

THE SCHOOL BOARD OF CLAY COUNTY, FLORIDA

A RESOLUTION AUTHORIZING EXECUTION OF AN AMENDED AND RESTATED LEASE SCHEDULE NO. 2003, A SERIES 2012 SUPPLEMENTAL TRUST AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND AN ESCROW DEPOSIT AGREEMENT; APPROVING THE SALE OF CERTIFICATES OF PARTICIPATION, SERIES 2012 IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING \$16,000,000 AND AUTHORIZING EXECUTION OF A CERTIFICATE PURCHASE CONTRACT; AUTHORIZING THE DISTRIBUTION AND USE BY THE UNDERWRITER OF THE PRELIMINARY OFFERING STATEMENT; AUTHORIZING ACCEPTANCE OF A COMMITMENT FOR MUNICIPAL BOND INSURANCE; AUTHORIZING EXECUTION AND DELIVERY OF THE FINAL OFFERING STATEMENT; PROVIDING FOR INCIDENTAL ACTION; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, The School Board of Clay County, Florida (the "School Board") as the governing body of the School District of Clay County, Florida (the "District"), has previously determined to finance certain of its capital needs through a master lease purchase agreement; and

WHEREAS, Clay School Board Leasing Corporation (the "Corporation"), a not-for-profit corporation has been formed to lease purchase certain real property and educational facilities to the School Board; and

WHEREAS, the Corporation and the School Board as its agent have provided for the lease purchase financing of certain real property and educational facilities ("Projects") from time to time by entering into the Master Lease- Purchase Agreement, dated as of May 15, 1997 ("Master Lease") and related agreements; and

WHEREAS, the Projects to be leased from time to time have been and will be identified on separate Schedules (each a "Schedule") attached to the Master Lease; and

WHEREAS, the School Board has ground leased certain real property and improvements thereon (the "Premises") to the Corporation pursuant to a Ground Lease Agreement dated as of July 1, 2003 (the "Series 2003 Ground Lease"); and

WHEREAS, the School Board and the Corporation have entered into a Lease Schedule No. 2003 ("Schedule No. 2003") (the "Master Lease," and together with all Lease Schedules, including Schedule No. 2003, the "Series 2003 Lease Agreement"); and

WHEREAS, the Corporation has entered into a Master Trust Agreement dated as of May 15, 1997 with First Union National Bank of Florida, as Trustee (as succeeded in trust by U.S. Bank, National Association, the "Trustee") providing for the issuance of series of Certificates of

Participation, representing undivided proportionate interests in the principal portion and interest under the Master Lease and the Schedule relating to such Series of Certificates; and

WHEREAS, to provide funds for the acquisition and construction of the Series 2003 Project, the Trustee issued Certificates of Participation, Series 2003 (the "Series 2003 Certificates") in the aggregate principal amount of \$15,495,000 pursuant to the Master Trust Agreement, as supplemented by a Series 2003 Supplemental Trust Agreement, dated as of July 1, 2003; and

WHEREAS, as a result of a decline in interest rates the School Board wishes to consider the possibility of refinancing all or a portion of its obligations under the Series 2003 Lease Agreement by amending and restating Schedule No. 2003; and

WHEREAS, to accomplish such refinancing, the Corporation may enter into a Series 2012 Supplemental Trust Agreement (the "Series 2012 Supplemental Trust Agreement") with the Trustee providing for the issuance of the Certificates of Participation, Series 2012 (the "Series 2012 Certificates") to refund all or a portion of the Series 2003 Certificates (the "Refunded Series 2003 Certificates"), which Series 2012 Certificates will represent an undivided proportionate interest in the principal portion and interest portion of the basic lease payments to be made under the Series 2003 Lease Agreement on a parity with any Series 2003 Certificates other than the Refunded Series 2003 Certificates; and

WHEREAS, a portion of the proceeds of the Series 2012 Certificates will be deposited with U.S. Bank, National Association, acting as escrow agent under an Escrow Deposit Agreement (the "Escrow Deposit Agreement") to be entered into between the School Board and the Escrow Agent, and used to pay the principal of and interest on and to redeem the Refunded Series 2003 Certificates on July 1, 2013 at a price of 100% of the principal amount thereof; and

WHEREAS, the School Board shall enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") in connection with the Series 2012 Certificates; and

