined policyholders’ surplus and contingency reserves were approximately $2,601,527,000 and its total net unearned premium reserve was approximately $2,089,989,000 in accordance with statutory accounting principles. At March 31, 2007, Financial Security’s consolidated shareholder’s equity was approximately $2,753,483,000 and its total net unearned premium reserve was approximately $1,649,524,000 in accordance with generally accepted accounting principles.

The consolidated financial statements of Financial Security included in, or as exhibits to, the annual and quarterly reports filed after December 31, 2005 by Holdings with the Securities and Exchange Commission are hereby incorporated by reference into this Official Statement. All financial statements of Financial Security included in, or as exhibits to, documents filed by Holdings pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this Official Statement and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement. Copies of materials incorporated by reference will be provided upon request to Financial Security Assurance Inc.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

The Policy does not protect investors against changes in market value of the Series 2007 Certificates, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings or other causes. Financial Security makes no representation regarding the Series 2007 Certificates or the advisability of investing in the bonds. Financial Security makes no representation regarding the Offering Statement, nor has it participated in the preparation thereof, except that Financial Security has provided to the issuer the information presented under this caption for inclusion in the Offering Statement.

THE 2007 PROJECT

1. New Elementary School "AA". Located on 35 acres in western Columbia County near the intersection of Birley and Gabriel Roads; the initial design will include grades K-5 with a capacity of 660 students. The building design and site layout will permit future design of grades 6-8 classrooms for an overall student capacity of 896. Classroom buildings will meet Enhanced Hurricane Protected (EHPA) requirements.
Spaces include: ten kindergarten classrooms; nine primary classrooms; nine intermediate classrooms, music lab; art lab; two skills development labs; physical education spaces; three resource rooms; exceptional education spaces; media center and support spaces; administration suite; student personnel suite; food service facilities; teacher lounge/dining/restrooms; teacher planning; stage and support spaces; multipurpose room; textbook storage, student and public restrooms; and custodial spaces.

2. Additions to Fort White High School. This project is for a free standing Classroom/Administration Building and a separate Dining/Multi-Purpose Building for use by middle school grades on the existing Fort White High School Campus in Fort White, Florida and will generally consist of spread footings, slabs on grade and block bearing walls with a partial split face block veneer and partial stucco. Roof construction includes prefabricated light gauge metal trusses with a metal deck, rigid insulation and a standing seam metal roofing system. It will include ten (10) middle school classrooms, administrative offices and a separate Dining/Multi-Purpose building of 6,614 gross square feet with a seating capacity of 252 occupants.

The Classroom/Administration Building will consist of classrooms, administrative area, clinic and ancillary spaces. The Dining / Multi-Purpose Building will consist of an abbreviated kitchen set up for future expansion into a complete kitchen at a later date, serving lines, dining room, restrooms and ancillary spaces and will have new kitchen equipment. Both buildings will have air conditioning, plumbing, fire alarm, intercom system, fluorescent light fixtures in suspended acoustical tile ceilings, paint, epoxy paint, quarry tile, ceramic tile and vinyl composition tile flooring.

Site work will include new paving, new parking lot with student drop off and pick up areas, new paved bus drop off and pick up area, storm water work, sanitary sewer piping, domestic water, grading, sod, seeding and minor landscaping. Covered walkways and sidewalks are also included.

3. Additions, Renovations, Expansions and Upgrades to Columbia High School.

(A) New Food Service Building. This project is for a free standing Enhanced Hurricane Protected Food Service Building on the Columbia High School campus in Lake City, Florida and will generally consist of spread footings, slabs on grade and block bearing walls with a brick veneer. Roof construction includes pre-stressed concrete double tees with a tapered lightweight concrete deck and rigid insulation and a built-up roofing system. The building includes 20,304 gross square feet of which 9,600 net square feet will be dining with a seating capacity of 640 occupants.

The Food Service Building consists of a kitchen, serving lines, dining room, restrooms and ancillary spaces and will have new and relocated kitchen equipment, air conditioning, plumbing, fire alarm, intercom system and sprinkler system and have fluorescent
light fixtures in suspended acoustical tile ceilings, paint, epoxy paint, quarry tile, ceramic tile and vinyl composition tile flooring.

Site work will include new paving, storm water work, sanitary sewer piping, domestic water, fire main piping, grading, sod, seeding and minor landscaping. Covered walkways and sidewalks are also included.

(B) Expansion of/Administration/Reception and Guidance Offices at Columbia High School.

Administration/Reception/Guidance Offices. This work will involve the expansion of new administration/reception/guidance office areas, with the expansion of 11,440 square feet to the front of the existing building. The scope of work includes demolition of the existing front entrance canopy to construct a new entrance along with new office spaces, a larger conference room, handicapped accessible restrooms, redesigned reception area, along with new air conditioning, fire alarm, intercom system and have fluorescent lighting and acoustical tile ceilings, vinyl composition tile flooring, carpet, and painting in the expanded areas. Minimal site work will be required for this project.

(C) Renovation of Media Center.

Included in this work is the renovation and remodeling of the existing Media Center and ancillary spaces totaling 9,395 square feet into an updated and reconfigured Media Center with new Reception Desks, Casework for books, Casework for computer stations, new floor finishes and new acoustical tile ceilings. Other construction includes new interior wood doors and metal door frames, new painting and new walls per the new configuration. Mechanical work generally consists of roof mounted A/C equipment, including fresh air units, and new ductwork, registers and grilles. Plumbing work will be a minimum with possibly new ADA compliant single holder Male and Female Restrooms. Electrically, work consists of upgrades to the existing electrical service as required, new electrical service if required, data, cable TV, fire alarm, security and intercom systems are to be connected to the existing systems on Campus. This portion of the 2007 Project constitutes Designated Facilities for purposes of the Lease Agreement. This portion of the 2007 Project will be funded with excess funds and interest earnings.
## ESTIMATED COSTS OF 2007 PROJECT

<table>
<thead>
<tr>
<th>Description</th>
<th>Construction</th>
<th>Fees, Permits &amp; Surveys</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Elementary School AA</td>
<td>$13,223,000</td>
<td>582,000</td>
<td>$13,805,000</td>
</tr>
<tr>
<td>Additions to Fort White Middle School</td>
<td>$4,306,272</td>
<td>325,000</td>
<td>$4,631,272</td>
</tr>
<tr>
<td>Additions, renovations and upgrades to Columbia High School</td>
<td>$6,336,000</td>
<td>492,000</td>
<td>$6,828,000</td>
</tr>
</tbody>
</table>

**Total** $25,264,272

Excess funds and interest earnings for renovation of the Media Center at Columbia High School

<table>
<thead>
<tr>
<th>Construction</th>
<th>Fees</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,033,450</td>
<td>72,340</td>
<td>$1,105,790</td>
</tr>
</tbody>
</table>

---

1. Does not include anticipated earnings from investment of amounts on deposit in the Series 2007 Subaccount or the Project Account.
2. Estimated. Constitutes Designated Equipment.
Substitution of Projects

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 the Master Lease, 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 the Master Lease, title to the substituted, added or modified portion of the Project shall be in the name of the Corporation, and (v) no change shall be made in the schedule of Basic Rent Payments.

Designated Facilities

Each of the Projects, including the 2007 Project, includes Designated Facilities which consists of facilities or equipment components not constituting fixtures of the educational projects described above. The additions and renovations to the media center at Columbia High School constitute Designated Facilities for purposes of the Series 2007 Lease Agreement. Upon the occurrence of an Event of Non-Appropriation or an Event of Default, neither the holders of the related Series of Certificates or any Additional Certificates will have rights to the components of the Projects, respectively, constituting Designated Facilities.
ESTIMATED SOURCES AND USES OF FUNDS

It is estimated that all funds received from the sale and delivery of the Series 2007 Certificates will be applied as follows:

**SOURCES:**
- Par Amount of Series 2007 Certificates $25,685,000.00
- Less Net Original Issue Discount (7,748.10)
- Total Sources of Funds $25,677,251.90

**USES:**
- Deposit to 2007 Project Account $25,264,272.00
- Costs of Issuance\(^{(1)}\) 412,979.90
- Total Uses of Funds $25,677,251.90

\(^{(1)}\) Includes underwriters' discount, municipal bond insurance policy premium, printing costs, counsel fees and other costs of issuance.
CERTIFICATE PAYMENT SCHEDULE

Payment requirements on the Series 2007 Certificates are as follows:

<table>
<thead>
<tr>
<th>Maturity (July 1)</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$560,000</td>
<td>$1,095,331.91</td>
<td>$1,655,331.91</td>
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<tr>
<td>2009</td>
<td>620,000</td>
<td>1,147,687.50</td>
<td>1,767,687.50</td>
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<tr>
<td>2010</td>
<td>645,000</td>
<td>1,122,887.50</td>
<td>1,767,887.50</td>
</tr>
<tr>
<td>2011</td>
<td>670,000</td>
<td>1,097,087.50</td>
<td>1,767,087.50</td>
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<tr>
<td>2012</td>
<td>700,000</td>
<td>1,070,287.50</td>
<td>1,770,287.50</td>
</tr>
<tr>
<td>2013</td>
<td>725,000</td>
<td>1,042,287.50</td>
<td>1,767,287.50</td>
</tr>
<tr>
<td>2014</td>
<td>755,000</td>
<td>1,013,287.50</td>
<td>1,768,287.50</td>
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<tr>
<td>2015</td>
<td>785,000</td>
<td>982,332.50</td>
<td>1,767,332.50</td>
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<tr>
<td>2016</td>
<td>820,000</td>
<td>950,147.50</td>
<td>1,770,147.50</td>
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<tr>
<td>2017</td>
<td>855,000</td>
<td>916,322.50</td>
<td>1,771,322.50</td>
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<tr>
<td>2018</td>
<td>890,000</td>
<td>879,985.00</td>
<td>1,769,985.00</td>
</tr>
<tr>
<td>2019</td>
<td>925,000</td>
<td>841,715.00</td>
<td>1,766,715.00</td>
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<tr>
<td>2020</td>
<td>965,000</td>
<td>801,246.26</td>
<td>1,766,246.26</td>
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<tr>
<td>2021</td>
<td>1,010,000</td>
<td>758,786.26</td>
<td>1,768,786.26</td>
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<td>2022</td>
<td>1,055,000</td>
<td>713,336.26</td>
<td>1,768,336.26</td>
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<tr>
<td>2023</td>
<td>1,105,000</td>
<td>665,861.26</td>
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<td>2024</td>
<td>1,155,000</td>
<td>616,136.26</td>
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<td>2025</td>
<td>1,205,000</td>
<td>563,006.26</td>
<td>1,768,006.26</td>
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<tr>
<td>2026</td>
<td>1,260,000</td>
<td>507,275.00</td>
<td>1,767,275.00</td>
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<tr>
<td>2027</td>
<td>1,320,000</td>
<td>449,000.00</td>
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<tr>
<td>2028</td>
<td>1,385,000</td>
<td>383,000.00</td>
<td>1,768,000.00</td>
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<tr>
<td>2029</td>
<td>1,455,000</td>
<td>313,750.00</td>
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<td>2030</td>
<td>1,530,000</td>
<td>241,000.00</td>
<td>1,771,000.00</td>
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<tr>
<td>2031</td>
<td>1,605,000</td>
<td>164,500.00</td>
<td>1,769,500.00</td>
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<tr>
<td>2032</td>
<td>1,685,000</td>
<td>84,250.00</td>
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<tr>
<td>TOTAL</td>
<td>$25,685,000</td>
<td>$18,420,506.97</td>
<td>$44,105,506.97</td>
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</tbody>
</table>
THE MASTER LEASE-PURCHASE PROGRAM

The following is a brief summary of certain provisions of the Master Lease-Purchase Program of the Board and the Master Lease, as supplemented by Lease Schedule No. 2007 (individually, a "Lease Agreement" and collectively the "Lease Agreements"), and the same is not intended to be definitive. Reference is made to the Master Lease, which is available from the Board and the Trustee, for the complete text thereof. The Master Lease and Lease Schedule No. 2007 are in "APPENDIX C -- FORMS OF LEGAL DOCUMENTS - MASTER LEASE-PURCHASE AGREEMENT."

Authority

The Master Lease Purchase Program was established pursuant to the authority granted under Chapters 1000-1013, Florida Statutes, for the purpose of providing for the acquisition, construction and installation of educational and related facilities such as the 2007 Project.

Lease Terms

Under the Series 2007 Lease Agreement, the Corporation will lease to the Board the 2007 Project identified in Lease Schedule No. 2007. The 2007 Lease Agreement has an Initial Lease Term commencing on the date of delivery of the Series 2007 Certificates, and ending on June 30, 2008. The Series 2007 Lease Agreement is automatically renewable annually thereafter through June 30, 2032, unless sooner terminated in accordance with the provisions of the Series 2007 Lease Agreement.

Termination of Lease Term

As described under "SECURITY FOR THE SERIES 2007 CERTIFICATES - Additional Leases," the Board may enter into Additional Leases in addition to Lease Schedule No. 2007. The Lease Term of the Leases will terminate upon the earliest of any of the following events:

(a) All Leases, including the Series 2007 Lease Agreement, will terminate on the latest Lease Payment Date set forth in such Lease (assuming all Leases Payments have been made);

(b) All Leases, including the Series 2007 Lease Agreement, will terminate in the event of non-appropriation of funds for the payment of Lease Payments;

(c) All Leases, including the Series 2007 Lease Agreement, will terminate upon a default by the Board with respect to any Lease and the termination of the Lease Term of all Leases by the Trustee pursuant to the Master Lease; and

(d) A particular Lease will terminate upon prepayment by the Board of the principal, Prepayment Premium, if any, and interest due on the Certificates related to the particular Projects leased under such Lease by the Board or upon provision for such payment pursuant to the Master Lease.
Effect of Termination for Non-Appropriation or Default

Upon termination of the Lease Term for the reasons referred to in (b) or (c) under "Termination of Lease Term" above, the Board is required to immediately relinquish its leasehold interest and deliver possession of all the Projects financed under all Leases to the Trustee in the condition, state of repair and appearance required under the Lease, except for Designated Facilities, if any, which the Board shall not be required to surrender. Upon such surrender, the Trustee will sell or relet its interest in such Projects in such manner and to such person or persons for any lawful purpose as it, in its sole discretion, determines to be appropriate. The proceeds derived from any such sale or reletting of the leasehold interest in such Projects will be applied, as provided in the Trust Agreement to the payment in full of the Series of Certificates relating to such Projects after payment of the pro-rata portion of the expenses of the Trustee and then shall be applied as described in the Trust Agreement. In no event will owners of one Series of Certificates have any interest in or right to any proceeds of the disposition of Projects financed or refinanced with the proceeds of another Series of Certificates, except for Certificates issued to complete a particular set of Projects ("Completion Certificates") and partial Refunding Certificates. For a discussion of the remedies available to the Trustee if the Board refuses or fails to voluntarily deliver possession of the Projects to the Trustee, see "APPENDIX C -- FORMS OF LEGAL DOCUMENTS - MASTER LEASE-PURCHASE AGREEMENT."

Upon termination of the Lease Term for the reasons referred to in (b) or (c) under "THE MASTER LEASE-PURCHASE PROGRAM - Termination of Lease Term" above, the Board will be under no obligation to transfer possession of and/or title to the Designated Equipment to the Trustee, as assignee of the Corporation and the Trustee will have no right under the Lease to involuntarily dispossess the Board of the use and enjoyment of or title to any of the Designated Equipment.

There can be no assurance that the remedies available to the Trustee upon any termination of the Lease Term of any Lease for non-appropriation or default and the disposition of the Projects will produce sufficient amounts to pay the outstanding Certificates. Federal income tax status of payments made to Certificate holders after such termination may also be adversely affected. See "TAX EXEMPTION." Further, after such termination of the Lease Term of all Leases, transfer of Certificates may be subject to the registration provisions of applicable federal and state securities laws. Accordingly, there is no assurance that the market for the Certificates will not be impaired following termination of the Lease Term of the Lease. See "RISK FACTORS."

Lease Payments

Subject to the conditions stated in the Series 2007 Lease Agreement, the Board agrees to pay all Lease Payments; PROVIDED, HOWEVER, THAT THE BASIC RENT PAYMENTS AND, CONSEQUENTLY, THE PRINCIPAL COMPONENT AND INTEREST COMPONENT REPRESENTED BY THE SERIES 2007 CERTIFICATES ARE PAYABLE SOLELY FROM THE BOARD’S AVAILABLE REVENUES SPECIFICALLY BUDGETED FOR SUCH PURPOSE. THE BASIC RENT PAYMENTS ARE 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 2007 LEASE AGREEMENT AND THE CONTRACTUAL OBLIGATIONS OF THE BOARD UNDER THE SERIES 2007 LEASE AGREEMENT DO NOT CONSTITUTE A GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE BOARD, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. NEITHER THE CORPORATION, THE TRUSTEE, NOR ANY CERTIFICATE HOLDER MAY COMPEL THE LEVY OF ANY AD VALOREM TAXES BY THE BOARD TO PAY ANY LEASE PAYMENTS. All Lease Payments due under the Series 2007 Lease Agreement will be made from current or other funds authorized by law and regulations of the State Department of Education and appropriated for such purpose by the Board.

On December 15 and June 15 of each year preceding each Payment Date, the Board is required to pay to the Trustee the Basic Rent Payment due. The Board is also required to pay, when due, Supplemental Rent consisting, among other things, of fees and expenses of the Trustee. Lease Payments due under the 2007 Lease may be reduced, when applicable, by amounts credited as follows:

(a) The amount of interest and other income deposited in each subaccount of the Interest Account as Capitalized Interest and investment earnings on money deposited therein.

(b) The amount of moneys, if any, transferred to subaccounts of the Interest Account and Prepayment Fund upon the payment of all the Costs of a Project or the Completion Date.

(c) The amount of moneys, if any transferred to each subaccount of the Interest Account from a Reserve Account if moneys are released therefrom in excess of the Reserve Requirement.

(d) The amount, if any, on deposit in each subaccount of the Principal Account and Interest Account which is not derived from the sources described in clauses (a), (b) and (c) above.

Lease Covenants

Under the Series 2007 Lease Agreement, the Board is responsible for the acquisition, construction and installation of the 2007 Project pursuant to the specifications of the Board, including the letting of all contracts for the acquisition, construction and installation of the 2007 Project. In the Series 2007 Lease Agreement, the Board covenants that it will (i) maintain the 2007 Project in good operating condition, repair and appearance, (ii) pay taxes, assessments and other governmental charges, and (iii) provide applicable insurance coverage which may include self insurance, including property and liability insurance, all in accordance with the terms and provisions relating to these requirements contained in the Lease.

Budget and Appropriation

The cost and expense of the performance by the Board of its obligations under the Series 2007 Lease Agreement and under any Additional Leases and the incurrence of any liabilities of the Board under the Series 2007 Lease Agreement and under any Additional Leases including, without limitation, the payment of all Lease Payments and all other amounts required to be
paid by the Board under all Leases, are subject to and dependent upon appropriations being 
duly made from time to time by the Board for such purposes. Under no circumstances will the 
failure of the Board to appropriate sufficient funds constitute a default or require payment of a 
penalty, or in any way limit the right of the Board to purchase or utilize educational projects 
similar in function to those leased under any Lease.

Subject to the Board’s right of Non-Appropriation, the Board covenants in the Master 
Lease to direct its Superintendent to provide for the Lease Payments in each annual tentative 
Budget which shall be submitted to the Board. The Series 2007 Lease Agreement will initially 
terminate at the end of the Initial Lease Term relating to the 2007 Project, but will automatically 
be renewed for all Renewal Lease Terms relating thereto; provided, that such automatic renewal 
shall not occur and the Series 2007 Lease Agreement will 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 to continue making Lease Payments in full for the next succeeding Renewal Lease 
Term for all Projects leased under the Master Lease 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 will be deemed renewed pending the enactment of such tentative Budget and 
final Budget and the Board will 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.

If an Event of Non-Appropriation occurs, the Board will peaceably return possession of 
each Project (other than Designated Facilities) to the Corporation, or its assignee or designee, 
within thirty (30) Business Days after the date on which such Event of Non-Appropriation 
occurring. The obligation to return the Projects will survive the termination of the Series 2007 
Lease Agreement. Under no circumstances will the failure of the Board to appropriate sufficient 
moneys to pay Lease Payments constitute a Default or Event of Default under the Master Lease 
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 under the 
Master Lease. For a discussion of the effect of termination of the Lease Term of the Lease, see 
"THE MASTER LEASE-PURCHASE PROGRAM - Effect of Termination for Non-Appropriation 
or Default" and "RISK FACTORS," herein.
RISK FACTORS

The purchasers of the Series 2007 Certificates are subject to certain risks. Each prospective investor in the Series 2007 Certificates is encouraged to read this Offering Statement in its entirety, including the Appendices hereto. Particular attention should be given to the factors described below which, among others, could affect the market price of the Series 2007 Certificates to an extent that cannot be determined.

Annual Right of the Board to Terminate the Lease

Although the Board has determined that all of the Projects, including the 2007 Project, are necessary to its operations and currently intends to continue the Series 2007 Lease Agreement for the Maximum Lease Term and has covenanted in the Series 2007 Lease Agreement that the Superintendent will include a sufficient amount in the tentative Budget and final Budget to enable the Board to make the Lease Payments due in each Fiscal Year, the Board is not required, legally or otherwise, to appropriate funds for Basic Rent Payments. If for any Fiscal Year the Board does not approve a final Budget which appropriates sufficient funds from Available Revenues in a line item specifically identified for payment of its obligations under the Series 2007 Lease Agreement or any Additional Leases, the Master Lease shall terminate as of the last day of the then Initial Lease Term or last Renewal Lease Term for which moneys have been budgeted and appropriated, and the Board will not be obligated to make Lease Payments accruing or arising thereafter except for payment representing the number of days they occupied the Projects, and the Board shall be required to peaceably surrender use, possession and control of the Projects to the Trustee (excluding Designated Facilities).

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

No Right of Certificate Owners to Direct Remedies

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

**Tax Exemption**

Upon termination of the Master Lease, there is no assurance that payments made by the Trustee or the Insurer with respect to the Series 2007 Certificates and designated as interest will be excludable from gross income for federal income tax purposes. See "TAX EXEMPTION" herein.

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

Following an Event of Default under the Trust Agreement (which includes an Event of Non-Appropriation under the Master Lease), the Trustee may take possession of the 2007 Project (other than Designated Facilities). However, due to the governmental nature of the 2007 Project, a court may or may not permit the exercise of the remedies to sell, relet or dispose of the 2007 Project. Also, there is no assurance that the remedies available to the Trustee upon any termination of the Master Lease and the disposition of the components of the 2007 Project will produce sufficient amounts to pay the outstanding Series 2007 Certificates.

**Applicability of Securities Laws**

After termination of the Master Lease, the transfer of a Certificate may be subject to or conditioned upon compliance with the registration provisions of applicable federal and state securities laws. Accordingly, there is no assurance that liquidity of the Series 2007 Certificates will not be impaired following termination of the Master Lease.

**Capital Outlay Millage Revenues**

The amount which can be realized by the District derived from the levy of the Capital Outlay Millage (hereinafter defined), the District’s primary source of repayment of the Series 2007 Certificates, can be affected by a variety of factors not within the Board’s control including, without limitation, fluctuations in the assessed valuation of the property within the District and the amount of general business activity, growth and new construction which occurs within the District. There can therefore be no assurances that such revenues will not decrease in the event that such growth and new construction, for whatever reason, decreases or ceases altogether within Columbia County.

**Additional Leases Schedules**

The Board may enter into other Lease Schedules in addition to the Series 2007 Lease Agreement. Failure to appropriate funds to make Basic Rent Payments under any such Lease Schedule will, or an event of default under any such Lease Schedule may, result in the termination of all Leases Schedules, including the Series 2007 Lease Agreement. Upon any such termination of all Leases Schedules, the Board must surrender all Projects (other than Designated Facilities), to the Trustee for sale or lease. The proceeds of any such disposition of Projects will be applied only to the payment of the corresponding Series of Certificates. In no
event will owners of the Certificates have any interest in or right to any proceeds of the disposition of projects financed with the proceeds of another Series of Certificates. There can be no assurance that the remedies available to the Trustee upon any such termination of all Leases Schedules and the disposition of the Projects (other than Designated Facilities) will produce sufficient amounts to pay the outstanding Certificates.

**Additional Indebtedness**

The Board may issue additional indebtedness other than in connection with the Master Lease payable from its Available Revenues without the consent of the Owners of the Certificates. The incurrence of such additional indebtedness by the Board may adversely affect the Board’s ability to make Basic Rent Payments under the Master Lease.

**Constitutional Amendments**

In the November 5, 2002 general election, the voters of the State of Florida approved two amendments to the State Constitution that may affect the District’s operations. Amendment 9 to the State Constitution requires that the State Legislature provide funding for sufficient classrooms so that class sizes can be reduced to certain constitutionally mandated class size maximums by the beginning of the 2010 school year. Amendment 9 and Section 1003.03, Florida Statutes, which implements Article 9, are referred to herein as the "Class Size Legislation."

The Class Size Legislation establishes constitutional class size maximums limiting students per class to no more than 18 for pre-kindergarten through 3rd grade, 22 for grades 4 through 8 and 25 for grades 9 through 12. These maximums must be implemented by the beginning of the 2010 school year. School districts that presently exceed these class size maximums are required to reduce the average number of students per class in each of these grade groupings by at least two students each year, beginning with the 2003-2004 fiscal year.

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

The Class Size Legislation requires each school board to consider implementing various policies and methods to meet these constitutional class sizes, including encouraging dual enrollment courses, encouraging the Florida Virtual School, maximizing instructional staff, reducing construction costs, using joint-use facilities, implementing alternative class scheduling, redrawing attendance zones, implementing evening and multiple sessions and implementing year-round and non-traditional calendars. Failure to reduce class sizes by at least two students each year until the constitutional maximum is met may result in transfer of class size reduction operating funds to fixed capital outlay appropriations, required implementation of year-round schools, double sessions, extended school year or rezoning, implementation of a state-mandated constitutional compliance plan or withholding of various State funds.
The District presently satisfies the constitutional class size maximums. There can be no assurances that the District will be able to further reduce its class size in the manner and at the times mandated by the Class Size Legislation. While the Class Size Legislation suggests that the State Legislature, and not local school districts, is generally responsible for the cost of compliance, it is uncertain what effect implementation might have upon the District. There can be no assurance that the State Legislature will provide funds sufficient to meet the capital and facility needs of the District required by the Class Size Legislation. Further, there can be no assurance that the District will have funds sufficient to meet the capital and facility needs of the District required by the Class Size Legislation or that compliance therewith will not adversely affect other capital needs and operating costs of the District.

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

During the 2004-A special session, the Florida Legislature passed House Bill 1-A, codified in Part V of Chapter 1002, Florida Statutes, which creates a statewide Voluntary Pre-kindergarten Education Program. House Bill 1-A, as codified in Part V, Chapter 1002, Florida Statutes is referred to herein as the "Pre-K Legislation." Among other things, the Pre-K Legislation provides eligibility and enrollment requirements, authorizes parents to enroll their children in a school-year pre-kindergarten ("Pre-K") program delivered by a private Pre-K provider, a summer program delivered by a public school or private Pre-K provider or, if offered in a school district that meets class-size reduction requirements, a school year Pre-K program delivered by a public school. The Pre-K Legislation also requires school districts to deliver summer Pre-K programs and permits school districts to deliver school-year Pre-K programs. Additionally, the Pre-K Legislation appropriates State funds to finance the Pre-K programs and provides the method for calculating the funds allocated to each Pre-K program provider.

The Pre-K Legislation provides State funding for the Pre-K programs. The District had 296 students in its Pre-K Program at the end of the current school year. Due to the small number of students currently in the Pre-K Program, the financial impact of the Pre-K Legislation on the District has been negligible; however, it is uncertain what effect implementation of and compliance with the Pre-K Legislation might have upon the District or the School Board in the future. There can be no assurance that the Pre-K Legislation and compliance therewith will not adversely affect the District. Further, there can be no assurance that the District will have funds sufficient to meet the capital and facility needs of the District required by the Pre-K Legislation or that compliance therewith will not adversely affect other capital needs and operating costs of the District, which may have an adverse impact on the District’s ability to appropriate funds for Lease Payments.
Recent Legislative Initiatives

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

During recent years, proposals have been introduced in the Florida Legislature that could, if enacted, have an effect on District funding sources and, possibly, its structure. In the 2006 legislative session legislation was introduced, but failed to pass, that would have submitted to referendum an amendment to the State Constitution permitting the division of school districts with more than 45,000 students into smaller districts. Legislation was also introduced that would have permitted homeowners to transfer all or a portion of their ad valorem tax basis to a new home rather than being subject to reevaluation and a new tax basis at the time of purchase. The Legislature commissioned a study by the Department of Revenue and the Office of Economic and Demographic Research to examine Florida's ad valorem tax structure in its entirety.

During a special legislative session held between June 12 and June 14, 2007, the Florida Legislature adopted a property tax plan which could significantly impact ad valorem tax collections for Florida local governments. One component of the adopted legislation requires counties, cities and special districts to rollback their millage rates for the 2007-08 fiscal year to a level that, with certain adjustments and exceptions, will generate the same level of ad valorem tax revenue as in fiscal year 2006-07; provided, however, depending upon the relative growth of each local government’s own ad valorem tax revenues from 2001 to 2006, such rolled back millage rates will be determined after first reducing 2006-07 ad valorem tax revenues by zero to nine percent (0% to 9%). In addition, the legislation limits how much the aggregate amount of ad valorem tax revenues may increase in future fiscal years. School districts are not required to comply with these particular provisions of the legislation.

The enacted legislation also proposes a constitutional amendment that, if approved by the State’s voters, would create a new super homestead exemption system. This system would exempt from taxation 75% of the first $200,000 in just value of a residential homestead property and 15% of the just value between $200,000 and $500,000, with a minimum exemption of $50,000. The $500,000 threshold will be adjusted each year by the percentage change in per capita personal income for the previous year, and may be increased by general law enacted by an affirmative vote of at least 2/3 of the membership of each house of the Florida Legislature. Low income seniors would receive a minimum exemption of $100,000. The constitutional amendment would also provide targeted preferences for various types of property including affordable housing, working waterfronts, and tangible personal property. Existing homestead owners could elect to keep the exemption provided by the current Save Our Homes homestead exemption system for as long as they own their current homestead property. However, if a current owner of a homestead property purchases a new homestead property he or she would
be subject to the new super homestead exemption. If approved, the super homestead exemption amendment is expected, over time, to effectively eliminate the current Save Our Homes homestead exemption system. See "Ad Valorem Taxation Generally" below for a brief discussion of the current homestead exemption system. The super homestead constitutional amendment will be considered by the voters of the State in a referendum election to be held on January 29, 2008, in conjunction with the presidential preference primary. The amendment will only become effective if at least 60% of the electors voting in the referendum election approve the amendment.

It is impossible at this time to predict whether the constitutional amendment described in the immediately preceding paragraph will be approved by the voters. If the amendment is approved, it will become effective for the 2008 tax year (2008-09 fiscal year for local governments). Various analyses indicate that the aggregate taxable values of real property in the State are likely to be reduced significantly if the constitutional amendment becomes effective. Accordingly, ad valorem tax revenues for all local governments would also likely be adversely impacted. Some estimates have predicted that aggregate ad valorem tax revenues for all Florida school districts would be reduced between $1.6 and $2.0 billion dollars in the first year. The District has not yet undertaken an analysis to determine what impact the constitutional amendment, if approved, would have on their ad valorem tax revenue. Certain members of the Florida Legislature have publicly indicated that they will seek to replace the ad valorem revenues lost by school districts with other revenue sources but no formal action has been taken and no replacement source of revenues has been identified. Moreover, even if the Florida Legislature provides a replacement source of revenues, there is no assurance that such replacement revenues will be legally available to make Basic Rent Payments. The Florida Legislature currently is not scheduled to convene again until after the referendum election with respect to the constitutional amendment. At this time, it is impossible to estimate with any certainty the level of impact that the constitutional amendment, if approved, will have on Florida school districts but the impact could be substantial.

No Reserve Account

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

Property and Casualty Insurance

Many governmental entities including school districts in the State of Florida are facing substantial increases in property and casualty insurance premiums for insurance policies which include substantial increases in deductibles and limitations on coverage. No assurances can be given that property and casualty insurance coverage may be obtained which will insure for the full replacement value of the Board’s facilities including the facilities leased under its Master Lease Program. The Board has covenanted to maintain 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 Trustee, 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 2007 Project. 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. 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 in accordance with the requirements of the Resolution. The Board has covenanted to also procure and maintain throughout the Lease Term, subject to the requirements of State law, insurance against loss or damage to any part of the 2007 Project 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 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 in accordance with the requirements of the Resolution. Flood insurance is also required to 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 accordance with the requirements of the Resolution.

THE CORPORATION

The 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 Leases Schedules under the Master Lease, enter into other lease-purchase agreements with the Board and cause certificates of participation to be issued which represent lease payments to be made under one or more lease-purchase agreements with the Board. The members of the Corporation are the members of the Board. The Chairman of the Board serves as Chairman of the Board of Directors and President of the Corporation; the Vice Chairman of the Board serves as Vice Chairman of the Board of Directors and Vice President of the Corporation; and the Superintendent of the Schools serves as ex-officio Secretary/Treasurer of the Corporation. There is no litigation pending against the Corporation.

The Corporation has assigned all of its right, title and interest in and to the Series 2007 Lease Agreement (except certain indemnification rights, the right to initiate additional Lease Schedules from time to time and its obligation not to impair the tax status of the Series 2007 Certificates), including its right to receive Lease Payments from the Board, its right, title and interest in and to the Ground Lease, and its right to use, sell and relet Projects (except for Designated Facilities), 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 Certificates. Therefore, the credit of the Corporation is not material to any of the transactions contemplated in this Offering Statement. No financial information concerning the Corporation has been included herein, nor is it contemplated that any such financial information will be included in any future Offering Statement relating to the sale of any additional Series of Certificates or other obligations of the Board or the Corporation.

SCHOOL BOARD OF COLUMBIA COUNTY, FLORIDA

The Board is organized under Section 4, Article IX, of the Constitution of Florida and Chapters 1000 and 1001, Florida Statutes, as amended, and is the governing body of the School District of Columbia County, Florida (the "District"). The geographic boundaries of the District are coterminous with those of Columbia County, Florida (the "County"). As of June 30, 2006, the District contained 13 public schools and had 10,216 students (FTE) and 1,369 employees, of which 681 were teachers. Management of the public 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 Columbia County Property Appraiser. The Columbia County Tax Collector collects taxes for the Board, but exercises no control over expenditures by the Board.

The Organization and Powers of the Board

The Board is a body corporate existing under the laws of the State of Florida. The Board is the governing body of the District, consisting of members elected by districts for four year terms. Under existing law, the Board's duties and powers include, but are not limited to, the development of Policy and rules for the efficient operation of the district; the acquisition, maintenance and disposition of school property with the District; the development and adoption of a school program for the District; the establishment, organization and operation of schools, including vocational and evening schools; the establishment and operation of programs for gifted students and for students in residential care facilities; the appointment, compensation, promotion, suspension and dismissal of employees; the establishment of courses of study and the provision of adequate instructional aids; and the establishment of a system to transport students to/from school or school-related activities.

The Board also has broad financial responsibilities, including, but not limited to, the approval of the annual budget, adoption of the school tax levy and the establishment of a system of accounting and budgetary controls. The annual budget and accounting reports must be filed with the State Department of Education.
The present members of the Board and the expiration of their respective terms are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>District</th>
<th>Term Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charles Maxwell, Chair</td>
<td>2</td>
<td>November, 2010</td>
</tr>
<tr>
<td>Steve Nelson, Vice Chair</td>
<td>3</td>
<td>November, 2008</td>
</tr>
<tr>
<td>Keith Hudson</td>
<td>4</td>
<td>November, 2008</td>
</tr>
<tr>
<td>Glenn Hunter</td>
<td>5</td>
<td>November, 2010</td>
</tr>
<tr>
<td>Linard Johnson</td>
<td>1</td>
<td>November, 2010</td>
</tr>
</tbody>
</table>

**Superintendent of Schools**

The Superintendent of Schools is elected by the voters of Columbia County 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, directing preparation of 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 was elected to a four year term in November, 2004 that ends in November, 2008.

**Administration**

*Grady D. Markham, Superintendent.* Grady D. Markham began his educational career 46 years ago. He worked as a classroom teacher, adult educator, School Board Member, and principal before being elected to serve as Superintendent for Columbia County Schools. Mr. Markham holds a Bachelors Degree as well as a Master of Education Degree from the University of Florida. He also has a Department of Education Certification in Educational Leadership/Administration and Supervision.

*Micahel F. Millikin, Assistant Superintendent for Administration.* Mike Millikin holds a Bachelor’s Degree from the University of Florida and a Master of Education Degree from the University of North Florida. He has Florida Department of Education Certification in Educational Leadership/Administration and Supervision and is currently serving as Assistant Superintendent for Administration for the Columbia County School District. Mr. Millikin has twenty-six years of experience in education which has included serving as a classroom teacher, adult educator, assistant principal and director before his current position of Assistant Superintendent for Administration.

*R. M. “Mike” Null, Director of Purchasing.* Mike Null holds a Bachelor of Science degree in Business Management from Florida State University. He was employed with the District in May of 1990 as the Director of Purchasing. He also serves as the District’s Risk Manager. Mr. Null previously held administrative positions with both City and County government.
Mary A. Loughran, Director of Finance. Mary Loughran is a Certified Public Accountant and holds a Bachelor of Business Administration Degree in Accounting from the University of North Florida. Prior to being hired by the District in July 2005, Mary worked as an auditor for the Office of the Auditor General for 9 years.

Academics

The Board offers students a complete range of instructional services ranging from basic and standard instructional programs to special programs for gifted children, a full complement of vocational educational programs at high schools and exceptional education for children with learning disabilities. The exceptional student education programs are available at different school sites.

The eight elementary schools house kindergarten through the 5th grade. The two middle schools are comprised of grades 6 through 8. The two high schools differ in the grades they serve in that one includes grades 9 through 12 as well as an ESE center and the second includes grades 6 through 12.

The elementary school program emphasizes basic skills including reading, writing, language arts, and mathematics. The balanced curriculum also includes instruction in science, computer literacy, health, social studies, art, music and physical education.

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 make take a broad range of college preparatory courses as well as advanced placement and honors courses.
Historical Growth

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

### Summary of Statistical Data
#### Five-Year History

<table>
<thead>
<tr>
<th>School Year</th>
<th>Number of Schools</th>
<th>F.T.E. Enrollment</th>
<th>Expenditure per F.T.E. Student (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-07</td>
<td>13</td>
<td>10,039</td>
<td>N/A(2)</td>
</tr>
<tr>
<td>2005-06</td>
<td>13</td>
<td>10,030</td>
<td>N/A(2)</td>
</tr>
<tr>
<td>2004-05</td>
<td>13</td>
<td>9,815</td>
<td>N/A(2)</td>
</tr>
<tr>
<td>2003-04</td>
<td>13</td>
<td>9,581</td>
<td>6,397</td>
</tr>
<tr>
<td>2002-03</td>
<td>13</td>
<td>9,464</td>
<td>6,199</td>
</tr>
<tr>
<td>2001-02</td>
<td>13</td>
<td>9,372</td>
<td>6,020</td>
</tr>
</tbody>
</table>

(1) Expenditures include General Fund and Special Revenue Fund only.
(2) Information determined by the Department of Education and is not available at this time.

### Growth Projections for Student Enrollment

The Board has estimated the following Student Enrollment for School Years 2007-08 through 2010-11:

<table>
<thead>
<tr>
<th>School Year</th>
<th>Estimated Student Enrollment</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>10,225</td>
<td>1.9%</td>
</tr>
<tr>
<td>2008-09</td>
<td>10,633</td>
<td>3.9%</td>
</tr>
<tr>
<td>2009-10</td>
<td>11,037</td>
<td>3.8%</td>
</tr>
<tr>
<td>2010-11</td>
<td>11,467</td>
<td>3.9%</td>
</tr>
<tr>
<td>2011-12</td>
<td>11,914</td>
<td>3.9%</td>
</tr>
</tbody>
</table>
School District of Columbia County, Florida
Profile of Enrollment
Full-Time Equivalent Students
2001-02 through 2006-07

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Grades K-3</td>
<td>3,441.35</td>
<td>3,228.41</td>
<td>3,210.44</td>
<td>3,083.28</td>
<td>2,960.36</td>
<td>2,994.34</td>
</tr>
<tr>
<td>Grades 4-8</td>
<td>3,856.25</td>
<td>4,030.17</td>
<td>3,926.77</td>
<td>3,820.88</td>
<td>3,762.86</td>
<td>3,690.18</td>
</tr>
<tr>
<td>Grades 9-12</td>
<td>2,371.96</td>
<td>2,395.85</td>
<td>2,309.11</td>
<td>2,276.64</td>
<td>2,223.58</td>
<td>2,125.52</td>
</tr>
<tr>
<td>Exceptional Ed</td>
<td>54.82</td>
<td>39.99</td>
<td>58.30</td>
<td>78.26</td>
<td>84.30</td>
<td>93.80</td>
</tr>
<tr>
<td>Vocational Ed</td>
<td>314.92</td>
<td>335.70</td>
<td>310.66</td>
<td>321.50</td>
<td>432.92</td>
<td>467.70</td>
</tr>
<tr>
<td>Total</td>
<td>10,039.30</td>
<td>10,030.13</td>
<td>9,815.28</td>
<td>9,580.56</td>
<td>9,464.04</td>
<td>9,371.54</td>
</tr>
</tbody>
</table>

(1) The total of these numbers (K-12) include the Special Programs for ESE, Voc Ed and At Risk Students. For comparison purposes they are separated in the above columns with a subtotal to reflect the total number that is included with the Total for K-12. However, they DO NOT include the number of students in PreK, Home Education students taking one or more classes at a school site or students considered home bound.

Employee Relations and Retirement Program

As of June 30, 2007, the Board employed 1,401 persons. The instructional employees, including teachers, are represented for collective bargaining and other purposes by The Columbia Teachers’ Association. Support employees, including certain clerical, transportation, food service, and custodial employees, are represented for collective bargaining and other purposes by The Columbia County Educational Support Personnel Association. The remaining employees, who are primarily administrators, are not represented by a union and are not subject to a collective bargaining agreement. Both collective bargaining agreements referenced above have been adopted and are in effect for the 2006-2007 school year.