WHEREAS, payments represented by all or a portion of the Series 2012 Certificates may be insured by an insurance policy (the "Series 2012 Insurance Policy") to be issued by a municipal bond insurance company (the "Series 2012 Insurer"); and

WHEREAS, there has been submitted to this meeting a proposed form of Preliminary Offering Statement in connection with the proposed offering of the Series 2012 Certificates;

NOW THEREFORE, BE IT RESOLVED BY THE SCHOOL BOARD OF CLAY COUNTY, FLORIDA that:

Section 1. Amended and Restated Lease Schedule No. 2003, in substantially the form attached hereto as Exhibit A, with such insertions, modifications, and changes as may be approved by the Superintendent, is hereby approved, and the Chairperson or Vice Chairperson and the Superintendent, upon such approval, are hereby authorized and directed to execute the Amended and Restated Lease Schedule No. 2003. The execution of Amended and Restated Lease Schedule No.

2003 by the Chairperson or Vice Chairperson and the Superintendent shall constitute conclusive evidence of the approval thereof.

Section 2. The Escrow Deposit Agreement between the School Board and the Escrow Agent substantially in the form attached hereto as Exhibit B, with such insertions, modifications and changes as may be approved by the Superintendent, is hereby approved, and the Chairperson or Vice Chairperson and the Superintendent, upon such approval, are hereby authorized and directed to execute the Escrow Deposit Agreement. The execution and delivery of the Escrow Deposit Agreement by the Chairperson or Vice Chairperson and the Superintendent shall constitute conclusive evidence of the approval thereof.

Section 3. The execution and delivery of the Series 2012 Supplemental Trust Agreement substantially in the form attached hereto as Exhibit C (the "Trust Agreement"), with such insertions, modifications and changes as may be approved by the Superintendent, is hereby approved, and the Chairperson or Vice Chairperson and the Superintendent, upon such approval, are hereby authorized and directed to execute the Series 2012 Supplemental Trust Agreement. The execution and delivery of the Trust Agreement by the Chairperson or Vice Chairperson and Superintendent shall constitute conclusive evidence of the approval thereof.

Section 4. The form of the Certificate Purchase Contract between the Underwriter referred to therein, the Corporation and the School Board (the "Purchase Contract") submitted to this meeting and attached hereto as Exhibit D and the sale of the Series 2012 Certificates by the Corporation and the Trustee upon the terms and conditions set forth therein, with such insertions, modifications and changes as may be approved by the Superintendent, are hereby approved, and the Chairperson or Vice-Chairperson and the Superintendent, upon such approval, are hereby authorized and directed to execute the Purchase Contract provided, however, that the principal amount of the Series 2012 Certificates shall not exceed \$16,000,000, the price at which the Series 2012 Certificates shall be sold to the Underwriter shall not be less than 99.3% of the face amount thereof not including original issue discount or premium, the interest rate represented by the Series 2012 Certificates shall not exceed the maximum lawful rate and the issuance of the Series 2012 Certificates and the refinancing of the Refunded Series 2003 Certificates shall be certified by the financial advisor to the School Board to have resulted in present value debt service savings to the School Board (calculated using the yield on the Series 2012 Certificates for federal arbitrage purposes as the discount rate) of not less than 3% of the principal amount of the Refunded Series 2003 Certificates. The execution and delivery of such Purchase Contract by the Chairperson or Vice-Chairperson shall constitute conclusive evidence of the approval thereof.

Section 5. The Preliminary Offering Statement, a copy of which is attached hereto as Exhibit E, is hereby approved, together with such insertions, modifications and changes as may be approved by the Superintendent is hereby approved. The Superintendent is hereby authorized to "deem final" the Preliminary Offering Statement for purposes of Securities and Exchange Commission Rule 15c2-12 and to execute a certificate in connection therewith, and upon execution of such certificate, the Preliminary Offering Statement shall be deemed approved. The distribution and use by the Underwriter of the Preliminary Offering Statement, as approved, is hereby authorized. The Superintendent is hereby authorized to have prepared and the Chairperson or Vice-Chairperson is hereby authorized to execute a final Offering Statement to be dated the date of the execution and

delivery of the Purchase Contract and, upon such execution, to deliver the same to the Underwriter for its use in connection with the sale and distribution of the Certificates. The Offering Statement shall be substantially in the form of the Preliminary Offering Statement, with such changes as shall be approved by the Superintendent as necessary to conform the details of the Certificates and the requirements of the Purchase Contract and such other insertions, modifications and changes as may be approved by the Superintendent. The execution and delivery of the Offering Statement by the Chairperson or Vice-Chairperson shall constitute conclusive evidence of the approval thereof. The School Board hereby authorizes the Offering Statement and the information contained therein to be used in connection with the offering and sale of Certificates.