The contracts are reopened each year for negotiation for wages and benefits that become effective July 1.

The Board does not administer a separate retirement plan for its officers and employees. However, pursuant to law, all full-time employees are, with minor exceptions, members of defined retirement plans of the State administered by its Department of Administration, Division of Retirement. The retirement plans of the State consist of contributory and non-contributory benefit plans. The plans provide for retirement, death and disability benefits and require contributions by employees and/or participating agencies as stated percentages of compensation set by law as determined from time to time by the State Legislature. The combined contribution set by law as of the fiscal year ended June 30, 2005 totaled $6,805,069. The plan’s accounting and funding Policy, actuarial present value of accumulated plan benefits, net assets available for benefits, and other plan related matters are the responsibility of the State Department of Administration, Division of Retirement, and are not computed on an individual agency basis.
Accounting and Funds

**Government-wide Financial Statements** - Government-wide financial statements, including the statement of net assets and the statement of activities, present information about the School District as a whole. These statements include the nonfiduciary financial activity of the primary government and its component units.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expenses associated with the District’s transportation department are allocated to the transportation function, while remaining depreciation expenses are reported as unallocated.

Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

The effects of interfund activity have been eliminated from the government-wide financial statements.

**Fund Financial Statements** - Fund financial statements report detailed information about the District in the governmental, proprietary, and fiduciary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Nonmajor funds are aggregated and reported in a single column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

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.

- **Debt Service** - Other Debt Service Fund - to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs for the outstanding Race Track Revenue and Refunding Certificates, Series 1998.

- **Capital Projects** - Public Education Capital Outlay Fund - to account for the financial resources received from the Public Education Capital Outlay and Debt Service Trust Fund to be used for educational capital outlay needs, including new construction, remodeling, renovation, maintenance, repairs, and site improvements.
- Capital Projects - Local Capital Improvement Fund - to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction and renovation and remodeling projects.

- Capital Projects - Other Capital Projects Fund - to account mainly for the financial resources received from local impact fees, certificates of participation proceeds, and other miscellaneous sources to be used for educational capital outlay needs, including new construction and renovation and remodeling projects.

Additionally, the District reports the following proprietary and fiduciary fund types:

- Internal Service Funds - to account for the District’s self-insured health and hospitalization programs, which include medical, dental, and vision plans.

- Agency Funds - to account for resources of the school internal funds which are used to administer moneys collected at the several schools in connection with school, student athletic, class, and club activities.

Basis of Accounting

The basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental fund types, the Expendable Trust Funds and the Agency Funds, are accounted for using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when measurable and available. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, State and other grant funds, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) prepaid expenses are generally not accrued; (2) principal and interest on general long-term debt are recognized as expenditures when due; and (3) expenditures related to liabilities reported as general long-term debt are recognized when due.

The Internal Service Funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. These funds are accounted for as proprietary activities under standards issued by the Financial Accounting Standards Board through November 1989 and applicable standards issued by the Governmental Accounting Standards Board.

Budget Process

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

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

Auditing System

In addition to local internal audits, other budgets reviews are conducted. The State Department of Education conducts regular financial compliance reviews of each school district to ensure that local school districts comply with state regulations. In conjunction with this review, the Financial Management Section of the State Department of Education reviews the cost of 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.

DISTRICT REVENUES

Local Sources

Local revenue for school district support is derived in large part from real and tangible personal property taxes. There are no local non-property taxes levied specifically for schools. In addition, the Board earns interest on cash invested and collects other miscellaneous revenues. The Board is permitted by state law and the constitution to assess property tax through any of five provisions, which are briefly described below. 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. There is no obligation on the part of the Board to levy ad valorem taxes for payment of its Basic Rent Payments or any recourse of the Owners of the Series 2007 Certificates to the power of taxation of the Board.

(a) For operational purposes, the Florida legislature requires each school board desiring to participate in the allocation of state funds available to school districts to levy a non-voted millage rate that is determined annually and is referred to as the "district required local effort."

(b) School boards are also authorized to levy an additional non-voted "discretionary millage" for operations, not to exceed an amount established annually by the Legislature.

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

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

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

The Board assessed a debt service millage levy of 2.0 mills for the 2006-2007 fiscal year. See the table entitled "SCHOOL DISTRICT OF COLUMBIA COUNTY, FLORIDA - Historical Millage, Taxes Levied and Taxes Collected" under the caption "AD VALOREM TAXATION" herein for a schedule of the millage actually assessed by the School Board over the past ten years. The School Board’s total non-voted millage for fiscal year ended June 30, 2007 is 7.735 mills; the State Constitution imposes a cap of 10 mills, exclusive of millage levied for the purposes described in paragraphs (4) and (5) above.

Anticipated Local Option Millage Levy Requirements

The table below sets forth the estimated millage that would provide 1.00x coverage of the maximum annual debt service on the Series 2007 Certificates.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2006/07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable Assessed Valuation (2007 Tax Year)</td>
<td>$2,655,557,597.00</td>
</tr>
<tr>
<td>Funds generated from Local Option Millage Levy(1)</td>
<td>$5,045,559.40</td>
</tr>
<tr>
<td>Maximum Aggregate Annual Lease Payments on the Series 2007 Certificates</td>
<td>$1,771,332.50</td>
</tr>
<tr>
<td>Millage Levy Which Equals 1.00x Coverage of Maximum Annual Payments</td>
<td>0.70 Mills</td>
</tr>
</tbody>
</table>

(1) The School Board levies a Local Option Millage Levy of 2.0 mills. This number is calculated using 95% of the taxable assessed valuation, ($2,522,779,717).

As noted above, the Board has assessed a Local Option Millage Levy of 2 mills for Fiscal Year 2006-07. Pursuant to State statute, the Board may not use more than 1.5 mils of its current Local Option Millage Levy, or three-fourths of the actual levy, whichever is less, for the purposes of making lease payments on lease purchase obligations such as the Series 2007 Lease Agreement. Due to this three-fourths limitation on the amount of the millage levy which can be
used to make lease payments, based upon Fiscal Year 2007 tax year taxable assessed valuation
the Board is required to assess a Capital Outlay Millage Levy of at least 0.94 mills in order to
make the maximum annual lease payments on the Series 2007 Certificates from the Capital
Outlay Millage Levy. See “Recent Legislative Initiatives” in the section entitled “RISK
FACTORS” herein, and the table entitled "Tax Levies and Tax Collections" in the section entitled
"AD VALOREM TAXATION" herein.

District Financial Operations

The financial and accounting practices of the District are designed to conform to
generally accepted accounting principles applied to governmental units. The District's
accounting system is organized on the basis of funds. Resources are allocated to and accounted
for in individual funds based on the purpose for which they are to be spent and the means by
which spending activities are to be controlled. The accounts for the governmental and agency
(general, special revenue, debt service and capital projects) fund types are maintained on a
modified accrual basis of accounting, whereby revenues are recognized when they become
available and measurable and expenditures are recorded in the accounting period in which the
liability is incurred, if measurable, except, primarily, unmatured interest on general long term
debt, which is recognized when the interest is due. The proprietary (internal service) fund
types are maintained on the accrual basis of accounting, whereby revenues are recognized
when earned and expenses are recognized when incurred.

General Fund Operations

The Board's general fund revenues are derived from federal and state appropriations
and local sources. The Board has adopted a policy to endeavor to maintain an unencumbered
fund balance equal to at least three percent of the annual operating budget expenditures. The
tables on the following pages summarizes results of operations for the general fund for the
audited Fiscal Years ended June 30, 2003, 2004, 2005 and 2006, and the unaudited results of
operations for the general fund for the Fiscal Year ending June 30, 2007.

[Remainder of page intentionally left blank]
# School District of Columbia County, Florida
## Summary of Revenues and Expenses – General Fund

### Fiscal Years Ending 6/30

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Direct</td>
<td>$349,873.76</td>
<td>$1,091,028.32</td>
<td>$1,110,271.62</td>
<td>$1,069,372.33</td>
<td>$880,311.98</td>
</tr>
<tr>
<td>Federal through State &amp; Local</td>
<td>416,787.84</td>
<td>953,958.33</td>
<td>1,046,613.75</td>
<td>804,318.19</td>
<td>515,984.61</td>
</tr>
<tr>
<td>State</td>
<td>40,318,024.25</td>
<td>42,515,628.32</td>
<td>44,747,390.66</td>
<td>50,456,111.31</td>
<td>54,823,265.85</td>
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<tr>
<td>Local</td>
<td>10,410,388.54</td>
<td>10,651,683.06</td>
<td>11,301,331.68</td>
<td>12,036,205.21</td>
<td>14,569,817.73</td>
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<tr>
<td>Total Revenues</td>
<td>$51,495,074.39</td>
<td>$55,212,298.03</td>
<td>$58,205,607.71</td>
<td>$64,336,007.04</td>
<td>$70,789,380.17</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current - Education:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>30,537,126.78</td>
<td>31,721,445.87</td>
<td>34,916,952.78</td>
<td>38,712,149.74</td>
<td>42,514,921.22</td>
</tr>
<tr>
<td>Pupil Personnel Services</td>
<td>3,048,556.36</td>
<td>3,642,914.40</td>
<td>3,959,044.61</td>
<td>4,071,017.73</td>
<td>4,153,736.10</td>
</tr>
<tr>
<td>Instructional Media Services</td>
<td>1,018,509.53</td>
<td>974,039.58</td>
<td>1,133,489.78</td>
<td>1,143,005.25</td>
<td>1,232,309.57</td>
</tr>
<tr>
<td>Instruction &amp; Curriculum</td>
<td>605,868.59</td>
<td>623,934.88</td>
<td>638,015.61</td>
<td>690,575.04</td>
<td>860,399.62</td>
</tr>
<tr>
<td>Instruction Related Technology</td>
<td>410,936.55</td>
<td>551,203.03</td>
<td>746,903.82</td>
<td>402,385.77</td>
<td>661,339.34</td>
</tr>
<tr>
<td>Board of Education</td>
<td>311,238.33</td>
<td>311,602.96</td>
<td>355,401.06</td>
<td>373,068.78</td>
<td>570,745.71</td>
</tr>
<tr>
<td>General Administration</td>
<td>1,101,237.11</td>
<td>1,213,896.40</td>
<td>895,264.43</td>
<td>1,090,459.27</td>
<td>2,181,172.75</td>
</tr>
<tr>
<td>School Administration</td>
<td>2,977,354.66</td>
<td>2,917,267.45</td>
<td>3,209,127.70</td>
<td>3,563,217.09</td>
<td>3,847,005.07</td>
</tr>
<tr>
<td>Facilities Acquisition &amp; Construction</td>
<td>1,771.00</td>
<td>15,417.12</td>
<td>30,355.40</td>
<td>18,174.45</td>
<td>7,896.29</td>
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<tr>
<td>Fiscal Services</td>
<td>332,861.34</td>
<td>334,662.73</td>
<td>367,598.28</td>
<td>343,762.59</td>
<td>365,830.97</td>
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<tr>
<td>Food Service</td>
<td>3,179.35</td>
<td>5,847.98</td>
<td>4,339.82</td>
<td>5,151.86</td>
<td>888,591.14</td>
</tr>
<tr>
<td>Central Services</td>
<td>1,019,174.19</td>
<td>1,074,946.52</td>
<td>1,302,910.83</td>
<td>799,509.41</td>
<td>1,232,309.57</td>
</tr>
<tr>
<td>Pupil Transportation Services</td>
<td>3,318,050.01</td>
<td>3,391,581.22</td>
<td>4,357,855.74</td>
<td>470,957.07</td>
<td></td>
</tr>
<tr>
<td>Operation of Plant</td>
<td>3,841,484.10</td>
<td>4,024,400.63</td>
<td>5,128,190.93</td>
<td>5,353,932.67</td>
<td></td>
</tr>
<tr>
<td>Maintenance of Plant</td>
<td>1,579,779.23</td>
<td>1,623,173.54</td>
<td>2,231,272.86</td>
<td>1,907,837.39</td>
<td>1,977,771.13</td>
</tr>
<tr>
<td>Administrative Technology Services</td>
<td>352,900.23</td>
<td>406,900.01</td>
<td>356,666.10</td>
<td>517,814.00</td>
<td>406,900.01</td>
</tr>
<tr>
<td>Community Services</td>
<td>276,955.16</td>
<td>279,013.88</td>
<td>420,595.49</td>
<td>328,706.08</td>
<td>363,736.71</td>
</tr>
<tr>
<td>Fixed Capital Outlay:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilities Acquisition &amp; Construction</td>
<td>10,353.23</td>
<td>12,464.70</td>
<td>105,397.60</td>
<td>147,528.59</td>
<td>54,263.90</td>
</tr>
<tr>
<td>Other Capital Outlay</td>
<td>195,995.75</td>
<td>254,202.03</td>
<td>199,601.22</td>
<td>356,666.10</td>
<td>201,714.00</td>
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<tr>
<td>Debt Service:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>180,099.34</td>
<td>392,939.32</td>
<td>86,122.74</td>
<td>276,375.69</td>
<td>292,681.86</td>
</tr>
<tr>
<td>Interest and Fiscal Charges</td>
<td>339,125.43</td>
<td>1,070,060.68</td>
<td>85,221.44</td>
<td>227,251.60</td>
<td></td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>51,106,476.69</td>
<td>53,469,346.29</td>
<td>59,212,970.36</td>
<td>64,539,552.24</td>
<td>71,206,666.58</td>
</tr>
<tr>
<td>Excess (Deficiency) of Revenues Over Expenditures</td>
<td>388,597.70</td>
<td>1,742,951.74</td>
<td>(1,007,362.65)</td>
<td>(173,545.20)</td>
<td>(417,286.41)</td>
</tr>
</tbody>
</table>

### Other Financing Sources (Uses)

| Operating Transfers In | 250,000.00 | 500,000.00 |
| Sale of Capital Assets | 1,600.00 |
| Insurance Loss Recoveries | 36,101.65 | 31,071.24 |
| Operating Transfers Out | (58,058.13) |
| Total Other Financing Sources (Uses) | 228,043.52 | 31,071.24 |

### Net Change in Fund Balances

- 616,641.22
- 1,774,022.98
- (829,704.88)
- 343,943.20
- (362,037.92)

### Beginning Fund Balance

- 4,005,971.54
- 4,622,612.76
- 6,396,635.74
- 5,566,930.86
- 5,910,874.06

### Ending Fund Balance

- $4,622,612.76
- $6,396,635.74
- $5,566,930.86
- $5,910,874.06
- $5,548,836.14

**Sources:** Audited financial statements of the School Board for the Fiscal Years ended June 30, 2003 – 2006, inclusive, and unaudited financial statements for Fiscal Year ending June 30, 2007, including estimated amounts for the remaining days of Fiscal Year 2007.
State Sources

Capital Outlay. The primary source of state educational funding contributions to the Board’s capital outlay requirements is the Florida Public Education Capital Outlay Program (PECO). The method of allocation of funds to the district school boards is provided by state law based upon a statutory formula, a component of which is the number of full-time equivalent students in the School System. The Commissioner of Education of the State of Florida administers the PECO program and allocates funds as authorized by law. PECO allocated by OEF Construction (Office of Education Facilities of the Florida Department of Education) to the School Board was $1,041,986 for the Fiscal Year ended June 30, 2006 and is $1,987,903 for Fiscal Year ending June 30, 2007. PECO funds may be used to make the principal portion of the lease-purchase payments on a new construction project, but only to the extent that the project otherwise qualifies for PECO funding.

The State Capital Outlay and Debt Service Funds (C.O. & D.S.) also provide funds for the Board’s capital outlay requirements. The Board received $75,696.29 in C.O. & D.S. funds in Fiscal Year ended June 30, 2006 and expects to receive approximately $71,582.92 in Fiscal Year ended June 30, 2007.

The District also receives a portion of the funds generated from the sale of lottery tickets. The actual amount distributed to school districts in a given year depends on the amount of lottery tickets sales for such year. While projections based on anticipated sales are available, it is difficult to accurately project the amount of lottery ticket sale revenues that will actually be received when formulating the Board’s budget.

The District received Class Size Reduction funding from the State in an amount equal to $3,662,674 for Fiscal Year ended June 30, 2005 and $5,527,878 for Fiscal Year ended June 30, 2006.

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

The major portion of State support is distributed under the provisions of FEFP, which was enacted by the Florida Legislature in 1973. Basic FEFP funds are provided on a weighted full-time equivalent student ("FTE") basis using a formula that takes into account varying program cost factors and district cost differentials. The program cost factors, which are used to determine the level of each school district’s FEFP funding, are determined by the Florida Legislature. The amount of FEFP funds disbursed by the State is adjusted four times during each year to reflect changes in FTE and in variables comprising the weighing formula. In addition, the level of State funding is adjusted during each year to compensate for increases or decreases in ad valorem tax revenue resulting from adjustments to the valuation of non-exempt property in the County. General Fund receipts from FEFP were $36,036,239 for Fiscal Year ended June 30, 2005, and are estimated to be $39,458,117 for Fiscal Year ending June 30, 2006.
FEFP categorical program receipts 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 district. Among the larger categorical programs are the programs for school bus transportation and instructional material. Allocations for these categorical appropriations are based on funding formula and discretionary State Department of Education grants. The majority of the funds available require actual appropriation by the Board for the purposes for which they are provided.

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

Moneys described above under "State Sources – Operating Revenues" are not available to make Lease Payments under the Master Lease.

**AD VALOREM TAXATION GENERALLY**

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

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

**Property Assessment Procedure**

The laws of the State required that all taxable real and tangible personal property must be assessed at fair market value, with some exceptions. Real and personal property valuations are determined each year as of January 1 by the County Property Appraiser. The County Property Appraiser submits the tax roll to the State Department of Revenue for review and determination of, among other things, whether the tax roll meets the requirements of State law regarding just valuation. Each taxpayer is given notice by mail of the proposed property taxes and the assessment property value for the current year, and the date, times and places at which budget hearings are scheduled to be held.

The property owner has the right to file an appeal of the determination of assessed value with the Value Adjustment Board, which considers petitions relating to assessments and exemptions. The Value Adjustment Board is composed of members of the Board and the County Council. The decision of the Value Adjustment Board may be appealed to the Circuit Court. The Property Appraisal Adjustment Board certifies the assessment roll upon completion of the hearing of appeals. Millage rates are then computed by the various taxing authorities and certified to the Property Appraiser, who applies the millage rates to the assessment roll. This procedure creates the tax roll, which is then certified and turned over to the County Tax Collector.
Pursuant to Article VII, Section 6 of the State Constitution and Section 196.031, Florida Statutes, as amended, the first $25,000 of the assessed valuation of a homestead is exempt from taxation for any person who has title to a residence in such homestead on a permanent basis.

Collection of Taxes

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

School District of Columbia County
Tax Levies and Tax Collections
For the Fiscal Years 2002-2006

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>School Taxes</th>
<th>Total Current Taxes Collected</th>
<th>Delinquent Taxes Collected</th>
<th>Total Taxes Collected</th>
<th>Percent Collected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ended 6/30</td>
<td>Levied</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>$11,974,088</td>
<td>$8,871,017.12</td>
<td>$2,697,851.69</td>
<td>$11,568,868.81</td>
<td>96.62%</td>
</tr>
<tr>
<td>2003</td>
<td>12,664,353</td>
<td>10,534,214.14</td>
<td>1,817,671.02</td>
<td>12,351,885.16</td>
<td>97.53</td>
</tr>
<tr>
<td>2004</td>
<td>13,067,506</td>
<td>11,010,096.60</td>
<td>1,529,266.58</td>
<td>12,539,363.18</td>
<td>95.96</td>
</tr>
<tr>
<td>2005</td>
<td>13,832,262</td>
<td>11,923,393.23</td>
<td>1,436,774.00</td>
<td>13,360,167.23</td>
<td>96.59</td>
</tr>
<tr>
<td>2006</td>
<td>15,012,206</td>
<td>13,052,636.58</td>
<td>1,523,919.46</td>
<td>14,576,556.04</td>
<td>97.10</td>
</tr>
</tbody>
</table>

Source: Columbia County School Board’s General Ledger.

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

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

The County Tax Collector notifies the certificate holder of the redemption and makes the arrangements to obtain the certificate and to process the payment. In some instances, the County itself acquires the tax certificates as a lien against the property.
After two years from the date of purchase, a private holder of any unredeemed tax certificate may apply for a tax deed to the property. The County also has a two-year minimum wait for purchase of a tax deed, but such period begins with November 1 of the year the taxes were due. Such procedures are governed by State law applicable to all Florida counties.

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

**Constitutional Amendment**

By voter referendum held on November 2, 1992, Article VII, Section 4 of the State Constitution was amended by adding thereto a subsection which, in effect, limits the increases in assessed just value of homestead property to the lesser of (1) three percent of the assessment for the prior year or (2) the percentage change in the Consumer Price Index for all urban consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics. Further, the amendment provides that (1) no assessment shall exceed just value, (2) after any change of ownership of homestead property or upon termination of homestead status such property shall be reassessed at just value as of January 1 of the year following the year of sale or change of status, (3) new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead, and (4) changes, additions, reductions or improvements to homestead shall initially be assessed as provided for by general law, and thereafter as provided in the amendment. The effective date of the amendment was January 1, 1995. Such amendment is generally referred to as the Save Our Homes amendment. See “Recent Legislative Initiatives” in the section entitled “RISK FACTORS” herein.

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**Historical Millages**

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

**DISTRICT LEVIES**

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonvoted School Tax:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>By State – Required Local</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discretionary</td>
<td>0.510</td>
<td>0.510</td>
<td>0.510</td>
<td>0.510</td>
<td>0.510</td>
<td>0.510</td>
<td>0.510</td>
<td>0.510</td>
<td>0.510</td>
<td>0.510</td>
</tr>
<tr>
<td>Supplemental Discretionary</td>
<td>0.250</td>
<td>0.250</td>
<td>0.250</td>
<td>0.250</td>
<td>0.250</td>
<td>0.250</td>
<td>0.250</td>
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<td>Capital Projects Fund</td>
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<td>Nonvoted School Tax:</td>
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<tr>
<td>Local Capital Improvements</td>
<td>2.000</td>
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<td>Debt Service Fund</td>
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<td>Voted School Tax:</td>
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<tr>
<td>Debt Service</td>
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<td>-0-</td>
</tr>
</tbody>
</table>

Source: School District of Columbia County

[Remainder of page intentionally left blank]
Pursuant to Article VII of the State Constitution, the Board may not levy ad valorem taxes, exclusive of voted taxes levied for the payment of debt service, in excess of 10 mills. The Board has levied 7.735 nonvoted mills for fiscal year ending June 30, 2007.

Assessed Valuation

The following table shows the assessed value of taxable property in the District in each of the past ten years.

Columbia County, Florida
Assessed Value of Taxable Property (In Thousands)
Last Ten Fiscal Years

<table>
<thead>
<tr>
<th>Fiscal Year (June 30)</th>
<th>Assessed Value(1)</th>
<th>Percentage Increase From Prior Fiscal Year(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>$959,151,885</td>
<td>11.4%</td>
</tr>
<tr>
<td>1999</td>
<td>$1,061,502,512</td>
<td>10.7%</td>
</tr>
<tr>
<td>2000</td>
<td>$1,156,671,324</td>
<td>9.0%</td>
</tr>
<tr>
<td>2001</td>
<td>$1,282,626,059</td>
<td>10.9%</td>
</tr>
<tr>
<td>2002</td>
<td>$1,360,729,594</td>
<td>6.1%</td>
</tr>
<tr>
<td>2003</td>
<td>$1,453,681,731</td>
<td>6.8%</td>
</tr>
<tr>
<td>2004</td>
<td>$1,540,362,022</td>
<td>6.0%</td>
</tr>
<tr>
<td>2005</td>
<td>$1,668,147,617</td>
<td>8.3%</td>
</tr>
<tr>
<td>2006</td>
<td>$1,889,280,479</td>
<td>13.3%</td>
</tr>
<tr>
<td>2007</td>
<td>$2,314,067,974</td>
<td>22.5%</td>
</tr>
</tbody>
</table>

(1) Includes real, personal and centrally assessed property. Source: Columbia County Property Appraiser.
(2) See “Recent Legislative Initiatives” in the section entitled “RISK FACTORS” herein.

The Columbia County Tax Collector’s Office maintains records of taxpayers on a parcel by parcel basis and not by the names of the individual taxpayers. A taxpayer may be listed multiple times if such taxpayer owns more than one parcel in the county. The following table is a list of the ten highest ad valorem commercial taxpayers based on the compilation of information supplied by the Columbia County Property Appraiser’s Office listing all taxpayers with an ad valorem liability in excess of $25,000.
Principal Taxpayers

The following table contains the list of the County’s ten largest taxpayers based on taxes collected during Fiscal Year 2006. No single taxpayer in the County pays more than 0.93% of the total ad valorem taxes levied.

List of 10 Highest Ad Valorem Taxpayers in Columbia County, Florida

<table>
<thead>
<tr>
<th>Taxpayer</th>
<th>Real Estate Assessed Valuation</th>
<th>Percentage of Total Assessed Valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notami Hospital</td>
<td>$22,646,891</td>
<td>0.93%</td>
</tr>
<tr>
<td>TWC Sixty-Six LTD</td>
<td>$11,000,000</td>
<td>0.45%</td>
</tr>
<tr>
<td>Florida Correctional</td>
<td>$8,871,803</td>
<td>0.36%</td>
</tr>
<tr>
<td>Wal-Mart</td>
<td>$6,775,137</td>
<td>0.28%</td>
</tr>
<tr>
<td>Gleason Mall</td>
<td>$6,600,000</td>
<td>0.27%</td>
</tr>
<tr>
<td>CFS Property</td>
<td>$6,116,677</td>
<td>0.25%</td>
</tr>
<tr>
<td>Wharton Investment Group</td>
<td>$5,778,228</td>
<td>0.24%</td>
</tr>
<tr>
<td>Inn of Lake City Inc.</td>
<td>$5,482,504</td>
<td>0.23%</td>
</tr>
<tr>
<td>Lake City MOB Associates</td>
<td>$5,498,172</td>
<td>0.23%</td>
</tr>
<tr>
<td>Aurum</td>
<td>$4,848,091</td>
<td>0.20%</td>
</tr>
</tbody>
</table>

Source: Columbia County Tax Collector

Direct and Underlying General Obligation Debt

Neither the School Board nor the County have any outstanding general obligation indebtedness.
### SCHOOL DISTRICT OF COLUMBIA COUNTY, FLORIDA
### OBLIGATIONS OUTSTANDING AT JUNE 30, 2006

**State School Bonds**
- **Series 1996-B** $15,000.00
- **Series 1997-A** $125,000.00
- **Series 1998-A** $30,000.00
- **Series 2001-B** $15,000.00
- **Series 2005-A** $1,900,000.00
- **Series 2005-B Refunding** $200,000.00

**District Revenue Bonds**
- **Race Track Revenue and Refunding Certificates, Series 1998** $2,590,000.00

**Total Bonds Payable** $4,875,000.00

**Notes**
- **Note dated 11/10/98 payable to LaSalle National Bank** $2,764,591.48
- **Note dated 9/27/01 payable to First Federal Savings Bank of Florida** $265,586.20
- **Note dated 12/17/04 payable to First Federal Savings Bank of Florida** $880,000.00

**Total Notes Payable** $3,910,177.68

**Lease-Purchase Obligation** $1,075,118.90

**Total District Obligations Outstanding** $9,860,296.58

---

1. Bonds are issued by State Board of Education on behalf of the District and are secured by the District’s portion of the State-assessed motor vehicle license tax. The State’s full faith and credit is also pledged as security for the bonds.
3. Proceeds used to finance renovations, water conservation measures, refuse reduction measures and to refinance Phase I of the Board’s energy savings contract. Interest rate is 5.9% and repayment of the note is over a 17 year period ending in 2016.

4. Proceeds used to finance sports complexes at Fort White High School and Columbia High School. Interest rate is 3.5% and is payable over 5 years.

5. Note evidences a $1,500,000 line of credit with $880,000 drawn down through June 30, 2006. Interest rate is prime less 187 basis points (currently 5.13%). Proceeds used to finance auditorium at Columbia High School and new classrooms at Fort White Elementary School. The note is payable over a five year term.

6. The Board acquired an energy management system and related equipment under a lease-purchase agreement, dated November 10, 1998 between the Board and ABN AMRO, Incorporated. The stated interest rate is 5.9% and the lease payments are payable through 2016.

EFFECTS OF HURRICANES

Other than minor debris related damage, the District’s educational and related facilities suffered no substantial damage as a result of the hurricanes that struck portions of Florida in 2004 and 2005.

PENSION AND OTHER POSTEMPLOYMENT BENEFIT PLANS

All regular employees of the District are covered by the Florida Retirement System, a State-administered cost-sharing multiple-employer defined benefit retirement plan (the "Plan"). Plan provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 128, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein Plan eligibility, contributions, and benefits are defined and described in detail. Essentially, all regular employees of participating employers are eligible and must enroll as members of the Plan. Benefits vest at specified ages or number of years of service depending upon the employee’s classification. The Plan also includes an early retirement age. The Plan provides retirement, disability, and death benefit, 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 District’s liability for any participation in the Plan is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District’s contributions to the Plan (including employee contributions) for the Fiscal years ending June 30, 2004, 2005 and 2006, totaled $2,899,076.06, $3,067,663.85 and $3,691,716.05, respectively, which were equal to the required contributions for each fiscal year.

In addition to its contributions under the State’s retirement plan described above, the District provides other postemployment benefits ("OPEB") for certain of its retired employees in the form of both an implicit rate subsidy, by providing access to health insurance plans requiring the use of a single "blended" or "common" rate for both active and retired employees. The offering of this health insurance coverage is required by Section 112.0801, Florida Statutes.
As with all similarly-sized governmental entities providing similar plans, the District will be required to comply with the Governmental Accounting Standard’s Board Statement No. 45 – Accounting and Financial Reporting by Employers for Postemployment Benefit Plans other than Pension Plans ("GASB 45") no later than its fiscal year ending June 30, 2008. The District has historically accounted for its OPEB contributions on a pay as you go basis. GASB 45 applies accounting methodology similar to that used for pension liabilities to OPEB and attempts to more fully reveal the costs of employment by requiring governmental units to include future OPEB costs in their financial statements. While GASB 45 requires recognition and disclosure of the unfunded OPEB liability, there is no requirement that the liability of such plan be funded.

LITIGATION

Concurrently with the delivery of the Series 2007 Certificates, Counsel to the Board will deliver an opinion which states, among other things, that there is no litigation or other proceedings pending or, to the best knowledge of the Board, threatened against the Board (i) that seeks to restrain or enjoin the issuance or delivery of the Series 2007 Certificates, the Master Lease or the Series 2007 Lease Agreement or (ii) questioning or affecting the validity of the Series 2007 Certificates, the Master Lease or the Series 2007 Lease Agreement or any proceedings of the Board or actions of the Trustee with respect to the authorization, sale, execution or issuance of the Series 2007 Certificates or the transactions contemplated by this Offering Statement or the Master Lease, the Trust Agreement, the Series 2007 Lease Agreement or any other agreement or instrument to which the Board is a party in connection therewith and which is used or contemplated for use in the transactions contemplated by this Offering Statement or (iii) questioning or affecting the creation, organization nor existence of the Board and which would have an adverse effect on the actions taken by the Board with respect to the issuance of the Series 2007 Certificates.

The Board experiences claims, litigation, and various legal proceedings which individually are not expected to have a material adverse effect on its operations or financial condition, but may, in the aggregate, have a material impact thereon. There is no litigation, claim or series of claims currently pending, or, to the best knowledge of the Board, threatened that would have a material adverse consequence on the financial condition of the District.

LEGAL OPINION

Certain legal matters incident to the issuance of the Series 2007 Certificates and with regard to the tax-exempt status of the Interest Component of the Basic Rent Payments under the Series 2007 Lease Agreement (see "TAX EXEMPTION") are subject to the legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, whose legal services as Special Counsel have been retained by the Board. The signed legal opinion, dated and premised on law in effect as of the date of original delivery of the Series 2007 Certificates, will be delivered to the Underwriters at the time of original delivery.
The proposed text of the legal opinion is set forth as Appendix D. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of the 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.

While Special Counsel has participated in the preparation of certain portions of this Offering Statement, it has not been engaged by the Board to confirm or verify, and, except as may be set forth in an opinion of Special Counsel delivered to the Underwriters upon only which they may rely, expresses and will express no opinion as to, the accuracy, completeness or fairness of any statements in this Offering Statement, or in any other reports, financial information, offering or disclosure documents or other information pertaining to the Board or the Series 2007 Certificates that may be prepared or made available by the Board, the Underwriters or others to the holders of the Series 2007 Certificates or other parties.

TAX EXEMPTION

Opinion of Special Counsel

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

In the opinion of Special Counsel, the form of which is included as Appendix D hereto, assuming compliance with the aforementioned covenants, prior to the termination of the Series 2007 Lease Agreement resulting from an Event of Non-Appropriation or Event of Default thereunder, the Interest Component of the Basic Rent Payments is excludable from gross income and is not a specific item of tax preference for federal income tax purposes under existing statutes, regulations, rulings and court decisions. However, the Interest Component of the Basic Rent Payments is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations pursuant to the Code.

Internal Revenue Code of 1986

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

Collateral Tax Consequences

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

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

Other Tax Matters

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

During recent years legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2007 Certificates. In some cases these proposals have contained provisions that altered these consequences on a retroactive basis. Such alterations of federal tax consequences may have affected the market value of obligations similar to the Series 2007 Certificates. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2007 Certificates and their market value. No assurance can be given that additional legislative proposals will not be
introduced or enacted that would or might apply to, or have an adverse effect upon the Series 2007 Certificates.

Notwithstanding the foregoing, Special Counsel expresses no opinion regarding the federal income tax consequences resulting from the ownership of the Series 2007 Certificates or the receipt by the Owners thereof of payments on the Series 2007 Certificates following the termination of the Series 2007 Lease resulting from an Event of Non-Appropriation or Event of Default thereunder.

Original Issue Discount

Under the Code, the difference between the principal amount of the Series 2007 Certificates maturing on July 1 in the years 2012 through 2026 inclusive (collectively, the "Discount Certificates") and the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount Certificates of the same maturity was sold, is "original issue discount". Original issue discount represents interest which is excluded from gross income for federal income tax purposes; however, such interest is taken into account for purposes of determining the alternative minimum tax imposed on corporations and may result in the collateral federal tax consequences in the year of accrual, referred to above. Original issue discount will accrue over the term of a Discount Certificate at a constant interest rate compounded semi-annually. A purchaser who acquires a Discount Certificate at the initial offering price thereof to the public will be treated as receiving, prior to the termination of the Series 2007 Lease Agreement resulting from an Event of Non-Appropriation or Event of Default thereunder, an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he holds such Discount Certificates for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Certificates. The federal income tax consequences of the purchase, ownership and prepayment, sale or other disposition of Discount Certificates which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Owners of Series 2007 Certificates should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, prepayment or other disposition of such Discount Certificates and with respect to the state and local tax consequences of owning and disposing of such Discount Certificates.

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

The difference between the principal amount of the Series 2007 Certificates maturing on July 1 in the years 2008 through 2010, inclusive, and in the years 2027 and 2032 (collectively, the "Premium Certificates") and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Certificates of the same maturity was sold constitutes to an initial purchaser amortizable certificate premium which is not deductible from gross income for Federal income tax purposes. The amount of amortizable certificate premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Certificate (or, in the case of a Premium Certificate callable prior to maturity, the amortization period and yield must be determined on the basis of the earliest call date that results in the lowest yield on the Premium Certificate). 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 Series 2007 Certificates. Owners of the Premium Certificates are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Certificates.

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

RATINGS

Standard & Poor's Ratings Services ("Standard & Poor's") and Fitch Ratings ("Fitch") are expected to assign ratings of "AAA" and "AAA", respectively, to the Series 2007 Certificates, with the understanding that, upon delivery of the Series 2007 Certificates, the Municipal Bond Insurance Policy will be issued by the Insurer. 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: Standard & Poor's Ratings Services, 25 Broadway, New York, New York 10004; and Fitch Ratings, One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2007 Certificates.
FINANCIAL ADVISOR

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

UNDERWRITING

The Series 2007 Certificates are being purchased by UBS Securities LLC on behalf of itself and the other underwriter listed on the cover page hereof (collectively, the "Underwriters"). The Series 2007 Certificates are being purchased by the Underwriters at a price of $25,548,291.85 (which represents the par amount of the Series 2007 Certificates less a net original issue discount of $7,748.10 and less an Underwriters’ discount of $128,960.05). The Underwriters’ obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the Series 2007 Certificates if any Series 2007 Certificates are purchased. The Series 2007 Certificates may be offered and sold to certain dealers (including dealers depositing such Series 2007 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 respective 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.

CONTINGENT FEES

The Board has retained Special Counsel, the Financial Advisor, the Underwriters (who in turn retained Underwriters’ Counsel), 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 2007 Certificates. Payment of the fees of such professionals are each contingent upon the issuance of the Series 2007 Certificates.

CONTINUING DISCLOSURE

The Board has undertaken for the benefit of Series 2007 Certificateholders and in order to assist the Underwriters in complying with the continuing disclosure requirements of Rule 15c12-12 of the Securities Exchange Commission (the "Rule"), to provide certain financial information and operating data relating to the Board and the Series 2007 Certificates in each year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. Such undertaking shall only apply so long as the Series 2007 Certificates remain outstanding or the Rule remains in effect. The Annual Report and audited financial
statements will be filed annually pursuant to the undertaking with each Nationally Recognized Municipal Securities Information Repository ("NRMSIRs") described in the Form of Continuing Disclosure Certificate attached hereto as Appendix F, as well as any state information depository that is subsequently established in the State of Florida (the "SID"). The notices of material events will be filed with the Municipal Securities Rulemaking Board or the NRMSIRs and with the SID. The specific nature of the information to be contained in the Annual Report and the notices of material events are described in “APPENDIX F – FORM OF CONTINUING DISCLOSURE CERTIFICATE”.

With respect to the Series 2007 Certificates, no party other than the Board is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the aforementioned Rule. The Board has not failed to comply with any of its prior undertakings to provide continuing disclosure information pursuant to the Rule.

**ACCURACY AND COMPLETENESS OF OFFERING STATEMENT**

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

Any statements made in this Offering Statement involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Offering Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Series 2007 Certificates.

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

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

SCHOOL BOARD OF COLUMBIA
COUNTY, FLORIDA

/s/ Charles Maxwell
Chairman

/s/ Grady D. Markham
Superintendent
APPENDIX A

GENERAL INFORMATION REGARDING COLUMBIA COUNTY, FLORIDA
APPENDIX A

The following information has been provided by The School Board of Columbia County and is included only for the purpose of providing general background with regard to Columbia County.

LOCATION:

Columbia County was formed in 1832 from a part of the original Alachua County and was named for Christopher Columbus. Lake City is the County seat of Columbia County, located 65 miles southwest of Jacksonville, 42 miles north of Gainesville and 100 miles east of Tallahassee. It is midway between the Atlantic Ocean and Gulf Coast in the northern region of the State.

U.S. Highways 41, 441 and 90 pass through Lake City, as well as State Roads 4, 100 and 27. Interstates 10 (East/West) and 75 (North/South) pass 3 miles north and 3 miles west of downtown Lake City, respectively. Both interstates converge directly northwest of Lake City.

The County covers 801 square miles, with about 10 of these falling within the incorporated boundaries of Lake City. Columbia County is bounded by the State of Georgia, the Florida counties of Union, Baker, Alachua, Gilchrist, Hamilton and Suwannee and 2 rivers, the Suwannee and Santa Fe.

CLIMATE:

Centrally located in north Florida, Columbia County has a mild climate year round. The average annual temperature is 69.0 degrees, with an average low in January of 40 degrees and an average high in July of 91 degrees.

Average annual rainfall is 56.8 inches. The average humidity is 75 percent.

POPULATION:

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
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</thead>
<tbody>
<tr>
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1. Census Data from U.S. Bureau of Census
Projected Population:

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<th>2020</th>
<th>2025</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>68,500</td>
<td>74,000</td>
<td>79,000</td>
<td>83,500</td>
<td>87,700</td>
</tr>
</tbody>
</table>


COUNTY GOVERNMENT:

Columbia County is governed by a five member Board of County Commissioners. A County Manager is responsible for administering programs in accordance with the policies established by the Board of County Commissioners. The Chairman of the Board directs the County Manager. The County Commissioners are elected to four year terms. The County provides service in the areas of elections, tax collection, property appraisal, offender detention, law enforcement, road construction, maintenance, traffic control, fire service, recreation and parkland development. Operational support is also given to other agencies such as the Circuit Court judicial system, the State Attorney’s office and the Public Defender’s office. In addition, the County provides welfare and social service assistance in the form of clinics, counseling and referrals.

TRANSPORTATION:

Columbia County is easily accessible by several major highways. I-75 North and South, and I-10 East and West, intersect 3 miles west and 3 miles north of downtown Lake City. U.S. Highways 41, 441 and 90, as well as State Roads 25, 47, 100 and 247 all make travel in and out of the County very convenient.

Air transportation is available at the Lake City Municipal Airport, located east of Lake City. The Municipal Airport serves small aircraft and charter flights. Its 8,000 foot runway is lighted and paved. The regional airport at Gainesville is only 45 miles from Lake City. Jacksonville, which is 65 miles from Lake City, also offers major commercial service several times daily.

There are several truck lines serving the Lake City-Columbia County area, as well as UPS, Federal Express and Purolator.

A deep-water port is located in Jacksonville, 65 miles east of Lake City, which accommodates barge and ship traffic. Commercial docking is available.
ECONOMY:

For many decades agriculture has been the leading industry in Columbia County. Farming and farm-related activities account for millions of dollars pumped into the local economy. However, today there is a shift in employment toward manufacturing, government and services. Many of the manufacturers are or will be located near the Lake City Airport, either in the Lake City Industrial Park or the soon to be completed Columbia County Industrial Park.

The service industry (banking, retailing, personal services, etc.) has also expanded significantly to meet the demands of the area’s population.

On the west side of Lake City, along the interstate area are numerous motels and restaurants which are responsible for bringing many tourist dollars into the community.

CULTURAL AND RECREATIONAL FACILITIES:

Natural resources of Columbia County include the Osceola National Forest and the Suwannee River. The famous river enters Florida from the Okefenokee Swamp in Georgia near the Columbia County Line, which borders Georgia. The County is also home to the Florida Sports Hall of Fame. A popular attraction is the Ichetuknee River which provides swimming and camping areas. Its three miles of slowly flowing spring water make it one of the world’s finest tubing sites.

EMPLOYMENT:

The major employers of Columbia County are set forth below:

<table>
<thead>
<tr>
<th>Businesses</th>
<th>Product/Service</th>
<th># of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Columbia County School District</td>
<td>Schools</td>
<td>1,420</td>
</tr>
<tr>
<td>Veterans Administration Medical</td>
<td>Hospitals/Clinics/Equipment/Supplies</td>
<td>975</td>
</tr>
<tr>
<td>Center</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TIMCO-Lake City</td>
<td>Aircraft Maintenance</td>
<td>878</td>
</tr>
<tr>
<td>Client Logic</td>
<td>Computers/Consulting/Training</td>
<td>550</td>
</tr>
<tr>
<td>Wal-Mart</td>
<td>Department Stores</td>
<td>548</td>
</tr>
<tr>
<td>Florida Dot</td>
<td>Government Offices</td>
<td>538</td>
</tr>
<tr>
<td>Anderson Columbia Co., Inc.</td>
<td>Paving Contractors</td>
<td>534</td>
</tr>
<tr>
<td>Florida Doc</td>
<td>Government Offices</td>
<td>432</td>
</tr>
<tr>
<td>Homes of Merit</td>
<td>Manufacturing</td>
<td>419</td>
</tr>
<tr>
<td>Shands at Lake Shore</td>
<td>Hospital/Clinics/Equipment/Supplies</td>
<td>417</td>
</tr>
<tr>
<td>Lake City Medical Center</td>
<td></td>
<td>297</td>
</tr>
</tbody>
</table>
Source: Columbia County Chamber of Commerce

**Labor Force:**
(2006)

| Labor Force | 29,520 |
| Labor Force % of County Population | 44.1 |
| Number in County Unemployed | 925 |
| Unemployment Rate | 3.1% |

1. Source: Enterprise Florida, Inc.

**Employment by Industry:**
(2005)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Columbia Co.</th>
<th>Florida</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Annual Employment</td>
<td>21,081</td>
<td>7,747,729</td>
</tr>
<tr>
<td>Natural Resources &amp; Mining</td>
<td>0.6%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Education &amp; Health Services</td>
<td>17.1%</td>
<td>18.4%</td>
</tr>
<tr>
<td>Information</td>
<td>1.5%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>11.5%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Trade, Transportation and Utilities</td>
<td>19.2%</td>
<td>20.8%</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>10.9%</td>
<td>11.5%</td>
</tr>
<tr>
<td>Other Services</td>
<td>2.8%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Construction</td>
<td>5.7%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>2.8%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>2.4%</td>
<td>17.1%</td>
</tr>
<tr>
<td>Public administration</td>
<td>9.6%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Unclassified</td>
<td>0.0%</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

1. Source: Enterprise Florida, Inc.
Average Annual Wage:\(^1\)

(2005)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Average Annual Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Industries</td>
<td>$38,211</td>
</tr>
<tr>
<td>Construction</td>
<td>$26,401</td>
</tr>
<tr>
<td>Education &amp; Health Services</td>
<td>$37,546</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>$42,928</td>
</tr>
<tr>
<td>Information</td>
<td>$35,560</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>$11,491</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>$38,281</td>
</tr>
<tr>
<td>Natural Resources &amp; Mining</td>
<td>$24,935</td>
</tr>
<tr>
<td>Other Services</td>
<td>$16,468</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>$33,944</td>
</tr>
<tr>
<td>Public administration</td>
<td>$32,564</td>
</tr>
<tr>
<td>Trade, Transportation and Utilities</td>
<td>$26,727</td>
</tr>
<tr>
<td>Unclassified</td>
<td>$16,182</td>
</tr>
</tbody>
</table>

1. Source: Enterprise Florida, Inc.

Per Capital Personal Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Columbia Co.</th>
<th>Florida</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>$19,332</td>
<td>$29,709</td>
</tr>
<tr>
<td>2003</td>
<td>$19,653</td>
<td>$30,128</td>
</tr>
<tr>
<td>2004</td>
<td>$20,680</td>
<td>$31,469</td>
</tr>
</tbody>
</table>

1. Source: Enterprise Florida, Inc.

2006 Millage Rates By Taxing Authority:

<table>
<thead>
<tr>
<th>Authority</th>
<th>Millage Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suwannee River Water Management</td>
<td>0.4914</td>
</tr>
<tr>
<td>School Board-including LRE and Discretionary</td>
<td>7.7350</td>
</tr>
<tr>
<td>Lake Shore Hospital</td>
<td>2.2500</td>
</tr>
<tr>
<td>Board of County Commissioners</td>
<td>8.7260</td>
</tr>
<tr>
<td>Columbia County Industrial Development (CCID)</td>
<td>0.1380</td>
</tr>
<tr>
<td>City of Lake City</td>
<td>3.5550</td>
</tr>
</tbody>
</table>

TOTAL MILLAGE RATE FOR COUNTY 19.3404

TOTAL MILLAGE RATE FOR COUNTY AND CITY OF LAKE CITY 22.8954

Source: Columbia County Property Appraiser
APPENDIX B
AUDITED FINANCIAL STATEMENTS
OF THE SCHOOL DISTRICT OF COLUMBIA COUNTY, FLORIDA FOR
THE FISCAL YEAR ENDED JUNE 30, 2006
COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
Financial, Operational, and Federal Single Audit

For the Fiscal Year Ended June 30, 2006
Columbia County District School Board members and the Superintendent of Schools who served during the 2005-06 fiscal year are shown in the following tabulation:

<table>
<thead>
<tr>
<th>District No.</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Linard Johnson, Vice-Chair to 11-21-05, Chair from 11-22-05</td>
</tr>
<tr>
<td>2</td>
<td>Charles H. Maxwell, Vice-Chair from 11-22-05</td>
</tr>
<tr>
<td>3</td>
<td>Steve Nelson, Chair to 11-21-05</td>
</tr>
<tr>
<td>4</td>
<td>William Keith Hudson</td>
</tr>
<tr>
<td>5</td>
<td>Glenn J. Hunter</td>
</tr>
</tbody>
</table>

Grady D. Markham, Superintendent

AUDITOR GENERAL

The Auditor General provides independent, unbiased, timely, and relevant information to the Legislature, entity management, and the citizens of the State of Florida which can be used to improve the operations and accountability of public entities.
## COLUMBIA COUNTY DISTRICT SCHOOL BOARD

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<th>PAGE NO.</th>
<th>EXTERNAL REFERENCE</th>
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</thead>
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</tr>
<tr>
<td>4</td>
<td>FINANCIAL SECTION</td>
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<tr>
<td>5</td>
<td>INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS</td>
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</tr>
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<td>57</td>
<td>MANAGEMENT RESPONSE</td>
</tr>
</tbody>
</table>
EXECUTIVE SUMMARY

Summary of Report on Financial Statements
The Columbia County District School Board prepared its basic financial statements for the fiscal year ended June 30, 2006, in accordance with prescribed financial reporting standards.

Summary of Report on Internal Control and Compliance
The District has established and implemented procedures that generally provide for internal control of District operations. The District generally complied with significant provisions of laws, administrative rules, regulations, contracts, and grant agreements. However, we did note internal control and compliance findings that are summarized below.

Summary of Audit Findings
Finding No. 1: Information Technology – Disaster Recovery
The District's disaster recovery plan covering its information technology resources provides for an alternate processing site in the event of a disaster, but does not include consideration of such matters as the procedures for minimizing and containing damage, restoring telecommunications capability, and resuming the operations of critical systems, and does not assign the responsibilities for carrying out disaster recovery activities to particular individuals. In addition, the alternate processing site had not been tested.

Finding No. 2: Investment of Idle Funds
Our review of bank balances disclosed instances in which idle funds remained in interest-bearing accounts at a local financial institution for significant periods of time, earning interest at rates that were significantly lower than those available through the Florida State Board of Administration (SBA).

Finding No. 3: Budget Administration
Although sufficient resources were available, actual expenditures exceeded the Board-approved amended budget at June 30, 2006, for nine functional expenditure categories in the General Fund by amounts totaling $1,722,046.44, one functional expenditure category in the Special Revenue – Food Service Fund by $170,844.29, and three functional expenditure categories in the Special Revenue – Other Fund by amounts totaling $126,748.55. Contrary to Board policy, amendments were not presented to the Board for approval within 45 days of these overexpenditures.

Summary of Report on Federal Awards
We audited the District's Federal awards for compliance with applicable Federal requirements. The Child Nutrition Cluster and Improving Teacher Quality State Grants program were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that were applicable to the major Federal programs tested. However, we did note a compliance finding that is summarized below.

Federal Awards Finding No. 1: Suspension and Debarment
The District paid $88,136.37 to one vendor for cafeteria equipment without verifying that the vendor was not suspended or debarred, contrary to Federal requirements.

Audit Objectives and Scope
Our audit objectives were to determine whether the Columbia County District School Board and its officers with administrative and stewardship responsibilities for District operations had:

- Presented the District's basic financial statements in accordance with generally accepted accounting principles;
Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on a major Federal program;

Established management controls that promote and encourage: 1) compliance with applicable laws, administrative rules, and other guidelines; 2) the economic, effective, and efficient operation of the District; 3) the reliability of records and reports; and 4) the safeguarding of District assets;

Complied with the various provisions of law, administrative rules, regulations, and contracts and grant agreements that are material to the financial statements, and those applicable to the District’s major Federal programs; and

Corrected, or are in the process of correcting, all deficiencies disclosed in our report No. 2006-141.

The scope of this audit included an examination of the District's basic financial statements and the Schedule of Expenditures of Federal Awards as of and for the fiscal year ended June 30, 2006. We obtained an understanding of internal control and assessed control risk necessary to plan the audit of the basic financial statements and Federal awards. We also examined various transactions to determine whether they were executed, both in manner and substance, in accordance with governing provisions of laws, administrative rules, regulations, contracts, and grant agreements.

Audit Methodology

The methodology used to develop the findings in this report included the examination of pertinent District records in connection with the application of procedures required by auditing standards generally accepted in the United States of America, applicable standards contained in Government Auditing Standards issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-133.

This audit was conducted by Cathy L. Bandy, CPA, and supervised by Robert L. Kuitert, CPA. Please address inquiries regarding this report to David W. Martin, CPA, Audit Manager, via e-mail at davidmartin@aud.state.fl.us or by telephone at (850) 487-9039.

This report and other audit reports prepared by the Auditor General can be obtained on our Web site www.state.fl.us/audgen; by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.
FINDINGS AND RECOMMENDATIONS

Reportable Conditions

Finding No. 1: Information Technology – Disaster Recovery

The District could improve its information technology disaster recovery procedures. The District’s disaster recovery plan includes agreements with Bradford County District School Board and Hamilton County District School Board, whereby each District agreed to serve as an alternate processing site for the other in the event of a disaster that interrupts critical information technology operations. However, our review disclosed that the District’s disaster recovery plan did not contain the following necessary elements:

- The disaster recovery plan did not include consideration of such matters as the procedures for minimizing and containing damage, restoring telecommunications capability, and resuming the operation of critical systems. Without consideration of these elements, there is an increased risk of data loss in the event of a system failure.
- The disaster recovery plan also did not address procedures for minimizing the disruption to operations. Such a plan should indicate the conditions under which the back-up site will be used; identify the employees needed at the site, and their job responsibilities; identify the supplies needed; outline procedures for notification of the back-up site and employees; establish a job priority schedule; and include steps to be followed at the back-up site. When staff responsibilities in a disaster are not articulated, there is an increased risk that recovery during an emergency may be delayed.
- The alternate processing site agreements had not been tested. Without adequate testing at the alternate facility, there is an increased risk that the selected applications will not produce the expected results.

Recommendation: The District should enhance its disaster recovery plan to address procedures for minimizing the disruption of operations in the event of a disaster and make the plan available to key employees. Additionally, the District should conduct periodic disaster recovery tests to ensure its ability to produce the output needed to sustain selected operations during a prolonged data center outage.

Finding No. 2: Investment of Idle Funds

Section 1001.51(11)(j), Florida Statutes, and Board Policy 7.20 require that temporarily idle funds be invested to earn the maximum possible yield for the period available. Our review of bank balances disclosed instances in which idle funds remained in interest-bearing accounts at a local financial institution for significant periods of time, earning interest at rates that were significantly lower than those available through the Florida State Board of Administration (SBA). We noted that the District’s general operating account balance exceeded $3.4 million for seven months during the 2005-06 fiscal year, while the capital projects account balance exceeded $1 million for nine months. Interest rates for these accounts ranged from 2.28 to 3.36 percent during the fiscal year. Had idle funds in these bank accounts been invested with the SBA during this time period, the District would have earned interest at rates ranging from 3.21 to 5.11 percent, and would have realized additional interest earnings of approximately $97,000.

Recommendation: To maximize interest earnings, funds not immediately needed to meet District obligations should be placed with the State Board of Administration or in other authorized investments offering the greatest rate of return consistent with security and liquidity requirements.
Finding No. 3: Budget Administration

The process for adopting and amending the budget should afford a governmental entity with a mechanism to plan a level of expenditures to meet its obligations while remaining within the financial resources available to the entity to meet those obligations. If the budget is not properly monitored and amended to meet the changing financial circumstances, there is an increased risk that an entity’s expenditures will exceed available resources. Our review of the District’s budget process indicated that the original budget was prepared and approved in accordance with applicable laws and rules; however, we noted that the District could improve its budgetary control process.

Section 1011.06(1), Florida Statutes, provides that expenditures shall be limited to the amounts budgeted under the classification of accounts provided for each fund and to the total amount of the budget after all amendments. State Board of Education Rule 6A-1.006, Florida Administrative Code, specifies that “No expenditure shall be authorized or obligation incurred which is in excess of a budgetary appropriation. . . . The school board shall approve amendments to the district school budget whenever the function and object amounts in the accounts prescribed by the State Board for the budget form are changed in the original budget approved by the school board.” Section 1011.06(2), Florida Statutes, provides that a district school board may establish policies that allow expenditures to exceed the amount budgeted by function and object, provided that the school board approves the expenditure and amends the budget within the timelines established by school board policy.

Board Policy 7.02(3) provides that expenditures may exceed the amount budgeted by function, provided the Board approves such expenditures and amends the budget within 45 days of the close of the month where such overexpenditures are noted. Our review disclosed that, although sufficient resources were available, actual expenditures exceeded the Board-approved amended budget at June 30, 2006, for nine functional expenditure categories in the General Fund by amounts totaling $1,722,046.44, one functional expenditure category in the Special Revenue – Food Service Fund by $170,844.29, and three functional expenditure categories in the Special Revenue - Other Fund by amounts totaling $126,748.55. Contrary to Board policy, amendments were not presented to the Board for approval within 45 days of these overexpenditures. Similar findings were noted in our report No. 2006-141.

Final budget amounts included in the annual financial report, which was Board-approved on September 12, 2006, were not exceeded.

Recommendation: The Board should enhance its procedures to ensure that the budget is properly monitored and timely amended to meet changing financial circumstances, as required by State law, rules, and Board policy.
PRIOR AUDIT FINDINGS

Except as discussed in the preceding paragraphs, the District corrected the deficiencies and exceptions cited in our report No. 2006-141.

MANAGEMENT RESPONSE

In accordance with the provisions of Section 11.45(4)(d), Florida Statutes, a list of audit findings and recommendations was submitted to members of the Columbia County District School Board and the Superintendent. The Superintendent's written response to the audit findings and recommendations included in this report is shown on pages 57 and 58.
INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

EXHIBIT – A  Statement of Net Assets.
EXHIBIT – B  Statement of Activities.
EXHIBIT – C  Balance Sheet – Governmental Funds.
EXHIBIT – D  Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.
EXHIBIT – E  Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.
EXHIBIT – F  Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.
EXHIBIT – K  Notes to Financial Statements.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT – L  Budgetary Comparison Schedule – General and Major Special Revenue Funds.
INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Columbia County District School Board as of and for the fiscal year ended June 30, 2006, which collectively comprise the District’s basic financial statements as listed on page 4. These financial statements are the responsibility of the District’s management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the school internal funds, which represent approximately 28 percent of the assets and 100 percent of the liabilities of the aggregate remaining fund information. Additionally, we did not audit the financial statements of the Columbia County Public Schools Foundation, Inc., a discretely presented component unit. Those financial statements were audited by other auditors whose reports have been provided to us, and our opinion, insofar as it relates to the amounts included for the school internal funds and the discretely presented component unit, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the school internal funds and the Columbia County Public Schools Foundation, Inc., were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.
In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the Columbia County District School Board as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, the District changed its method of computing its long-term liability for compensated absences at June 30, 2006.

In accordance with Government Auditing Standards, we have also issued a report on our consideration of the Columbia County District School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts, and grant agreements and other matters included under the heading INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (pages 8 through 12) and the Budgetary Comparison Schedule (shown as exhibit L) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the United States Office of Management and Budget’s Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required
part of the basic financial statements. Such information has been subjected to the auditing procedures applied in
the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to
the basic financial statements taken as a whole.

Respectfully submitted,

William O. Monroe, CPA
January 4, 2007
The management of the District School Board of Columbia County has prepared the following discussion and analysis to (a) assist the reader in focusing on significant financial issues; (b) provide an overview of the District’s financial activities; (c) identify changes in the District’s financial position; (d) identify material deviations from the approved budget; and (e) highlight significant issues in individual funds.

Because the information contained in the Management’s Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the District’s financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2005-06 fiscal year are as follows:

- The District’s financial status improved from the previous year. Total net assets increased by $3,062,560, or 4.2 percent for the year.
- During the current year, General Fund expenditures exceeded revenues by $173,545. This may be compared to last year’s results in which General Fund expenditures exceeded revenues by $1,007,363.
- The unreserved fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totals $2,652,787 at June 30, 2006, or 4.1 percent of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- Government-wide financial statements.
- Fund financial statements.
- Notes to financial statements.

In addition, this report presents certain required supplementary information which includes management’s discussion and analysis.

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the District’s overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net assets and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the primary government presented on the accrual basis of accounting. The statement of net assets provides information about the government’s financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the District. The statement of activities presents information about the change in the District’s net assets, the results of operations, during the fiscal year. An increase or decrease in net assets is an indication of whether the District’s financial health is improving or deteriorating.

The government-wide statements present the District’s activities in two categories:
Governmental activities – This represents most of the District’s services, including its educational programs: basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State’s education finance program provide most of the resources that support these activities.

Component unit – The District presents one separate legal entity in this report, the Columbia County Public Schools Foundation, Inc. Although a legally separate organization, the component unit is included in this report because it meets the criteria for inclusion provided by generally accepted accounting principles.

Over a period of time, changes in the District’s net assets are an indication of improving or deteriorating financial condition. This information should be evaluated in conjunction with other nonfinancial factors, such as changes in the District’s property tax base, student enrollment, and the condition of the District’s capital assets, including its school buildings and administrative facilities.

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 and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the District’s financial activities, focusing on its most significant “major” funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements.

All of the District’s funds may be classified within one of three broad categories:

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that may be used to evaluate the District’s near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

Proprietary Funds - Proprietary funds may be established to account for activities in which a fee is charged for services. Internal service funds are used to report activities that provide goods and services to support the District’s other programs and functions through user charges. The District uses an internal service fund to account for the Florida IBM AS/400-TERMS Users’ Group Consortium. Since these services predominantly benefit governmental rather than business-type functions, the internal service fund has been included within governmental activities in the government-wide financial statements.

Fiduciary Funds – Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the District’s own programs. In its fiduciary capacity, the District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government’s financial position. The following is a comparative summary of the District’s net assets as of June 30, 2006, and June 30, 2005:

<table>
<thead>
<tr>
<th>Net Assets, End of Year</th>
<th>Governmental Activities</th>
<th>6-30-06</th>
<th>6-30-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current and Other Assets</td>
<td>$11,879,729</td>
<td>$13,306,653</td>
<td></td>
</tr>
<tr>
<td>Capital Assets</td>
<td>82,401,308</td>
<td>78,352,661</td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>94,281,037</td>
<td>91,659,314</td>
<td></td>
</tr>
<tr>
<td>Long-Term Liabilities</td>
<td>15,990,356</td>
<td>19,330,556</td>
<td></td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>3,132,857</td>
<td>2,915,792</td>
<td></td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>19,123,213</td>
<td>22,246,348</td>
<td></td>
</tr>
<tr>
<td>Net Assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in Capital Assets -</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net of Related Debt</td>
<td>72,541,011</td>
<td>67,376,197</td>
<td></td>
</tr>
<tr>
<td>Restricted</td>
<td>3,456,366</td>
<td>5,524,589</td>
<td></td>
</tr>
<tr>
<td>Unrestricted (Deficit)</td>
<td>(839,553)</td>
<td>(3,487,820)</td>
<td></td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>$75,157,824</td>
<td>$69,412,966</td>
<td></td>
</tr>
</tbody>
</table>

The largest portion of the District’s net assets reflects its investment in capital assets (e.g., land, buildings, furniture and equipment), less any related debt still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

The restricted portion of the District’s net assets represents resources that are subject to external restrictions on how they may be used.

The key elements of the increase in the District’s net assets for the fiscal year ended June 30, 2006, are demonstrated in this comparison of operations for the 2005-06 and 2004-05 fiscal years:
Operating Results for the Year

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th>6-30-06</th>
<th>6-30-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for Services</td>
<td>$1,675,063</td>
<td>$1,672,866</td>
</tr>
<tr>
<td>Operating Grants and Contributions</td>
<td>5,073,521</td>
<td>4,752,359</td>
</tr>
<tr>
<td>Capital Grants and Contributions</td>
<td>1,821,880</td>
<td>352,633</td>
</tr>
<tr>
<td>General Revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes, Levied for Operational Purposes</td>
<td>10,913,493</td>
<td>10,139,102</td>
</tr>
<tr>
<td>Property Taxes, Levied for Capital Projects</td>
<td>3,663,063</td>
<td>3,221,065</td>
</tr>
<tr>
<td>Grants and Contributions Not Restricted to Specific Programs</td>
<td>57,841,114</td>
<td>52,494,304</td>
</tr>
<tr>
<td>Unrestricted Investment Earnings</td>
<td>336,198</td>
<td>244,863</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>943,163</td>
<td>675,477</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>82,267,495</td>
<td>73,552,669</td>
</tr>
<tr>
<td>Functions/Program Expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>42,845,005</td>
<td>38,759,190</td>
</tr>
<tr>
<td>Pupil Personnel Services</td>
<td>5,147,191</td>
<td>4,846,948</td>
</tr>
<tr>
<td>Instructional Media Services</td>
<td>1,167,097</td>
<td>1,141,021</td>
</tr>
<tr>
<td>Instruction and Curriculum Development Services</td>
<td>1,399,067</td>
<td>1,618,869</td>
</tr>
<tr>
<td>Instructional Staff Training Services</td>
<td>1,697,340</td>
<td>1,620,851</td>
</tr>
<tr>
<td>Instruction Related Technology</td>
<td>250,819</td>
<td></td>
</tr>
<tr>
<td>Board of Education</td>
<td>374,873</td>
<td>355,401</td>
</tr>
<tr>
<td>General Administration</td>
<td>1,238,474</td>
<td>1,102,771</td>
</tr>
<tr>
<td>School Administration</td>
<td>3,596,838</td>
<td>3,209,326</td>
</tr>
<tr>
<td>Facilities Acquisition and Construction</td>
<td>206,419</td>
<td>535,766</td>
</tr>
<tr>
<td>Fiscal Services</td>
<td>346,248</td>
<td>367,598</td>
</tr>
<tr>
<td>Food Services</td>
<td>3,864,192</td>
<td>3,546,600</td>
</tr>
<tr>
<td>Central Services</td>
<td>784,365</td>
<td>1,528,758</td>
</tr>
<tr>
<td>Pupil Transportation Services</td>
<td>4,499,320</td>
<td>4,508,173</td>
</tr>
<tr>
<td>Operation of Plant</td>
<td>5,150,645</td>
<td>4,536,333</td>
</tr>
<tr>
<td>Maintenance of Plant</td>
<td>1,918,265</td>
<td>2,231,273</td>
</tr>
<tr>
<td>Administrative Technology Services</td>
<td>702,070</td>
<td></td>
</tr>
<tr>
<td>Community Services</td>
<td>330,492</td>
<td>420,596</td>
</tr>
<tr>
<td>Interest on Long-Term Debt</td>
<td>545,940</td>
<td>565,829</td>
</tr>
<tr>
<td>Unallocated Depreciation Expenses</td>
<td>3,140,275</td>
<td>2,916,002</td>
</tr>
<tr>
<td>Total Functions/Program Expenses</td>
<td>79,204,935</td>
<td>73,811,305</td>
</tr>
<tr>
<td>Increase (Decrease) in Net Assets</td>
<td>$3,062,560</td>
<td>$(258,636)</td>
</tr>
</tbody>
</table>

The largest revenue source is the State of Florida (64.6 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data, and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District’s funding ability based on the local property tax base.

Instructional expenses represent 54.1 percent of total governmental expenses in the 2005-06 fiscal year. Instructional expenses increased by $4,085,815, or 10.5 percent, from the previous year due mainly to salary increases.
FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Major Governmental Funds
The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance is $2,652,787, while the total fund balance is $5,910,874. The unreserved fund balance decreased by $112,546, while the total fund balance increased by $343,943 during the fiscal year.

The Special Revenue - Food Service Fund has a total fund balance of $1,034,351, which is restricted for the school food service program.

The Capital Projects – Public Education Capital Outlay Fund and the Capital Projects – Local Capital Improvement Fund have total fund balances of $141,449 and $617,752, respectively, all of which is restricted for the acquisition, construction, and maintenance of capital assets.

BUDGET VARIANCES IN THE GENERAL FUND

The budget in the General Fund was revised during the year to incorporate changes in enrollment, the addition of grants awarded during the year, and adjustments resulting from the annual audit. Changes were also required as estimates for terminal leave payments were revised.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets
The District's investment in capital assets for its governmental activities as of June 30, 2006, amounts to $82,401,308 (net of accumulated depreciation). This investment in capital assets includes land; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; property under lease-purchase; construction in progress; and audio visual materials and computer software.

Major capital asset events during the current fiscal year include the following:

- New auditorium at Columbia High School
- Renovation and remodeling of the Richardson Middle School cafeteria
- Phase II of the Columbia City Elementary School wing addition
- Six classrooms at Fort White Elementary School

Long-Term Debt
At June 30, 2006, the District has total long-term debt outstanding of $9,860,297. This amount is comprised of $1,075,119 in obligations under lease-purchase, $4,875,000 in bonds payable, and $3,910,178 in notes payable. The District retired $1,116,167 of its long-term debt in the 2005-06 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Columbia County District School Board’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Columbia County District School Board, 372 West Duval Street, Lake City, Florida 32055.
## STATEMENT OF NET ASSETS

**COLUMBIA COUNTY**  
**DISTRICT SCHOOL BOARD**  
**June 30, 2006**

<table>
<thead>
<tr>
<th>Primary Government</th>
<th>Component Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Activities</td>
<td></td>
</tr>
</tbody>
</table>

### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Primary</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 6,300,244.44</td>
<td>$ 82,321.00</td>
</tr>
<tr>
<td>Investments</td>
<td>3,298,599.61</td>
<td>26,966.00</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>120,105.62</td>
<td></td>
</tr>
<tr>
<td>Due from Fiscal Agent</td>
<td>441,225.96</td>
<td></td>
</tr>
<tr>
<td>Due from Other Agencies</td>
<td>1,172,395.99</td>
<td>220.00</td>
</tr>
<tr>
<td>Inventories</td>
<td>547,157.25</td>
<td></td>
</tr>
<tr>
<td>Capital Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>1,904,665.85</td>
<td></td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>7,964,340.31</td>
<td></td>
</tr>
<tr>
<td>Improvements Other Than Buildings, Net</td>
<td>499,036.94</td>
<td></td>
</tr>
<tr>
<td>Buildings and Fixed Equipment, Net</td>
<td>65,064,578.58</td>
<td></td>
</tr>
<tr>
<td>Furniture, Fixtures, and Equipment, Net</td>
<td>1,754,543.35</td>
<td></td>
</tr>
<tr>
<td>Motor Vehicles, Net</td>
<td>2,526,704.33</td>
<td></td>
</tr>
<tr>
<td>Property Under Lease-Purchase, Net</td>
<td>1,898,146.40</td>
<td></td>
</tr>
<tr>
<td>Audio Visual Materials and Computer Software, Net</td>
<td>789,292.18</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$ 94,281,036.81</td>
<td>$ 109,507.00</td>
</tr>
</tbody>
</table>

### LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Primary</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits Payable</td>
<td>$ 2,716.59</td>
<td>$</td>
</tr>
<tr>
<td>Payroll Deductions and Withholdings</td>
<td>711,143.99</td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>362,724.03</td>
<td></td>
</tr>
<tr>
<td>Construction Contracts Payable</td>
<td>141,101.62</td>
<td></td>
</tr>
<tr>
<td>Construction Contracts Payable - Retainage</td>
<td>645,507.38</td>
<td></td>
</tr>
<tr>
<td>Due to Other Agencies</td>
<td>7,137.73</td>
<td></td>
</tr>
<tr>
<td>Deferred Revenue</td>
<td>1,183,073.89</td>
<td></td>
</tr>
<tr>
<td>Estimated Insurance Claims Payable</td>
<td>79,450.93</td>
<td></td>
</tr>
<tr>
<td>Long-Term Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portion Due Within One Year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes Payable</td>
<td>696,317.14</td>
<td></td>
</tr>
<tr>
<td>Bonds Payable</td>
<td>240,000.00</td>
<td></td>
</tr>
<tr>
<td>Obligations Under Lease-Purchase</td>
<td>81,950.92</td>
<td></td>
</tr>
<tr>
<td>Compensated Absences Payable</td>
<td>650,000.00</td>
<td></td>
</tr>
<tr>
<td>Portion Due After One Year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes Payable</td>
<td>3,213,860.54</td>
<td></td>
</tr>
<tr>
<td>Bonds Payable</td>
<td>4,635,000.00</td>
<td></td>
</tr>
<tr>
<td>Obligations Under Lease-Purchase</td>
<td>993,167.98</td>
<td></td>
</tr>
<tr>
<td>Compensated Absences Payable</td>
<td>5,480,059.86</td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>19,123,212.60</td>
<td></td>
</tr>
</tbody>
</table>

### NET ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Primary</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in Capital Assets, Net of Related Debt</td>
<td>72,541,011.36</td>
<td></td>
</tr>
<tr>
<td>Restricted for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Categorical Programs</td>
<td>806,472.27</td>
<td></td>
</tr>
<tr>
<td>Debt Service</td>
<td>516,059.31</td>
<td></td>
</tr>
<tr>
<td>Capital Projects</td>
<td>1,195,416.78</td>
<td></td>
</tr>
<tr>
<td>Other Purposes</td>
<td>938,417.68</td>
<td>52,177.00</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>(839,553.19)</td>
<td>57,330.00</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>75,157,824.21</td>
<td>109,507.00</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td>$ 94,281,036.81</td>
<td>$ 109,507.00</td>
</tr>
</tbody>
</table>

The accompanying notes to financial statements are an integral part of this statement.
### Functions/Programs

#### Primary Government

**Governmental Activities:**

<table>
<thead>
<tr>
<th>Function/Program</th>
<th>Operating Capital Expenses</th>
<th>Charges for Grants and Services</th>
<th>Operating Grants and Contributions</th>
<th>Capital Grants and Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>$42,845,005.49</td>
<td>$25,685.85</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pupil Personnel Services</td>
<td>5,147,190.87</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instructional Media Services</td>
<td>1,167,096.86</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction and Curriculum Development Services</td>
<td>1,399,066.51</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instructional Staff Training Services</td>
<td>1,697,339.99</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction Related Technology</td>
<td>250,618.69</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board of Education</td>
<td>374,873.17</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Administration</td>
<td>1,238,474.25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>School Administration</td>
<td>3,596,638.30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilities Acquisition and Construction</td>
<td>206,418.75</td>
<td>1,539,213.85</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiscal Services</td>
<td>346,248.35</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food Services</td>
<td>3,864,192.33</td>
<td>1,214,548.17</td>
<td>2,660,929.23</td>
<td></td>
</tr>
<tr>
<td>Central Services</td>
<td>784,365.15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pupil Transportation Services</td>
<td>4,499,320.21</td>
<td>45,774.71</td>
<td>2,412,592.00</td>
<td></td>
</tr>
<tr>
<td>Operation of Plant</td>
<td>5,150,644.91</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance of Plant</td>
<td>1,918,264.68</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Technology Services</td>
<td>702,069.62</td>
<td>389,054.55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Services</td>
<td>330,491.68</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Long-Term Debt</td>
<td>545,940.53</td>
<td>282,666.13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unallocated Depreciation Expenses</td>
<td>3,140,274.96</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total Primary Government**

|                | $79,204,935.50 | $1,675,063.28 | $5,073,521.23 | $1,821,879.98 |

#### Component Unit

Columbia County Public Schools Foundation, Inc.

|                | 5,689.00 | 0.00 | 21,760.00 | 0.00 |

**General Revenues:**

<table>
<thead>
<tr>
<th>Taxes:</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes, Levied for Operational Purposes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes, Levied for Capital Projects</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and Contributions Not Restricted to Specific Programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted Investment Earnings</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total General Revenues**

**Change in Net Assets**

Net Assets - July 1, 2005

Adjustment to Beginning Net Assets

Net Assets - July 1, 2005, Restated

Net Assets - June 30, 2006

The accompanying notes to financial statements are an integral part of this statement.
### EXHIBIT - B

#### Net (Expense) Revenue and Changes in Net Assets

<table>
<thead>
<tr>
<th>Activities</th>
<th>Component Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>$ (42,819,319.64)</td>
<td>$</td>
</tr>
<tr>
<td>(5,147,190.87)</td>
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</tr>
<tr>
<td>(1,167,096.86)</td>
<td></td>
</tr>
<tr>
<td>(1,399,066.51)</td>
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</tr>
<tr>
<td>(1,697,339.99)</td>
<td></td>
</tr>
<tr>
<td>(250,818.69)</td>
<td></td>
</tr>
<tr>
<td>(374,873.17)</td>
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</tr>
<tr>
<td>(1,238,474.25)</td>
<td></td>
</tr>
<tr>
<td>(3,596,838.30)</td>
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</tr>
<tr>
<td>1,332,795.10</td>
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</tr>
<tr>
<td>(346,248.35)</td>
<td></td>
</tr>
<tr>
<td>11,285.07</td>
<td></td>
</tr>
<tr>
<td>(784,365.15)</td>
<td></td>
</tr>
<tr>
<td>(2,040,953.50)</td>
<td></td>
</tr>
<tr>
<td>(5,150,644.91)</td>
<td></td>
</tr>
<tr>
<td>(1,918,264.68)</td>
<td></td>
</tr>
<tr>
<td>(313,015.27)</td>
<td></td>
</tr>
<tr>
<td>(330,491.68)</td>
<td></td>
</tr>
<tr>
<td>(263,274.40)</td>
<td></td>
</tr>
<tr>
<td>(3,140,274.96)</td>
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</tr>
</tbody>
</table>

(70,634,471.01)

16,071.00

10,913,492.93
3,663,063.11
57,841,113.53
336,198.43
943,162.77

73,697,030.77
15,251.00

3,062,559.76
31,322.00

69,412,966.54
78,185.00
2,682,297.91

72,095,264.45
78,185.00

$ 75,157,824.21
$ 109,507.00

-15-
### General Special Special
Fund Revenue - Revenue -
Food Service Other

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>General Fund</th>
<th>Special Revenue - Food Service Fund</th>
<th>Special Revenue - Other Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>3,535,313.61</td>
<td>$1,121,039.75</td>
<td>$471,491.48</td>
</tr>
<tr>
<td>Investments</td>
<td>3,189,923.32</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from Fiscal Agent</td>
<td>441,225.96</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>120,105.62</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from Other Funds</td>
<td>153,273.78</td>
<td>6,720.03</td>
<td>308.91</td>
</tr>
<tr>
<td>Due from Other Agencies</td>
<td>103,316.47</td>
<td>22,230.34</td>
<td>308.91</td>
</tr>
<tr>
<td>Inventories</td>
<td>435,783.25</td>
<td>111,374.00</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$7,978,942.01</td>
<td>$1,254,644.09</td>
<td>$478,520.42</td>
</tr>
</tbody>
</table>

### LIABILITIES AND FUND BALANCES

<table>
<thead>
<tr>
<th>Liabilities:</th>
<th>General Fund</th>
<th>Special Revenue - Food Service Fund</th>
<th>Special Revenue - Other Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits Payable</td>
<td>$2,611.09</td>
<td>$105.50</td>
<td></td>
</tr>
<tr>
<td>Payroll Deductions and Withholdings</td>
<td>711,143.99</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>174,074.55</td>
<td>67,019.49</td>
<td>40,061.11</td>
</tr>
<tr>
<td>Construction Contracts Payable</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction Contracts Payable - Retainage</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to Other Funds</td>
<td>1,093,649.66</td>
<td>153,273.78</td>
<td></td>
</tr>
<tr>
<td>Due to Other Agencies</td>
<td>7,137.73</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Revenue</td>
<td></td>
<td></td>
<td>438,091.89</td>
</tr>
<tr>
<td>Estimated Insurance Claims Payable</td>
<td>79,450.93</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>2,068,067.95</td>
<td>220,293.27</td>
<td>478,258.50</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund Balances:</th>
<th>General Fund</th>
<th>Special Revenue - Food Service Fund</th>
<th>Special Revenue - Other Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserved for State Categorical Programs</td>
<td>806,472.27</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserved for Encumbrances</td>
<td>715,638.76</td>
<td>45,292.74</td>
<td></td>
</tr>
<tr>
<td>Reserved for Inventories</td>
<td>435,783.25</td>
<td>111,374.00</td>
<td></td>
</tr>
<tr>
<td>Reserved for Self-Insurance</td>
<td>361,775.03</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserved for Debt Service</td>
<td>938,417.68</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserved for Other Purposes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unreserved, Reported in:</td>
<td>General Fund</td>
<td>Special Revenue Funds</td>
<td>Capital Projects Funds</td>
</tr>
<tr>
<td></td>
<td>2,652,787.07</td>
<td>877,684.08</td>
<td></td>
</tr>
<tr>
<td><strong>Total Fund Balances</strong></td>
<td>5,910,874.06</td>
<td>1,034,350.82</td>
<td>261.92</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>TOTAL LIABILITIES AND FUND BALANCES</strong></th>
<th>General Fund</th>
<th>Special Revenue - Food Service Fund</th>
<th>Special Revenue - Other Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>$7,978,942.01</td>
<td>$1,254,644.09</td>
<td>$478,520.42</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes to financial statements are an integral part of this statement.
<table>
<thead>
<tr>
<th>Capital Projects - Public Education</th>
<th>Capital Projects - Local Capital Improvement Fund</th>
<th>Other Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>$356,185.72</td>
<td>$108,676.29</td>
<td>$763,347.94</td>
<td>$6,247,378.50</td>
</tr>
<tr>
<td>987,506.01</td>
<td>120,105.62</td>
<td>1,223,196.11</td>
<td>547,157.25</td>
</tr>
<tr>
<td>1,041,986.00</td>
<td>4,554.27</td>
<td>1,172,395.99</td>
<td></td>
</tr>
<tr>
<td>$1,041,986.00</td>
<td>$1,343,691.73</td>
<td>$952,274.79</td>
<td>$13,050,059.04</td>
</tr>
</tbody>
</table>

| $32,615.57                      | $48,953.31                                    | $362,724.03             | $2,716.59               |
| 936.38                          | 140,165.24                                    | 141,101.62              |                         |
| 108,686.45                      | 536,820.93                                    | 645,507.38              |                         |
| 13,316.55                       |                                               | 1,260,239.99            |                         |
| 744,982.00                      |                                               | 1,183,073.89            |                         |
| 900,536.95                      | 725,939.48                                    | 4,393,096.15            |                         |

| 128,516.66                      | 478,567.60                                    | 1,368,015.76            |                         |
| 361,775.03                      | 516,059.31                                    | 516,059.31              |                         |
| 2,652,787.07                    | 877,946.00                                    | 888,332.52              |                         |
| 12,932.39                       | 139,184.65                                    | 436,215.48              |                         |
| 141,449.05                      | 617,752.25                                    | 8,656,962.89            |                         |
| $1,041,986.00                   | $1,343,691.73                                 | $952,274.79             | $13,050,059.04          |
Total Fund Balances - Governmental Funds $ 8,656,962.89

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

- Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 82,109,202.94

- Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 382,014.82

- Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

<table>
<thead>
<tr>
<th>Liability</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds Payable</td>
<td>$ 4,875,000.00</td>
</tr>
<tr>
<td>Obligations Under Lease-Purchase</td>
<td>1,075,118.90</td>
</tr>
<tr>
<td>Notes Payable</td>
<td>3,910,177.68</td>
</tr>
<tr>
<td>Compensated Absences Payable</td>
<td>6,130,059.86</td>
</tr>
<tr>
<td><strong>Total Long-term Liabilities</strong></td>
<td>(15,990,356.44)</td>
</tr>
</tbody>
</table>

Total Net Assets - Governmental Activities $ 75,157,824.21

The accompanying notes to financial statements are an integral part of this statement.
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### Revenues

<table>
<thead>
<tr>
<th>Intergovernmental:</th>
<th>General Fund</th>
<th>Special Revenue - Food Service Fund</th>
<th>Special Revenue - Other Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Direct</td>
<td>1,069,372.33</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Federal Through State</td>
<td>467,151.66</td>
<td>2,595,571.23</td>
<td>7,456,311.79</td>
</tr>
<tr>
<td>Federal Through Local</td>
<td>337,166.53</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>50,456,111.31</td>
<td>67,092.00</td>
<td></td>
</tr>
<tr>
<td>Local</td>
<td>12,036,205.21</td>
<td>1,235,395.11</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>64,366,007.04</td>
<td>3,898,058.34</td>
<td>7,456,311.79</td>
</tr>
</tbody>
</table>