Section 6. The Chairperson, Vice-Chairperson, Superintendent and Assistant Superintendent for Business Affairs are hereby authorized to take such actions (including, without limitation, approval of changes to the documents herein approved) and to execute such commitments, agreements, certificates, instruments and opinions as shall be necessary or desirable to procure the issuance of the Series 2012 Insurance Policy by the Series 2012 Insurer.

Section 7. The Chairperson, Vice-Chairperson, Superintendent and Assistant Superintendent for Business Affairs are authorized and directed to execute and deliver all additional documents, contracts, instruments and certificates, including without limitation, documents relating to the issuance by the Series 2012 Insurer of its Series 2012 Insurance Policy, and to take all actions and steps on behalf of the School Board which are necessary or desirable in connection with the issuance of the Series 2012 Certificates, the execution and delivery and compliance with the provisions of the documents referred to herein, or the acquisition, construction and financing of the Projects, and which are not inconsistent with the terms and provisions of this Resolution.

Section 8. The form of the Continuing Disclosure Agreement submitted to this meeting and attached hereto as Exhibit F is hereby approved with such insertions, modifications and changes as may be approved by the Superintendent, and upon such approval the Chairperson or Vice-Chairperson and the Superintendent are hereby authorized and directed to execute the Continuing Disclosure Agreement. The execution and delivery of such Continuing Disclosure Agreement by the Chairperson or Vice-Chairperson shall constitute conclusive evidence of the approval thereof. Notwithstanding any other provision of the Trust Agreement to the contrary, failure of the School Board to comply with the terms of the Continuing Disclosure Agreement shall not constitute an event of default thereunder. However, the Continuing Disclosure Agreement shall be enforceable by the holders of the Series 2012 Certificates in the event that the School Board fails to cure a breach thereunder within a reasonable time after written notice from a holder to the School Board that a breach exists. Any rights of the holders of the Series 2012 Certificates to enforce the provisions of the covenant shall be on behalf of the holders of Series 2012 Certificates and shall be limited to a right to obtain specific performance of the School Board's obligations thereunder.

Section 9. This Resolution shall take effect immediately upon its adoption.

Duly adopted by the School Board of Clay County, Florida this 17th day of May, 2012.

CLAY COUNTY SCHOOL BOARD MEMBERS
CLAY COUNTY, FLORIDA

ATTEST:

Ben Wortham
Superintendent
Clay County School Board

By: _____
Carol Studdard, Chairman

By: _____
Janice Kerekes, Vice Chairman

By: _____
Frank Farrell

By: _____
Lisa Graham

By: _____
Charles E. Van Zant, Jr.

Exhibit A

Amended and Restated Lease Schedule No. 2003

AMENDED AND RESTATED LEASE SCHEDULE NO. 2003

Schedule No. 2003
to the
Master Lease-Purchase Agreement,
dated as of May 15, 1997,
between
Clay School Board Leasing Corporation
(the "Corporation")
and
School Board of Clay County, Florida (the "Board")

THIS AMENDED AND RESTATED LEASE SCHEDULE NO. 2003 (the "Lease Schedule") is hereby entered into under and pursuant to that certain Master Lease-Purchase Agreement, dated as of May 15, 1997 (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 2003 Project as herein described, and amends and restates in its entirety the Lease Schedule No. 2003 dated July 1, 2003. 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 2003 Project. The leased property, which is described in Section 6 of this Lease Schedule (the "Series 2003 Project"), and has a Maximum Cost of \$15,000,000.00 plus investment earnings on amounts deposited in the Series 2003 Project Account, 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 2003 Project is July 10, 2003.

(b) The Maximum Lease Term shall commence on the Commencement Date hereof and terminate on June 30, 2025.

(c) The Estimated Completion Date is May 31, 2005.

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 Clay County, Florida Master Lease Program), Series 2003 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 Clay County, Florida" (the "Series 2003 Certificates") and]the "Certificates of Participation (School Board of Clay County, Florida Master Lease Program), Series 2012 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 Clay County, Florida" (the "Series 2012 Certificates").

(b) The Credit Enhancer for the [Series 2003 Certificates shall be MBIA Insurance Corporation ("MBIA") and for the] Series 2012 Certificates shall be _____.

(c) The Reserve Requirement for the [Series 2003 Subaccount established in the Reserve Account under the Trust Agreement shall be -0- and for the] Series 2012 Subaccount established in the Reserve Account under the Trust Agreement shall be -0-.

(d) The Optional Prepayment Date for the [Series 2003 Certificates shall be July 1, 2013 and for the]Series 2012 Certificates shall be July 1, 2022.

(e) The Closure Date of the Series 2003 Subaccount of the Project Account established for the Series 2003 Certificates, for purposes of Section 6.03(g) of the Trust Agreement, shall be June 30, 2005.

(f) The Prepayment Amount relating to the Series 2003 Subaccount of the Project Account established for the Series 2003 Certificates, for purposes of Section 6.03(g) of the Trust Agreement, shall be an infinite amount, so that no mandatory redemption of Series 2003 Certificates pursuant to Section 6.03(g) of the Trust Agreement may occur.

4. Basic Rent. The Basic Rent payable by the Board to the Corporation with respect to the Series 2003 Project and the [Series 2003 Certificates and the]Series 2012 Certificates under the Lease Agreement is described in Schedule A attached hereto.

5. Use of Certificate Proceeds. The proceeds of the Series 2003 Certificates shall be disbursed as follows:

Deposit to Series 2003 Subaccount of Project Account established for Series 2003 Certificates	\$15,000,000.00
Deposit to Series 2003 Subaccount of Costs of Issuance Account established for Series 2003 Certificates*	97,145.75

* In addition, \$152,000.00 is being wired directly to MBIA at closing and is not deposited in the account.

6. Use of Series 2012 Certificate Proceeds. The proceeds of the Series 2012 Certificates shall be disbursed as follows:

Deposit to Escrow Account under Escrow Deposit Agreement established for Series 2003 Certificates \$ _____

Deposit to Series 2012 Subaccount of Costs of Issuance Account established for Series 2012 Certificates* \$ _____

*In addition, \$ _____ is being wired directly to _____ at closing and is not deposited in the account.

7. The Series 2003 Project. The Project Description, Project Budget and Project Schedule for the Series 2003 Project are attached hereto as Schedule B.

8. Designated Equipment. The Designated Equipment for the Series 2003 Project is attached hereto as part of Schedule B.

9. The Land. A description of the Land, including any Ground Leases, is attached as Schedule C attached hereto.

10. Title Insurance. For purposes of Section 6.03(c) of the Trust Agreement, the amount of title insurance applicable to the Series 2003 Project shall be \$224,367.31.

11. 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.

12. 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.

13. Other Permitted Encumbrances. The encumbrances set forth in Chicago Title Insurance Company Owner's Policy 10-0830-04-000007, dated May 8, 1987.

14. Special Terms and Conditions for Lease Schedule No. 2003.

[Notices. Copies of all notices required to be given to a Credit Enhancer pursuant to the Lease Agreement shall be given to MBIA at the following address:

MBIA Insurance Corporation
113 King Street

Armonk, New York 10504
Attention: Surveillance

Supplemental Provisions Required by MBIA. For purposes of this Lease Schedule, the following provisions shall apply:

(1) To the extent the Board elects to self-insure for any damage or liability as provided in Section 5.07 of the Lease Agreement, such self-insurance monies may not be commingled with other Board monies; and

(2) The Board may not sublease the Series 2003 Project pursuant to Section 6.01 of the Lease Agreement without the consent of MBIA; and

(3) MBIA shall direct and control all remedies pursuant to Section 7.03 of the Lease Agreement so long as MBIA has not defaulted on any of its payment obligations under its Credit Facility.]

15. [Supplemental Provisions Required by _____.]

16. Amendment to Section 5.06 of Lease Agreement. [to be included only if all Series 2003 Certificates are defeased] Notwithstanding Section 5.06 of the Lease Agreement, with respect to the Series 2003 Project and the Series 2012 Certificates, neither copies of insurance required by the Lease Agreement, nor evidence of the payment of the premiums therefor, shall be provided to the Trustee.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the parties hereto have caused this Amended and Restated Lease Schedule No. 2003 to be executed by their proper corporate officers, all as of the 1st day of July, 2003.