### Expenditures

**Current - Education:**
- Instruction: 38,712,149.74
- Pupil Personnel Services: 4,071,017.73
- Instructional Media Services: 1,143,005.25
- Instruction and Curriculum Development Services: 690,575.04
- Instructional Staff Training Services: 402,385.77
- Instruction Related Technology: 248,977.47
- Board of Education: 373,068.78
- General Administration: 1,090,459.27
- School Administration: 3,963,217.09
- Facilities Acquisition and Construction: 18,174.45
- Fiscal Services: 343,762.59
- Food Services: 4,339.82
- Central Services: 779,509.41
- Pupil Transportation Services: 4,357,855.74
- Operation of Plant: 5,128,190.93
- Maintenance of Plant: 1,907,837.39
- Administrative Technology Services: 352,900.23
- Community Service: 328,706.08
- Facilities Acquisition and Construction: 147,528.59
- Other Capital Outlay: 356,666.10
- Principal: 276,375.69
- Interest and Fiscal Charges: 242,849.08

**Total Expenditures:**
64,539,552.24
4,009,944.29
7,456,311.79

**Excess (Deficiency) of Revenues Over Expenditures:**
(173,545.20)
(111,885.95)

**Other Financing Sources (Uses):**
- Transfers In: 500,000.00
- Refunding Bonds Issued
- Premium on Refunding Bonds
- Insurance Loss Recoveries: 17,488.40
- Payment to Escrow Agent for Refunded Bonds
- Transfers Out

**Total Other Financing Sources (Uses):**
517,488.40

**Net Change in Fund Balances:**
343,943.20
(111,885.95)

**Fund Balances, July 1, 2005:**
5,566,930.86
1,146,236.77
261.92

**Fund Balances, June 30, 2006:**
5,910,874.06
1,034,350.82
261.92

The accompanying notes to financial statements are an integral part of this statement.
<table>
<thead>
<tr>
<th>Capital Projects - Public Education Capital Outlay Fund</th>
<th>Capital Projects - Local Capital Improvement Fund</th>
<th>Other Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,701,409.00</td>
<td>7,699.84</td>
<td>586,328.89</td>
<td>52,810,941.20</td>
</tr>
<tr>
<td>1,709,108.84</td>
<td>3,698,836.60</td>
<td>20,918.74</td>
<td>16,999,055.50</td>
</tr>
<tr>
<td>$42,552,317.66</td>
<td>5,116,903.66</td>
<td>343,762.59</td>
<td>6,140,085.84</td>
</tr>
<tr>
<td>494,122.15</td>
<td>14,838.00</td>
<td>22,000.00</td>
<td>527,134.60</td>
</tr>
<tr>
<td>1,123,333.51</td>
<td>4,630,971.70</td>
<td>10,735.41</td>
<td>6,140,085.84</td>
</tr>
<tr>
<td>28,834.00</td>
<td>112,554.00</td>
<td>765,326.70</td>
<td>83,440,364.82</td>
</tr>
<tr>
<td>1,646,289.66</td>
<td>5,322,801.15</td>
<td>465,465.69</td>
<td>83,440,364.82</td>
</tr>
<tr>
<td>62,819.18</td>
<td>(1,623,964.55)</td>
<td>141,781.94</td>
<td>(1,704,794.58)</td>
</tr>
<tr>
<td>(500,000.00)</td>
<td>(500,000.00)</td>
<td>(500,000.00)</td>
<td></td>
</tr>
<tr>
<td>(500,000.00)</td>
<td>752.49</td>
<td>18,240.89</td>
<td></td>
</tr>
<tr>
<td>(437,180.82)</td>
<td>(1,623,964.55)</td>
<td>142,534.43</td>
<td>(1,686,553.69)</td>
</tr>
<tr>
<td>578,629.87</td>
<td>2,241,716.80</td>
<td>809,740.36</td>
<td>10,343,516.58</td>
</tr>
</tbody>
</table>

| $141,449.05                                           | $617,752.25                                      | $952,274.79             | $8,656,962.89           |
Net Change in Fund Balances - Governmental Funds

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays in excess of depreciation expense in the current period. 4,048,646.43

Proceeds of refunding bonds are reported as other financing sources in the governmental funds, while payments to the escrow agent for the advance-refunding of outstanding bonds are shown as other financing uses. Government-wide statements are affected only to the extent these amounts differ. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,116,167.44

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned in excess of the amount paid in the current period. (458,265.35)

Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenue of internal service funds is reported with governmental activities. 42,564.93

Change in Net Assets - Governmental Activities

$ 3,062,559.76

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

Current Assets:
Cash $ 52,865.94
Due from Other Funds 37,043.88
Total Current Assets 89,909.82

Noncurrent Assets:
Furniture, Fixtures, and Equipment, Net 1,795.00
Computer Software, Net 290,310.00
Total Noncurrent Assets 292,105.00

TOTAL ASSETS $ 382,014.82

NET ASSETS

Invested in Capital Assets $ 292,105.00
Unrestricted 89,909.82
TOTAL NET ASSETS $ 382,014.82

The accompanying notes to financial statements are an integral part of this statement.
EXHIBIT - H  
COLUMBIA COUNTY  
DISTRICT SCHOOL BOARD  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS -  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

<table>
<thead>
<tr>
<th>Governmental Activities - Internal Service Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING REVENUES</td>
</tr>
<tr>
<td>Revenue from Member Districts</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPERATING EXPENSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
</tr>
<tr>
<td>Employee Benefits</td>
</tr>
<tr>
<td>Purchased Services</td>
</tr>
<tr>
<td>Capital Outlay</td>
</tr>
<tr>
<td>Depreciation Expense</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
</tr>
</tbody>
</table>

| Operating Loss                             | (150,094.18) |

<table>
<thead>
<tr>
<th>NONOPERATING REVENUES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Change in Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>(149,180.07)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Net Assets, July 1, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>531,194.89</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Net Assets, June 30, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>$382,014.82</td>
</tr>
</tbody>
</table>

The accompanying notes to financial statements are an integral part of this statement.
# COLUMBIA COUNTY
## DISTRICT SCHOOL BOARD
## STATEMENT OF CASH FLOWS -
## PROPRIETARY FUND
## FOR THE FISCAL YEAR ENDED JUNE 30, 2006

### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Received from Member Districts</td>
<td>$ 352,010.67</td>
</tr>
<tr>
<td>Cash Payments to Suppliers for Goods and Services</td>
<td>(263,017.46)</td>
</tr>
<tr>
<td>Cash Payments to Employees for Services</td>
<td>(82,591.27)</td>
</tr>
<tr>
<td><strong>Net Cash Provided by Operating Activities</strong></td>
<td>$ 6,401.94</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of Capital Assets</td>
<td>(1,795.00)</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income</td>
<td>914.11</td>
</tr>
<tr>
<td><strong>Net Increase in Cash</strong></td>
<td>$ 5,521.05</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, Beginning</td>
<td>$ 47,344.89</td>
</tr>
<tr>
<td><strong>Cash, Ending</strong></td>
<td>$ 52,865.94</td>
</tr>
</tbody>
</table>

### Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Loss</td>
<td>$ (150,094.18)</td>
</tr>
<tr>
<td>Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>193,540.00</td>
</tr>
<tr>
<td>Changes in Assets and Liabilities:</td>
<td></td>
</tr>
<tr>
<td>Increase in Due From Other Funds</td>
<td>(37,043.88)</td>
</tr>
<tr>
<td><strong>Total Adjustments</strong></td>
<td>$ 156,496.12</td>
</tr>
<tr>
<td><strong>Net Cash Provided by Operating Activities</strong></td>
<td>$ 6,401.94</td>
</tr>
</tbody>
</table>

The accompanying notes to financial statements are an integral part of this statement.
### EXHIBIT - J
COLUMBIA COUNTY  
DISTRICT SCHOOL BOARD  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -  
FIDUCIARY FUNDS  
June 30, 2006

<table>
<thead>
<tr>
<th>Assets</th>
<th>Agency Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 531,525.95</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Accounts Payable</td>
<td>$ 531,525.95</td>
</tr>
</tbody>
</table>

The accompanying notes to financial statements are an integral part of this statement.
EXHIBIT – K  
COLUMBIA COUNTY  
DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ Reporting Entity

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

Criteria for determining if other entities are potential component units which should be reported within the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the District School Board is financially accountable and other organizations for which the nature and significance of their relationship with the School Board are such that exclusion would cause the District's basic financial statements to be misleading or incomplete. Based on the application of these criteria, the following component unit is included within the District School Board's reporting entity:

• Discretely Presented Component Unit. The component unit columns in the basic financial statements, Exhibits A and B, include the financial data of the Columbia County Public Schools Foundation, Inc., which was formed to provide charitable and educational aid to the School Board; to promote education; and to encourage research, learning, and dissemination of information. The Foundation’s financial statements are on file in the District’s administrative office.

➤ Basis of Presentation

Government-wide Financial Statements - Government-wide financial statements, including the statement of net assets and the statement of activities, present information about the School District as a whole. These statements include the nonfiduciary financial activity of the primary government and its component unit.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expenses associated with the District’s transportation department are allocated to the transportation function, while remaining depreciation expenses are not readily associated with a particular function and are reported as unallocated.

Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.
The effects of interfund activity have been eliminated from the government-wide financial statements.

Fund Financial Statements - Fund financial statements report detailed information about the District in the governmental, proprietary, and fiduciary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Nonmajor funds are aggregated and reported in a single column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

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 – Food Service Fund** – to account for financial resources of the school food service program.

- **Special Revenue – Other Fund** – to account for certain Federal grant program resources.

- **Capital Projects – Public Education Capital Outlay Fund** – to account for the financial resources generated by the Legislative appropriation of gross receipts taxes for the District. These funds are to be used for educational capital outlay needs, including new construction, remodeling, renovation, maintenance, repairs, and site improvements.

- **Capital Projects – Local Capital Improvement Fund** – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction and renovation and remodeling projects.

Additionally, the District reports the following proprietary and fiduciary fund types:

- **Internal Service Fund** – to account for the resources of the Florida IBM AS/400-TERMS Users’ Group for which the District serves as fiscal agent.

- **Agency Funds** – to account for resources of the school internal funds which are used to administer moneys collected at the several schools in connection with school, student athletic, class, and club activities.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.
Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The Proprietary Fund is accounted for as a proprietary activity under standards issued by the Financial Accounting Standards Board through November 1989 and applicable standards issued by the Governmental Accounting Standards Board. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund’s principal ongoing operations. The principal operating revenues of the District’s internal service fund are revenues from member districts. Operating expenses include personnel costs and purchased information technology services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

The Columbia County Public Schools Foundation, Inc., shown as a discretely presented component unit, is accounted for under the not-for-profit basis of accounting and uses the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

- Deposits and Investments -

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The statement of cash flows considers cash as those amounts on deposit in demand and money market accounts.

Investments consist of amounts placed in State Board of Administration Debt Service Accounts for investment of debt service moneys and amounts placed with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pool created by Section 218.405, Florida Statutes. This investment pool operates under investment guidelines established by Section 215.47, Florida Statutes. The District’s investments in the Local Government Surplus Funds Trust Fund, a Securities and Exchange Commission Rule 2a7-like external investment pool, are reported at fair value, which is amortized cost.

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

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at last invoice price, which approximates 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 Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when purchased during the year, and are adjusted at year-end to reflect year-end physical inventories.

Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net assets but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than $1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation. Land and buildings acquired or constructed prior to July 1, 1983, are stated at estimated historical cost using price levels at the time of acquisition and, as a result, $63,310 of stated land values and $3,885,580 of stated building values are based on these estimates.

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Estimated Lives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvements Other than Buildings</td>
<td>12 years</td>
</tr>
<tr>
<td>Buildings and Fixed Equipment</td>
<td>50 years</td>
</tr>
<tr>
<td>Furniture, Fixtures, and Equipment</td>
<td>3 - 20 years</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>5 - 10 years</td>
</tr>
<tr>
<td>Audio Visual Materials and Computer Software</td>
<td>5 years</td>
</tr>
</tbody>
</table>

Current-year information relative to changes in capital assets is described in a subsequent note.

Long-Term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net assets.

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

In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments.
Changes in long-term liabilities for the current year are reported in a subsequent note.

- **State Revenue Sources**

Revenues from State sources for current operations are primarily from the Florida Education Finance Program administered by the Florida Department of Education (Department) under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the District 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 months following the date of the 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 or additions of revenue in the year when the adjustments are made.

The State provides financial assistance to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical educational programs. The Department generally 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 in the governmental fund financial statements for the unencumbered balance of categorical educational program resources.

The State allocates gross receipts taxes, generally known as Public Education Capital Outlay money, to the District on an annual basis. The District also received an allocation under the Classrooms for Kids Program. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the Department. The District recognizes the allocation of Public Education Capital Outlay funds as deferred revenue until such time as an encumbrance authorization is received.

A schedule of revenue from State sources for the current year is presented in a subsequent note.

- **District Property Taxes**

The School 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 values are determined by the Columbia County Property Appraiser, and property taxes are collected by the Columbia County Tax Collector.

The School Board adopted the 2005 tax levy on September 13, 2005. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

Taxes become delinquent on April 1 of the year following the year of 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. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.
Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when taxes are received by the District, except that revenue is accrued for taxes collected by the Columbia County Tax Collector at fiscal year-end but not yet remitted to the District.

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

- Federal Revenue Sources

The District receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to, and approved by, various granting agencies. For Federal awards 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.

2. ACCOUNTING CHANGES

The District has previously calculated its long-term liability for compensated absences using the vesting method. During the 2005-06 fiscal year, the District changed its method of accounting for its compensated absences liability from the vesting method to the termination payment method due to a change in accounting software used. This change had the effect of reducing the District’s reported liability at June 30, 2006, by approximately $2,756,000, or 31 percent. Net assets at July 1, 2005, were restated by $2,682,297.91 to properly report the effect of this accounting change.

3. BUDGETARY COMPLIANCE AND ACCOUNTABILITY

The Board follows procedures established by State statutes and State Board of Education rules in establishing budget balances for governmental funds, as described below:

- 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.

- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, pupil personnel services, and school administration) and may be amended by resolution at any School Board meeting prior to the due date for the annual financial report.

- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.

- 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 fiscal year-end and encumbrances outstanding are honored from the subsequent year's appropriations.
4. INVESTMENTS

Section 218.415(17), Florida Statutes, authorizes the District to invest in the Local Government Surplus Funds Trust Fund, any intergovernmental investment pool, the money market funds registered with the Securities and Exchange Commission, interest-bearing time deposits or savings accounts, and direct obligations of the U.S. Treasury.

Investments with a fair value of $3,189,923.32 at June 30, 2006, are in the State Board of Administration investment pool with an average maturity of 27 days. The District’s investment in the Local Government Surplus Funds Trust Fund investment pool is unrated.

In addition, the District reports investments totaling $108,676.29 at June 30, 2006, in the State Board of Administration Debt Service Accounts to provide for debt service payments on bond debt issued by the State Board of Education for the benefit of the District. These investments consist of United States Treasury securities, with maturity dates of 6 months or less, and are reported at fair value. The District relies on policies developed by the State Board of Administration for managing credit risk for this account.

5. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.
GOVERNMENTAL ACTIVITIES

<table>
<thead>
<tr>
<th>Balance 7-1-05</th>
<th>Additions</th>
<th>Deletions</th>
<th>Balance 6-30-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$1,903,165.85</td>
<td>$1,500.00</td>
<td>$1,904,665.85</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>$2,937,544.55</td>
<td>$6,253,672.91</td>
<td>$1,226,877.15</td>
</tr>
</tbody>
</table>

Total Capital Assets Not Being Depreciated $4,840,710.40 $6,255,172.91 $1,226,877.15 $9,869,006.16

Capital Assets Being Depreciated:

<table>
<thead>
<tr>
<th>Description</th>
<th>Balance 7-1-05</th>
<th>Additions</th>
<th>Deletions</th>
<th>Balance 6-30-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvements Other Than Buildings</td>
<td>$1,721,290.27</td>
<td>$29,011.91</td>
<td></td>
<td>$1,750,302.18</td>
</tr>
<tr>
<td>Buildings and Fixed Equipment</td>
<td>$95,784,287.81</td>
<td>$1,589,843.87</td>
<td></td>
<td>$97,374,131.68</td>
</tr>
<tr>
<td>Furniture, Fixtures, and Equipment</td>
<td>$8,888,914.42</td>
<td>$321,967.66</td>
<td>$675,908.39</td>
<td>$8,544,973.69</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>$5,955,465.94</td>
<td>$199,883.00</td>
<td>$37,207.00</td>
<td>$5,998,460.94</td>
</tr>
<tr>
<td>Property Under Lease-Purchase</td>
<td>$2,259,698.08</td>
<td></td>
<td></td>
<td>$2,259,698.08</td>
</tr>
<tr>
<td>Audio Visual Materials and Computer Software</td>
<td>$1,083,230.54</td>
<td>$57,126.19</td>
<td></td>
<td>$1,140,356.73</td>
</tr>
</tbody>
</table>

Total Capital Assets Being Depreciated $115,702,887.06 $2,197,832.63 $832,796.39 $117,067,923.30

Less Accumulated Depreciation for:

<table>
<thead>
<tr>
<th>Description</th>
<th>Balance 7-1-05</th>
<th>Additions</th>
<th>Deletions</th>
<th>Balance 6-30-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvements Other Than Buildings</td>
<td>$1,151,681.51</td>
<td>$99,583.73</td>
<td></td>
<td>$1,251,265.24</td>
</tr>
<tr>
<td>Buildings and Fixed Equipment</td>
<td>$30,329,162.15</td>
<td>$1,980,390.95</td>
<td></td>
<td>$32,309,553.10</td>
</tr>
<tr>
<td>Furniture, Fixtures, and Equipment</td>
<td>$6,802,296.96</td>
<td>$664,041.77</td>
<td>$675,908.39</td>
<td>$6,790,430.34</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>$3,591,437.61</td>
<td>$37,207.00</td>
<td>$37,207.00</td>
<td>$3,471,756.61</td>
</tr>
<tr>
<td>Property Under Lease-Purchase</td>
<td>$316,357.72</td>
<td>$45,193.96</td>
<td></td>
<td>$361,551.68</td>
</tr>
<tr>
<td>Audio Visual Materials and Computer Software</td>
<td>$351,064.55</td>
<td></td>
<td></td>
<td>$351,064.55</td>
</tr>
</tbody>
</table>

Total Accumulated Depreciation $42,190,935.95 $3,177,481.96 $832,796.39 $44,535,621.52

Total Capital Assets Being Depreciated, Net $73,511,951.11 $(979,649.33) $72,532,301.78

Governmental Activities Capital Assets, Net $78,352,681.51 $5,275,523.58 $1,226,877.15 $82,401,307.94

The class of property under lease-purchase is presented in Note 6.

Depreciation expense was charged to functions as follows:

<table>
<thead>
<tr>
<th>Function</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOVERNMENTAL ACTIVITIES</td>
<td></td>
</tr>
<tr>
<td>Pupil Transportation Services</td>
<td>$37,207.00</td>
</tr>
<tr>
<td>Unallocated</td>
<td>3,140,274.96</td>
</tr>
</tbody>
</table>

Total Depreciation Expense - Governmental Activities $3,177,481.96
6. **OBLIGATIONS UNDER LEASE-PURCHASE**

An energy management system and related equipment with an asset balance of $2,259,698.08 are being acquired under a lease-purchase agreement.

Future minimum lease-purchase payments and the present value of the minimum lease payments as of June 30 are as follows:

<table>
<thead>
<tr>
<th>Fiscal Year Ending June 30</th>
<th>Total</th>
<th>Principal</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$145,382.93</td>
<td>$81,950.92</td>
<td>$63,432.01</td>
</tr>
<tr>
<td>2008</td>
<td>145,382.93</td>
<td>86,786.02</td>
<td>58,596.91</td>
</tr>
<tr>
<td>2009</td>
<td>145,382.94</td>
<td>91,906.40</td>
<td>53,476.54</td>
</tr>
<tr>
<td>2010</td>
<td>145,382.94</td>
<td>97,328.88</td>
<td>48,054.06</td>
</tr>
<tr>
<td>2011</td>
<td>145,382.93</td>
<td>103,071.28</td>
<td>42,311.65</td>
</tr>
<tr>
<td>2012-2016</td>
<td>726,914.67</td>
<td>614,075.40</td>
<td>112,839.27</td>
</tr>
</tbody>
</table>

The total minimum lease payments are $1,453,829.34.

The stated interest rate is 5.9 percent.

7. **NOTES PAYABLE**

Notes payable are comprised of the following:
Balance at 6-30-06

LaSalle National Bank


$2,764,591.48

First Federal Savings Bank of Florida


265,586.20

$1,500,000 Line of Credit, Approved 12-17-2004, With $1,100,000 Borrowed through 6-30-2006, Under Provisions of Section 1011.14, Florida Statutes. Interest Rate of Prime Less 187 Basis Points (Currently 5.13 Percent). Proceeds used to Finance Auditorium at Columbia High School and New Classrooms at Ft. White Elementary School. The Board's intent is to Extend Repayment Over Five Years.

880,000.00

Total Notes Payable

$3,910,177.68

Amounts payable for the planned extended repayment of the Sections 1013.23 and 1011.14, Florida Statutes, bank loans are as follows:

<table>
<thead>
<tr>
<th>Fiscal Year Ending June 30</th>
<th>Total</th>
<th>Principal</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$908,227.52</td>
<td>$696,317.14</td>
<td>$211,910.38</td>
</tr>
<tr>
<td>2008</td>
<td>622,056.84</td>
<td>443,164.06</td>
<td>178,892.78</td>
</tr>
<tr>
<td>2009</td>
<td>610,770.83</td>
<td>456,330.74</td>
<td>154,440.09</td>
</tr>
<tr>
<td>2010</td>
<td>599,484.83</td>
<td>470,274.25</td>
<td>129,210.58</td>
</tr>
<tr>
<td>2011</td>
<td>373,841.84</td>
<td>265,040.44</td>
<td>108,801.40</td>
</tr>
<tr>
<td>2012-2016</td>
<td>1,869,209.18</td>
<td>1,579,051.05</td>
<td>290,158.13</td>
</tr>
<tr>
<td>Total</td>
<td>$4,983,591.04</td>
<td>$3,910,177.68</td>
<td>$1,073,413.36</td>
</tr>
</tbody>
</table>
8. **BONDS PAYABLE**

Bonds payable at June 30, 2006, are as follows:

<table>
<thead>
<tr>
<th>Bond Type</th>
<th>Amount Outstanding</th>
<th>Interest Rates (Percent)</th>
<th>Annual Maturity To</th>
</tr>
</thead>
<tbody>
<tr>
<td>State School Bonds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series 1996B</td>
<td>$ 15,000</td>
<td>4.625</td>
<td>2007</td>
</tr>
<tr>
<td>Series 1997A</td>
<td>125,000</td>
<td>6.0</td>
<td>2007</td>
</tr>
<tr>
<td>Series 1998A</td>
<td>30,000</td>
<td>4.5</td>
<td>2008</td>
</tr>
<tr>
<td>Series 2001B</td>
<td>15,000</td>
<td>5.25</td>
<td>2007</td>
</tr>
<tr>
<td>Series 2005A</td>
<td>1,900,000</td>
<td>5.0</td>
<td>2017</td>
</tr>
<tr>
<td>Series 2005B, Refunding</td>
<td>200,000</td>
<td>5.0</td>
<td>2018</td>
</tr>
<tr>
<td>District Revenue Bonds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series 1998, Refunding</td>
<td>2,590,000</td>
<td>4.3 - 5.2</td>
<td>2028</td>
</tr>
<tr>
<td><strong>Total Bonds Payable</strong></td>
<td><strong>$ 4,875,000</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

- **State School Bonds**

  These bonds are issued by the State Board of Education on behalf of the District. The bonds mature serially, and are secured by a pledge of the District's portion of the State-assessed motor vehicle license tax. The State's full faith and credit is also pledged as security for these bonds. 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**

  These bonds are authorized by Chapter 72-510, Special Acts of 1972, which provides that the bonds be secured from a portion of pari-mutuel tax proceeds distributed annually to Columbia County from the State's Pari-mutuel Tax Collection Trust Fund pursuant to Chapter 550, Florida Statutes (effective July 1, 2000, tax proceeds are distributed pursuant to Section 212.20(6)(d)7.a., Florida Statutes). The annual distribution is remitted by the Florida Department of Financial Services to the District. As required by the bond resolution, the District has established the sinking fund and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2006, are as follows:
EXHIBIT - K (Continued)
COLUMBIA COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

<table>
<thead>
<tr>
<th>Fiscal Year Ending June 30</th>
<th>Total</th>
<th>Principal</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$3,031,756.25</td>
<td>$2,285,000.00</td>
<td>$746,756.25</td>
</tr>
</tbody>
</table>

State School Bonds:
- 2007  $285,331.25 $170,000.00 $115,331.25
- 2008  270,675.00 165,000.00 105,675.00
- 2009  267,500.00 170,000.00  97,500.00
- 2010  269,000.00 180,000.00   89,000.00
- 2011  275,000.00 195,000.00   80,000.00
- 2012-2016 1,385,000.00 1,140,000.00  245,000.00
- 2017-2018  279,250.00  265,000.00    14,250.00

District Revenue Bonds:
- 2007  198,635.00  70,000.00  128,635.00
- 2008  195,607.50  70,000.00  125,607.50
- 2009  197,416.25  75,000.00  122,416.25
- 2010  197,407.50  80,000.00  118,407.50
- 2011  195,207.50  80,000.00  115,207.50
- 2012-2016  986,207.50  475,000.00  511,207.50
- 2017-2021  974,861.25  600,000.00  374,861.25
- 2022-2026  969,862.50  770,000.00  199,862.50
- 2027-2028  389,500.00  370,000.00    19,500.00

| Total District Revenue Bonds | 4,306,205.00 | 2,590,000.00 | 1,716,205.00 |

Total $7,337,961.25 $4,875,000.00 $2,462,961.25

9. DEFEASED DEBT

The Florida Department of Education issued Capital Outlay Refunding Bonds, Series 2005B, dated July 1, 2005, with an average interest rate of 4.99 percent, to advance-refund callable portions of the District’s State School Bonds, Series 1998A. The Refunding Bonds are being issued to advance-refund the $210,000 principal amount of the District’s State School Bonds, Series 1998A, that mature on or after January 1, 2009. The District’s pro rata share of net proceeds totaling $218,715.47 (after deduction of $752.49 by the Florida Department of Education for the District’s pro rata share of underwriting fees, insurance, and other issuance costs) was placed in an irrevocable trust to provide for future debt service payments. As a result, State School Bonds, Series 1998A, totaling $210,000, are considered to be in-substance defeased and the liability for these bonds has been removed from the government-wide financial statements.
The Series 1998A bonds were refunded to reduce the total debt service payments over the next 13 years by $17,312.50 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of $11,874.06.

In prior years, portions of the State School Bonds, Series 1997A, were refunded by the Florida Department of Education and considered defeased in substance by placing a portion of the proceeds of new State School Bonds, Series 2005A, in an irrevocable trust to provide for future debt service payments. Accordingly, the trust account assets and the liability for the in-substance defeased State School Bonds are not included in the District’s financial statements. On June 30, 2006, State School Bonds, Series 1997A, totaling $1,995,000 outstanding are considered defeased in substance.

10. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

<table>
<thead>
<tr>
<th>Description</th>
<th>7-1-05</th>
<th>Additions</th>
<th>Deductions</th>
<th>6-30-06</th>
<th>Due in One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOVERNMENTAL ACTIVITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Obligations Under Lease-Purchase</td>
<td>$1,152,504.09</td>
<td>$77,385.19</td>
<td>$1,075,118.90</td>
<td>$81,950.92</td>
<td></td>
</tr>
<tr>
<td>Notes Payable</td>
<td>4,623,959.93</td>
<td>713,782.25</td>
<td>3,910,177.68</td>
<td>696,317.14</td>
<td></td>
</tr>
<tr>
<td>Bonds Payable</td>
<td>5,200,000.00</td>
<td>200,000.00</td>
<td>525,000.00</td>
<td>4,875,000.00</td>
<td></td>
</tr>
<tr>
<td>Compensated Absences Payable (1)</td>
<td>5,671,794.51</td>
<td>1,293,753.37</td>
<td>635,488.02</td>
<td>6,130,059.86</td>
<td>650,000.00</td>
</tr>
<tr>
<td>Total Governmental Activities</td>
<td>$16,648,258.53</td>
<td>$1,493,753.37</td>
<td>$2,151,655.46</td>
<td>15,990,366.44</td>
<td>$1,668,268.06</td>
</tr>
</tbody>
</table>

Note (1): Includes adjustment of $2,682,297.91 to the beginning balance due to an accounting change as discussed in Note 2 to the financial statements.

For the governmental activities, compensated absences are generally liquidated with resources of the General Fund.

11. RESERVE FOR ENCUMBRANCES

Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next year's appropriations are likewise encumbered.

The Florida Department of Education requires that fund balances be reserved at fiscal year-end to report an amount likely to be expended from the 2006-07 fiscal year budget as a result of purchase orders outstanding at June 30, 2006.
Because revenues of grants accounted for in the Special Revenue – Other Fund are not recognized until expenditures are incurred, these grant funds generally do not accumulate fund balances. Accordingly, no reserve for encumbrances is reported for grant funds. However, purchase orders outstanding for grants accounted for in the Special Revenue – Other Fund total $9,611.30 at June 30, 2006.

12. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

<table>
<thead>
<tr>
<th>Funds</th>
<th>Interfund</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Receivables</td>
</tr>
<tr>
<td>Major Funds:</td>
<td></td>
</tr>
<tr>
<td>General</td>
<td>$ 153,273.78</td>
</tr>
<tr>
<td>Special Revenue:</td>
<td></td>
</tr>
<tr>
<td>Food Service</td>
<td>153,273.78</td>
</tr>
<tr>
<td>Other Special Revenue</td>
<td>6,720.03</td>
</tr>
<tr>
<td>Capital Projects:</td>
<td></td>
</tr>
<tr>
<td>Public Education Capital Outlay</td>
<td>987,506.01</td>
</tr>
<tr>
<td>Local Capital Improvement Fund</td>
<td></td>
</tr>
<tr>
<td>Nonmajor Governmental</td>
<td>75,696.29</td>
</tr>
<tr>
<td>Internal Service</td>
<td>37,043.88</td>
</tr>
<tr>
<td>Total</td>
<td>$ 1,260,239.99</td>
</tr>
</tbody>
</table>

These interfund amounts primarily represent restricted resources of other funds initially deposited in the General Fund, loans to cover temporary cash deficits in pooled accounts, and expenditures incurred prior to reimbursement from outside parties. These amounts are expected to be repaid within one year.

The following is a summary of interfund transfers reported in the fund financial statements:

<table>
<thead>
<tr>
<th>Funds</th>
<th>Interfund</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Transfers In</td>
</tr>
<tr>
<td>Major Funds:</td>
<td></td>
</tr>
<tr>
<td>General</td>
<td>$ 500,000.00</td>
</tr>
<tr>
<td>Capital Projects:</td>
<td></td>
</tr>
<tr>
<td>Public Education Capital Outlay</td>
<td>500,000.00</td>
</tr>
<tr>
<td>Total</td>
<td>$ 500,000.00</td>
</tr>
</tbody>
</table>

The above transfer was to reimburse the General Fund for maintenance expenditures.

13. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District’s State revenue for the 2005-06 fiscal year:
Accounting policies relating to certain State revenue sources are described in Note 1.

14. PROPERTY TAXES

The following is a summary of millages and taxes levied on the 2005 tax roll for the 2005-06 fiscal year:

<table>
<thead>
<tr>
<th>Millages</th>
<th>Taxes Levied</th>
</tr>
</thead>
<tbody>
<tr>
<td>GENERAL FUND</td>
<td></td>
</tr>
<tr>
<td>Nonvoted School Tax:</td>
<td></td>
</tr>
<tr>
<td>Required Local Effort</td>
<td>5.195</td>
</tr>
<tr>
<td>Basic Discretionary Local Effort</td>
<td>0.510</td>
</tr>
<tr>
<td>Supplemental Discretionary Local Effort</td>
<td>0.250</td>
</tr>
<tr>
<td>CAPITAL PROJECTS FUNDS</td>
<td></td>
</tr>
<tr>
<td>Nonvoted Tax:</td>
<td></td>
</tr>
<tr>
<td>Local Capital Improvements</td>
<td>2.000</td>
</tr>
<tr>
<td>Total</td>
<td>7.955</td>
</tr>
</tbody>
</table>

15. STATE RETIREMENT PROGRAM

**Defined Benefit Plan.** All regular employees of the District are covered by the Florida Retirement System (FRS). FRS is primarily a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan (Plan). Plan provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida
Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail. Essentially all regular employees of participating employers are eligible and must enroll as members of FRS.

Benefits in the Plan vest at six years of service. All members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military service. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, and death benefits and annual cost-of-living adjustments.

A Deferred Retirement Option Program (DROP) subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Funding Policy. The contribution rates for members are established, and may be amended, by the State of Florida. During the 2005-06 fiscal year, contribution rates were as follows:

<table>
<thead>
<tr>
<th>Class or Plan</th>
<th>Percent of Gross Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida Retirement System, Regular</td>
<td>0.00  7.83</td>
</tr>
<tr>
<td>Florida Retirement System, Elected County Officers</td>
<td>0.00  15.23</td>
</tr>
<tr>
<td>Teachers’ Retirement System, Plan E</td>
<td>6.25  11.35</td>
</tr>
<tr>
<td>Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plans</td>
<td>0.00  9.33</td>
</tr>
<tr>
<td>Florida Retirement System, Reemployed Retiree</td>
<td>(B) (B)</td>
</tr>
</tbody>
</table>

Notes: (A) Employer rates include 1.11 percent for the post-employment health insurance supplement. Also, employer rates, other than for DROP participants, include 0.05 percent for administrative costs of the Public Employee Optional Retirement Program.

(B) Contribution rates are dependent upon the retirement class in which reemployed.

The District's liability for participation in the Plan is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions, including employee contributions, for the fiscal years ending June 30, 2004, June 30, 2005, and June 30,
2006, totaled $2,899,076.06, $3,067,663.85, and $3,506,816.24, respectively, which were equal to the required contributions for each fiscal year.

**Defined Contribution Plan.** Effective July 1, 2002, the Public Employee Optional Retirement Program (PEORP) was implemented as a defined contribution plan alternative available to all FRS members in lieu of the defined benefit plan. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Elected County Officers Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. There were 82 District participants in the PEORP during the 2005-06 fiscal year. Required employer contributions made to the program for the fiscal year ending June 30, 2006, totaled $184,087.39.

**Pension Reporting.** The financial statements and other supplemental information of FRS are included in the comprehensive annual financial report of the State of Florida which may be obtained from the Florida Department of Financial Services. Also, an annual report on FRS, which includes its financial statements, required supplemental information, actuarial report, and other relevant information, may be obtained from the Florida Department of Management Services, Division of Retirement.

### 16. CONSTRUCTION CONTRACT COMMITMENTS

The following is a summary of major construction contract commitments remaining at fiscal year-end:

<table>
<thead>
<tr>
<th>Project</th>
<th>Contract Amount</th>
<th>Completed to Date</th>
<th>Balance Committed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richardson Middle School - Food Service Building:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Architect</td>
<td>$ 117,837.78</td>
<td>$ 115,245.35</td>
<td>$ 2,592.43</td>
</tr>
<tr>
<td>Contractor</td>
<td>1,894,855.14</td>
<td>1,871,986.68</td>
<td>22,868.46</td>
</tr>
<tr>
<td>Westside Elementary School - Four Classroom Addition:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Architect</td>
<td>47,898.00</td>
<td>42,820.81</td>
<td>5,077.19</td>
</tr>
<tr>
<td>Contractor</td>
<td>662,940.02</td>
<td>345,015.79</td>
<td>317,924.23</td>
</tr>
<tr>
<td>Columbia High School - Auditorium:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contractor</td>
<td>3,044,498.21</td>
<td>3,029,264.26</td>
<td>15,233.95</td>
</tr>
<tr>
<td>Total</td>
<td>$ 5,768,029.15</td>
<td>$ 5,404,332.89</td>
<td>$ 363,696.26</td>
</tr>
</tbody>
</table>

### 17. CONSORTIUMS

The District is a member of, and the fiscal agent for, the Florida IBM AS/400-TERMS Users’ Group Consortium, an association of several school districts. The purpose of the Consortium is to identify common needs, concerns, and strategies related to the automation of school system data. Financial activities
are accounted for in an Internal Service Fund. Financial information applicable to the Consortium is disclosed in Exhibits G, H, and I.

18. RISK MANAGEMENT PROGRAMS

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. The Columbia County District School Board is a member of the North East Florida Educational Consortium under which several district school boards have established a combined limited self-insurance program for property protection, general liability, automobile liability, workers' compensation, money and securities, employee fidelity and faithful performance, boiler and machinery, and other coverage deemed necessary by the members of the Consortium. Section 1001.42(10)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The Consortium is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. The Board of Directors for the Consortium is composed of superintendents of all participating districts. The Putnam County District School Board serves as fiscal agent for the Consortium.

Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Health and hospitalization coverage is being provided through purchased commercial insurance with minimum deductibles for each line of coverage. The District also participates in supplemental employee group insurance programs administered through the Consortium for life, dental, vision, disability, and accidental death and dismemberment. Premiums charged for these supplemental programs are based on each individual district’s claims experience, and the programs operate as plans individually-funded by each participating district with shared administrative costs and a pooling of plan assets for working capital.

The claims liability of $79,450.93 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable at June 30, 2006. The following schedule represents the changes in claims liability for the past two fiscal years for the District’s self-insurance programs through the Consortium:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Beginning-of-Year Liability</th>
<th>Current-Year Claims and Changes in Estimates</th>
<th>Claims Payments</th>
<th>Balance at Fiscal Year-End</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>$105,000.00</td>
<td>$668,226.62</td>
<td>$(693,775.62)</td>
<td>$79,451.00</td>
</tr>
<tr>
<td>2005-06</td>
<td>79,451.00</td>
<td>707,568.04</td>
<td>(707,568.11)</td>
<td>79,450.93</td>
</tr>
</tbody>
</table>
19.  SUBSEQUENT EVENTS

Subsequent to the end of the fiscal year, on November 14, 2006, the Board approved a resolution to issue Certificates of Participation (COPs) in an amount not to exceed $26,000,000. The COPs proceeds will be used to finance a new elementary school, a new classroom wing and dining hall at Fort White High School, and a cafeteria and media center at Columbia High School.