CLAY SCHOOL BOARD LEASING CORPORATION

By: _____
Carol Studdard
President

Attest: _____
Ben Wortham
Secretary

WITNESSES AS TO ALL PARTIES

SCHOOL BOARD OF CLAY COUNTY, FLORIDA

Printed Name: George F. Copeland

By: _____
Carol Studdard
Chairman

Printed Name:

Attest: _____
Ben Wortham
Superintendent/Secretary

SCHEDULE A

SEMIANNUAL BASIC RENT SCHEDULE

<u>Payment Date</u>	<u>Principal or Amortization Component</u>	<u>Interest Component</u>	<u>Total Payments</u>
7/1/2012		\$	
1/1/2013			
7/1/2013			
1/1/2014			
7/1/2014			
1/1/2015			
7/1/2015			
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7/1/2016			
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1/1/2025			
7/1/2025			

SCHEDULE B

PROJECT DESCRIPTION, PROJECT BUDGET, PROJECT SCHEDULE AND DESIGNATED EQUIPMENT

PROJECT DESCRIPTION AND SCHEDULE

The Series 2003 Project consists of the acquisition, construction and equipping of new junior high school "M" which will contain approximately 1061 student stations. The estimated completion date was May, 2005.

ESTIMATED PROJECT BUDGET

Construction Contract (Core)	\$14,780,000.00
Legal and Administrative	\$ 20,000.00
Contingency	\$ <u>200,000.00</u>
Total	\$15,000,000.00

DESIGNATED EQUIPMENT

None

SCHEDULE C

DESCRIPTION OF THE LAND

A portion of the South one-half (1/2) of Section 21, Township 5 South, Range 25 East, Clay County, Florida and being more particularly described as follows:

Commence at the centerline intersection of County Road No. C-739 (formerly State Road No. S-739), an 80 foot wide right-of-way and County Road No. C-739-B (formerly State Road No. S-739-B) an 80 foot wide right-of-way, as now established and shown on State Road Department right-of-way map, Section 71523-2601, dated July 27, 1966; thence North $89^{\circ}21'35''$ East, on said centerline of County Road No. C-739-B, a distance of 1140.0 feet; thence South $00^{\circ}37'55''$ East, 40.0 feet to the point of beginning, said point being on the South right-of-way line of said County Road No. C-739-B; thence continue South $00^{\circ}37'55''$ East; 1281.18 feet; thence North $89^{\circ}21'35''$ East, 1190.0 feet; thence North $00^{\circ}37'55''$ West, 1281.18 feet to said South right-of-way line of County Road No. C-739-B; thence South $89^{\circ}21'35''$ West, on last said line, a distance of 1190.0 feet to the point of beginning.

Containing 35.0 acres more or less.

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.
4. Series 2003 Supplemental Trust Agreement.
5. Memorandum of Lease and Notice of Option with respect to Series 2003 Project.
6. Memorandum of Ground Lease with respect to Series 2003 Project.

Exhibit B

Escrow Deposit Agreement

ESCROW DEPOSIT AGREEMENT

THIS ESCROW DEPOSIT AGREEMENT (the "Agreement"), is dated as of _____, 2012, and is by and between **SCHOOL BOARD OF CLAY COUNTY, FLORIDA**, acting as the governing body of the Clay County School District (the "Board") and **U.S. BANK NATIONAL ASSOCIATION** (the "Escrow Agent"), a national banking association, as Escrow Agent and as Trustee for the hereinafter described Refunded Series 2003 Certificates pursuant to a Master Trust Agreement (the "Master Trust Agreement") dated as of May 15, 1997 between the Board and First Union National Bank of Florida (First Union National Bank of Florida has been succeeded in interest by U.S. Bank National Association) and a Series 2003 Supplemental Trust Agreement, dated as of July 1, 2003, between the Board and Wachovia Bank, National Association (Wachovia Bank, National Association has been succeeded in interest by U.S. Bank National Association), as trustee thereunder (the "Trustee").

WITNESSETH:

WHEREAS, the Board and Clay School Board Leasing Corporation (the "Corporation") entered into a Master Lease-Purchase Agreement (the "Master Lease"), dated as of May 15, 1997, as amended and supplemented; and

WHEREAS, as of July 1, 2003, the Board and the Corporation entered into Lease Schedule No. 2003 (collectively, with the Master Lease, the "Series 2003 Lease"); and

WHEREAS, the Board, the Corporation and the Trustee have entered into a Master Trust Agreement dated as of May 15, 1997, as supplemented by a Series 2003 Supplemental Trust Agreement, dated as of July 1, 2003, pursuant to which \$15,495,000 aggregate principal amount of Certificates of Participation, Series 2003 (the "Series 2003 Certificates"), were issued; and

WHEREAS, as a result of a decline in interest rates, the Board has decided to refinance [a portion of] its lease payment obligations under the Series 2003 Lease and refund the Series 2003 Certificates maturing on July 1 in the years 20__ through 20__ (the "Refunded Certificates") through the amendment and restatement of the Series 2003 Lease, pursuant to a Series 2012 Supplemental Trust Agreement, dated as of _____ 1, 2012 (the "Series 2012 Supplemental Trust Agreement" which, together with the Master Trust Agreement, as amended and supplemented, is hereinafter referred to as the "Trust Agreement") and the issuance of \$ _____ aggregate principal amount of Certificates of Participation, Series 2012 (the "Refunding Certificates"), representing undivided proportionate interests of the owners thereof in Basic Lease Payments to be made by the School Board pursuant to the Series 2003 Lease [on a parity with the interests of the owners of the Series 2003 Certificates which will remain outstanding upon completion of the refinancing contemplated hereby (the "Outstanding Series 2003 Certificates")]; and

WHEREAS, pursuant to the provisions of Section 4.06 of the Master Lease and Section 12.01 of the Trust Agreement, the Corporation and the School Board may direct the Trustee to issue Refunding Certificates, the proceeds of which are to be deposited with the Trustee as Escrow Agent under an escrow deposit agreement for the purpose of providing for the payment of a portion of the unpaid Basic Rent represented by, and the Prepayment Premium of, the Refunded Certificates; and

WHEREAS, a portion of the proceeds derived from the sale of the Refunding Certificates, together with other moneys made available by the Board for such purpose, will be applied to the purchase of certain direct obligations of the United States of America ("Government Obligations"), the principal of which, together with investment earnings thereon and an initial cash balance, the Board represents will be sufficient to pay when due the Basic Rent represented by, and the Prepayment Premium of, the Refunded Certificates; and

WHEREAS, in order to provide for the proper and timely application of the moneys deposited in the trust created herein to the payment of the Refunded Certificates, it is necessary for the Board to enter into this Escrow Deposit Agreement with the Escrow Agent on behalf of the owners from time to time of the Refunded Certificates;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein set forth and in order to secure the payment of the principal of, premium, and interest on the Refunded Certificates, according to their tenor and effect, the Board does by these presents hereby deliver to and give, grant, assign and pledge to the Escrow Agent and to its successors in the trust hereby created, and to it and its assigns forever, all and singular the property hereinafter described, to wit:

CLAUSE I.

All right, title, and interest of the Board in and to \$ _____ deposited by or on behalf of the Board with the Escrow Agent hereunder.

CLAUSE II.

All right, title, and interest of the Board in and to the Government Obligations purchased from the moneys described in Clause I above.

CLAUSE III.

All right, title, and interest of the Board in and to all cash balances held from time to time hereunder and all income and earnings derived from or accruing to the Government Obligations described in Clause II above.

CLAUSE IV.

All (i) property which is by the express provisions of this Agreement required to be subject to the pledge hereof and (ii) additional property of every kind and nature that may, from time to time hereafter, by delivery or by writing of any kind, be conveyed, pledged, assigned, or transferred as and for additional security hereunder or to be subject to the pledge hereof, by the Board or by anyone in its behalf, and the Escrow Agent is hereby authorized to receive the same at any time as additional security hereunder, provided that no property described in (ii) shall be accepted by the Escrow Agent unless the Escrow Agent shall receive an opinion of nationally recognized bond counsel to the effect that such acceptance will not cause the interest on the Refunded Certificates or Refunding Certificates to be included in the gross income of the owners thereof for federal income tax purposes.

TO HAVE AND TO HOLD, all and the same, forever; in trust nevertheless, upon the terms and trusts herein set forth, for the equal and proportionate benefit, security and protection, as herein described, of the owners from time to time of the Refunded Certificates in the manner herein provided; but if the Basic Rent represented by, and the Prepayment Premium of, the Refunded Certificates shall be fully and promptly paid when due or prepaid in accordance with the terms thereof and hereof, then this Agreement shall be and become void and of no further force and effect, otherwise the same shall remain in full force and effect, and upon the trusts and subject to the covenants and conditions hereinafter set forth.