## General Fund

### Original

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Final</th>
<th>Actual</th>
<th>Variance with Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intergovernmental</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Direct</td>
<td>$569,248.00</td>
<td>$1,069,372.33</td>
<td>$1,069,372.33</td>
</tr>
<tr>
<td>Federal Through State</td>
<td>467,151.66</td>
<td>467,151.66</td>
<td></td>
</tr>
<tr>
<td>Federal Through Local</td>
<td>337,166.53</td>
<td>337,166.53</td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>49,572,562.00</td>
<td>50,531,807.60</td>
<td>50,456,111.31</td>
</tr>
<tr>
<td>Local</td>
<td>11,174,478.00</td>
<td>12,036,501.70</td>
<td>12,036,205.21</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$61,316,288.00</td>
<td>$64,441,999.82</td>
<td>$64,366,007.04 (75,992.78)</td>
</tr>
</tbody>
</table>

### Expenditures

<table>
<thead>
<tr>
<th>Current - Education:</th>
<th>Final</th>
<th>Actual</th>
<th>Variance with Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>38,032,655.21</td>
<td>38,712,149.74</td>
<td>1,838,651.65</td>
</tr>
<tr>
<td>Pupil Personnel Services</td>
<td>4,073,131.00</td>
<td>4,071,017.73</td>
<td>335,017.52</td>
</tr>
<tr>
<td>Instructional Media Services</td>
<td>1,213,829.16</td>
<td>1,143,432.46</td>
<td>70,396.70</td>
</tr>
<tr>
<td>Instruction and Curriculum Development Services</td>
<td>641,218.19</td>
<td>690,575.04</td>
<td>49,356.85</td>
</tr>
<tr>
<td>Instructional Staff Training Services</td>
<td>687,951.97</td>
<td>402,385.77</td>
<td>285,566.20</td>
</tr>
<tr>
<td>Instruction Related Technology</td>
<td>249,089.64</td>
<td>248,977.47</td>
<td>112.17</td>
</tr>
<tr>
<td>Board of Education</td>
<td>385,694.62</td>
<td>373,068.78</td>
<td>107.40</td>
</tr>
<tr>
<td>General Administration</td>
<td>2,073,567.97</td>
<td>1,909,459.27</td>
<td>164,108.70</td>
</tr>
<tr>
<td>School Administration</td>
<td>3,532,391.97</td>
<td>3,563,217.09</td>
<td>3,025.12</td>
</tr>
<tr>
<td>Facilities Acquisition and Construction</td>
<td>134,029.53</td>
<td>134,174.45</td>
<td>144.92</td>
</tr>
<tr>
<td>Food Services</td>
<td>397,238.19</td>
<td>343,762.59</td>
<td>143.20</td>
</tr>
<tr>
<td>Central Services</td>
<td>4,342.21</td>
<td>4,339.82</td>
<td>2.39</td>
</tr>
<tr>
<td>Pupil Transportation Services</td>
<td>4,227,140.14</td>
<td>4,357,855.74</td>
<td>1,303.60</td>
</tr>
<tr>
<td>Operation of Plant</td>
<td>4,565,097.61</td>
<td>5,128,190.93</td>
<td>563,093.32</td>
</tr>
<tr>
<td>Maintenance of Plant</td>
<td>2,442,778.01</td>
<td>1,907,837.39</td>
<td>534,940.62</td>
</tr>
<tr>
<td>Administrative Technology Services</td>
<td>353,002.86</td>
<td>352,900.23</td>
<td>102.63</td>
</tr>
<tr>
<td>Community Services</td>
<td>339,503.64</td>
<td>328,706.08</td>
<td>109.79</td>
</tr>
<tr>
<td>Fixed Capital Outlay</td>
<td>147,528.59</td>
<td>147,528.59</td>
<td>0</td>
</tr>
<tr>
<td>Debt Service:</td>
<td>356,661.10</td>
<td>356,661.10</td>
<td>0</td>
</tr>
<tr>
<td>Principal</td>
<td>276,375.69</td>
<td>276,375.69</td>
<td>0</td>
</tr>
<tr>
<td>Interest and Fiscal Charges</td>
<td>242,849.08</td>
<td>242,849.08</td>
<td>0</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$63,962,574.36</td>
<td>$64,539,552.24</td>
<td>$1,575,977.88</td>
</tr>
</tbody>
</table>

### Deficiency of Revenues Over Expenditures

| (2,646,286.36) | (173,545.20) | 2,102,101.08 |

### Other Financing Sources

| Transfers In       | 500,000.00 | 500,000.00 |
| Insurance Loss Recoveries | 17,488.40 | 17,488.40 |

### Net Change in Fund Balances

| (2,646,286.36) | (1,760,165.18) | 343,943.20 |
| Fund Balances, July 1, 2005 | 7,385,256.99 | 7,385,256.99 |
| Fund Balances, June 30, 2006 | $4,738,970.63 | $5,625,051.81 | $5,910,874.06 | $285,782.25 |
### Special Revenue - Food Service Fund

<table>
<thead>
<tr>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual Budget</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,415,000.00</td>
<td>$2,415,000.00</td>
<td>$2,595,571.23</td>
<td>$180,571.23 (Negative)</td>
</tr>
<tr>
<td>$71,500.00</td>
<td>$71,500.00</td>
<td>$67,092.00</td>
<td>$4,408.00 (Negative)</td>
</tr>
<tr>
<td>$1,334,000.00</td>
<td>$1,334,000.00</td>
<td>$1,235,395.11</td>
<td>$(98,604.89)</td>
</tr>
<tr>
<td>$3,820,500.00</td>
<td>$3,820,500.00</td>
<td>$3,898,058.34</td>
<td>$77,558.34</td>
</tr>
</tbody>
</table>

### Special Revenue - Other Fund

<table>
<thead>
<tr>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual Budget</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,839,100.00</td>
<td>$3,846,926.77</td>
<td>$3,846,926.77</td>
<td></td>
</tr>
<tr>
<td>$163,017.52</td>
<td>$163,017.52</td>
<td>$163,017.52</td>
<td></td>
</tr>
<tr>
<td>$(18,600.00)</td>
<td>$(189,444.29)</td>
<td>$(111,885.95)</td>
<td>$77,558.34</td>
</tr>
<tr>
<td>$1,146,236.77</td>
<td>$1,146,236.77</td>
<td>$1,146,236.77</td>
<td></td>
</tr>
<tr>
<td>$(18,600.00)</td>
<td>$(189,444.29)</td>
<td>$(111,885.95)</td>
<td>$77,558.34</td>
</tr>
<tr>
<td>$1,127,636.77</td>
<td>$956,792.48</td>
<td>$1,034,350.82</td>
<td>$77,558.34</td>
</tr>
</tbody>
</table>

EXHIBIT - L
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – FEDERAL AWARDS
The President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Columbia County District School Board as of and for the fiscal year ended June 30, 2006, which collectively comprise the District’s basic financial statements, and have issued our report thereon included under the heading INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS. Our report on the basic financial statements was modified to include a reference to 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. Other auditors audited the financial statements of the school internal funds and the Columbia County Public Schools Foundation, Inc., as described in our report on the Columbia County District School Board’s financial statements. The financial statements of the school internal funds and the Columbia County Public Schools Foundation, Inc., were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the District's internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to initiate, record, process, and report financial data consistent with the
assertions of management in the financial statements. Reportable conditions are described in the **FINDINGS AND RECOMMENDATIONS** section of this audit report.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions referred to above is a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We did note an instance of noncompliance related to Federal programs which is discussed in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS** section of this audit report.

This report is intended for the information of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management. Copies of this report are available pursuant to Section 11.45(4), Florida Statutes, and its distribution is not limited.

Respectfully submitted,

William O. Monroe, CPA

January 4, 2007
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

Compliance

We have audited the District's compliance with the types of compliance requirements described in the United States Office of Management and Budget's (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major Federal programs for the fiscal year ended June 30, 2006. The District's major Federal programs are identified in the SUMMARY OF AUDIT RESULTS section of the accompanying SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS. Compliance with the requirements of laws, regulations, contracts, and grants applicable to the District's major Federal programs is the responsibility of District management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of the District's compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the OMB's Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2006. However, as discussed in the
accompanying *SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS*, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is required to be reported in accordance with OMB *Circular A-133*.

**Internal Control Over Compliance**

District management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the District’s internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB *Circular A-133*.

Our consideration of internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management. Copies of this report are available pursuant to Section 11.45(4), Florida Statutes, and its distribution is not limited.

Respectfully submitted,

William O. Monroe, CPA
January 4, 2007
<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>Catalog of Federal Assistance Number</th>
<th>Pass - Through Grantor Number</th>
<th>Amount of Expenditures (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States Department of Agriculture:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Florida Department of Agriculture and Consumer Services:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food Donation</td>
<td>10.550 (2)(A)</td>
<td>None</td>
<td>$ 236,278.93</td>
</tr>
<tr>
<td>Florida Department of Education:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child Nutrition Cluster:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>School Breakfast Program</td>
<td>10.553</td>
<td>321</td>
<td>453,705.65</td>
</tr>
<tr>
<td>National School Lunch Program</td>
<td>10.555</td>
<td>300</td>
<td>1,883,212.31</td>
</tr>
<tr>
<td>Summer Food Service Program for Children</td>
<td>10.559</td>
<td>323</td>
<td>46,730.34</td>
</tr>
<tr>
<td><strong>Total Child Nutrition Cluster</strong></td>
<td></td>
<td></td>
<td><strong>2,383,648.30</strong></td>
</tr>
<tr>
<td>Florida Department of Financial Services:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schools and Roads - Grants to States</td>
<td>10.665</td>
<td>None</td>
<td><strong>128,020.38</strong></td>
</tr>
<tr>
<td><strong>Total United States Department of Agriculture</strong></td>
<td></td>
<td></td>
<td><strong>2,747,947.61</strong></td>
</tr>
<tr>
<td>United States General Services Administration:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Florida Department of Management Services:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donation of Federal Surplus Personal Property</td>
<td>39.003(2)(B)</td>
<td>None</td>
<td><strong>12,847.62</strong></td>
</tr>
<tr>
<td>United States Department of Education:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safe and Drug-Free Schools and Communities - National Programs</td>
<td>84.184</td>
<td>N/A</td>
<td><strong>657,211.03</strong></td>
</tr>
<tr>
<td>Fund for the Improvement of Education</td>
<td>84.215</td>
<td>N/A</td>
<td><strong>352,213.55</strong></td>
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<tr>
<td><strong>Total Direct</strong></td>
<td></td>
<td></td>
<td><strong>1,009,424.58</strong></td>
</tr>
<tr>
<td>Indirect:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Education Cluster:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Florida Department of Education:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Education - Grants to States</td>
<td>84.027</td>
<td>262, 263</td>
<td><strong>2,562,466.40</strong></td>
</tr>
<tr>
<td>Special Education - Preschool Grants</td>
<td>84.173</td>
<td>267</td>
<td>104,718.00</td>
</tr>
<tr>
<td>Putnam County District School Board:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Education - Grants to States</td>
<td>84.027</td>
<td>None</td>
<td><strong>91,588.85</strong></td>
</tr>
<tr>
<td><strong>Total Special Education Cluster</strong></td>
<td></td>
<td></td>
<td><strong>2,758,773.25</strong></td>
</tr>
<tr>
<td>Florida Department of Education:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult Education - State Grant Program</td>
<td>84.002</td>
<td>191, 193</td>
<td><strong>123,212.45</strong></td>
</tr>
<tr>
<td>Title I Grants to Local Educational Agencies</td>
<td>84.010</td>
<td>212, 226</td>
<td><strong>2,510,057.89</strong></td>
</tr>
<tr>
<td>Vocational Education - Basic Grants to States</td>
<td>84.048</td>
<td>151</td>
<td><strong>282,274.16</strong></td>
</tr>
<tr>
<td>Safe and Drug-Free Schools and Communities - State Grants</td>
<td>84.186</td>
<td>103</td>
<td><strong>55,417.82</strong></td>
</tr>
<tr>
<td>Even Start - State Educational Agencies</td>
<td>84.213</td>
<td>219</td>
<td><strong>144,641.76</strong></td>
</tr>
<tr>
<td>State Grants for Innovative Programs</td>
<td>84.298</td>
<td>113</td>
<td><strong>29,732.39</strong></td>
</tr>
<tr>
<td>Education Technology State Grants</td>
<td>84.318</td>
<td>121, 122</td>
<td><strong>168,273.69</strong></td>
</tr>
<tr>
<td>Advanced Placement Program</td>
<td>84.330</td>
<td>160</td>
<td><strong>7,947.85</strong></td>
</tr>
<tr>
<td>Comprehensive School Reform Demonstration</td>
<td>84.332</td>
<td>128, 129</td>
<td><strong>483,305.51</strong></td>
</tr>
<tr>
<td>Rural Education</td>
<td>84.358</td>
<td>110</td>
<td><strong>293,298.41</strong></td>
</tr>
<tr>
<td>Improving Teacher Quality State Grants</td>
<td>84.367</td>
<td>224</td>
<td><strong>691,015.46</strong></td>
</tr>
<tr>
<td>Hurricane Education Recovery</td>
<td>84.938</td>
<td>None</td>
<td><strong>27,925.85</strong></td>
</tr>
<tr>
<td>Putnam County District School Board:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Even Start - State Educational Agencies</td>
<td>84.213</td>
<td>None</td>
<td><strong>15,363.85</strong></td>
</tr>
<tr>
<td>Twenty-First Century Community Learning Centers</td>
<td>84.287</td>
<td>None</td>
<td><strong>114,406.41</strong></td>
</tr>
<tr>
<td>Reading First State Grants</td>
<td>84.357</td>
<td>None</td>
<td><strong>231,006.90</strong></td>
</tr>
<tr>
<td>Early Reading First</td>
<td>84.359</td>
<td>None</td>
<td><strong>14,057.90</strong></td>
</tr>
<tr>
<td><strong>Total Indirect</strong></td>
<td></td>
<td></td>
<td><strong>7,950,661.55</strong></td>
</tr>
<tr>
<td><strong>Total United States Department of Education</strong></td>
<td></td>
<td></td>
<td><strong>8,960,086.13</strong></td>
</tr>
<tr>
<td>Corporation for National and Community Service:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Putnam County District School Board:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Learn and Serve America - School and Community Based Programs</td>
<td>94.004</td>
<td>None</td>
<td><strong>900.00</strong></td>
</tr>
<tr>
<td>United States Department of Defense:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Army Junior Reserve Officers Training Corps</td>
<td>None</td>
<td>N/A</td>
<td><strong>59,947.75</strong></td>
</tr>
<tr>
<td><strong>Total Expenditures of Federal Awards</strong></td>
<td></td>
<td></td>
<td><strong>11,781,729.11</strong></td>
</tr>
</tbody>
</table>

Notes:

1. Basis of Presentation. The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the 2005-06 fiscal year as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported.

2. Noncash Assistance.
   (A) Food Donation - Represents the amount of donated food used during the 2005-06 fiscal year. Commodities are valued at fair value as determined at the time of donation.
   (B) Donation of Federal Surplus Personal Property - Represents 23.3 percent of the original acquisition costs of the donated Federal surplus personal property obtained during the 2005-06 fiscal year.
SUMMARY OF AUDIT RESULTS

As required by United States Office of Management and Budget \textit{Circular A-133}, Section __.505, the following is a summary of the results of the audit of the Columbia County District School Board for the fiscal year ended June 30, 2006:

- An unqualified opinion was issued on the financial statements.
- Certain matters involving the internal control and its operation were considered to be reportable conditions, though none of the reportable conditions was considered a material weakness.
- No noncompliance was disclosed which is material to the financial statements.
- No reportable conditions in internal control over major Federal programs were disclosed.
- An unqualified opinion was issued on major program compliance.
- Audit findings on Federal programs are listed below under the subheading \textit{FINDINGS AND RECOMMENDATIONS}.
- Major Federal programs included: Child Nutrition Cluster [School Breakfast Program (CFDA No. 10.553), National School Lunch Program (CFDA No. 10.555), and Summer Food Service Program for Children (CFDA No. 10.559)] and Improving Teacher Quality State Grants (CFDA No. 84.367).
- The dollar threshold used to distinguish between Type A and Type B Federal programs was $353,451.87.
- The low risk entity threshold was applied.
FINDINGS AND RECOMMENDATIONS

Federal Awards Finding No. 1:
Federal Agency: United States Department of Agriculture
Pass-Through Entity: Florida Department of Education
Program: Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, and 10.559)
Finding Type: Noncompliance
Questioned Costs: Not Applicable

Suspension and Debarment. The United States Office of Management and Budget (OMB) Circular A-133 requires the District to determine that entities receiving subawards of any value and entities receiving procurement contracts equal to or exceeding $25,000 are not suspended or debarred. The District may make this determination by checking the Excluded Parties Listing System (EPLS) issued by the General Services Administration (GSA), obtaining a written certification from the vendor, or by inserting a clause in the agreement with the entity.

During the 2005-06 fiscal year, the District paid $88,136.37 to one vendor for two purchases of cafeteria equipment without verifying that the vendor was not suspended or debarred. Through additional audit procedures, we were able to determine that the entity was not on the list of contractors suspended or debarred from receiving Federal funds.

Recommendation: The District should enhance its procedures for determining and documenting suspension or debarment status for all Federally-funded procurement contracts exceeding $25,000.

District Contact Person: Madonna Coughlin, Director of Food Service
Listed below is the District's summary of the status of prior audit findings on Federal programs:

<table>
<thead>
<tr>
<th>Audit Report No.</th>
<th>Program/Area</th>
<th>Brief Description</th>
<th>Status</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-141 (1)</td>
<td>Education Technology State Grants (CFDA No. 84.318) - Allowable Costs/Cost Principles</td>
<td>The District did not obtain required personnel activity reports to support salaries and benefits of one employee paid from grant funds.</td>
<td>Corrected.</td>
<td></td>
</tr>
<tr>
<td>(2)</td>
<td>Special Education - Grants to States (CFDA No. 84.027) and Education Technology State Grants (CFDA No. 84.318) - Suspension and Debarment</td>
<td>The District did not verify suspension and debarment status for one vendor from whom computer software totaling $194,176.05 was purchased with grant funds.</td>
<td>Not corrected.</td>
<td></td>
</tr>
</tbody>
</table>
COLUMBIA COUNTY SCHOOL SYSTEM
OFFICE OF THE SUPERINTENDENT

February 2, 2007

Mr. William O. Monroe
Audit General
State of Florida
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Mr. Monroe:

This letter is written on behalf of the Columbia County School Board. It is the official response to your letter dated January 4, 2007, regarding the Fiscal Year 2005-2006 audit completed by your staff.

Finding No. 1: Information Technology – Disaster Recovery
Steps are being taken to improve our information technology disaster recovery plan. At this time efforts are being coordinated with Bradford County to conduct annual off-site testing to ensure that in the event of a disaster we will be able to sustain selected operations during a prolonged data center outage.

Finding No. 2: Investment of Idle Funds
All idle funds are invested in the Florida State Board of Administration (SBA). Steps were taken to have all electronic funds transfers directed to the SBA account prior to June 30, 2006.

Finding No. 3: Budget Administration
The Board and Management continue to take steps to ensure that the budget is properly monitored and timely amended to meet the changing financial circumstances, as required by State laws, rules and Board policy.

Federal Awards Finding No. 1: Suspension and Debarment – Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, and 10.559)
Federal grant coordinators have been notified and reminded of the requirements for Federally-funded procurement contracts exceeding $25,000 and their responsibility to ensure compliance by determining that the vendor has not been suspended or debarred from receiving Federal funds by obtaining a certification from the vendor or checking the
Excluded Parties Listing System (EPLS) available through the internet or inserting a clause in the agreement with the entity.

Furthermore, the School Food Service Department has strengthened its purchasing procedures to ensure that when “piggybacking” on a procurement contract exceeding $25,000 that they will determine whether or not the vendor has not been suspended or debarred by using the above procedures.

We hope that the corrective measures taken by the District are satisfactory and resolve the noted deficiencies.

Sincerely,

Grady D. Markham
Superintendent
Columbia County School Board

Cc: Board Members
    Mike Millikin, Assistant Superintendent for Administration
    L. C. Bradley, Assistant Superintendent for Instruction
    Mary Loughran, Director of Finance
APPENDIX C

FORMS OF LEGAL DOCUMENTS
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 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, 1010 and 1013, Florida Statutes (or any successor provisions), 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 July 1, 2007, by and between the Corporation and the Trustee, as now or hereafter supplemented or amended.

"Assignment(s) of Ground Lease Agreement" means each Assignment of Ground Lease Agreement, from the Corporation to the Trustee, as now or hereafter supplemented or amended and any other Assignment of each Ground Lease Agreement.
thereafter delivered by the Corporation to the Trustee pursuant to the terms of a Ground Lease executed and delivered in connection with a Lease Schedule.

"Authorized Officer," when used with respect to the Corporation, means the President, Vice President, Secretary or Treasurer of the Corporation or their deputies or assistants or any other officer of the Corporation who is designated by the Board of Directors of the Corporation as an Authorized Officer for purposes of the Lease Agreement and the Trust Agreement in a written certificate signed by the Chairman of the Board of Directors of the Corporation and filed with the Trustee. The term "Authorized Officer," when used with respect to the Board, means the Chairman, Vice 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" may include, but is not be limited to, PECO Funds, FEFP, the Capital Outlay Millage, sales surtax revenues collected pursuant to Chapter 212, Florida Statutes, and school impact fees.

"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.

"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 December 15 and June 15 unless a Lease Schedule states otherwise; provided, however, 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 Columbia 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 estimated 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 Columbia 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.

"Counterparty" shall mean the Person entering into a Hedge Agreement with the Board.

"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 Facilities" means Equipment or other facilities for which title is vested in the name of the Board upon acquisition thereof and which is described as such in the Lease Schedule relating thereto.

"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 School District of Columbia County, Florida, 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 Facilities.

"Estimated Completion Date" means, with respect to a Project, the date provided in the Lease Schedule related thereto.

"Event of Default" or "Default," when referenced to the Lease Agreement, means an event of default or default under the Lease Agreement as set forth in Section 7.02 of the Lease Agreement, and, when referenced to the Trust Agreement, shall mean an event of default or default as set forth in Section 8.01 of the Trust Agreement.

"Event of Non-Appropriation" shall have the meaning ascribed thereto in Section 7.01 of the Lease Agreement.

"FEFP" means moneys received by the Board from the Florida Education Finance Program pursuant to the Act, to the extent the Department permits such moneys to be used to make Lease Payments.

"Fiscal Year" means the period commencing on July 1 of each year and continuing through the next succeeding June 30, or such other period as may be prescribed by law.

"Fitch" means Fitch Ratings, or any successor thereto.

"Ground Lease" means, with respect to a Project, the 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.

"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, collar cap or other functionally similar agreement, 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 regularly scheduled 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), which may be net of Hedge Receipts, but excluding Termination Fees.

"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, but excluding any Termination Fees, indemnification obligations, or other fees payable by the Counterparty.

"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 July 1, 2007, 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 Agreement applicable thereto and any liens and encumbrances created or permitted thereby;

(5) subject to the provisions of Section 5.01(l) of the Lease Agreement, any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right in respect thereof if payment is not yet due under the contract in question or if such lien is being contested in accordance with the provisions of the Lease Agreement;

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

(7) any mortgage and security interest in a Project, or portion thereof, granted by the Corporation to the Trustee for the benefit of the Owners of the Series of Certificates, the proceeds of which financed or refinanced the acquisition and construction of such Project, pursuant to Section 7.07 of the Trust Agreement; and

(8) any other liens or encumbrances permitted by the Lease Schedule relating to such Project.

"Permitted Investments," except as otherwise provided in Supplemental Trust Agreements, means:

1. (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (b) obligations fully and unconditionally guaranteed as to timely payment
of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. Federal Housing Administration debentures.

3. The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:
   - Federal Home Loan Mortgage Corporation (FHLMC)
     Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amount)
     Senior Debt obligations
   - Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)
     Consolidated system-wide certificates and notes
   - Federal Home Loan Banks (FHL Banks)
     Consolidated debt obligations
   - Federal National Mortgage Association (FNMA)
     Senior debt obligations
     Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
   - Student Loan Marketing Association (SLMA)
     Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date)
   - Financing Corporation (FICO)
     Debt obligations
   - Resolution Funding Corporation (REFCORP)
     Debt obligations

4. Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank the short-term obligations of which are rated "A-1" or better by S&P.
5. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least $5 million.

6. Commercial paper (having original maturities of not more than 270 days) rated "A-1+" by S&P and "Prime-1" by Moody's.

7. Money market funds rated "AAm" or "AAm-G" by S&P, or better.

8. "State Obligations", which means:
   a. Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" by Moody's and "A" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.
   b. Direct general short-term obligations of any state agency or subdivision or agency thereof described in (a) above and rated "A-1+" by S&P and "MIG-1" by Moody's.
   c. Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (a) above and rated "AA" or better by S&P and "Aa" or better by Moody's.

9. Pre-refunded municipal obligations rated "AAA" by Standard & Poor's Ratings Group and "Aaa" by Moody's Investors Service meeting the following requirements:
   a. the municipal obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;
   b. the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;
   c. the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");
d. the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

e. no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

f. the cash or United States Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

10. Repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A" by S&P and Moody's, (2) any broker-dealer with "retail customers" or a retail affiliate thereof which has, or the parent company (which guarantees the provider) of which has, long term debt rated at least "A" by S&P and Moody's, which broker dealer falls under the jurisdiction of the Securities Investor's Protection Corp., or (3) any other entity (or the guarantor of which is rated) rated "A" or better by S&P and Moody's; provided that:

A. The market value of the securities is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach);

B. The Board, the Trustee or a third party acting solely as agent therefor (the "Holder of the Securities") has possession of the securities or the securities has been transferred to the Holder of the Securities in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

C. The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that, if the transactions for which provision is made in the repurchase agreement were to be recharacterized as secured loan transactions with the Securities constituting collateral therefore, the Trustee has a perfected first priority security interest in the securities, any substituted securities and all proceeds thereof (in the case of bearer securities, this means the Holder of the Securities is in possession);

D. All other requirements of S&P in respect of repurchase agreements shall be met.
E. The repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must, at the direction of the Board or the Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement with no penalty or premium to the Board or Trustee.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (a) above, so long as such collateral levels are 103% or better and the provider is rated at least "AA" and "Aa" by S&P and Moody's, respectively.

11. Investment Agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's; provided, that, by the terms of the investment agreement:

(i) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction fund, construction draws) on the Series 2007 Certificates;

(ii) the investment funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the Board or the Trustee hereby agrees to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(iii) the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligation of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(iv) the Board and the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the Board, the Trustee and the Insurer) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Insurer;

(v) the investment agreement shall provide that if during its term
a. the provider's rating by either S&P or Moody's falls below "AA-" or "AA-3", respectively, or, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (1) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Board, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") United States Treasury Obligations which are free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (2) repay the principal of and accrued but unpaid interest on the investment, and

b. the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A3" or "A-", respectively, the provider must, at the direction of the Board or the Trustee (who shall give such direction if so directed by the Insurer), within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Board or Trustee; and

(vi) The investment agreement shall state and an opinion of counsel shall be rendered; in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Trustee has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Trustee (or the Holder of the Collateral) is in possession);

(vii) the investment agreement must provide that if during its term

a. the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Board or the Trustee be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Board or Trustee, as appropriate, and

b. the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Board or Trustee, as appropriate.

12. Permitted Investments shall specifically exclude the use of an investment product whereby a trust department of a bank or other financial institution invests trust
assets as a depositor of such bank or financial institution unless such bank or financial institution is rated not less than "AA" by S&P and "Aa" by Moody's throughout the term during which such investment product is used.

13. Subject to the prior written approval of the Insurer, such other obligations as shall be permitted to be legal investments of the Board by the laws of the State.

14. 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.
"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 investments set forth in paragraphs 1 and 9 of the definition of Permitted Investments.

"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" means Standard & Poor's Ratings Services, 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.

"Termination Fees" means any payments due by the Board under a Hedge Agreement, other than Hedge Obligations.

"Trust Agreement" means the Master Trust Agreement, dated as of July 1, 2007, 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 Wells Fargo Bank, N.A., or its successor in interest as the Trustee under the Trust Agreement.

"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.
MASTER LEASE-PURCHASE AGREEMENT

by and between

COLUMBIA SCHOOL BOARD LEASING CORPORATION,

as Lessor

and

SCHOOL BOARD OF COLUMBIA COUNTY, FLORIDA,

as Lessee

Dated as of July 1, 2007
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### MASTER LEASE-PURCHASE AGREEMENT

THIS MASTER LEASE-PURCHASE AGREEMENT, is made and entered into as of July 1, 2007 (the “Lease Agreement”), by and between COLUMBIA 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 COLUMBIA 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 Columbia 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 “herein,” “hereof,” “herein,” “hereunder” and any similar terms, as used in this Lease Agreement, refer to this Lease Agreement.
ARTICLE II
RECAPITALS

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 this Lease Agreement;

(b) the Ground Lease(s), pursuant to which the Board has or will demise the Premises to the Corporation and grant 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 Leases(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 finance or refinance the Projects, for the administration of 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.

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 paragraphs.

(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 any applicable Ground Lease relating to the Project described in the Lease Schedule;

(iv) An executed copy of the Supplemental Trust Agreement relating to the issuance of the Series of Certificates which shall fund the Project described in the Lease Schedule;

(v) An executed copy of a Memorandum of Lease with respect to the Project described in the Lease Schedule; and

(vi) An executed copy of a Memorandum of Ground Lease with respect to the Project described in the Lease Schedule.

SECTION 3.02. RIGHT OF ENTRY. In order to enable the Corporation to carry out the terms of this Lease Agreement, to provide for the acquisition, construction and installation of the Projects and to facilitate the exercise of remedies upon an Event of Default or Event of Non-Appropriation hereunder, the Board hereby grants a right of entry to the Corporation, its agents and assignees, including, without limitation, the Trustee, and, subject to the provisions of Section 7.03 hereof, at reasonable times and upon reasonable notice, to each of the Projects. The Board represents that it is empowered to grant such right of entry to the Trustee and the Corporation.

SECTION 3.03. ACQUISITION AND CONSTRUCTION OF THE PROJECTS. (a) The Corporation shall provide for the acquisition, construction and installation of each Project by the Board, as agent of the Corporation, pursuant to applicable State law and Section 3.08 hereof. Title to each Project shall be in the name of the Corporation, except as otherwise provided in Section 4.07 hereof or in Section 7.07 of the Trust Agreement. The Trustee shall establish a separate subaccount in the Project Account for each Project leased hereunder in accordance with Section 6.02 of the Trust Agreement. Amounts on deposit in each subaccount of the Project Account held by the Trustee pursuant to the Trust Agreement shall be disbursed by the Trustee to the Board or the Person designated by the Board to pay Costs of the Project for which such subaccount was established. Such disbursements shall be made pursuant to Requisitions submitted by the Board to the Trustee in accordance with the procedures set forth in the Trust Agreement. Such Requisitions shall be in the form set forth as Exhibit B hereto and shall be accompanied by such further documentation as set forth herein and in Section 6.03 of the Trust Agreement. The Corporation hereby agrees that the Board may be reimbursed for expenditures of moneys made by the Board for Project Costs in anticipation of the issuance of Certificates to fund such Project Costs by filing Requisitions, with the documentation required by Section 6.03 of the Trust Agreement. The Board hereby agrees that, upon its receipt of such reimbursement, the title to any portion of a Project previously acquired will be transferred to the Corporation other than Designated Facilities.

(b) The Corporation and the Board agree that they will assure that each Project will be acquired, constructed and installed in 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), (i) if 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 any additional legally available sums of the Board deposited therein, will be sufficient to pay all remaining Costs of Issuance for such Project, including Project Costs incurred in connection with such modification, addition or substitution, and (ii) if the Board files such certificate, the Trustee shall be deemed to have been notified as of the date such certificate is filed with the Trustee. Notwithstanding the foregoing, the Trustee shall have no affirmative duty to assert such rights and powers. 

SECTION 3.04. PAYMENT OF COSTS OF ISSUANCE. Payment of Costs of Issuance for each Series of Certificates shall be made pursuant to Requisitions for moneys deposited with the Trustee in the subaccount of the Costs of Issuance Account established for such Series or, if amounts in such Account are not sufficient for such purpose, from the Project Account. Costs 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 Project Costs for each Project, as defined in Section 3.03(c)(1) hereof. Costs of Issuance shall be disbursed in accordance with full approval and acceptance of the Board for which the Board shall have been notified as of the date such payment is made. 

SECTION 3.06. WARRANTIES; DISCLAIMERS. The Corporation and the Board further agree 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 $200,000 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 and the Board shall be deposited or applied 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 and, after the Completion Date, into the subaccount of the Interest Account relating to such Project to be held by the Board, however, that if such moneys are deposited 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 any amount equal to said liquidated damages and to deposit such amount in the subaccount of the Interest Account relating to such Project.

(c) Prior to the Completion Date for such Project, the Board, as agent of the Corporation, shall have the right to modify or substitute components thereof, or of any component or portion thereof, whenever the Board deems such changes to be necessary and appropriate; provided, however, that the Board must comply with the provisions of Section 3.03(b) hereof. The Board, as agent of the Corporation, shall have the right to modify or substitute components thereof, or of any component or portion thereof, whenever the Board deems such changes to be necessary and appropriate; provided, however, that the Board shall be at law or in equity; provided, 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. Notwithstanding the foregoing, the Trustee shall have no affirmative duty to inspect any Project. 

(c) Prior to the Completion Date for such Project, the Board, as agent of the Corporation, shall have the right to modify or substitute components thereof, or of any component or portion thereof, whenever the Board deems such changes to be necessary and appropriate; provided, however, that the Board must comply with the provisions of Section 3.03(b) hereof. 

SECTION 3.08. APPOINTMENT OF AGENCY. (a) The Corporation hereby appoints the Board as its agent to carry out any 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 such 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 relating to such 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. Notwithstanding the preceding, the Trustee shall have no affirmative duty to make such inspections.
(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 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 at least 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.

SECTION 4.01. LEASE OF PROJECTS. In consideration of payment by 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 may 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 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 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.

(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 such moneys constitute the 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, the Board 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 each subaccount of the Interest Account pursuant to Section 6.07(i) of the Trust Agreement since the date of the previous report made by the Trustee pursuant to Section 6.11 of the Trust Agreement or from any other source, (iv) the amount of moneys, if any, transferred to subaccounts of the Reserve Account either a portion of the proceeds from the sale of the Series of Certificates relating thereto or a Reserve Account Letter of Credit/Insurance Supplemental Rent shall include, but not be limited to, any redemption premium attributable 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, pay to the Trustee, as assignee of the Corporation, the Basic Rent and the Supplemental Rent as hereinafter described.

(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, 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, any Hedge Agreement or the Projects, together with interest on any overdue amount, at the Overdue Rate to the date of actual payment or as otherwise provided in a Supplemental Trust Agreement. 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 its corporate existence, and all ongoing expense related to 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.

(f) The Board hereby authorizes the Trustee, as assignee of the Corporation, (i) to create a Reserve Account to be held by the Trustee in trust 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 any portion of the Proceeds of each of the 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 (ii) 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 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 (v) in event such deficiency is due to a reduction in value of any amount 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 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 of the Credit/Insurance Policy and payment of all Outstanding Certificates and shall continue until the expiration of the period of time established by the Code during which the Internal Revenue Service could require an Owner to include the Interest Component on any Certificate in gross income for federal income tax purposes; 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 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 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-Apportionment 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 is entitled 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 separate stated line item in its Budget and appropriate to each Fiscal Year from Available Revenues an amount sufficient to make all such 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 such Credit Enhancer a copy of the portion of each Budget which relates to the 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 HERUNDER 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 HERUNDER 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 HERUNDER AND THE OBLIGATIONS ARISING HERUNDER 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. The Board shall not make partial payment of the Basic Rent coming due on any Basic Rent Payment Date.

(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 as 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 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 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 Payment Schedule 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 thereof, and (v) that the Trustee is required to make arrangements 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 Certificate) to be prepaid on such Optional Prepayment Date, plus the Premium Payment, if any, applicable to a prepayment of Certificates on the Optional Prepayment Date designated by the Board in such notice of prepayment, all as provided in the Trust Agreement. Amounts deposited to prepaid 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 and from Available Revenues provided by the Board.

(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 such 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 this 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.

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 4.01 of the Trust Agreement, of either (i) an amount of moneys which is sufficient to pay such Basic Rent, including the Principal Component, Interest Component and Prepayment Premium, if any, on the Basic Rent Payment Dates or Optional Prepayment Dates, if applicable, and any Supplementary Rent which may be due, or (ii) Refunding Securities, together with cash, if required, in such amount as will, together with interest to accrue thereon, be fully sufficient to pay
such Basic Rent including the Principal Component, Interest Component and Prepayment Premium, if any, on their Basic Rent Payment Dates or Optional Prepayment Dates, if applicable, and any Supplemental Rent which may be due. Upon the Board meeting the requirement of this Section 4.06(c), the Corporation and its assignee shall be entitled to payment of such Basic Rent Payments solely from such cash and/or Refunding Securities.

(d) In the event Refunding Certificates are issued which refund only a portion of an Outstanding Series of Certificates, the schedule of Basic Rent Payments for the corresponding Project and Group within such Project affected by such Refunding Certificates will remain the same but will be paid from the Board and/or the Credit Enhancer for the Certificates which has provided for 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 practicable extent, 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 Facilities, 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 Facilities, has been made in full, the Board shall be considered to have exercised 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 4.06(c) and a portion of a Project disposed of 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 Facilities 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 Facilities have been made in full by the Board, the Certificate Owners shall have no rights to or remedies against the Designated Facilities.

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, war, 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 of 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 Facilities.

(d) Prior to leasing any Project hereunder the Board shall certify to the Trustee and the Credit Enhancer, if any, relating thereto 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.

(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 and each Credit Enhancer 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 or acquisition thereof, 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 Construction 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 exceed $500,000 unless otherwise required by the Credit Enhancer, 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 amend the Lease Schedule relating thereto and the applicable Ground Lease to include a metes and bounds description of the Land so acquired.

(q) If an Event of Default or an Event of Non-Appropriation hereunder has occurred, at the Trustee's option with the consent of the applicable Credit Enhancer, the Trustee, as assignee of the Corporation, may, 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, 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.

SECTION 5.03. QUIET ENJOYMENT. The parties hereto mutually covenant to the Board, by keeping and performing the covenants and agreements herein contained, shall at all times during the term of this Lease Agreement peaceably and quietly have, hold and enjoy each Project without suit, trouble or hindrance from the Corporation and free from any claims against the Corporation and the Trustee and all persons claiming thereunder, by or through the Trustee or the Corporation.

SECTION 5.04. LIABILITY 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 Trustee, 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 to 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. Such liability insurance may be maintained as part of or in conjunction with any other liability 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 limited 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 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.

(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 rates 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, the Board 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) 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.

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.
and each Credit Enhancer. 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 and each Credit Enhancer 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. Neither the Trustee nor the Credit Enhancer shall 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 or any Credit Enhancer.

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 and shall 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 Project.

(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 insurance 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 Facilities, 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 completion of such repair, restoration or replacement shall be paid to the Board. If such Net Proceeds are insufficient to pay for such repair, restoration or replacement, the Board shall (from the Board's Available Revenues) simultaneously deposit the amount of such deficiency into the Trust Estate to provide an amount sufficient to cover the Repair, Restoration or Replacement Account relating to such Net Proceeds.

(c) If the Board elects 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.

(d) The Stipulated Loss Value attributable to a loss of all of a Project shall be computed at the amount necessary to pay the Principal Component of and Interest Component on the Series of Certificates, the proceeds of which were used in 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, then the Board shall pay the amount which 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 (or more than one Series of Certificates which financed or refinanced such Project is then Outstanding to the accounts established in the Prepayment Fund relating to such Project, on a pro rata basis) 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.

SECTION 5.09. PAYMENT OF TAXES. The Board will pay or cause to be paid all taxes, assessments and all other governmental charges, if any, that may be levied, assessed or charged upon any Project, or any part thereof, as and when due, and shall keep such Project and each Project, and shall keep each Project and every Project, free from any and every lien or claim of any kind and, if such lien or claim be filed or claimed, it shall be the duty of the Board, within thirty (30) days after the Board shall have been given notice of such filing or claim, to proceed toward its release (a) by payment or by posting of a bond or by the payment into a court of competent jurisdiction the amount necessary to relieve and release the Project from such claim or in any other manner which, as a matter of law, will result within such period of thirty (30) days in releasing the Corporation and its assignee and Corporation's 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 encumbrance, 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 includable 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 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 substitution), (c) is free and clear of all liens and encumbrances, except the Permitted Encumbrances, and (d) has been titled in the name of the Corporation, except in the case of Designated Facilities which shall be titled in the name of the Board, and (e) constitutie "Equipment" under this Lease Agreement. 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 or proper 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 proceeding.

(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 or operation 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.

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, interests, powers, benefits, privileges 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 assigns, 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 any Project Costs by the Board, (e) any breach or default on the part of the Board in the performance of any of its obligations under this Lease Agreement, (f) any act of negligence of the Board, or of any of its agents, contractors, servants, employees or licensees with respect to the Projects, (g) any act of negligence of the Board, or of any of its agents, contractors, servants, employees or licensees with respect to the Projects, (a) any act of negligence of the Board, or of any of its agents, contractors, servants, employees or licensees with respect to the Projects.

SECTION 5.20. NO RECOUPE 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 of the Board or of the Corporation 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, the Assignment of Ground Lease Agreement and the Assignment of Lease Agreement.

SECTION 5.22. ASSIGNMENT BY CORPORATION. Except pursuant to the Assignment of Lease Agreement and except as set forth herein, the Corporation shall not assign this Lease Agreement, its rights to receive Lease Payments or its duties and obligations hereunder.

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 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 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 of Lease Agreement and the Trust Agreement, nor the fulfillment of and compliance with the terms and conditions hereof and thereof, nor the consummation of 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 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.

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 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 consent 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 the strict performance of any of said covenants and agreements herein contained or to be performed by the Corporation or support of such Project.

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. [RESERVED.]

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: (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 elements; (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 walls; (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 or upon or about the Projects; (h) the escape of steam or hot water; (i) water, snow or ice upon the Projects; (j) the filling 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, fire 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 amended, modified, supplemented or amended (except by such writings as shall be stated; (ii) that all conditions under this Lease Agreement and all Lease Schedules are 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 fire 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 fire estate in the Premises and the Project or any interest in such fire estate.

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 asbestos fibers of varieties (a) chrysotile (serpentine); (b) crocidolite (rheicelite); (c) amosite (cummington-itegritrite); (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 Conversation and Recovery Act, as amended (42 U.S.C. 9031, 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 "superlent" law.

The Board has 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 received any notice of default or breach which has not been cured under any condition under this Lease Agreement and all Lease Schedules to be performed by the Board, no defenses or offsets against the enforcement of this Lease Agreement and all Lease Schedules shall exist or exist in any way 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.

"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 any Person has, or (present or 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 covenant 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 matters and any so-called local, state or federal “superfund” or “superlent” law.

(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.
(h) Irrespective of whether any representation or warranty contained in this Section 5.3.2 is 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, fines, 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 shall notify 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 part 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 indemnities 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 indemnified party. 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 all local and environmental laws. Any underground tanks on a Project shall be in good condition and repair and comply with all Laws and Regulations, including Environmental Regulations, except as set forth in this Section 5.3.2 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 5.3.2.

(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 includable 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 credited 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 enter 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, however, the revenue received thereby shall be clearly stated on the Certificates. Provisions herein relating to the requirement to maintain the exclusion of such Interest Component from gross income for federal income taxation purposes shall not apply to such Basic Rent Payments in such event.

SECTION 6.04. NET LEASE. The Board attends 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 tax, personal property taxes, Real Estate Taxes, assessments, licenses, impact fees, registration fees, freight and transportation charges and any other charges imposed or liabilities incurred with respect to the ownership or operation 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 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 assigns on their behalf or in their name, without the consent of the Owners of the Certificates thereof, for the purpose of (i) curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein, or (ii) resolving any questions arising under this Lease Agreement which the Board may deem necessary or desirable and not inconsistent with the provisions of this Lease Agreement, (iii) providing for additional security, (iv) providing for Lease Schedules, including adding to or deleting the covenants, representations and agreements contained herein as the same shall effect a particular Project, and (v) any other amendment, which in the judgment of the Board does not materially, adversely affect the interests of the Owners of the Certificates; provided, however, that no such amendment shall, in the opinion of Special Counsel, cause the Interest Component of Basic Rent Payments to become includable in gross income of the recipients thereof for purposes of federal income taxation; and provided, further, that the parties hereto or their assigns 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. A supplement to a Lease Schedule to include such items as Land or Project descriptions not included at the time such Lease Schedule was originally executed shall not be considered an amendment or supplement requiring the consent of the Owners or Credit Enhancer(s).

(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, upon the approval of the Credit Enhancers of the Certificates for which they have provided a Credit Facility and/or municipal bond insurance policy if such Certificates represent a majority of the Certificates then Outstanding; provided that no such amendment shall impair the right of any Owners to receive their proportionate share of any Basic Rent Payment in accordance with his Certificate unless approved by the Owners of all Certificates then Outstanding.
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 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 (and its assignee or "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 thereafter.

(b) If an Event of Non-Appropriation shall occur, the Board shall peaceably return possession of each Project, other than Designated Facilities, 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.

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:

(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 Facilities, 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 Facilities, and exclude the Board from using the same until the Default is cured; 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 the term of this Lease Agreement and to take the reasonable steps and actions necessary to vest in the Corporation and its assignee the reasonable income for purposes of federal income taxation; or

(iv) To terminate this Lease Agreement, if it has not been previously terminated pursuant to Section 7.01 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 the term of this Lease Agreement and to take the reasonable steps and actions necessary to vest in the Corporation and its assignee the reasonable income for purposes of federal income taxation; or

(v) To terminate this Lease Agreement, if it has not been previously terminated pursuant to Section 7.01 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 the term of this Lease Agreement and to take the reasonable steps and actions necessary to vest in the Corporation and its assignee the reasonable income for purposes of federal income taxation; or

(vi) 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 re-take the Projects and thereby restore the Corporation or its assignee, or its assignees, to its former estate as owner and occupier and receive 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 possessor 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 7.03. 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:

(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 retain possession of all the Projects, other than Designated Facilities, to the Corporation, or its designee or assignee, unless the Corporation, or its assignee, or any Credit Enhancer have agreed in such time prior to its termination; 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 any Credit Enhancer have agreed in such time prior to its termination; 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, (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 a receiver or liquidator, assignee, 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 7.04. PROCEEDS OF SALE OR RE-LETTING. Money 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 Non-Appropriated by the Corporation, or its assignee, from the sale or other disposition of a Project, including moneys or damages 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 such an event nor any notice to pay over the proceeds 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 occurrence of the Corporation, or its assignee, to terminate this Lease Agreement as a result of such Event of Default.

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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-Apshotation. To the greatest extent permitted by applicable law and only from Available Revenues, the Board hereby exempts and agrees to save harmless, the Corporation, and its assignee, from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and the sale or letting of the Projects. The Board hereby waives any and all claims for damages caused, or which may be caused, by the Corporation, or its assignee, in taking possession of the Projects, for all claims for damages that may result from the destruction of or injury to the Projects, and all claims for damages to or loss of any property belonging to the Board that may be in or upon the Projects. The Board agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Corporation, or its assignee, to enter and sell or re-let the Projects in accordance with the terms hereof. Notwithstanding the foregoing, the Board shall not be responsible for any costs incurred by the Corporation, or its assignee, to make the Projects suitable for reletting.

SECTION 7.06. NON-WAIVER. Nothing in this Article VII or in any other provision of this Lease Agreement shall affect or impair the obligation of the Board to pay the Lease Payments, to the extent herein provided. No delay or omission of the Corporation, or its assignee, to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or any acquiescence therein, and every power and remedy given by this Article VII to the Corporation, or 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 by 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.

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 is invalid or 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 of Florida.

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 by 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.

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.

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 possession and shall be subject at all reasonable times to the inspection of the other party hereto and its assigns, agents and representatives, of 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 entity other than the Corporation, and its assignee, the Credit Enhancers, the Trustee and the Board any rights, remedies or claims under or by reason of this Lease Agreement or any covenants, condition or stipulation hereof; and all covenants, stipulations, promises and agreements in this Lease Agreement contained by or on behalf of the Corporation or the Board shall be for the sole and exclusive benefit of the Corporation, and its assignee, the Board, the Credit Enhancers and the Trustee.

SECTION 8.03. NO RECOUPMENT 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 recoupment 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: Columbia School Board Leasing Corporation 372 West Duval Street Lake City, Florida 32055 Attention: Secretary

If to the Board: School Board of Columbia County, Florida 372 West Duval Street Lake City, Florida 32055 Attention: Superintendent
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.

COLUMBIA SCHOOL BOARD LEASING CORPORATION, as Lessor

(Seal)

By: 

President

Attest:

Secretary

SCHOOL BOARD OF COLUMBIA COUNTY, FLORIDA, as Lessee

(Seal)

By: 

Chairman

Attest:

Superintendent/Secretary

EXHIBIT A

DEFINITIONS

EXHIBIT B

FORM OF REQUISITION
FOR PAYMENT OF PROJECT COSTS

Date: _________________

Requisition Number: _________________

Total Disbursement Requested: $______________

Certificates: [State Series of Certificates] (the "Certificates")

Lease Schedule No. ___ (the "Lease Schedule")

Account or Subaccount of Project Account:

To: Wells Fargo Bank, National Association (the "Trustee")

The School Board of Columbia County, Florida (the "Board"), consistent with the terms of the Master Trust Agreement, dated as of July 1, 2007, as supplemented by a Series 20__ Supplemental Trust Agreement, dated as of __________, 20__, (collectively, the "Trust Agreement"), among the Board, the Trustee and the Columbia 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.

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 a summary of each 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 Facilities 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 Facilities, shall be in the name of the Corporation and title to items of Designated Facilities 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. There are no liens against any such portion of the Project to be reimbursed hereby, other than Permitted Encumbrances.

4. To date, the Board has timely complied with all its obligations under the Lease Agreement.

5. 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.

6. The following constitutes an itemized list of the attachments to this certificate:
7. 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.

8. 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 $______.

9. 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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**SCHEDULE I**

**DESCRIPTION OF EQUIPMENT**

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**SCHEDULE II**

**DESCRIPTION OF DESIGNATED FACILITIES**

---

**SCHEDULE III**

**DESCRIPTION OF BUILDINGS**
Exhibit B- Schedule IV-1

DESCRIPTION OF LAND

Exhibit B-1

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: Wells Fargo Bank, National Association, as Trustee (the "Trustee")

The School Board of Columbia County, Florida (the "Board"), consistent with the terms of the Master Trust Agreement, dated as of July 1, 2007, as supplemented by a Series 20__ Supplemental Trust Agreement, dated as of __________, 2007 (collectively, the "Trust Agreement"), among the Board, the Trustee and the Columbia 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:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Payee</th>
<th>Description of Project Cost</th>
<th>Payment Instructions</th>
</tr>
</thead>
</table>

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. Attached hereto is an invoice for such Costs of Issuance.
2. To date, the Board has timely complied with all its obligations under the Lease Agreement.
3. 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.
4. The following constitutes an itemized list of the attachments to this certificate:
   (insert itemized list)
5. 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.
6. 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 $__________.

SCHOOL BOARD OF COLUMBIA COUNTY, FLORIDA

By: __________________________
Title: __________________________

Exhibit B-2

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Exhibit B-3
FORM OF LEASE SCHEDULE

Schedule No. _____
to the
Master Lease-Purchase Agreement,
dated as of July 1, 2007,
between
Columbia School Board Leasing Corporation
(the "Corporation")
and
School Board of Columbia 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 July 1, 2007 (the "Lease Agreement"), pursuant to which the Corporation has agreed to lease-purchase to the Board and the Board has agreed to lease-purchase from the Corporation, subject to the terms and conditions of the Lease Agreement, the Series ______ Project as herein described. All defined terms not otherwise defined herein shall have the respective meanings therefor set forth in the Lease Agreement. Reference to "Lease Agreement" herein shall include the terms of this Lease Schedule.

1. Series ______ Project. The leased property, which is described in Section 6 of this Lease Schedule (the "Series ______ Project"), and has a Maximum Cost of $_______, shall be acquired, constructed and installed, and lease-purchased, by the Board from the Corporation pursuant to the terms of the Lease Agreement.

2. Commencement Date; Lease Term; Other Definitions. For purposes of this Lease Schedule and the Lease Agreement:
   (a) The Commencement Date for the Series ______ Project is ________
   (b) The Initial Lease Termination Date of the lease of the Series ______ Project shall be _____________. The Maximum Lease Term shall commence on the Commencement Date hereof and terminate on _______________.
   (c) The Estimated Completion Date is _____________.

3. Certificates of Participation
   (a) The Certificates of Participation issued under the Trust Agreement and related to this Lease Schedule are identified as "Certificates of Participation (School Board of Columbia 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 Columbia 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 _____________________.

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 Issuance Account established for Series ______ Certificates
   Deposit to Series ______ Subaccount of Capitalized Interest 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 Facilities. The Designated Facilities 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 _________.

COLUMBIA SCHOOL BOARD LEASING CORPORATION

By: ____________________________
Title: ____________________________
Date: ____________________________

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SCHEDULE A

BASIC RENT SCHEDULE

<table>
<thead>
<tr>
<th>Basic Rent Payment Date</th>
<th>Interest Component</th>
<th>Principal Component</th>
<th>Total Basic Rent Payment</th>
<th>Remaining Principal Component</th>
</tr>
</thead>
</table>

[Provide Basic Rent Schedule for each Group within Project]

SCHEDULE B

PROJECT DESCRIPTION, PROJECT BUDGET, PROJECT SCHEDULE AND DESIGNATED FACILITIES

SCHEDULE C

DESCRIPTION OF THE LAND

SCHEDULE D

DOCUMENTS REQUIRED BY SECTION 3.01(C) OF THE LEASE AGREEMENT
EXHIBIT D

MEMORANDUM OF LEASE AND NOTICE OF OPTION

Exhibit D-1

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LEASE SCHEDULE NO. 2007

Schedule No. 2007
to the
Master Lease-Purchase Agreement,
dated as of July 1, 2007,
between
Columbia School Board Leasing Corporation
(the "Corporation")
and
School Board of Columbia County, Florida (the "Board")

THIS LEASE SCHEDULE NO. 2007 (the "Lease Schedule") is hereby entered into under and pursuant to that certain Master Lease-Purchase Agreement, dated as of July 1, 2007 (the "Lease Agreement"), pursuant to which the Corporation has agreed to lease-purchase to the Board and the Board has agreed to lease-purchase from the Corporation, subject to the terms and conditions of the Lease Agreement, the Series 2007 Project as herein described. All defined terms not otherwise defined herein shall have the respective meanings therefor set forth in the Lease Agreement. Reference to "Lease Agreement" herein shall include the terms of this Lease Schedule.

1. **Series 2007 Project.** The leased property, which is described in Section 6 of this Lease Schedule (the "Series 2007 Project"), and has a Maximum Cost of $25,264,272 (plus any investment earnings), shall be acquired, constructed and installed, and lease-purchased, by the Board from the Corporation pursuant to the terms of the Lease Agreement.

2. **Commencement Date; Lease Term; Other Definitions.** For purposes of this Lease Schedule and the Lease Agreement:

   (a) The Commencement Date for the Series 2007 Project is July 24, 2007.

   (b) The Initial Lease Termination Date of the lease of the Series 2007 Project shall be June 30, 2008. The Maximum Lease Term shall commence on the Commencement Date hereof and terminate on July 1, 2032.

   (c) The Estimated Completion Date is August 1, 2009.
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 Columbia County, Florida Master Lease Program), Series 2007 Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Columbia County, Florida ("Series 2007 Certificates").

(b) The Credit Enhancer for the Series 2007 Certificates shall be Financial Security Assurance Inc. ("Financial Security").

(c) The Reserve Requirement for the Series 2007 Subaccount established in the Reserve Account under the Trust Agreement shall be zero.

(d) The Optional Prepayment Date shall be July 1, 2017.

(e) The Closure Date of the Series 2007 Subaccount of the Project Account established for the Series 2007 Certificates, for purposes of Section 6.03(g) of the Trust Agreement, is estimated to be December 1, 2009.

(f) There shall be no Prepayment Amount relating to the Series 2007 Subaccount of the Project Account established for the Series 2007 Certificates, for purposes of Section 6.03(g) of the Trust Agreement.

4. **Basic Rent**

The Basic Rent payable by the Board to the Corporation on each December 15 and June 15 with respect to the Series 2007 Project under the Lease Agreement is described in Schedule A attached hereto.

5. **Use of Certificate Proceeds**

The net proceeds of the Series 2007 Certificates (excluding underwriting discount of $128,960.05) shall be disbursed as follows:

- Deposit to Series 2007 Subaccount of Project Account established for Series 2007 Certificates: $25,264,272.00
- Deposit to Series 2007 Subaccount of Costs of Issuance Account established for Series 2007 Certificates: $284,019.85

*($143,342.90 of which shall be wired directly to Financial Security at closing.

6. **The Series 2007 Project**

(a) The Project Description, Project Budget and Project Schedule for the Series 2007 Project are attached hereto as Schedule B.

(b) The Board and the Corporation agree not to make any amendments to the Lease Agreement described in Sections 6.05(a)(v) and 6.05(b) of the Lease Agreement without obtaining the prior written consent of Financial Security. The Board may not amend the Ground Lease or this Lease Schedule or take any other action to release any of the Projects constituting the Series 2007 Project or any of the Project Sites constituting the Series 2007 Project Sites without the prior written consent of Financial Security.

(c) The Board, to the extent permitted by law, but solely from Available Revenues in accordance with the provisions of the Trust Agreement and the Lease Agreement, hereby agrees to pay or reimburse Financial Security any and all charges, fees, costs and expenses which Financial Security may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in respect of the Lease Agreement, the Trust Agreement, the Ground Lease or the Assignment Agreement (each, a "Related Document"), (ii) the pursuit of any remedies under the Lease Agreement or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver, or other action with respect to, or related to, the Lease Agreement or any other Related Documents whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Lease Agreement or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of Financial Security to honor its obligations under the Municipal Bond Insurance Policy.

(d) In determining whether any amendment, consent, waiver, or other action to be taken, or any failure to take action, under the Lease Agreement would adversely affect the security for the Series 2007 Certificates or the rights of the Owners of Series 2007 Certificates, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Municipal Bond Insurance Policy.

(e) **Information to be Provided to Financial Security**

The Board agrees to provide the following information to Financial Security:

1. the annual audited financial statements of the District within 30 days of completion thereof;
2. the final Budget of the Board within 30 days of approval thereof;
3. upon delivery of the audited financial statements described in clause (e)(1) above, a certificate of the chief financial officer of the Board or his/her designee stating that, to the best of such individual's knowledge following reasonable inquiry, no Event of Default has occurred under the Lease Agreement, or if an Event of Default has occurred, specifying the nature thereof and if the Board has the right to cure such Event of Default pursuant to Section 7.02 of the Lease Agreement, stating in reasonable detail the steps, if any, being taken by the Board to cure such Event of Default;
4. Notice of the commencement of any proceeding by or against the Board commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");
5. Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 2007 Certificates;
6. All reports, notices and correspondence to be delivered to Owners of the Series 2007 Certificates under the terms of the Related Documents.

(f) There shall be no grace period for failure to pay in full any Supplemental Rent under the Lease Agreement.

(g) (1) Unless otherwise waived in writing by Financial Security, the following provisions shall apply; provided that compliance with paragraphs (g)(2)(v), (vi) and (vii) below shall not be required and such paragraphs shall be of no force or effect so long as the amount generated by (i) 80% of the Board's legally available capital outlay millage assuming a 95% collection rate based on the most current certified taxable assessed valuation available at the time of calculation, plus (ii) 80% of the amount derived from legally available sales tax monies, shall produce an amount sufficient to cover maximum annual debt service on the Board's lease and other Debt Obligations payable from such legally available capital outlay millage and/or legally available sales tax monies. For the purposes of the above test, maximum annual debt service shall be calculated at the same rates as in the budgeting requirements of (g)(2) below and (unbilled) fixed rate debt shall be calculated at the actual payment requirements thereof. For purposes of the above test, the amount of legally available capital outlay millage shall be the maximum millage rate that the Lessee may levy and use to make lease payments pursuant to law. Legally available sales tax monies shall include voter approved sales tax levies that are legally available to the Board to make lease payments (i) as specifically authorized in the referendum approving such sales tax and as otherwise authorized by law, including any necessary resolutions of the Board or (ii) to the extent Financial Security receives an opinion to such effect in form and substance satisfactory to, and from counsel reasonably acceptable to, Financial Security. The amount of legally available sales tax monies for purposes of such calculation shall be based on a reasonable estimate by the Lessee of such taxes derived from historical collections of such tax in such jurisdiction or from collections of an existing similar sales tax in such jurisdiction. If any portion of the legally available capital outlay millage or legally available sales tax monies shall have a stated expiration date, then the revenues calculated above must be adjusted for such expiring taxes and 80% of the remaining tax revenues may not be less than the maximum annual debt service coming due after such tax expiration. The above test shall be performed annnually upon preparation of the following year's budget.

The provisions of paragraph (g)(2)(vi) below shall only apply to swaps entered into after the first date of non-compliance with the above coverage requirement. The
provisions of paragraph (g)(2)(vi) below shall apply only to swaps entered into after the first date of non-compliance with such covenant unless such non-compliance was caused by the incurrence of additional debt by or on behalf of the Board. 

For purposes of the above test, "Debt Obligations" shall mean all bonds, notes or other instruments, contracts or agreements evidencing indebtedness of the Board or borrowed money and shall include capital leases and lease-purchase agreements.

(2) For purposes of adopting an annual budget meeting the requirements of Section 4.05(c) of the Lease Agreement for the renewal of the Lease Agreement for an additional Renewal Lease Term, the Board agrees that each such budget, if adopted by the Board, shall include the actual amounts of Lease Payments, if known, and to the extent such amounts cannot be determined at the time of preparation of such notice, estimated annual fees and payments and all other Supplemental Rent Payments. In order to make such estimates, the Board agrees that it will utilize the following estimates and methodologies:

(i) while the interest portion of Basic Rent Payments pursuant to any Lease Schedule is calculated at a variable rate (i.e. the corresponding Certificates are variable rate) and a Qualified Swap Agreement (defined in paragraph (viii) below) is in effect, the Board's budget adopted to satisfy the requirements of Section 4.05(c) under the Lease Agreement, will include an amount at least equal to the fixed rate payment payable by the Board under such Qualified Swap Agreement; provided, however, that in the event the payment by the provider of the Qualified Swap Agreement is not computed at the actual interest rate payable on the related Certificates, the Board will also include in such budget adopted to satisfy the requirements of Section 4.05(c) of the Lease Agreement, an additional (i) .25% of the principal amount of the Basic Rent Payments represented by the related Certificates if the payment by the swap provider is calculated based upon a tax-exempt index (the "Tax-Exempt Margin") or (ii) .50% of the principal amount of the Basic Rent Payments represented by the related Certificates if the payment by the swap provider is calculated based upon a taxable index (the "Taxable Margin");

(ii) while the interest portion of Basic Lease Payments for any Lease Schedule is calculated at a variable rate (i.e. the corresponding Certificates are variable rate) and a Qualified Swap Agreement (defined in paragraph (viii) below) is in effect, the Board's budget adopted to satisfy the requirements of Section 4.05(c) of the Lease Agreement, an additional (i) .25% of the principal amount of the Basic Rent Payments represented by the related Certificates if the payment by the swap provider is calculated based upon a tax-exempt index (the "Tax-Exempt Margin") or (ii) .50% of the principal amount of the Basic Rent Payments represented by the related Certificates if the payment by the swap provider is calculated based upon a taxable index (the "Taxable Margin");

(iii) in the event the Board is obligated to pay the variable rate payment under any swap agreement and a Qualified Swap Agreement (defined in paragraph (viii) below) is in effect, the Board's budget adopted to satisfy the requirements of Section 4.05(c) of the Lease Agreement will include the interest portion of Basic Rent Payments in respect of the related Certificates in an amount equal to the average net interest cost on the related Certificates (i.e. actual interest expense after giving effect to net swap payments) over the preceding 12 month period plus (a) the Tax-Exempt Margin if such swap payment is based upon a tax-exempt index and (b) the Taxable Margin if such swap payment is based upon a taxable index; and

(iv) while the interest portion of Basic Rent Payments is calculated at a fixed rate (i.e. the corresponding Certificates are fixed rate) and the Board is required to make a variable rate payment under a swap that is not a Qualified Swap Agreement (defined in paragraph (viii) below), the Board's budget adopted to satisfy the requirements of Section 4.05(c) of the Lease Agreement will include an amount equal to the greater of (a) the amount specified in paragraph (iii) above and (b) the actual interest rate on the corresponding Certificates.

(v) If the test set forth in (g)(1) above is not satisfied, the Board agrees that not more than 25% of the total principal amount of outstanding obligations of the Board secured by capital leases shall be variable rate obligations. For purposes of this determination the following shall apply: (a) variable rate obligations hedged by a Qualified Swap Agreement shall not be included as variable rate obligations; and (b) an early termination under a Qualified Swap Agreement or a failure of a swap agreement to remain a Qualified Swap Agreement shall not cause the principal amount of variable rate obligations to exceed 25% unless a substitute Qualified Swap Agreement has not been entered into within 60 days from the date of such early termination or failure to remain a Qualified Swap Agreement.

(vi) If the test set forth in (g)(1) above is not satisfied, any termination payment payable by the Board under a swap agreement relating to a Lease Schedule entered into after the date of this Lease Schedule to be executed by their proper corporate officers, all as of the 1st day of July, 2007.

IN WITNESS WHEREOF, each of the parties hereto have caused this Lease Schedule No. 2007 to be executed by their proper corporate officers, all as of the 1st day of July, 2007.

COLUMBIA SCHOOL BOARD LEASING CORPORATION
(SEAL)

By: President
Attest:
Secretary

SCHOOL BOARD OF COLUMBIA COUNTY, FLORIDA

By: Chairman
Attest:
Superintendent/Secretary

IN WITNESS WHEREOF, each of the parties hereto have caused this Lease Schedule No. 2007 to be executed by their proper corporate officers, all as of the 1st day of July, 2007.

COLUMBIA SCHOOL BOARD LEASING CORPORATION
(SEAL)

By: President
Attest:
Secretary

SCHOOL BOARD OF COLUMBIA COUNTY, FLORIDA

By: Chairman
Attest:
Superintendent/Secretary
**PROJECT DESCRIPTION, PROJECT BUDGET, PROJECT SCHEDULE AND DESIGNATED FACILITIES**

**PROJECT DESCRIPTION AND SCHEDULE**

1. **New Elementary School "AA"** - New Elementary School "AA" will be located on 35 acres in western Columbia County near the intersection of Birley and Gabriel Roads; the initial design will include grades K-5 with a capacity of 660 students. The building design and site layout will permit future design of grades 6-8 classrooms for an overall student capacity of 896. Classroom buildings will meet Enhanced Hurricane Protected (EHPA) requirements.

   Spaces include: ten kindergarten classrooms; nine primary classrooms; nine intermediate classrooms, music lab; art lab; two skills development labs; physical education spaces; three resource rooms; exceptional education spaces; media center and support spaces; administration suite; student personnel suite; food service facilities; teacher lounge/dining/restrooms; teacher planning; stage and support spaces; multi-purpose room; textbook storage, student and public restrooms; and custodial spaces.

2. **Additions to Fort White Middle School** - This project is for a free standing Classroom/Administration Building and a Dining/Multi-Purpose Building on the new Fort White Middle School Campus in Fort White, Florida and will generally consist of spread footings, slabs on grade and block bearing walls with a partial split face block veneer and partial stucco. Roof construction includes pre-stressed concrete double tees with a tapered lightweight concrete deck and rigid insulation and a built-up roofing system. It will include ten (10) middle school classrooms, administrative offices and a separate Dining/Multi-Purpose building of 6,922 gross square feet with a seating capacity of 327 occupants.

   The Classroom/Administration Building will consist of classrooms, administrative area, clinic and ancillary spaces. The Dining / Multi-Purpose Building will consist of an abbreviated kitchen set up for future expansion into a complete kitchen at a later date, serving lines, dining room, restrooms and ancillary spaces and will have new kitchen equipment. Both buildings will have air conditioning, plumbing, fire alarm, intercom system, fluorescent light fixtures in suspended acoustical tile ceilings, paint, epoxy paint, quarry tile, ceramic tile and vinyl composition tile flooring.

   Site work will include new paving, new parking lot with student drop off and pick up areas, new paved bus drop off and pick up area, storm water work, sanitary sewer piping, domestic water, grading, sod, seeding and minor landscaping. Covered walkways and sidewalks are also included.

3. **Additions, renovations and upgrades to Columbia High School** -

   (A) **New Food Service Building.** This project is for a free standing Enhanced Hurricane Protected Food Service Building on the Columbia High School campus in Lake City, Florida and will generally consist of spread footings, slabs on grade and block bearing walls with a brick veneer. Roof construction includes pre-stressed concrete double tees with a tapered lightweight concrete deck and rigid insulation and a built-up roofing system. The building includes 19,379 gross square feet of which 9,600 net square feet will be dining with a seating capacity of 640 occupants.

   The Food Service Building consists of a kitchen, serving lines, dining room, restrooms and ancillary spaces and will have new and relocated kitchen equipment, air conditioning, plumbing, fire alarm, intercom system and sprinkler system and have fluorescent light fixtures in suspended acoustical tile ceilings, paint, epoxy paint, quarry tile, ceramic tile and vinyl composition tile flooring.

   Site work will include new paving, storm water work, sanitary sewer piping, domestic water, fire main piping, grading, sod, seeding and minor landscaping. Covered walkways and sidewalks are also included.

   (B) **Renovation and Expansion of Administration/Reception and Guidance.** This work will involve the expansion of new administration/reception/guidance office areas, with the expansion of 11,440 square feet to the front of the existing building. The scope of work includes demolition of the existing front entrance canopy to construct a new entrance along with new office spaces, a larger conference room, handicapped accessible restrooms, redesigned reception area, along with new air conditioning, fire alarm, intercom system and have fluorescent light and acoustical tile ceilings, vinyl composition tile flooring, carpet, and painting in the expanded areas. Minimal site work will be required for this project.

   (C) **Renovation of Media Center.** This component of the Series 2007 Project will be funded from excess funds and/or interest earnings to the extent available. This project will include the renovation of the existing Media Center at Columbia High School. Included in this work is the renovation and remodeling of the existing Media Center and ancillary spaces totaling 9,395 square feet into an updated and reconfigured Media Center with new Reception Desks, Casework for books, Casework for computer stations, new floor finishes and new acoustical tile ceilings. Other construction includes new interior wood doors and metal door frames, new painting and new walls per the new configuration. Mechanical work generally consists of roof mounted A/C equipment, including fresh air units, and new ductwork, registers and grilles. Plumbing work will be a minimum with possibly new ADA compliant single holder male and female restrooms.

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**Schedule A-1**

**Schedule B-1**
Electrically, work consists of upgrades to the existing electrical service as required, new electrical service if required, data, cable TV, fire alarm, security and intercom systems are to be connected to the existing systems on campus.

New Elementary School "AA"
- Construction: $13,223,000
- Fees, Permits & Surveys: $582,000
- Subtotal: $13,805,000

Additions to Fort White Middle School
- Construction: $4,306,272
- Fees, Permits & Surveys: $325,000
- Subtotal: $4,631,272

Additions, renovations and upgrades to Columbia High School
- Construction: $6,336,000
- Fees, Permits & Surveys: $492,000
- Subtotal: $6,828,000

Total: $25,264,272

Excess funds and interest earnings for renovation of the Media Center at Columbia High School:
- Construction: $1,033,450
- Fees: $72,340
- Subtotal: $1,105,790

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Estimates for contributors to the project budget:

1. Does not include anticipated earnings from investment of amounts on deposit in the Series 2007 Subaccount of the Project Account.
2. Estimated. Constitutes Designated Equipment.

**ESTIMATED DRAWDOWN SCHEDULE**

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**DESIGNATED FACILITIES**

The portions of the Series 2007 Project consisting of the renovation and expansion of the Media Center at Columbia High School and all equipment components not constituting fixtures of the educational facilities described under the heading "PROJECT DESCRIPTION AND SCHEDULE" above constitutes Designated Facilities under the Lease Agreement.
EDUCATIONAL PLANT SURVEY EXCERPTS RELATED TO THE SERIES 2007 PROJECT COMPONENTS

SCHEDULE C

DESCRIPTION OF THE LAND

SCHEDULE D

DOCUMENTS REQUIRED BY SECTION 3.01(C) OF THE LEASE AGREEMENT

1. Resolution of the School Board.
2. Certificate of School Board.
3. Ground Lease Agreement.
5. Memorandum of Lease and Notice of Option with respect to Series 2007 Project.

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ASSIGNMENT OF LEASE AGREEMENT

by and between

COLUMBIA SCHOOL BOARD LEASING CORPORATION,  
as Lessor

and

WELLS FARGO BANK, N.A.,  
as Trustee

Dated as of July 1, 2007
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 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 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 of Lease Agreement shall confer no rights and impose no duties upon the Trustee beyond those expressly provided in the Trust Agreement. The obligations of the Corporation under the Lease Agreement are expressly not assigned to nor accepted by the Trustee.

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 of Lease 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 of Lease Agreement; and the execution, delivery and performance of the Lease Agreement, the Trust Agreement and this Assignment of Lease 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 of Lease Agreement do not contaminate 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 of Lease 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 of Lease 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 of Lease 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 of Lease 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
SECTION 6. NON-RECOUPSE. The parties hereto agree that the assignment contained in this Assignment of Lease Agreement shall be non-reco... in the circumstances described in the Trust Agreement.

SECTION 7. NO INDIVIDUAL LIABILITY. All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Assignment of 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 assignment effected by Section 2 hereof or for any claim based thereon under this Assignment of Lease Agreement against any member, officer, employee or agent of the parties hereto.

SECTION 8. COUNTERPARTS. This Assignment of Lease Agreement may be executed in counterparts, and each of said counterparts shall be deemed an original for all purposes of this Assignment of Lease Agreement. All of such counterparts taken together shall be deemed to be one and the same instrument.

SECTION 9. LAW. This Assignment of Lease Agreement shall be construed under the laws of the State of Florida.

IN WITNESS WHEREOF, the parties have executed this Assignment of Lease Agreement by their officers thereunto duly authorized as of the day and year first written above.
MASTER TRUST AGREEMENT

by and among

WELLS FARGO BANK, N.A.,
as Trustee

and

COLUMBIA SCHOOL BOARD LEASING CORPORATION,
as Lessor

and

SCHOOL BOARD OF COLUMBIA COUNTY, FLORIDA,
as Lessee

Dated as of July 1, 2007

Securing
Certificates of Participation
(School Board of Columbia 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 Columbia County, Florida
MASTER TRUST AGREEMENT

THIS MASTER TRUST AGREEMENT, is made and entered into as of July 1, 2007, by and among WELLS FARGO BANK, N.A., a national banking association with corporate trust powers qualified to accept trusts of the type herein set forth (the "Trustee"), COLUMBIA SCHOOL BOARD LEASING CORPORATION, a single-purpose, not-for-profit corporation duly organized and existing under Chapter 671, Florida Statutes (the "Corporation"), and the SCHOOL BOARD OF COLUMBIA 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 Columbia 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 July 1, 2007 (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 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 July 1, 2007, between the Corporation and the Trustee; and

WHEREAS, the Board and the Corporation will enter into a Ground Lease, dated as of July 1, 2007 (the "Ground Lease"), whereby the Board has or will demise the Premises (as defined therein) 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 July 1, 2007, 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 (other than any Completion Certificates or partial Refunding Certificates for such Series) 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 related to such Ground Lease(s), 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.
ARTICLE III
APPOINTMENT OF TRUSTEE; DECLARATION OF TRUST

SECTION 3.01. APPOINTMENT OF TRUSTEE. In consideration of the recitals hereinafore 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 of and fund 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, 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’s indemnification set forth therein, its right to enter into Lease Schedules from time to time and its obligations provided in Section 6.03 of the Lease Agreement;

(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’s indemnification set forth therein, its right to enter into Lease Schedules from time to 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, the Lease Agreement, the Ground Lease(s) or any mortgage agreement entered into pursuant to the terms hereof; and

(d) Any 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 proceeds of sale, re-letting or otherwise 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 that were 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 option 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 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 Columbia 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 Columbia 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, if deemed appropriate, 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 be 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 times 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 thereof 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 may otherwise be 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 may become due and payable. Payment of 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 Business 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 amount of Outstanding Current Interest Certificates of a Series, interest shall be paid by wire transfer on the interest Payment Date to a domestic bank account designated in writing to the Trustee by said Owner at least five days prior to the Record Date 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 accure, 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.

PRIORITY TO ISSUANCE OF ANY VARIABLE RATE CERTIFICATES
NOTICE THEREOF SHALL BE DELIVERED TO ANY RATING AGENCY THEN RATING ANY OUTSTANDING CERTIFICATES.

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 approving the form of and authorizing the execution and delivery of the Lease Agreement, any applicable Ground Lease, any applicable Assignment(s) of Ground Lease Agreement, 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 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) 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 general principles of equity or public policy;

(c) In all cases in which Certificates shall be exchanged or the transfer of Certificates, registered in the name of the transferee, of any denomination or denominations authorized by this Trust Agreement, 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, in the same form as the Certificates surrendered for exchange.

SECTION 4.06. NEGOTIABILITY, REGISTRATION AND TRANSFER OF CERTIFICATES. (a) The Trustee shall keep or cause to be kept a Certificate Register upon which the Certificates shall be registered in the name of the registered Holders thereof and the transfer of Certificates, registered in the name of the registered Holders thereof, shall be effectual only upon the Certificate Register.

(b) Any Certificate may be registered only on the Certificate Register upon surrender thereof to the Trustee, together with any assignment duly executed by the Owner or such agent as the Board may require.

(c) No Certificate shall be valid or enforceable 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 authentication on any Certificate shall be deemed to have been duly authenticated and delivered under this Trust Agreement.  The Trustee's certificate of authentication on any Certificate shall be conclusive evidence that such Certificate has been duly executed by the Trustee, and such 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.

(b) The transfer of any Certificate may be registered only on 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. 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 on the fifteen (15) days before the day of the mailing of a notice of prepayment of Certificates and ending at the close of business on the day of such mailing, (ii) so selected for prepayment 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 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 Person or upon his order shall be held in trust for the use and benefit of the Owner to whom payable, and such Owner shall be entitled to the same and to the owners of any such lost or destroyed Certificate. If any certificate is so mutilated, stolen or lost, the Owner shall file with the Trustee evidence satisfactory to it and in connection therewith and, in case of a Certificate destroyed, stolen or lost, and the Trustee is satisfied as to the ownership of such Certificate, the Trustee shall cause to be executed, shall authenticate and issue in substitution for such Certificate, a new Certificate registered in the name of such Owner as the Trustee may direct to such extent as the Trustee deems necessary, to 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 for the same number, denomination and coupon or interest payment, if any such Certificate shall be over due 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.

(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 association or partnership, such certificate shall also constitute sufficient proof of his authority.

(ii) The fact of the ownership of Certificates by any Certificate Owner and the amount, the principal Payment Date and the numbers of such Certificates and the date of his ownership of the same shall be proved by the Certificate Register held by the Trustee pursuant to this Trust Agreement.

(b) Nothing contained in this Article IV shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which may seem sufficient. Any request or consent of the Owner of any Certificate shall bind every future Owner of the same Certificate in respect of anything done or suffered to be done by the Board or the Trustee in pursuance of such request or consent.

SECTION 4.11. DEPOSITORY TRUST COMPANY AND BOOK ENTRY OBLIGATIONS. The Trustee is hereby authorized if so requested by the Purchasers of a Series of Certificates to take such actions as may be necessary from time to time to qualify such Series for registration in the name of Code Corp., 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 for and 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 therefore 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 and the completion Certificates, the 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 Certificates shall be executed substantially in the form and in the manner set forth herein, but before such Completion Certificates are 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 Agreement, this Trust Agreement and the Supplemental Trust Agreement relating to such Completion Certificates;

(iv) A fully executed counterpart of the 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 Assignment of Lease Agreement and any applicable Assignment of Ground 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;

(vi) A fully executed counterpart of the Assignment of Lease Agreement and any applicable Assignment of 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, the Assignment of Lease Agreement and any applicable Assignment of Ground 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, any applicable Assignment of Ground Lease Agreement 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 general principles of equity or public policy;

(ii) 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 a revised Lease Agreement setting forth the new Basic Rent Payment Schedule to be in effect subsequent to such refunding, any necessary revisions to any applicable Ground Lease, Lease Schedule or Schedules relating to the Certificates to be refunded as amended to include the Refunding Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates; and

(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 revised Lease Schedule or Schedules relating to the Certificates to be refunded as amended to include the Refunding Certificates;

(vi) Fully executed counterparts of the Assignment of Lease Agreement and any applicable Assignment of 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 Refunding Certificates, the Lease Agreement, any applicable Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to include the Refunding Certificates, any applicable Assignment of Ground Lease Agreement, 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 include the Refunding Certificates, the Lease Agreement, any applicable Assignment of Ground Lease Agreement, Assignment of Lease Agreement and Ground Lease, (C) the Trustee of the purchase price of the Refunding Certificates and the accrued interest thereon, if any, if there shall not be a Credit Enhancer, written evidence that the rating, if any, from any rating agency then rating such Series of Completion Certificates shall not be downgraded at the time of issuance of the Completion Certificates.

(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 from time to time, at the expense of the purchasers of such Completion Certificates, to the extent then included, to the holders thereof, if any. 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 and as to the purchasers and the purchase price of the Completion Certificates. 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 Account, which is in accordance with such Completion Certificates and any applicable Issuance Cost Agreement for the Series of Completion Certificates which financed the original Project in such manner and in such amounts as described by the Supplemental Trust Agreement relating to the 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 general principles of equity or public policy;
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 general principles of equity or public policy. (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 Owners 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;

(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 date or maturity dates applicable thereto.

(e) When the documents described in paragraphs (i) through (xii), 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 shall be entitled to rely upon the resolutions described in paragraphs (i) and (ii) of Section 4.13(b) hereof as to all matters stated therein and as to the Purchasers and the purchase price of the Refunding Certificates. The Trustee and the Credit Enhancer shall be entitled to rely upon the opinions described in paragraphs (viii), (ix), (x) and (xi) and in the report described in paragraph (xii) 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 or Interest Account, the proceeds of such Refunding Certificates and any other moneys received by the Trustee 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 and each Hedge Obligation shall rank pari passu and be equal and ratable 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 (or any Hedge Obligation related to any other Series), issued pursuant to this Trust Agreement and Outstanding or other Completion Certificates relating to such Series, without preference, priority or distinction of any such Certificate or Hedge Obligation over any other such Certificate or Hedge Obligation, except that to the extent that Prepayment Price available for payment to all Certificateholders, and on each Hedge Obligation related thereto are less than all amounts owed with respect to all Series of Certificates and all Hedge Obligations 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.

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 after all amounts owed to any Credit Enhancers have been paid.

(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 or 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 that 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.

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 Trustees 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, and (ix) that the 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. Such notice of prepayment may also state that the prepayment of such Certificates is conditioned upon the happening of certain events and if such events do not take place, such notice of prepayment shall be of no effect and such Certificates shall not be prepaid; provided, however, notice of such
cancellation shall be provided to Owners of such Certificates at least two (2) days prior to such prepayment date.

(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 for which proper notice was given.

(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 is given to the Owners of Certificates as provided above, by certified mail or overnight delivery service or telex to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Certificates and a copy of such notice of Prepayment shall be sent, by certified mail, on the date the notice of Prepayment is mailed pursuant to Section 5.03 hereof to 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 prepayment shall cease to accrue as of the date set for prepayment; such Certificates shall cease to be 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.

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 Columbia 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 Columbia County, Florida Master Lease Lease Payment Fund." The Trustee shall maintain three separate accounts in the Lease Payment Fund: the "Principal Account," the "Interest Account" and the "Rebate Account."

(iii) The "School Board of Columbia 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 thereon), 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") shall be established for the sole benefit of the Owners of the Series of Certificates for which they shall be established.
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 a Requisition. 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 for a title insurance policy, and a certificate of Title Insurance provided by the Board 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.

(f) [Reserved.]

(g) Upon the 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 Closing 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 remain in such subaccount of the Project Account equal or exceed the Prepayment Amount, if any, is so designated, 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 a prepayment of such Certificates financed 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 or if there is no designated Prepayment Amount, such excess amount shall be deposited first, into the subaccount of the Interest Account related 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 Closing 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 or 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 conform to or transact from the Project Account 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. Such 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 if any has been provided for or to the Lease Payment Fund related to such 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 for which it was established for reimbursement of the Interest Account for 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 transfer shall be made on each Payment Date for such Series of Certificates 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 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 Principal Component of Basic Rent made in relation to such Series of Certificates an amount which shall be sufficient to pay the interest coming due on such Series of Certificates on the next succeeding Payment Date and any Hedge Obligations related thereto. Such amount 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 due by transferring such amount in accordance with the procedures described in Section 6.03(b) hereof within two Business Days of the receipt of a Requisition therefor in the Lease Schedule related to the Project of which such Land or Building is a part. Such Lease Schedule may be with the consent of the Credit Enhancer with respect to such Lease Schedule also incorporate a lien on title insurance, if any, 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 established by 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) 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.

(1) There shall be deposited to the subaccount of the Interest 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 have been paid or provision for payment thereof has been made, and for no other purpose. No further deposit need be made to the Principal Account when the moneys therein equal to the interest coming due on all Outstanding Certificates (and any Hedge Obligations related thereto) on the next succeeding Payment Date.

(2) 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 interest coming due on such Series of Certificates on the next succeeding Payment Date and any Hedge Obligations related thereto. Such amount 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 due by transferring such amount in accordance with the procedures described in Section 6.03(b) hereof within two Business Days of the receipt of a Requisition therefor in the Lease Schedule related to the Project of which such Land or Building is a part. Such Lease Schedule may be with the consent of the Credit Enhancer with respect to such Lease Schedule also incorporate a lien on title insurance, if any, 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 established by 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.

(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 Project 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(h) 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 that such Supplemental Rent payment is surplus, it shall be utilized in such manner as shall be directed by the Board.

(c) Whenever there has been a prepayment of Basic Rent Payments, for any reason, the Board shall prepare, or cause to be prepared, and transmit to the Trustee 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 in the Principal Account for which it was established for reimbursement of the Interest Account for amounts or portions thereof as may be so directed by an Authorized Officer of the Board in the manner as an Authorized Officer of the Board shall direct, but in no event shall the Trustee conform to or transact from the Project Account of said sales and use taxes except as may be so directed by an Authorized Officer of the Board.

(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 such written notice, pay, if the Reserve Account is not depleted by the amount then remaining in 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 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

(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 established for a Series of Certificates which exceed the Reserve Requirement applicable thereto under the Lease Agreement.

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 any portion of such Series of Certificates on an Optional Prepayment Date in accordance with the 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 respective subaccounts. All interest or other income derived from investments of each subaccount of the Interest Account 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 cent (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, 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 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 provisions of the Board and 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 Letter 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.
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 Agreement 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 or permit nor suffer to be taken or 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.

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 construction 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 Facilities, 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(c) 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 or its designated entity, except as otherwise provided in Section 4.07(b) of the Lease Agreement with respect to Designated Facilities. 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(i) 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 an Event of Default 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 in accordance with the terms hereof, of the Lease Agreement, of the Assignment(s) of Ground Lease Agreement 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 or its designated entity 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-leasing 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 Agreement or Ground Lease(s).