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. In addition to words and terms elsewhere defined in this Agreement, as used herein, unless some other meaning is plainly intended, the following terms and phrases shall have the following meanings:

"Escrow Deposit Trust Fund" means the fund so designated and established under Section 2.01 of this Agreement.

"Government Obligations" means direct obligations of the United States of America that are not callable or subject to redemption or prepayment prior to maturity by the obligor thereon.

Section 1.02. Uses of Phrases. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice-versa.

ARTICLE II

ESTABLISHMENT OF FUNDS; FLOW OF FUNDS

Section 2.01. Creation of Escrow Deposit Trust Fund. There is hereby created and established with the Escrow Agent a special and irrevocable trust fund designated the "Escrow Deposit Trust Fund" to be held in the custody of the Escrow Agent separate and apart from other funds of the Board or the Escrow Agent.

Section 2.02. Deposit to Escrow Deposit Trust Fund. Concurrently with the execution of this Agreement the Board has deposited or caused to be deposited with the Escrow Agent and the Escrow Agent acknowledges receipt of immediately available moneys in the amount of \$ _____, for deposit in the Escrow Deposit Trust Fund. The funds deposited in the Escrow Deposit Trust Fund pursuant to the preceding sentence shall be immediately invested by the Escrow Agent in the Government Obligations described in Exhibit A attached hereto.

Section 2.03. Application of Escrow Deposit Trust Fund. The Escrow Agent shall apply the Government Obligations and other moneys deposited in the Escrow Deposit Trust Fund, together with all income and earnings thereon, in accordance with the provisions hereof. The Escrow Agent shall not invest any moneys held hereunder or make substitutions of the Government Obligations hereunder or sell, transfer, or otherwise dispose of the Government Obligations or moneys held hereunder except as provided in this Agreement.

Section 2.04. Irrevocable Trust Created. Except as expressly provided herein, the deposit of (or purchase for deposit of) the Government Obligations and moneys in the Escrow Deposit Trust Fund shall constitute an irrevocable deposit for the benefit of the owners of the Refunded Certificates and the owners of the Refunded Certificates shall have an express lien on the principal of and earnings on the Government Obligations and other moneys held in the Escrow Deposit Trust Fund hereunder until applied in accordance with this Agreement. The Government Obligations and earnings thereon and other moneys shall be held in trust by the Escrow Agent and used only for the purposes and in the manner provided in this Agreement.

Section 2.05. Prepayment of Refunded Certificates. The Board has irrevocably elected to prepay the Basic Rent represented by the Refunded Certificates on July 1, 2013 and hereby irrevocably instructs the Escrow Agent, and the Escrow Agent hereby agrees, to (i) as soon as practicable, but in any event within thirty days after the date hereof, mail, postage prepaid, at the expense of the Issuer, a notice in the form attached hereto as Exhibit B to all registered owners of the Refunded Certificates, and (ii) not more than sixty nor less than thirty days before July 1, 2013 mail, postage prepaid, at the expense of the Board, a notice in substantially in the form attached hereto as Exhibit C to all registered owners of Refunded Certificates at their addresses as they appear on the registration books for the Refunded Certificates.

Section 2.06. Use of Moneys in Escrow Deposit Trust Fund. On each date on which Basic Rent represented by, and Prepayment Premium of the Refunded Certificates shall become payable, the Escrow Agent shall use funds in the Escrow Deposit Trust Fund to pay the Basic Rent represented by, and the Prepayment Premium of, the Refunded Certificates coming due on such dates, as shown on Exhibit D.