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 Enhancer 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 (provided, however, that any Series of Certificates which are insured as to payment by an Insurer may be accelerated only with the written consent of such Insurer if such Insurer is not in payment default under its municipal bond insurance policy), and upon the written request of (i) the Insurer for such Certificates, if such Insurer is not in payment default under its municipal bond insurance policy, or (ii) with the prior consent of the Insurer if the Insurer is not in payment default under its municipal bond insurance policy, 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 Trustee, 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 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 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, compensation, 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 or 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 Credit Enhancer for such Certificates (if such Credit Enhancer is not in payment default under its Credit Facility) or (ii) the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding and the Credit Enhancer for such Certificates (if such Credit Enhancer is not in payment default under its Credit Facility), 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 lease or leases relating to Designated Facilities, the Trustee or its designated entity, upon an Event of Default subsequent to an Event of Default described in Section 8.01 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 or its designated entity is authorized to sell, re-let or otherwise dispose of each Project, 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, at any time thereafter 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 all 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-letting or other disposal of each Project, in the Pledged Accounts relating to Designated Facilities, the Trustee or its designated entity, upon an Event of Default subsequent to an Event of Default described in Section 8.01 hereof, have the proceeds of each Project, for the benefit of the Owners of the Series of Certificates which financed or refinanced each such Project.

(ii) As provided in Section 7.07 hereof and subject to the limitations thereof relating to Designated Facilities, the Trustee or its designated entity, upon an Event of Default described in Section 8.01 hereof and the termination of the Lease Agreement, may take possession of and title to the Projects, or any portion thereof, and it, if the Board relinquishes possession of the Projects pursuant to the Lease Agreement subsequent to an Event of Default described in Section 8.01 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 or its designated entity is authorized to sell, re-let or otherwise dispose of each Project, for the

(c) As provided in Section 7.07 hereof and subject to the limitations thereof relating to Designated Facilities, the Trustee or its designated entity, upon an Event of Default described in Section 8.01 hereof and the termination of the Lease Agreement, may take possession of and title to the Projects, or any portion thereof, and it, if the Board relinquishes possession of the Projects pursuant to the Lease Agreement subsequent to an Event of Default described in Section 8.01 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 or its designated entity is authorized to sell, re-let or otherwise dispose of each Project, 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, at any time thereafter 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 all 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-letting or other disposal of each Project, in the Pledged Accounts relating to Designated Facilities, the Trustee or its designated entity, upon an Event of Default subsequent to an Event of Default described in Section 8.01 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 or its designated entity is authorized to sell, re-let or otherwise dispose of each Project, for the benefit of the Owners of the Series of Certificates which financed or refinanced each such Project.

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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, 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 exercise 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 Owners shall have any right in any manner whatsoever by his or their action to affect, deprive 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 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-Acceptation, 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 8.12. 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 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 in order to enforce the powers and trusts 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. Notwithstanding any other provisions of this Section 8.11 to the contrary notwithstanding, no waiver of any Event of Default shall be granted without obtaining the prior written consent of each Credit Enhancer so affected thereby.

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 amounts provided hereunder, or 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. It is understood and intended that, except as otherwise above provided, no one or more Owners shall have any right in any manner whatsoever by his or their action to affect, deprive 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 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-Acceptation, 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 8.14. 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 thereof and shall have all the rights, powers and duties of the Trustee hereunder in 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 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 Credit Facility is in default 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 not 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.
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 and 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 and the Corporation, the Trustee shall be under a duty to examine the 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 accordance with the direction of the Owners as provided in Article VIII hereto, relating to the place 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 in 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, 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 and any Credit Enhancer(s) informed 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 it, the duties and obligations of 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 depositary other than a Trustee as depositary, 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 negligent omission of any depositary other than a Trustee depositary 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 and to the Trustee acting as Paying Agent or Certificate Registrar.

SECTION 9.05. COMPENSATION AND INDEMNIFICATION OF TRUSTEE. Subject to the provisions of any contract between the Corporation, 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 from 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 prepayment of Certificates under the provisions of Article V of this Trust Agreement and a description of the Certificates or portions thereof so purchased or prepaid, and

(v) any other information that the Board may reasonably request.

(b) In addition, on each anniversary date of the issuance of the Certificates the Trustee shall file with the Board any information requested by the Board as necessary to determine the Rebatable Arbitrage as set forth in the Letter 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 there 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 permitting or taking any action, the Trustee may conclusively 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 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
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 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 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 with or without cause (provided an Event of Default described in Section 8.01(c) 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 to the extent specified in Section 9.11 hereof, or for any other cause (including but not limited to an Event of Default), provided that (i) a Credit Enhancer has removed the Trustee upon written demand by the Board for any violation of, or for failing to act or proceed in accordance with, any provisions of this Trust Agreement to the extent specified in Section 9.11 hereof, or for any other cause (including but not limited to an Event of Default), provided that (i) a Credit Enhancer has removed the Trustee upon written demand by the Board for any violation of, or for failing to act or proceed in accordance with, any provisions of this Trust Agreement to the extent specified in Section 9.11 hereof, or for any other cause (including but not limited to an Event of Default), provided that (i) a Credit Enhancer has

SECTION 10.01. EXECUTION OF INSTRUMENTS BY OWNERS, PROOF OF OWNERSHIP OF CERTIFICATES, AND DETERMINATION OF CONCURRENCE OF OWNERS

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 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 an 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.
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, or 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, 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

(h) To provide for the issuance of Certificates, including Completion Certificates and Refunding Certificates, or

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 accordance with the provisions of this Trust Agreement as so modified and amended.

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 each 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 shall be necessary and proper to modify or amend any of its provisions as hereinafter set forth.

(i) To provide, in regard to a Series of Certificates, for the addition, modification or deletion of any of the provisions in Section 6.05 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, or

(k) To determine how, when and what information concerning the Board, the Corporation, the Credit Enhancer and the Certificates shall be disclosed to 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, 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 without the consent of 100% of the Owners of the aggregate principal amount of Certificates then Outstanding. 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 11.03 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 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
ARTICLE XII
DEFEASANCE

SECTION 12.01. DEFEASANCE. (a) If the principal, Prepayment Premium, if any, and interest due or to become due on the Certificates shall be paid at the times and in the manner stipulated therein, and if all other sums of money due or to become due according to the provisions hereof shall be paid or provision for payment shall be made, including any amounts owing to any Credit Enhancer or the issuer of a Reserve Account Letter of Credit/Insurance Policy, then these presents and the Trust Estate and rights hereby granted shall cease, terminate and be void, whereupon the Trustee shall cancel and discharge the lien of this Trust Agreement and execute and deliver to the Corporation and the Board such instruments in writing as shall be requisite to cancel and discharge the lien hereof and all surplus in, and balances remaining in, all funds and accounts, other than moneys held for the prepayment 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 prepayment 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 selected by the Board 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, of the Certificates for the payment or prepayment of which they were deposited and the interest accruing thereon to the date of maturity or prepayment, 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 said Certificate shall no longer be deemed to be Outstanding hereunder and shall no longer be secured by or entitled to the benefit 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, prepayment 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 prepayment, irrevocable instructions to call the Certificates for prepayment 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 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 prepayment 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 prepayment 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 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

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 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 Columbia County, Florida
372 West Duval Street
Lake City, Florida 32055
Attention: Superintendent

If to the Corporation: Columbia School Board Leasing Corporation
372 West Duval Street
Lake City, Florida 32055
Attention: Secretary

If to the Trustee: Wells Fargo Bank, N.A.
7077 Bonneval Road, Suite 400
Jacksonville, Florida 32216
Attention: Corporate Trust Department

(b) Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by telegram, telecopy or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.
(c) Any of such addresses may be changed at any time upon written notice of such change sent by United States registered mail, postage prepaid, to the other parties by the party effecting the change.

(d) All documents received by the Trustee under the provisions of this Trust Agreement, or photocopies 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 Accreted 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, 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 shall be payable solely from funds derived from the Board as Supplemental Rent.

SECTION 13.09. DEALING IN CERTIFICATES. The Trustee, its directors, officers, employees or agents, and any officer, employee or agent of the Corporation or the Board, may in good faith, buy, sell, own, hold and deal in any Certificates issued under the provisions of this Trust Agreement and may join in any action which any Owner may be entitled to take with like effects as if such Trustee were not a Trustee under this Trust Agreement or as if such officer, employee or agent of the Corporation or the Board did not serve in such capacity.

SECTION 13.10. MULTIPLE COUNTERPARTS. This Trust Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute one and the same instrument.

SECTION 13.11. HEADINGS. Any heading preceding the text of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Trust Agreement, nor shall they affect its meaning, construction or effect.

SECTION 13.12. LAWS. This Trust Agreement shall be construed and governed in accordance with the laws of the State.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement by their officers thereunto duly authorized as of the date and year first written above.

WELLS FARGO BANK, N.A., as Trustee

(SEAL)

By: _____________________________

Authorized Signatory

COLUMBIA SCHOOL BOARD LEASING CORPORATION, as Lessor

(SEAL)

By: _____________________________

President

Secretary

SCHOOL BOARD OF COLUMBIA COUNTY, FLORIDA, as Lessee

(SEAL)

By: _____________________________

Chairman

Superintendent/Secretary

EXHIBIT A

DEFINITIONS
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 July 1, 2007 (the "Lease Agreement"), between the Columbia School Board Leasing Corporation, a single-purpose Florida not-for profit educational corporation, as lessor (the "Corporation") and the School Board of Columbia County, Florida, a school board of the State of Florida and the governing body of the School District of Columbia County, Florida, as lessee (the "Board"). Pursuant to a Ground Lease Agreement dated as of July 1, 2007 (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 terms are defined in the Lease Agreement). The Corporation's rights under the Lease Agreement (other than certain rights specified in the Lease Agreement) and the Ground Lease have been assigned by absolute and outright assignment, without recourse, to Wells Fargo Bank, N.A., Jacksonville, Florida, as trustee (the "Trustee") under the Master Trust Agreement, dated as of July 1, 2007 (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 July 1, 2007, between the Corporation and the Trustee.

All capitalized terms not otherwise defined herein shall have the meaning set forth in the Trust Agreement.

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.

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 fraction 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 that 60 days or fewer than 30 days prior to said date of redemption, to the Registered Owner of any Certificate to be redeemed. Failure to 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 for which proper notice has been given.


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 Trust Estate limitations 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.

WELLS FARGO BANK, NATIONAL ASSOCIATION, not in its individual capacity but solely as Trustee, under the Master Trust Agreement, dated as of July 1, 2007.

(Seal)

By: ____________________________
   Authorized Signatory

CERTIFICATE OF AUTHENTICATION

This Certificate is one of the Certificates designated as Certificates of Participation (School Board of Columbia 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 Columbia County, Florida described in the within-mentioned Trust Agreement.

Date of Authentication:

(Seal)

By: ____________________________
   Authorized Signatory

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 --

 Custodian for ____________________________
 under Uniform Transfers to Minors Act of ____________________________

Additional abbreviations may also be used though not in list above.

[Insert DTC Paragraph, if applicable]

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 Certificate 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.
EXHIBIT C

(FORM OF REQUEST AND AUTHORIZATION)

1. The undersigned, being the duly qualified and acting President of Columbia School Board Leasing Corporation, a single-purpose Florida not-for-profit corporation (the "Corporation"), hereby authorizes and requests Wells Fargo Bank, National Association, as Trustee under that certain Master Trust Agreement, dated as of July 1, 2007 (the "Trust Agreement"), among it, the Corporation and the School Board of Columbia County, Florida to deliver the $_______ aggregate principal amount of Certificates of Participation (School Board of Columbia County, Florida Master Lease Program), Series ______ (the "Series ____ 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 Columbia County, Florida, dated as of July 1, 2007, in the respective maturities and at the respective interest rates set forth in Schedule A hereto, as authorized by the Trust Agreement, in fully registered form, to ___________________ (the "Underwriters"), on the date hereof, upon receipt from the Underwriters of the purchase price for the Series _____ Certificates, which is computed as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Amount</td>
<td>$</td>
</tr>
<tr>
<td>Less: Underwriters’ Discount</td>
<td>$</td>
</tr>
<tr>
<td>Plus/Less: Original Issue Premium/Discount</td>
<td>$</td>
</tr>
<tr>
<td>Plus: Accrued interest from ______ to the date hereof</td>
<td>$</td>
</tr>
<tr>
<td>Purchase Price</td>
<td>$</td>
</tr>
<tr>
<td>Amount received on date hereof</td>
<td>$</td>
</tr>
</tbody>
</table>

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" $ 
TO THE CREDIT OF THE "SERIES ______ SUBACCOUNT OF THE RESERVE ACCOUNT" $ 

SCHEDULE A

TERMS OF SERIES ____ CERTIFICATES

3. The following terms shall have the following meanings with respect to the Series ______ Certificates:

<table>
<thead>
<tr>
<th>Term</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Reserve Requirement</td>
<td>shall mean</td>
</tr>
<tr>
<td>(b) Credit Enhancer</td>
<td>shall mean</td>
</tr>
<tr>
<td>(c) Commencement Date</td>
<td>shall mean</td>
</tr>
<tr>
<td>(d) Prepayment Amount</td>
<td>shall mean</td>
</tr>
</tbody>
</table>

4. The redemption provisions relating to the Series ______ Certificates shall be as provided in Schedule A attached hereto.

DATED: ______________

COLUMBIA SCHOOL BOARD LEASING CORPORATION

By: ________________________________

Title: ________________________________

ACCEPTED: ___________________________, as Trustee

By: ________________________________

Authorized Signatory
SERIES 2007 SUPPLEMENTAL TRUST AGREEMENT

by and among

WELLS FARGO BANK, N.A.,
as Trustee

and

COLUMBIA SCHOOL BOARD LEASING CORPORATION,
as Lessor

and

SCHOOL BOARD OF COLUMBIA COUNTY, FLORIDA,
as Lessee

Dated as of July 1, 2007

Relating to
Certificates of Participation
(School Board of Columbia County, Florida Master Lease Program), Series 2007
Evidencing an Undivided Proportionate Interest of Owners thereof in
Basic Rent Payments to be Made under a Master Lease-Purchase Agreement
by the School Board of Columbia County, Florida
SERIES 2007 SUPPLEMENTAL TRUST AGREEMENT

THIS SERIES 2007 SUPPLEMENTAL TRUST AGREEMENT, dated as of July 1, 2007 (the "Series 2007 Supplemental Trust Agreement"), supplementing the Master Trust Agreement, dated as of July 1, 2007 (the "Trust Agreement"), by and among WELLS FARGO BANK, 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 COLUMBIA 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 SCHOOLS BOARD OF COLUMBIA COUNTY, FLORIDA, acting as the governing body of the School District of Columbia County, Florida (the "Board"),

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 entered into a Master Lease-Purchase Agreement, dated as of July 1, 2007, as 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 of Certificates (other than Completion Certificates or partial Refunding Certificates) shall be secured independently from each other Series of Certificates (other than Completion Certificates or partial Refunding Certificates) and from the valid, binding and legal obligations according to the terms thereof, have been done and paid for by the Board, and

WHEREAS, the Board 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 July 1, 2007 (the "Assignment of Lease Agreement"), between the Corporation and the Trustee; and

WHEREAS, each Series of Certificates (other than Completion Certificates or partial Refunding Certificates) shall be secured independently from each other Series of Certificates; and

WHEREAS, the Board and the Corporation shall enter into Lease Schedule No. 2007, dated as of the date hereof, for the lease-purchase of various educational facilities more particularly described in said Lease Schedule No. 2007 (the "2007 Project"); and

WHEREAS, the Trustee has received a Request and Authorization from the Board and the Corporation relating to the issuance of $25,685,000 principal amount of "Certificates of Participation (School Board of Columbia County, Florida Master Lease Program), Series 2007 Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Columbia County, Florida" (the "Series 2007 Certificates"); and

WHEREAS, the proceeds of the Series 2007 Certificates shall be used pursuant to the Trust Agreement, as supplemented hereby, to finance or reimburse the Board for the costs of acquisition, construction and installation of the 2007 Project, as well as paying costs of issuance; and

WHEREAS, the Series 2007 Certificates shall be secured in the manner provided in the Trust Agreement and shall have the terms and provisions contained in this Series 2007 Supplemental Trust Agreement; and

WHEREAS, all things necessary to make the Series 2007 Certificates, when authenticated by the Trustee and issued as provided herein and in the Trust Agreement, the valid, binding and legal obligations according to the terms thereof, have been done and performed, and the creation, execution and delivery of this Series 2007 Supplemental Trust Agreement, and the creation, execution and issuance of the Series 2007 Certificates subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THIS SERIES 2007 SUPPLEMENTAL TRUST AGREEMENT WITNESSETH:

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DEFINITIONS

SECTION 101. DEFINITIONS

ARTICLE II
THE SERIES 2007 CERTIFICATES

SECTION 201. AUTHORIZATION OF SERIES 2007 CERTIFICATES

SECTION 202. ISSUANCE OF SERIES 2007 CERTIFICATES

SECTION 203. THE SERIES 2007 PROJECT

SECTION 204. LETTER OF INSTRUCTIONS

SECTION 205. FULL BOOK-ENTRY

ARTICLE III
APPLICATION OF SERIES 2007 CERTIFICATE PROCEEDS

SECTION 301. APPLICATION OF SERIES 2007 CERTIFICATE PROCEEDS

ARTICLE IV
ESTABLISHMENT OF SERIES 2007 PLEDGED ACCOUNTS

SECTION 401. ESTABLISHMENT OF SERIES 2007 PLEDGED ACCOUNTS

SECTION 402. SECURITY FOR SERIES 2007 CERTIFICATES

SECTION 403. CREDIT ENHANCEMENT

ARTICLE V
PREPAYMENT OF SERIES 2007 CERTIFICATES

SECTION 501. PREPAYMENT DATES AND PRICES OF SERIES 2007 CERTIFICATES

ARTICLE VI
PROVISIONS RELATING TO SERIES 2007 CERTIFICATES

SECTION 601. PROVISIONS REGARDING MUNICIPAL BOND INSURANCE POLICY;
ADDITIONAL OBLIGATIONS OF THE BOARD

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MISCELLANEOUS

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SECTION 703. COUNTERPARTS

SECTION 704. HEARINGS

SECTION 705. LAWS

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SECTION 703. COUNTERPARTS

SECTION 704. HEARINGS

SECTION 705. LAWS

Schedule 1 Letter of Instructions
ARTICLE I
DEFINITIONS

SECTION 101. DEFINITIONS. Words and terms which are defined in the Trust Agreement, shall have the same meanings ascribed to them when used herein, unless the context or use indicates a different meaning or intent. In addition to the words and terms elsewhere defined in this Series 2007 Supplemental Trust Agreement, the following words and terms as used in this Series 2007 Supplemental Trust Agreement shall have the following meanings unless the context or use indicates another or different meaning or intent:

"Credit Enhancer," "Financial Security" or "Insurer" with respect to the Series 2007 Certificates means Financial Security Assurance Inc., New York stock insurance company or any successor thereto or assignee thereof.

"Lease Schedule No. 2007" means Lease Schedule No. 2007 relating to the Series 2007 Project dated as of July 1, 2007, which shall be part of the Lease Agreement.

"Municipal Bond Insurance Policy" means the municipal bond insurance policy issued by Financial Security guaranteeing the scheduled payment of the principal and interest on the Series 2007 Certificates when due.

"Payment Date" shall mean January 1 and July 1 of each year, commencing January 1, 2008.

"Related Documents" means the Trust Agreement, the Lease Agreement, the Ground Lease, the Assignment of Lease Agreement and the Assignment of Ground Lease Agreement, as supplemented and amended.

"Series 2007 Account of the Prepayment Fund" means the account established in the Prepayment Fund established pursuant to Section 6.02 of the Trust Agreement and Section 401 hereof.

"Series 2007 Certificates" means the Series 2007 Project Certificate as required to be issued under Section 4.01 of the Trust Agreement and Section 201 hereof.


ARTICLE II
THE SERIES 2007 CERTIFICATES

SECTION 201. AUTHORIZATION OF SERIES 2007 CERTIFICATES.
(a) There is hereby created a Series of Certificates to be issued under the Trust Agreement to be known as "Certificates of Participation (School Board of Columbia County, Florida Master Lease Program), Series 2007 Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Columbia County, Florida." The aggregate principal amount of Series 2007 Certificates which may be issued is hereby expressly limited to $25,685,000, however, Completion Certificates may be issued in the manner provided in Section 4.12 of the Trust Agreement. The Series 2007 Certificates shall be issued for the purposes of (a) financing the acquisition, construction, installation and equipping of the Series 2007 Project, and (b) paying Costs of Issuance of the Series 2007 Certificates. The Series 2007 Certificates shall bear interest from their dated date and shall be issuable as fully registered Certificates without coupons in denominations of $5,000 and integral multiples thereof. The Series 2007 Certificates shall be lettered and numbered R-1 and upward.

(b) Except as otherwise provided in the Trust Agreement, each Series 2007 Certificate shall be dated as of the date of delivery thereof. Interest on the Series 2007 Certificates shall be payable on each Payment Date, commencing January 1, 2008. The Series 2007 Certificates shall be payable in the manner provided in the Trust Agreement.

(c) The Series 2007 Certificates shall be issued in such denominations, reflecting such rates of interest and shall mature on July 1 of each of the years in the respective principal amounts set opposite each year in the following schedule:

<table>
<thead>
<tr>
<th>Year (July 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$5,500,000</td>
<td>4.000%</td>
</tr>
<tr>
<td>2009</td>
<td>620,000</td>
<td>4.000</td>
</tr>
<tr>
<td>2010</td>
<td>645,000</td>
<td>4.000</td>
</tr>
<tr>
<td>2011</td>
<td>670,000</td>
<td>4.000</td>
</tr>
<tr>
<td>2012</td>
<td>700,000</td>
<td>4.000</td>
</tr>
<tr>
<td>2013</td>
<td>725,000</td>
<td>4.000</td>
</tr>
<tr>
<td>2014</td>
<td>755,000</td>
<td>4.000</td>
</tr>
<tr>
<td>2015</td>
<td>785,000</td>
<td>4.100</td>
</tr>
<tr>
<td>2016</td>
<td>820,000</td>
<td>4.125</td>
</tr>
<tr>
<td>2017</td>
<td>855,000</td>
<td>4.250</td>
</tr>
<tr>
<td>2018</td>
<td>890,000</td>
<td>4.300</td>
</tr>
<tr>
<td>2019</td>
<td>925,000</td>
<td>4.375</td>
</tr>
<tr>
<td>2020</td>
<td>965,000</td>
<td>4.400</td>
</tr>
<tr>
<td>2021</td>
<td>1,010,000</td>
<td>4.400</td>
</tr>
<tr>
<td>2022</td>
<td>1,055,000</td>
<td>4.500</td>
</tr>
<tr>
<td>2023</td>
<td>1,105,000</td>
<td>4.500</td>
</tr>
<tr>
<td>2024</td>
<td>1,155,000</td>
<td>4.600</td>
</tr>
<tr>
<td>2025</td>
<td>1,205,000</td>
<td>4.625</td>
</tr>
<tr>
<td>2026</td>
<td>1,260,000</td>
<td>4.625</td>
</tr>
<tr>
<td>2027</td>
<td>1,320,000</td>
<td>5.000</td>
</tr>
<tr>
<td>2028</td>
<td>7,660,000</td>
<td>5.000</td>
</tr>
</tbody>
</table>

(d) The Series 2007 Certificates maturing July 1 in the years 2008 through 2027, inclusive, shall be Series Certificates and the Series 2007 Certificates maturing on July 1, 2032 shall be Term Certificates.

SECTION 202. ISSUANCE OF SERIES 2007 CERTIFICATES. The Series 2007 Certificates shall be issued upon delivery to the Trustee of the documents referred to in Section 4.02(a) of the Trust Agreement and the payment of the purchase price therefor.

SECTION 203. THE SERIES 2007 PROJECT. The Series 2007 Project shall be acquired, constructed and installed as provided in the Trust Agreement, the Lease Agreement and Lease Schedule No. 2007.

SECTION 204. LETTER OF INSTRUCTIONS. Attached hereto as Schedule 1 is the Letter of Instructions relating to the Series 2007 Certificates as required by Section 6.12 of the Trust Agreement. The Corporation and the Board agree to abide by the provisions of such Letter of Instructions in accordance with and to the extent of the terms of the Trust Agreement.

SECTION 205. FULL BOOK-ENTRY. Notwithstanding the provisions set forth in Section 201 hereof or Section 4.06 of the Trust Agreement, the Series 2007 Certificates shall be initially issued in the form of a separate single certificated fully registered Series 2007 Certificate for each of the maturities of the Series 2007 Certificates. Upon initial issuance, the ownership of each such Series 2007 Certificate shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Except as provided in this Section, all of the outstanding Series 2007 Certificates shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC. As long as the Series 2007 Certificates shall be registered in the name of Cede & Co., all payments of interest on the Series 2007 Certificates shall be made by the Trustee by check or draft or by wire transfer to Cede & Co., as Holder of the Series 2007 Certificates.
ARTICLE III
APPLICATION OF SERIES 2007 CERTIFICATE PROCEEDS

SECTION 301. APPLICATION OF SERIES 2007 CERTIFICATE PROCEEDS. The proceeds of the Series 2007 Certificates (not including any underwriting discount) shall be applied by the Trustee as follows:

(a) Deposit to the credit of a Series 2007 Subaccount of the Costs of Issuance Account an amount equal to the Costs of Issuance of the Series 2007 Certificates ($284,019.85) ($143,342.90 of which shall be wired directly to Financial Security upon receipt of such notice, the Board shall promptly deliver a copy of the same to the Trustee, or their respective attorneys duly authorized in writing, as provided herein and all such payments shall be valid and effective to fully satisfy and discharge the Board's obligations with respect to payment of principal of, premium, if any, and interest on the Series 2007 Certificates to the extent of the sum or sums so paid. No Person other than a holder, as shown in the registration books kept by the Trustee, shall be further secured by the Municipal Bond Insurance Policy issued by Financial Security upon the delivery 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 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.

(b) Deposit to the credit of the Series 2007 Subaccount of the Project Account of the Project Fund the balance of the proceeds from the sale of the Series 2007 Certificates ($25,264,272.00).

All moneys on deposit in the Subaccounts described in this Section shall be applied in accordance with Section 401 hereof and shall be disbursed by the Trustee in the manner and for the purposes described in the Trust Agreement.
ARTICLE V  
PREPAYMENT OF SERIES 2007 CERTIFICATES

SECTION 501.  PREPAYMENT DATES AND PRICES OF SERIES 2007 CERTIFICATES.  (a) The Series 2007 Certificates are subject to prepayment only as provided in this Section. The Series 2007 Certificates are subject to extraordinary prepayment, in whole or in part, on any Mandatory Prepayment Date (if in part, in any order of maturities as directed by the Board or, in the absence of such direction, in inverse order of maturities and by lot within maturities), without prepayment premium, at the principal amount, together with accrued interest to the Mandatory Prepayment Date from the Net Proceeds of insurance or condemnation deposited with the Trustee pursuant to Section 5.06(c) of the Lease Agreement. Subsequent to an Event of Non-Appropriation and termination of the Lease Agreement as described in Section 7.01 of the Lease Agreement, the Series 2007 Certificates are also subject to extraordinary mandatory prepayment, in whole or in part, on any Mandatory Prepayment Date (if in part, only with the prior written consent of Financial Security and, if consented to, in such order of maturities as directed by Financial Security and by lot within a maturity), without premium, at the principal amount, together with accrued interest to the Mandatory Prepayment Date, if and to the extent requested by Financial Security. For purposes of this paragraph, the Mandatory Prepayment Date shall be the next succeeding Payment Date; provided, however, if such Payment Date occurs within forty (40) days of receipt by the Trustee of the moneys to be used for such prepayment, the Mandatory Prepayment Date shall be the second succeeding Payment Date.

(b) The Series 2007 Certificates maturing on or before July 1, 2017 shall not be subject to prepayment at the option of the Board.

The Series 2007 Certificates maturing on or after July 1, 2018 may be prepaid, from prepayments of Basic Rent made by the Board pursuant to the Lease Agreement, in whole or in part on July 1, 2017 or any date thereafter, and if in part, in such order of maturities as may be designated by the Board, or if not so designated, in the inverse order of maturities, and by lot within a maturity in such manner as may be designated by the Trustee, at the Prepayment Price equal to 100% of the principal amount of the Series 2007 Certificates or portion thereof to be prepaid, plus accrued and unpaid interest thereon to the optional prepayment date.

Notwithstanding any provisions of Section 4.06 of the Lease Agreement, any optional prepayments relating to a Group within the Series 2007 Project shall not result in a termination or release of the Lessor's leasehold estate in such Group pursuant to Section 4.07 of the Lease Agreement unless the Board has delivered to the Trustee the prior written consent of Financial Security which consent shall not be unreasonably withheld.

(c) The Series 2007 Certificates maturing on July 1, 2032 shall be subject to mandatory sinking fund prepayment commencing on July 1, 2028 and on each July 1 in the Amortization Installments and in the years set forth below (the Trustee shall select such Series 2007 Certificates by lot in such manner as it deems appropriate):

<table>
<thead>
<tr>
<th>Year (July 1)</th>
<th>Amortization Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2028</td>
<td>$1,385,000</td>
</tr>
<tr>
<td>2029</td>
<td>1,455,000</td>
</tr>
<tr>
<td>2030</td>
<td>1,530,000</td>
</tr>
<tr>
<td>2031</td>
<td>1,605,000</td>
</tr>
<tr>
<td>2032*</td>
<td>1,685,000</td>
</tr>
</tbody>
</table>

*Maturity

(d) The Series 2007 Certificates shall be called for prepayment upon the notice and in the manner provided in Article V of the Trust Agreement.

ARTICLE VI  
PROVISIONS RELATING TO SERIES 2007 CERTIFICATES

SECTION 601.  PROVISIONS REGARDING MUNICIPAL BOND INSURANCE POLICY; ADDITIONAL OBLIGATIONS OF THE BOARD.  The following provisions relating to the Series 2007 Certificates shall apply so long as the Financial Security Bond Insurance Policy is in full force and effect:

(a) Financial Security shall be deemed to be the sole holder of the Series 2007 Certificates for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Series 2007 Certificates are entitled to take pursuant to Article VIII (pertaining to defaults and remedies) and Article IX (pertaining to the Trustee) of the Trust Agreement.

(b) Upon the occurrence of an extraordinary, optional or mandatory prepayment in part, the selection of the Series 2007 Certificates to be prepaid shall be subject to the approval of Financial Security. The exercise of any provision of the Trust Agreement which permits the purchase of the Series 2007 Certificates in lieu of prepayment shall require the approval of Financial Security if any Series 2007 Certificate so purchased is not canceled upon purchase.

(c) Any amendment, supplement, modification to, or waiver of, the Trust Agreement, the Supplemental Trust, the Lease Agreement, the Assignment Agreement or the Ground Lease (each a "Related Document"), that requires the consent of the Owners of the Series 2007 Certificates or adversely affects the rights and interests of Financial Security shall be subject to the prior written consent of Financial Security.

(d) Unless Financial Security otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Series 2007 Subaccount of the Project Account shall not be disbursed, but shall instead be applied to the payment of debt service or prepayment price of the Series 2007 Certificates.

(e) The rights granted under the Related Documents to Series 2007 Certificates Owners and any Credit Enhancer to request, consent to or direct any action are rights granted to Financial Security in consideration of its issuance of the Municipal Bond Insurance Policy. Any exercise by Financial Security of such rights is merely an exercise of Financial Security's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf of, the Series 2007 Certificate Owners nor does such action evidence any position of Financial Security, affirmative or negative, as to whether Series...
For purposes of Section 12.01 of the Trust Agreement, "Refunding Securities," as it relates to defeasance of the Series 2007 Certificates, shall mean (i) direct non-callable obligations of the United States ("Treasuries"), (ii) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is not party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (iii) subject to the prior written consent of Financial Security, pre-refunded municipal obligations rated "AAA" and "Aaa" by Standard & Poor's Ratings Group and Moody's Investors Service, respectively or (iv) subject to the prior written consent of Financial Security, securities eligible for "AAA" defeasance under the then existing criteria of S&P or any combination thereof shall be authorized to be used to effect defeasance of the Series 2007 Certificates, unless Financial Security otherwise approves. To accomplish defeasance, the Board shall cause to be delivered (A) a report of an independent firm of nationally recognized certified public accountants or such other account as shall be acceptable to Financial Security ("Accountant") verifying the sufficiency of the escrow established to pay the Series 2007 Certificates in full on the maturity or prepayment date, (B) an escrow agreement (which shall be acceptable in form and substance to Financial Security), (C) an opinion of nationally recognized bond counsel to the effect that the Series 2007 Certificates are no longer "Outstanding" under the Trust Agreement and (iv) a certificate of discharge of the Trustee with respect to the Series 2007 Certificates; each verification and defeasance opinion shall be acceptable in form and addressed to the Board, the Trustee and Financial Security. Financial Security shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow. Series 2007 Certificates shall be deemed "Outstanding" under the Trust Agreement unless and until they are paid and retired or the above criteria are met.

The Series 2007 Certificates, confirmed in writing to Financial Security and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day after filing in the form of Notice of Claim and Certificate delivered with the Municipal Bond Insurance Policy.

(ii) The Trustee shall designate any portion of payment of principal on Series 2007 Certificates paid by Financial Security, whether by virtue of mandatory sinking fund prepayment, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2007 Certificates registered to the then current Series 2007 Certificate Owner, whether DTCC or its nominee or otherwise, and shall issue replacements for Series 2007 Certificate to Financial Security, registered in the name of Financial Security Assurance Inc., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations), provided that the Trustee shall be required to so designate any payment or issue any replacement Series 2007 Certificate shall have no effect on the amount of principal or interest payable by the Board on any Series 2007 Certificate or the subrogation rights of Financial Security.

(iii) At the time of the execution and delivery of the Series 2007 Supplemental Trust Agreement, and for all other purposes of the Trust Agreement the Trustee shall establish a separate special purpose trust account for the benefit of Owners of the Series 2007 Certificates referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Municipal Bond Insurance Policy in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners in the same manner as principal and interest payments are to be made with respect to the Series 2007 Certificates under the sections hereof regarding payment of Series 2007 Certificates. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. However, the amount of any payment of principal of or interest in respect of the Series 2007 Certificates to be paid from the Policy Payments Account shall be noted as provided in (v) below. Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Payment Date shall promptly be remitted to Financial Security.

Financial Security shall, to the extent it makes any payment of principal of or interest on the Series 2007 Certificates, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond Insurance Policy. Each obligation of the Board to Financial Security under the Related Documents shall survive discharge or termination of such Related Documents.

Financial Security shall be entitled to pay principal or interest on the Series 2007 Certificates that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Municipal Bond Insurance Policy) and any amounts due on the Series 2007 Certificates as a result of acceleration of the maturity thereof in accordance with the Trust Agreement, whether or not the Trust Agreement is terminated or expires by operation of law or otherwise. Financial Security shall receive a Notice of Nonpayment (as such terms are defined in the Municipal Bond Insurance Policy) or a claim upon the Municipal Bond Insurance Policy.

The Trustee shall keep a complete and accurate record of all funds deposited by Financial Security into the Policy Payments Account and the allocation of such funds to payment of interest and principal in respect of any Series 2007 Certificate. Financial Security shall have the right to inspect such records at reasonable times upon one Business Day's prior notice to the Trustee.

The Board agrees to pay to Financial Security, but solely from Available Revenues in accordance with the provisions of the Trust Agreement and the Lease Agreement, all amounts as are paid under the Municipal Bond Insurance Policy ("Insurer Advances") and to the extent permitted by law, interest on such Insurer Advances from the date paid by Financial Security until payment thereof in full in the Late Payment Rate. "Late Payment Rate" shall mean a per annum rate equal to the lower of (I) the greater of (a) three percent above the interest rate that JP Morgan Chase Bank, N.A. in New York City ("JP Morgan") publicly announces from time to time as its prime lending rate ("Prime Rate"), such interest rate to change on the effective date of each change in the announced Prime Rate and (b) the then highest rate of interest on the Series 2007 Certificates; and (ii) the maximum interest rate to be paid by the Board under applicable law; provided that with respect to payments paid to and received by Financial Security pursuant to its subrogation rights under the Trust Agreement the amount of the Series 2007 Certificates interest rate shall be subtracted from the Late Payment Rate. The Late Payment Rate shall be computed on the actual number of days elapsed over a year of 360 days. In the event JP Morgan ceases to announce its Prime Rate, the Prime Rate shall be the prime rate of such national bank as Financial Security shall designate.

The Board, to the extent permitted by law, but solely from Available Revenues in accordance with the provisions of the Trust Agreement and the Lease Agreement, hereby agrees to pay or reimburse Financial Security any and all charges, fees, costs and expenses which Financial Security may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in respect of the Related Documents, (ii) the pursuit of any remedies under the
IN WITNESS WHEREOF, the parties have executed this Series 2007 Supplemental Trust Agreement by their officers thereunto duly authorized as of the date and year first written above.

(SEAL)

WELLS FARGO BANK, N.A, as Trustee

By: ___________________________
   Authorized Signatory

COLUMBIA SCHOOL BOARD LEASING CORPORATION, as Lessee

(SEAL)

By: ___________________________
   President

ATTEST:

Secretary

SCHOOL BOARD OF COLUMBIA COUNTY, FLORIDA, as Lessee

(SEAL)

By: ___________________________
   Chairman

Superintendent/Secretary
LETTER OF INSTRUCTIONS

School Board of Columbia County, Florida
Lake City, Florida

Wells Fargo Bank, N.A.
Jacksonville, Florida

Columbia School Board Leasing Corporation
Lake City, Florida

Re: $25,685,000 Certificates of Participation (School Board of Columbia County, Florida Master Lease Program), Series 2007

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 Certificates of Participation (the "Series 2007 Certificates"). The instructions contained in this letter are based upon said Section 148(f) of the Code and, by analogy, to the Regulations. However, it is not intended to be exhaustive.

The Series 2007 Certificates have been issued pursuant to a Master Trust Agreement, dated as of July 1, 2007, as supplemented by the Series 2007 Supplemental Trust Agreement, dated as of July 1, 2007 (collectively, the "Trust Agreement"), among Wells Fargo Bank, N.A., as trustee of the Regulations, the Columbia School Board Corporation, a Florida non-for-profit corporation, as lessor (the "Corporation"), and the School Board of Columbia County, Florida, a school board of the State of Florida, as lessee (the "Board"). The Series 2007 Certificates represent an undivided proportionate interest of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement, dated as of July 1, 2007, as supplemented by

Certificate Year if such selection is made prior to the earlier of the final maturity date of the Series 2007 Certificates or the fifth anniversary of the Issue Date.

"Computation Date" means (i) any date selected by the Board which is not more than 5 years later than the last of (x) the date of issue or (y) the most recent Computation Date and (ii) the date all Series 2007 Certificates are finally paid or discharged; provided, however, that for purposes of paying any penalty due as a result of an election of the Board pursuant to Section 3(e) hereof, the Computation Date shall be the last day of each six-month period described in said Section 3(e).


"Computation Date" means each date selected by the Board as a computation date pursuant to Section 1.148-3(c)(2) of the Code and, by analogy, the Final Computation Date.

"Fair Market Value" means, when applied to a Nonpurpose Investment, the Fair Market Value of such Investment as determined in accordance with Section 4 hereof.

"Final Computation Date" means the date the Series 2007 Certificates are discharged.

"Gross Proceeds" means, with respect to the Series 2007 Certificates:

(1) Amounts constituting Sale Proceeds of the Series 2007 Certificates.

(2) Amounts constituting Investment Proceeds of the Series 2007 Certificates.

(3) Amounts constituting Transferred Proceeds of the Series 2007 Certificates.

(4) Other amounts constituting Replacement Proceeds of the Series 2007 Certificates.

"Investment Proceeds" means any amounts actually or constructively received from investing proceeds of the Series 2007 Certificates.

"Investment Property" means any security, obligation or other property held principally as a passive vehicle for the production of income, within the meaning of Section 1.148-1(b) of the Regulations.

"Issue Date" means July 24, 2007.

Lease Schedule No. 2007 (collectively, the "Lease Agreement"), between the Corporation and the Board. Pursuant to an Assignment of Lease Agreement, dated as of July 1, 2007, between the Corporation and the Trustee, the Corporation has assigned all of its rights, title and interest in and to the Lease Agreement (other than certain rights and obligations specifically excepted therein), including, without limitation, the right to receive the Basic Rent Payments, when due, to the Trustee for the benefit of the Owners of the Series 2007 Certificates.

Since the requirements of said Section 148(f) are subject to amplification and clarification, it may be necessary to supplement or modify the instructions contained in this letter from time to time to reflect any additional or different requirements of said Section and the Regulations or to specify that actions set forth in this letter are no longer required or that some further or different action is required to maintain or assure the exemption from federal income tax of the interest on the Series 2007 Certificates.

For purposes of this letter, any instructions relating to a fund, account or subaccount established under the Trust Agreement shall be deemed to be applicable to that portion of such fund, account or subaccount allocable to the Series 2007 Certificates.

1. Tax Covenants. Pursuant to the Trust Agreement, the Corporation and the Board have made certain covenants designed to assure that the Interest Component of the Basic Rent Payments is and shall remain excludable from gross income for purposes of federal income taxation. In order to preserve this exemption neither the Corporation nor the Board should, directly or indirectly, use or permit the use of any proceeds of the Series 2007 Certificates or the Lease Payments or any other funds or take or omit to take any action that would cause the Series 2007 Certificates to be "arbitrage bonds" within the meaning of Section 148 of the Code or that would cause the Interest Component of the Basic Rent Payments to be subject to included gross income for federal income tax purposes under the provisions of the Code. The Board must comply with all other requirements as shall be determined by Special Counsel to be necessary or appropriate to assure that the Interest Component of the Basic Rent Payments will be excludable from gross income for purposes of federal income taxation. To that end, the Corporation and the Board shall comply with all requirements of Section 148 of the Code to the extent applicable to the Series 2007 Certificates.

2. Definitions. Capitalized terms used in this letter, but not otherwise defined herein, shall have the same meanings set forth in Exhibit A to the Trust Agreement and in the Board's Certificate as to Arbitrage and Certain Other Tax Matters relating to the Series 2007 Certificates.

"Certificate Year" means any one-year period (or shorter period from the Issue Date) ending on the close of business on the day preceding the anniversary of the Issue Date; provided, however, that the Board may select any other day as the end of a

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Schedule I-1

Schedule I-3

Schedule I-2

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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 amount shall be increased each calendar year after 2004 for cost-of-living adjustments pursuant to Section 1.148-5(e) of the Regulations.

"Rebate Fund" means, of as of any Computation Date, the excess of the future value of all Nonpasrpe 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.

"Repayment Proceeds" means amounts that have a sufficiently direct nexus to the Series 2007 Certificates or to the governmental purpose of the Series 2007 Certificates to conclude that the amounts would have been used for that governmental purpose if the Proceeds of the Series 2007 Certificates were not used or to be used for that governmental purpose. For this purpose, governmental purposes include the expected use of amounts for the payment of debt service on a particular date. The mere availability or preliminary earmarking of amounts for a governmental purpose, however, does not in itself establish a sufficient nexus to cause those amounts to be Replacement Proceeds. Replacement Proceeds, in whole or in part, are not included, but are not limited to, amounts held in a sinking fund or a pledged fund. For these purposes, an amount is pledged to pay principal or interest on the Series 2007 Certificates if there is reasonable assurance that the amount will be available for such purposes in the event that the issuer encounters financial difficulties.

"Sale Proceeds" means any amounts actually or constructively received by the Board from the sale of the Series 2007 Certificates, including amounts used to pay underwriters' discount or compensation and interest other than Pre-Issuance Accrued Interest. Sale Proceeds shall also include, but are not limited to, amounts derived from the sale of a right that is associated with a Series 2007 Certificate and that is described in Section 1.148-4(b)(4) of the Regulations.

"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.

(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 arbitration restrictions to the refunded issue.

"Yield on the Series 2007 Certificates" means, for all Computation Dates, the Yield expected as of the date hereof on the Series 2007 Certificates over the term of such Series 2007 Certificates computed by:

(1) using as the purchase price of the Series 2007 Certificates, the amount at which such Series 2007 Certificates were sold to the public within the meaning of Sections 1273 and 1274 of the Code; and

(2) assuming that all of the Series 2007 Certificates will be paid at their scheduled maturity dates or in accordance with any mandatory redemption requirements.

"Yield" means, generally, the discount rate which, when used in computing the present value of all the unconditionally payable payments of principal and interest on an obligation and all the payments for qualified guarantees paid and to be paid with respect to such obligation, produces an amount equal to the present value of the issue price of such obligation. Present value is computed as of the date of issue of the obligation. There are, however, many additional specific rules contained in the Regulations which apply to the calculation and recalculation of yield for particular obligations and such rules should be consulted prior to calculating yield. Yield shall be calculated on a 360-day year basis with interest compounded semi-annually. For this purpose the purchase price of a Nonpurpose Investment or Tax-Exempt Investment is its Fair Market Value, as determined pursuant to Section 4 of this letter, as of the date that it becomes allocated to Gross Proceeds of the Series 2007 Certificates.

3. Payment of Rebate 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 Rebate 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 Rebate Arbitrage, the Board should cause the calculations to be made by competent tax counsel or other financial or accounting advisors or persons to ensure correct application of the rules contained in the Code and the Regulations relating to arbitrage

rebate and, if the Board fails to retain such advisors for such purpose, the Trustee should retain such advisors for such purpose, but only at the expense of the Board.

(b) Within 30 days after any Computation Date, the Board must calculate or cause to be calculated the Rebate Arbitrage or any penalty due pursuant to Section 3(d) hereof. The Board agrees to pay to the Trustee the amount of the Rebate Arbitrage for deposit to the Rebate Fund on or before the same must be remitted by the Trustee. Upon receipt of such Rebate 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 (90 percent with respect to the Computation Date on the final repayment or retirement of the Series 2007 Certificates plus the income, if any, from the investment of the Rebate Arbitrage due the United States Government after the final Computation Date) of the Rebate Arbitrage.

Each payment must be accompanied by Internal Revenue Service Form 8038-T.

(c) The obligation to pay Rebate Arbitrage to the United States, as described in this letter, shall be treated as satisfied with respect to the Series 2007 Certificates if (i) Gross Proceeds are expended for the governmental purpose of the Series 2007 Certificates by no later than the date which is six months after the Issue Date and if it is not anticipated that any other Gross Proceeds will arise during the remainder of the term of the Series 2007 Certificates and (ii) the requirement to pay Rebate Arbitrage, if any, to the United States with respect to the portion of the Reserve Account allocable to the Series 2007 Certificates, if any, is met. For purposes described above, Gross Proceeds do not include (i) amounts deposited in the Reserve Account, so long as such deposits therein constitute bona fide debt service funds, or a reasonably required reserve or replacement fund (as defined in 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 1.148-4(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, Rebate 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 2007 Certificates shall not be treated as an expenditure of such Gross Proceeds.

Notwithstanding the foregoing, if Gross Proceeds which were reasonably expected to be Gross Proceeds on the Issue Date actually become available after the date which is six months after the Issue Date, as determined by the Board, then the requirements described herein relating to the calculation of Rebate Arbitrage and the payment
thereof to the United States must be satisfied, except that no such calculation or payment need be made with respect to the initial six-month period. Any other amounts not described in this Section which constitute Gross Proceeds, other than a bona fide debt service fund, will be subject to rebate.

(d) As an alternative to Section 3(c) above, the obligation of the Board to pay Rebatable Arbitrage to the United States, as described herein, shall be treated as satisfied with respect to the Series 2007 Certificates if the Gross Proceeds are expended for the governmental purposes of the issue within the periods set forth below:

(i) at least 15% of such Gross Proceeds are spent within the six-month period beginning on the Issue Date;

(ii) at least 60% of such Gross Proceeds are spent within the 1-year period beginning on the Issue Date; and

(iii) at least 100% of such Gross Proceeds are spent within the 18-month period beginning on the Issue Date.

As set forth in Section 1.148-7(d)(2) of the Regulations, for purposes of the expenditure requirements set forth in this paragraph (d), 100% of the Gross Proceeds of the Series 2007 Certificates shall be treated as expended for the governmental purposes of the issue within the 18-month period beginning on the Issue Date if such requirement is met within the 30-month period beginning on the Issue Date and such requirement would have been met within such 18-month period but for a reasonable retainerage (not exceeding 5% of the Net Proceeds of the Series 2007 Certificates). If Gross Proceeds are in fact expended by such dates, then Rebatable Arbitrage need not be calculated and no payment thereof to the United States Department of Treasury need be made. Any failure to satisfy the final spending requirement shall be disregarded if the Board exercises due diligence to complete the project financed by the Series 2007 Certificates and the amount of the failure does not exceed the lesser of (i) 3% of the issue price of the Series 2007 Certificates or (ii) $250,000. Use of Gross Proceeds to redeem the Series 2007 Certificates shall not be treated as an expenditure of such Gross Proceeds.

For purposes of this paragraph (d), "Gross Proceeds" shall be modified as described in paragraph (c) above.

(c) Safe harbor for establishing Fair Market Value for guaranteed investment contracts and Nonpurpose Investments purchased for a yield restricted defeasance escrow. In the case of a guaranteed investment contract or Nonpurpose Investments purchased for a yield restricted defeasance escrow, the purchase price shall not be considered to be an arm’s-length price unless all the following conditions are met:

(i) The Board makes a bona fide solicitation ("Bona Fide Solicitation") for the purchase of the investment that satisfies all of the following requirements:

   (1) The bid specifications are in writing and are timely forwarded to potential providers;

   (2) The bid specifications include all terms of the bid that may directly or indirectly affect the yield or the cost of the investment;

   (3) The bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Board or any other person (whether or not in connection with the bond issue), and that the bid is not being submitted solely as a courtesy to the Board or any other person for purposes of satisfying these requirements;

   (4) The terms of the bid specifications are such that there is a legitimate business purpose for each term other than to increase the purchase price or reduce the yield of the investment (e.g., for solicitations of Nonpurpose Investments for a yield restricted defeasance escrow, the hold firm period must be no longer than the Board reasonably requires);

   (5) For purchases of guaranteed investment contracts only, the terms of the solicitation take into account the Board’s reasonably expected deposit and draw down schedule for the amounts to be invested;

   (6) All potential providers have an equal opportunity to bid (e.g., no potential provider is given the opportunity to review other bids before 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); 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 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 (i) 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.

(iv) The provider of the investments or the obligor on the guaranteed investment contract certifies the administrative costs that it pays (or expects to pay) to third parties in connection with supplying the investment.

(d) The Board shall retain certificates and records documenting compliance with the above requirements until three years after the last outstanding Series 2007 Certificate is redeemed including, but not limited to, the following:

(i) For purchases of guaranteed investment contracts, a copy of the contract, and for purchases of Nonpurpose Investments other than guaranteed investment contracts, the purchase agreement or confirmation;

(ii) The receipt or other record of the amount actually paid by the Board for the investments, including a record of any administrative costs paid by the Board and the certification required in paragraph (c)(iv) above;

(iii) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results;

(iv) The bid solicitation form and, if the terms of the purchase agreement or the guaranteed investment contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation; and

(v) For purchase of Nonpurpose Investments other than guaranteed investment contracts, the cost of the most efficient portfolio of State and Local Government Series Securities, determined at the time that the bids were required to be submitted.

Certificates in substantially the forms of subparagraphs (v) and (vi) above must be obtained to evidence the foregoing.

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 2007Certificates 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 Rebateable Arbitrage are not Qualified Administrative Costs.

Allocation and accounting rules are provided in Appendix I attached hereto.

9. Board Obligations. Except for any Rebateable 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.
ALLOCATED 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 that are 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; 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.

Appendix I-1

 appendices
GROUND LEASE AGREEMENT

by and between

SCHOOL BOARD OF COLUMBIA COUNTY, FLORIDA,
as Lessor

and

COLUMBIA SCHOOL BOARD LEASING CORPORATION,
as Lessee

Dated as of July 1, 2007
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**GROUND LEASE AGREEMENT**

THIS GROUND LEASE AGREEMENT (hereinafter referred to as this "Ground Lease") is made as of July 1, 2007, by and between THE SCHOOL BOARD OF COLUMBIA COUNTY, FLORIDA, a school board duly organized and existing under the laws of the State of Florida (the "Board"), and LC SCHOOL HOUSE CENTRAL, LLC, a Florida limited liability company ("Corporation"), as lessee, acting as the governing body of the School District of Columbia County, Florida, and the COLUMBIA 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 Lake City, 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 Columbia County, Florida and described in Exhibit A hereto (which, together with any easements or other rights or privileges in adjoining property inuring to the fee simple owner of such land by reason of ownership of such land and together with all parcels of real property hereunder made subject to the Ground Lease, is hereinafter referred to as the "Premises"); and

WHEREAS, the Corporation desires to acquire a leasehold interest in the Premises and construct thereon certain educational, administrative and related facilities (together with the acquisition of certain Equipment, the "Series 2007 Project") and to lease the Series 2007 Project, including a sublease of the Premises, to the Board, all in accordance with the terms and provisions of the Lease Agreement; and

WHEREAS, the Corporation desires to locate each such educational, administrative and related facility on the real property comprising the Premises;

WHEREAS, the Board owns that certain real estate more particularly described on Exhibit B attached hereto and made a part hereto ("Servient Property") which such Servient Property now has or will hereafter have certain buildings, structures and improvements erected and situated thereon (collectively, the "Servient Buildings"); and

WHEREAS, it is anticipated that the Series 2007 Project may be attached to the Servient Property for pedestrian and vehicular ingress, egress and access to and from and between the Premises and the public roads adjoin 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 2007 Project on the one hand or the Servient Property or Servient Buildings on the other hand and which, directly or indirectly, in any way, service the other.

(B) All division walls (hereinafter referred to as "Party Walls") between the Series 2007 Project and the Servient Buildings upon the common line between the Premises and the Servient Property (hereinafter referred to as the "Lot Line") provided that the mere fact that such a division wall is found to be on the Lot Line shall not preclude that division wall from being the Party Wall.

(C) The roof and all roof support structures and any and all appurtenances to such roof and roof support structures including, without limitation, the roof covering, roof trim and roof drainage fixtures (collectively, the "Roofing") to the extent interrelated between the Series 2007 Project and the Servient Buildings. Should the Roofing of any building constituting a portion of the Project extend beyond the Lot Line, the right therefor is hereby granted and should the Roofing of the Servient Building extend beyond the Lot Line onto the Premises, the right therefor is hereby reserved.

(D) The entire concrete floor slab or wood floor system if utilized in lieu thereof and all foundational and support structures and appurtenances thereto if the extent interrelated between the Series 2007 Project and the Servient Buildings (collectively referred to as "Flooring"). Should the Flooring of any building constituting a portion of the Project extend beyond the Lot Line, the right therefor is hereby reserved.

(iii) The Premises Rights further include that right of the Series 2007 Project to encroach upon the Servient Property as a result of minor inaccuracies in survey, construction or reconstruction or due to settlement or movement. The encroaching Series 2007 Project shall remain undisturbed for as long as same exist and, for so long as such encroachment exists, that portion of the Servient Property on which same exists shall be deemed to be a part of the Premises. In addition, the Premises Rights include the right to utilize that portion of the Servient Property as may be reasonably necessary in order to maintain and repair the Series 2007 Project. The Premises Rights further include cross rights of support and use over, upon, across, under, through and into Common Structural Elements in favor of the Corporation (and like rights are hereby reserved unto the Board) for the continued use, benefit and enjoyment and continued support, service, maintenance and repair of all such Common Structural Elements.
 SECTION 2. TERM. The initial term of this Ground Lease (the "Initial Ground Lease Term") shall be for the period commencing on the Commencement Date and ending on the earlier of (a) the date on which the Series 2007 Certificates and any Completion Certificates related to the Series 2007 Project or any Certificates issued to refund the foregoing have been paid or provision for payment of such Certificates has been made pursuant to Section 12.01 of the Trust Agreement and any Supplemental Rent arising under the Lease Agreement shall have been paid or provided for, or (b) July 1, 2037 (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-Acceptance under the Lease Agreement has occurred:

(i) the Premises shall be used by the Corporation as the site for acquisition, construction and installation of the Buildings comprising a portion of the Series 2007 Project;

(ii) the Buildings and Equipment comprising a portion of the Series 2007 Project shall be acquired, constructed and installed by the Board as agent for the Corporation as provided in Section 3.08 of the Lease Agreement; and

(iii) title to the Premises shall be in the Board upon commencement of the Ground Lease Term and title to all components of the Series 2007 Project, other than Designated Facilities, shall be in name of Corporation pursuant to the Lease Agreement, and title to the Buildings comprising a portion of the Series 2007 Project constructed on the Premises shall remain severed from title to the Premises until the earlier of (A) the date on which the Series 2007 Certificates and any Completion Certificates related to the Series 2007 Project or any Certificates issued to refund the foregoing issued under the Trust Agreement shall no longer be outstanding and any Supplemental Rent arising under the Lease Agreement shall have been paid or provided for; and (B) the end of the Ground Lease Term.

(b) 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 possession of the Corporation or any Permitted Transferee.

(c) Subject to the Permitted Encumbrances, the Board hereby warrants that (i) the Board owns the Premises in fee simple title, has full and insurable title to the fee estate in the Premises and owns unencumbered all such right, title and interest; (ii) all consents to or approvals of this Ground Lease required by law or any agreements or indentures binding upon the Board have been obtained; (iii) the Board has the right to lease the Premises to the Corporation pursuant to the terms and provisions hereof and to grant to the Board the Rights; and (iv) this Ground Lease complies with all the requirements and restrictions of record applicable to the Service 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 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 as 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 June 30.

(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 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, other amounts payable under the Lease Agreement, and the fair market rental due in such years; and

(iv) the failure to pay any portion of the fair market rental in any year due to insufficiencies of moneys realized from the exercise of the remedies permitted under the Lease Agreement (A) shall not give rise to any obligations or 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 created 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 prepared by or on behalf of the Board 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 at the termination of this 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.
SECTION 9. LIMITATION ON LEASEHOLD MORTGAGES, ASSIGNMENT AND SUBLETTING. (a) If the Lease Agreement has been terminated and is subject to the terms and conditions herein provided the Corporation may assign any 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 "Lessee Mortgagee." (b) Except as expressly provided in this Section 9(b), the Corporation or its assignee may not assign this Ground Lease, or any portion thereof, or sublease all or any portion of the Premises or the Series 2007 Project to any Person. Except as expressly permitted in this Section 9(b), any purported assignment, partial assignment or sublease without the Board's prior written consent in violation of this Section 9(b) shall be null and void. So long as the Lease Agreement has not been terminated, (i) the Corporation may assign this Ground Lease to the Trustee for the benefit of the Owners of the Series 2007 Certificates and the Owners of any Completion Certificates related to the Series 2007 Project or the owners of any Certificates issued to refund the foregoing, and (ii) the Corporation shall sublet all of the Premises to the Board (the "Initial Sublessee") under the Lease Agreement. If the Lease Agreement shall have been terminated, the Corporation or its assignee may sublet the Premises or assign its interest in this Ground Lease ("Permitted Sublease") to any Person for any lawful purpose without the prior consent of the Board; provided, however, that no such Permitted Sublease shall affect the Corporation or its assignee of any of its duties or obligations hereunder without the prior written consent of the Board and the Credit Enhancer of the Series 2007 Certificates; provided, however, that each Permitted Sublease shall be subject to the provisions of Section 9(d) hereof. "Permitted Transferee" shall mean a sublessee or assignee permitted by this Section 9(b). (c) If the Lease Agreement shall have been terminated and the Corporation or its assignee proposes to create a Permitted Sublease of any portion of its interest in this Ground Lease, the Corporation or its assignee 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.

(b) Notwithstanding the foregoing proviso, 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, 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 any amount 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 from the Corporation to the Board;

(ii) If the Corporation or its assignee shall attempt to mortgage the leasehold estate hereby created in violation of Section 9(a) hereof or to assign this Ground Lease, or any portion thereof, or to sublease any portion of the Premises or the Series 2007 Project in violation of Section 9(b) hereof; or

(iii) If the Corporation or its assignee shall use the Premises for any purposes not permitted by this Ground Lease, and such use shall continue for a period of thirty (30) days after the Board shall have given written notice to the Corporation or its assignee to desist from such use.

(b) In the event that the item of default set forth in Section 13(a)(iii) above is of such a nature that it cannot be remedied within the time limits therein set forth, then the Corporation shall have such additional time as is reasonably necessary to cure such default, provided the Corporation diligently commences the curing of such default within said time limits 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 2007 Certificates so advanced or provision for payment has been made pursuant to the terms and provisions of the Trust Agreement. The Board shall have recourse solely against the leasehold estate of the Corporation or its assignee in the Premises, and any proceeds thereof, for the payment of any liabilities of the Corporation or its assignee hereunder.

SECTION 15. NO WAIVERS. No waiver by either party hereto at any time of any of the terms, conditions, covenants or agreements of this Ground Lease, or noncompliance therewith, shall be deemed or taken as a waiver at any time thereafter of the same, nor of any other term, condition, covenant or agreement herein contained, nor of the strict and prompt performance thereof by the other party hereto. No delay, failure or omission of the Board to re-enter the Premises, nor by either party hereto to exercise any right, power, privilege or option arising from the 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 the same as if such default had been cured. The Board by operation of law, or 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 terminated, the Net Proceeds resulting from the condemnation of any portion of the Premises acquired with the proceeds of Certificates 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 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 2007 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 interest hereby created with the fee estate in the Premises or any part thereof by reason of the fact that the same Person may acquire or hold, directly or indirectly, this Ground Lease or leasehold estate hereby created or any interest in this Ground Lease or in such leasehold estate and the fee estate in the Premises or any interest in such fee estate. There shall be no merger of this Ground Lease with the Lease Agreement by reason of the fact that the Board is the owner of the fee title to the Premises and the leasehold estate in all or a portion of the Series 2007 Project created under the Lease Agreement or by reason of the fact that the Corporation is the owner of the leasehold estate in the Premises created hereby and is the owner of the fee title in the Series 2007 Project as provided in the Lease Agreement. The leasehold interest granted by the Corporation to the Board under the Lease Agreement is and shall be in addition to the leasehold interest granted under this Ground Lease to the Board.

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 thisground Lease from time to time. The Board will 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.

SECTION 22. OPTION TO RENEW. In the event that the Lease Agreement shall have been terminated, and the Corporation, or the Trustee as the assignee of the Corporation, excludes the Board from possession of the Series 2007 Project, the Board grants to the Corporation the trust to 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 not modified (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 (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. NONRECOUP OR OBLIGATION OF THE CORPORATION. Nothing contained in this Ground Lease 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 pose a health risk to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit."

SECTION 27. MISCELLANEOUS. (a) This Ground Lease shall be governed by, and be construed in accordance with, the laws of the State of Florida.

(b) Any notice required or desired to be given hereunder, or any items required or desired to be delivered hereunder, may be served or delivered personally or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Board:
School Board of Columbia County, Florida
372 West Duval Street
Lake City, Florida 32055
Attention: Superintendent

If to the Corporation:
Columbia School Board Leasing Corp.
372 West Duval Street
Lake City, Florida 32055
Attention: Secretary

If to the Trustee:
Wells Fargo Bank, N.A.
7077 Bonneval Road, Suite 400
Jacksonville, Florida 32216
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, and that any and all verbal agreements, representations, warranties or other understandings existing elsewhere are canceled.

(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 construed 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.

(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 assignees, 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 assignees, the Credit Enhancer and the Board.

(i) This Ground Lease Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

(j) This Ground Lease may not be amended or modified without the prior written consent of the Credit Enhancer. Any action taken hereunder which requires or permits the consent, notice, direction or request of the Lessor or the Trustee, shall also...
require or permit the consent, notice, direction or request of the Credit Enhancer, which consent, direction or request shall not be unreasonably withheld.

IN WITNESS WHEREOF, the Board and the Corporation have caused this Ground Lease to be executed in duplicate, either of which may be considered an original, the day and year first above written.

SCHOOL BOARD OF COLUMBIA COUNTY, FLORIDA, as Lessor

( SEAL )

By:________________________
Chairman
Witness:_____________________
Name:_______________________
Witness:_____________________
Name:_______________________

ATTEST:

By:________________________
Superintendent/Secretary
Witness:_____________________
Name:_______________________
Witness:_____________________
Name:_______________________

COLUMBIA SCHOOL BOARD LEASING CORPORATION, as Lessee

( SEAL )

By:________________________
President
Witness:_____________________
Name:_______________________
Witness:_____________________
Name:_______________________

ATTEST:

By:________________________
Secretary
Witness:_____________________
Name:_______________________
Witness:_____________________
Name:_______________________

STATE OF FLORIDA )
COUNTY OF COLUMBIA ) SS:
The foregoing Ground Lease Agreement was acknowledged before me this ___ day of ________, 2007, by Charles Maxwell and Grady D. Markham, the Chairman and Superintendent/Secretary, respectively, of the SCHOOL BOARD OF COLUMBIA COUNTY, FLORIDA. 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 )
COUNTY OF COLUMBIA ) SS:
The foregoing Ground Lease Agreement was acknowledged before me this ___ day of ________, 2007, by Charles Maxwell and Grady D. Markham, the President and Secretary, respectively, of the COLUMBIA 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:
This [First, Second, Third, etc.] Ground Lease Supplement ("Subject Supplement") is made and entered into as of ______ by the SCHOOL BOARD OF COLUMBIA COUNTY, FLORIDA (the "Board") acting as the governing body of the School District of Columbia County, Florida (the "District") and COLUMBIA 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.

W I T N E S S E T H:

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 Columbia 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.

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 COLUMBIA COUNTY, FLORIDA
By: ____________________________
   Its: ____________________________
   Name: __________________________
   Witness: _________________________
   Name: __________________________
   ATTEST: _________________________
   Its: ____________________________
   (SEAL)

COLUMBIA SCHOOL BOARD LEASING CORPORATION
By: ____________________________
   Its: ____________________________
   Name: __________________________
   Witness: _________________________
   Name: __________________________
   ATTEST: _________________________
   Its: ____________________________
   (SEAL)
SIMULTANEOUS ASSIGNMENT

All of the rights, title and interest of Columbia School Board Leasing Corporation hereunder are hereby assigned without recourse or warranty to ____________________, ________, as Trustee, as successor in interest to and assignee of Columbia School Board Leasing Corporation under the Assignment.

COLUMBIA SCHOOL BOARD LEASING CORPORATION

By: ________________________________
Title: ______________________________
Dated: __________, 20__

STATE OF FLORIDA )
) SS:
COUNTY OF _________ )

The foregoing Ground Lease Supplement was acknowledged before me this ___ day of __________, by _______________ and __________________, the _______________ and _______________ of the School Board of COLUMBIA County, Florida. Such person(s) did not take an oath and:

☐ is/are personally known to me.
☐ produced a current Florida driver's license as identification.
☐ produced _______________________________ as identification.

(SEAL)

Name: ______________________________
Notary Public, State of Florida
My Commission Expires:

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ASSIGNMENT OF GROUND LEASE AGREEMENT

by the

COLUMBIA SCHOOL BOARD LEASING CORPORATION
ASSIGNMENT OF GROUND LEASE AGREEMENT

KNOW ALL MEN BY THESE PRESENTS, that the COLUMBIA 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 WELLS FARGO BANK, 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 instrument of ground lease and the leasehold estate created by said instrument of ground lease, being that certain Ground Lease Agreement, dated as of July 1, 2007, as the same may be implemented, modified or amended from time to time (the "Ground Lease"), a Memorandum of Ground Lease Agreement describing which has been duly recorded in the public records of Columbia County, Florida, granted by the School Board of Columbia County, Florida, the "Board"), acting as the governing body of the School District of Columbia 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

SECTION 1. 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 2. CONDITIONS. This Assignment of Ground Lease Agreement shall confer no rights and impose no duties upon the Trustee beyond those expressly provided in the Trust Agreement.

SECTION 3. REPRESENTATIONS AND AGREEMENTS. (a) With respect to the sale, assignment and conveyance of the rights, title and interest of the Corporation under the Ground Lease, 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 not-for-profit educational 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 Ground Lease, the Trust Agreement and this Assignment of Ground Lease Agreement.

(b) The Corporation does hereby covenant with the Trustee as grantee and assigns, its successors and assigns, that the Corporation (i) is the true and lawful owner of the leasehold estate created thereby, (ii) has good title to the leasehold estate and (iii) has good title to the leasehold estate created thereby. The Corporation shall continue to be bound by the terms of the Ground 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 or any Credit Enhancer, an agreement evidencing the further assignment and conveyance hereinafter made with respect to the Ground Lease including, without limitation, any amendments hereto necessary or desirable to assign to the Trustee any Supplements to the Ground Lease executed and delivered after the date hereof.

(d) 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-RECOUPMENT. The parties hereto agree that the assignment contained in this Assignment of Ground Lease Agreement shall be non-recourse with respect to the Corporation, and the Corporation shall have no liability hereunder to the Trustee or the Owners of any Certificates, with respect to the occurrence of an Event of Default or Event of Non-Appropriation by the Board under the Ground Lease.

SECTION 5. NO INDIVIDUAL LIABILITY. All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Assignment of Ground Lease Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Corporation, 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 of Ground Lease Agreement against any member, officer, employee or agent of the parties hereto.

SECTION 6. 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 relating to the Premises described in the Ground Lease an amendment to this Assignment of Ground Lease Agreement which provides for the assignment of the rights of the Corporation to and said Lease Schedule in accordance with the terms hereof and confirms the representations and agreements of the Corporation set forth in Section 3 hereto as of the date hereof and the date of such Lease Schedule.

SECTION 7. COUNTERPARTS. This Assignment of Ground Lease Agreement may be executed in counterparts, and each of said counterparts shall be deemed an original for all purposes of this Assignment of Ground Lease Agreement. All of such counterparts taken together shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, the Corporation thereto duly authorized, has affixed its corporate name and seal as of the 1st day of July, 2007.

COLUMBIA SCHOOL BOARD LEASING CORPORATION

(SEAL)

By: 

Witness: Name: 
Witness: Name: 

ATTEST:

By: President 

Witness: Name: 
Witness: Name: 

Secretary
The foregoing Assignment of Ground Lease Agreement was acknowledged before me this ____ day of ________, 2007, by Charles Maxwell and Grady D. Markham, the President and Secretary, respectively, of the COLUMBIA 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:
FORM OF OPINION OF NABORS, GIBLIN & NICKERSON, P.A.,
WITH RESPECT TO THE SERIES 2007 CERTIFICATES

Upon delivery of the Series 2007 Certificates in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Special Counsel, proposes to render its opinion with respect to such Series 2007 Certificates in substantially the following form:

(Date of Closing)

School Board of Columbia County, Florida
Lake City, Florida

School Board Members:

We have acted as Special Counsel in connection with (i) the execution and delivery of $25,685,000 aggregate principal amount of Certificates of Participation (School Board of Columbia County, Florida Master Lease Program), Series 2007 Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Columbia County, Florida (the "Series 2007 Certificates") and (ii) the Lease Agreement described below.

In that capacity, we have examined various documents including (i) the Master Lease-Purchase Agreement, dated as of July 1, 2007, as supplemented (the "Lease Agreement"), between the Columbia School Board Leasing Corporation, a single purpose Florida not-for-profit educational corporation, as lessor (the "Corporation") and the School Board of Columbia County, Florida, as lessee (the "Board"); (ii) Lease Schedule No. 2007, dated as of July 1, 2007 ("Lease Schedule No. 2007"), between the Corporation and the Board; (iii) the Master Trust Agreement, dated as of July 1, 2007, as supplemented (the "Trust Agreement"), among Wells Fargo Bank, N.A., as trustee (the "Trustee"), the Board and the Corporation, pursuant to which the Series 2007 Certificates are issued; (iv) the Series 2007 Supplemental Trust Agreement, dated as of July 1, 2007 (the "Series 2007 Supplemental Trust Agreement"), among the Trustee, the Board and the Corporation; (v) the Assignment of Lease Agreement, dated as of July 1, 2007, 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 July 1, 2007 (the "Ground 
Lease Agreement"), between the Board, as lessor, and the Corporation, as lessee, 
pursuant to which the Board will grant to the Corporation a leasehold interest in certain 
real property owned by the Board; and (vii) the Assignment of Ground Lease Agreement, 
dated as of July 1, 2007 between the Corporation and the Trustee. We have also 
examined a record of proceedings of the Board and the Corporation relating to the Lease 
Agreement, Lease Schedule No. 2007 and the Ground Lease Agreement.

Pursuant to the Lease Agreement and Lease Schedule No. 2007, the Corporation 
shall lease certain educational and related facilities (the "Series 2007 Project") to the 
Board and the Board shall make lease payments to the Trustee, as assignee of the 
Corporation pursuant to the Lease Assignment, which shall include Basic Rent Payments 
(as defined in the Trust Agreement). The proceeds of the Series 2007 Certificates shall 
be used principally to finance the acquisition, construction and installation of the Series 
2007 Project as provided in the Lease Agreement and Lease Schedule No. 2007.

The Series 2007 Certificates evidence an undivided proportionate interest in the 
Basic Rent Payments under the Lease Agreement. The Basic Rent Payments are payable 
solely from the Board's Available Revenues (as defined in the Trust Agreement) 
specifically appropriated for such purpose. The Board is not legally required to budget 
and appropriate Available Revenues for this purpose and the Basic Rent Payments are 
subject to annual appropriation by the Board. Neither the Board, the State of Florida, nor 
any political subdivision or agency thereof shall be obligated to pay any sums due under 
the Lease Agreement from any source other than Available Revenues appropriated for 
such purpose, and the faith and credit of the Board are not pledged for payment of such 
sums due thereunder and such sums do not constitute debt of the Board within the 
meaning of any constitutional or statutory provision or limitation.

The Board may, from time to time in the future, lease other Projects (as defined in 
the Trust Agreement) from the Corporation pursuant to the Lease Agreement. The 
acquisition, construction and installation of each such Project is 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 2007 Project, leased under the Lease Agreement or for none of them. 
The Board may also issue Completion Certificates or Refunding Certificates (as defined
in the Trust Agreement) which shall be on parity with the Series 2007 Certificates upon satisfying the conditions described therefore in the Trust Agreement.

The Series 2007 Certificates are dated and shall bear interest from the date of delivery thereof, except as otherwise provided in the Trust Agreement. The Series 2007 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, 2008. The Series 2007 Certificates are subject to prepayment prior to maturity in accordance with the terms of the Trust Agreement.

As to questions of fact material to our opinion, we have relied upon the representations of the Board contained in the Lease Agreement and in the certified proceedings and other certifications of officials furnished to us without undertaking to verify the same by independent investigation. We have not undertaken an independent audit, examination, investigation or inspection of such matters and have relied solely on the facts, estimates and circumstances described in such proceedings and certifications. We have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

Based upon the foregoing, we are of the opinion that:

1. The Lease Agreement, Lease Schedule No. 2007, the Ground Lease Agreement, the Trust Agreement, and the Series 2007 Supplemental Trust Agreement have each been duly authorized, executed and delivered by the Board and each constitutes a valid and legally binding obligation of the Board, enforceable in accordance with its respective terms.

2. The Series 2007 Certificates, upon proper execution and authentication by the Trustee, shall evidence an undivided proportionate interest in the Basic Rent Payments made by the Board under the Lease Agreement as supplemented by Lease Schedule No. 2007, and shall be entitled to the benefits and security of the Trust Agreement as supplemented by the Series 2007 Supplemental Trust Agreement.

3. Under existing statutes, regulations, rulings and court decisions, prior to the termination of the 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 Series 2007 Certificates is excluded from gross income for federal income tax purposes and is not an item of tax
preference for purposes of the federal alternative minimum tax and environmental tax imposed on individuals and corporations; however, it should be noted that with respect to certain corporations, such Interest Component is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth above is subject to the condition that all requirements of the Internal Revenue Code of 1986, as amended, must be satisfied subsequent to the issuance of the Series 2007 Certificates in order that the Interest Component be (or continues to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the Interest Component to be so included in gross income retroactive to the date of issuance of the Series 2007 Certificates. The Board and the Corporation have covenanted in the Lease Agreement to comply with all such requirements. Ownership of the Series 2007 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 Series 2007 Certificates.

We express no opinion regarding the federal income tax or Florida tax consequences resulting from the ownership of the Series 2007 Certificates or the receipt by the owners thereof of payments on the Series 2007 Certificates following the termination of the Lease Agreement resulting from an Event of Non-Appropriation or Event of Default thereunder.

The opinions expressed in paragraphs 1 and 2 hereof are qualified to the extent that (i) the enforceability of the Lease Agreement, Lease Schedule No. 2007, the Trust Agreement, the Ground Lease Agreement and the Series 2007 Supplemental Trust Agreement, and the rights of the owners of the Series 2007 Certificates may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity, and (ii) we have assumed the due authorization, execution and delivery of the Trust Agreement and the Series 2007 Supplemental Trust Agreement by the Trustee.

It should be noted that (a) except as may expressly be set forth in an opinion delivered by us to the underwriters of the Series 2007 Certificates on the date hereof (upon which only they may rely), we have not been engaged or undertaken to review the accuracy, sufficiency or completeness of the Offering Statement or other offering material relating to the Series 2007 Certificates and we express no opinion relating thereto, and (b) we have not been engaged or undertaken to review the compliance with
any federal or state law with regard to the sale or distribution of the Series 2007 Certificates and we express no opinion relating thereto.

We have examined the form of the Series 2007 Certificates and, in our opinion, the form of the Series 2007 Certificates is regular and proper.

Respectfully submitted,
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FINANCIAL SECURITY ASSURANCE, INC. ("Financial Security") hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the Trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation provided for the issuance of and securing the Bonds) for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:30 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall have notified the Issuer in its sole discretion to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the...
United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or teletyped notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security on the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked.

THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

[Countersignature] 

FINANCIAL SECURITY ASSURANCE INC.

By ________________________________  By ________________________________

Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.  (212) 826-0100
350 Park Avenue, New York, N.Y.  10022-6022

Form 500NY (5/90)
ENDORSEMENT NO. 1 TO
MUNICIPAL BOND
INSURANCE POLICY
(Florida Insurance
Guaranty Association)

ISSUER:
BONDS:

Notwithstanding the terms and provisions contained in this Policy, it is further understood that the
insurance provided by this Policy is not covered by the Florida Insurance Guaranty Association created
under part 11 of chapter 631, Florida Statutes.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of
the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy
language.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Endorsement to be
executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By: ______________________________

Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form No. 553NY (FL 6/90)
APPENDIX F
FORM OF CONTINUING DISCLOSURE CERTIFICATE
CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the School Board of Columbia County, Florida (the "Board"), in connection with the issuance of its $25,685,000 Certificates of Participation (School Board of Columbia County, Florida, Master Lease Program), Series 2007 Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Columbia County, Florida (the "2007 Certificates"), pursuant to a resolution adopted by the Board, on November 14, 2006 (the "Resolution"). All terms used herein in capitalized form and not otherwise defined herein shall have the meanings ascribed thereto in the Resolution. The Board covenants and agrees as follows:

Section 1. PURPOSE OF DISCLOSURE CERTIFICATE. This Disclosure Certificate is being executed and delivered by the Board for the benefit of the holders of the 2007 Certificates (the "Bondholders") and in order to assist the underwriter of the 2007 Certificates in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934 (the "Rule").

Section 2. INFORMATION TO BE PROVIDED TO THE PUBLIC. The Board hereby covenants with the Registered Owners and beneficial owners of any and all of the 2007 Certificates to make public and file the information set forth in subsections (1), (2), (3) and (4) below. Such undertaking is made to comply with the Rule and is intended to be construed to satisfy the requirements of the Rule.

(1) Annual Financial Information and Operating Data. On or before May 1, 2008 and on or before each May 1 thereafter, annual financial information and operating data of the Board for the prior Fiscal Year, consistent with the type of financial information and operating data included in the Offering Statement for the 2007 Certificates, consisting of a statement of the actual collections of the Available Revenues consistent with the presentation of such Available Revenues in the Offering Statement dated July 11, 2007 describing the 2007 Certificates.

(2) Audited Financial Information. On or before May 1, 2008 and on or before each May 1 thereafter, a copy of the Board’s annual audited financial statements for the prior Fiscal Year prepared in accordance with generally accepted accounting principles. If audited financial statements are not available at the time required to be made public (and filed) as set forth herein, unaudited financial statements shall be made public (and filed) pending the availability of audited financial statements.

(3) Material Events Notices. In a timely manner, notice of the following events relating to the 2007 Certificates, if material:

   (i) Principal and interest payment delinquencies;
(ii) Nonpayment related defaults;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions or events affecting tax-exempt status of the 2007 Certificates;

(vii) Modifications to rights of Registered Owners of the 2007 Certificates;

(viii) 2007 Certificate calls (except mandatory scheduled redemption, not otherwise contingent upon the occurrence of an event);

(ix) Defeasances;

(x) Release, substitution or sale of property securing repayment of the 2007 Certificates; and

(xi) Rating changes.

(4) **Notice of Failure to Provide Annual Financial Information.** In a timely manner, notice of the failure of the Board to provide the information required by subsections (1) or (2) above within the times specified therefor.

**Section 3. MEANS OF MAKING INFORMATION PUBLIC.**

(1) Information to be made public by the Board shall be transmitted to one or more of the following entities as required by subsection (2) below:

(i) to each nationally recognized municipal securities information repository (as such term is used in SEC Release No. 34-34961), designated from time to time by the SEC (“NRMSIR”), by (1) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (2) first class mail, postage prepaid; or (3) through the Central Post Office of www.disclosureUSA.org; or (4) by whatever other means as are mutually acceptable to the Board and the NRMSIR; and
(ii) to the state information depository, as such term is used in SEC Release No. 34-34961 ("SID"), if and when a SID is created for the State, by (1) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (2) first class mail, postage prepaid, or (3) by whatever other means as are mutually acceptable to the Board and the SID; and

(iii) to the Municipal Securities Rulemaking Board ("MSRB") by (1) electronic facsimile transmission confirmed by first class mail, postage prepaid, or (2) first class mail, postage prepaid, or (3) by whatever other means as are mutually acceptable to the Board and the MSRB.

(2) Information shall be transmitted to the following:

(i) all annual financial information and operating data described in subsection (2)(1) above and the annual audited financial information described in subsection (2)(2) above shall be sent to all NRMSIR’s and to the SID (if a SID is established for the State); and

(ii) all material event notices described in subsection (2)(3) above and notices of failure to provide annual financial information described in subsection (2)(4) above, and amendments related to such information made pursuant to Section 4 hereof, shall be sent to each NRMSIR or to the MSRB, and to the SID (if a SID is established for the State).

Nothing in this subsection (3)(2) shall be construed to relieve the Board of its obligation to provide notices to the Registered Owners of all 2007 Certificates if such notice is otherwise required by the Resolution.

Section 4. AMENDMENT OR MODIFICATION; TERMINATION.

(1) This Disclosure Certificate may be amended or modified from time to time only if (i) the amendment is 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 Board, or type of business conducted, (ii) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the issuance of the 2007 Certificates and at the time of such amendments, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) the amendment does not materially impair the interests of the Registered Owners and beneficial owners of the 2007 Certificates, as determined either by a written opinion of Special Counsel, or by approving vote of Bondholders pursuant to the terms of the Trust Agreement, as supplemented, at the time of the amendment.
Any annual financial information containing amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to an undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Board to meet its obligations. To the extent reasonably feasible, the comparison also should be quantitative.

(2) The Board reserves the right to terminate its obligation to provide the information described in Section 2 above if and when the Board no longer remains an “obligated person” within the meaning of the Rule.

(3) The Board’s obligation to provide the information described in Section 2 above shall terminate when no 2007 Certificate remains outstanding.

SECTION 5. DEFAULT. In the event of a failure of the Board to comply with the above described disclosure provisions, any Registered Owner or beneficial owner of a 2007 Certificate may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Board to comply with its obligations under this Disclosure Certificate. Default under this Disclosure Certificate shall not be deemed an event of default under the Trust Agreement, as supplemented, for any purpose, and the sole remedy under this Disclosure Certificate in the event of any failure of the Board to comply with any provision of this Disclosure Certificate shall be an action to compel performance.

Dated as of July 11, 2007

SCHOOL BOARD OF COLUMBIA COUNTY, FLORIDA

By: ________________________________
    Grady D. Markham
    Superintendent