Section 2.07. Investment and Reinvestment of Trust Funds. Subject to the requirements of this Section 2.07, the Board may direct in writing the Escrow Agent to invest and reinvest any moneys remaining from time to time in the Escrow Deposit Trust Fund until such time as they are needed, and the Escrow Agent shall comply with such request, otherwise the Escrow Agent shall hold such moneys uninvested (except as otherwise provided herein). Such moneys may be invested and reinvested only in Government Obligations bearing interest at such rate or rates and maturing on such date or dates and in such amounts as directed in writing by the Board. The Board shall give no such instruction to the Escrow Agent unless the Board and the Escrow Agent shall receive an opinion of nationally recognized bond counsel to the effect that such investment of such moneys will not adversely affect the tax-exempt status of the Interest Component of the Basic Rent represented by the Refunded Certificates and the Refunding Certificates for federal income tax purposes. Provided further, that no such investment instruction shall be given unless the Board and the Escrow Agent shall have received verification from a firm of independent certified public accountants to the effect that, taking into account such investment, the amounts held hereunder will be sufficient to pay

the Basic Rent represented by, and the Prepayment Premium of, the Refunded Certificates in full as the same shall become due.

Section 2.08. Transfer of Funds After All Payments Required by the Agreement Are Made. After all the Basic Rent represented by, and the Prepayment Premium of, the Refunded Certificates has been paid in full, all remaining moneys and Government Obligations, together with any income and interest thereon, in the Escrow Deposit Trust Fund shall, upon written direction of the Board, be transferred to the Board by the Escrow Agent and shall be used by the Board in the following order of priority (i) if any Refunding Certificates shall be outstanding, to make deposits to the Series 2012 Subaccount of the Interest Account in order to pay Basic Rent represented by such Refunding Certificates, and (ii) otherwise, for any lawful purpose of the Board authorized by a written opinion of nationally recognized bond counsel. The Escrow Agent shall have no responsibility for the application of amounts transferred by it to the Board as provided above.

Section 2.09. Deficiencies. If at any time it shall appear to the Escrow Agent that the available proceeds in the Escrow Deposit Trust Fund will not be sufficient to make any payment when due of the Basic Rent represented by, and the Prepayment Premium of, the Refunded Certificates, the Escrow Agent shall notify the Board as promptly as possible prior to such payment date and the Board agrees that it will make available to the Escrow Agent, from legally available funds, if any, amounts sufficient to eliminate the anticipated deficit so that the Escrow Agent will have sufficient funds to make such payment. The Escrow Agent shall in no manner be responsible for the Board's failure to make such deposits.

Section 2.10. Escrow Agent Fees. The Board hereby agrees to provide for the payment, from lawfully available funds of the Board, of the compensation due and owing the Escrow Agent which compensation shall be paid at such times and in such amounts shown on Exhibit E. In no event shall the Escrow Agent have any lien, security interest or right of set-off whatsoever upon any of the moneys or investments in the Escrow Deposit Trust Fund for the payment of such compensation, or for the payment or reimbursement of any expenses incurred by the Escrow Agent in connection with this Agreement.

ARTICLE III

CONCERNING THE ESCROW AGENT

Section 3.01. Appointment of Escrow Agent. The Board hereby appoints U.S. Bank National Association as Escrow Agent under this Agreement.

Section 3.02. Acceptance by Escrow Agent. By execution of this Agreement, the Escrow Agent accepts its duties and obligations hereunder.

Section 3.03. Liability of Escrow Agent. The Escrow Agent shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. The Escrow Agent shall not be liable for any loss or any taxability of interest on the Refunded Certificates or Refunding Certificates resulting from any investment made pursuant to the

terms and provisions of this Agreement. To the extent permitted by law, the Board indemnifies the Escrow Agent from any loss, cost or expense (including reasonable attorney's fees) incurred by the Escrow Agent in the performance of its duties hereunder, with the exception of any loss, cost or expense attributable to the Escrow Agent's own negligence or willful misconduct.

The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of moneys and of the principal amount of the Government Obligations and the earnings thereon to pay the Refunded Certificates. So long as the Escrow Agent applies all moneys in the Escrow Deposit Trust Fund and the Government Obligations and the interest earnings therefrom to make payments of Basic Rent represented by, and the Prepayment Premium of, the Refunded Certificates as provided herein, and complies fully with the terms of this Agreement, it shall not be liable for any deficiencies in the amounts necessary to pay the Basic Rent represented by, and the Prepayment Premium of, the Refunded Certificates caused by such calculations.

The Escrow Agent shall keep books and records and shall make such books and records available for inspection by the Board at all reasonable times. In the event of the Escrow Agent's failure to account for any of the Government Obligations or moneys received by it, said Government Obligations or moneys shall be and remain the property of the Board in trust for the owners of the Refunded Certificates, as herein provided, and if for any reason such Government Obligations or moneys are not properly applied by the Escrow Agent as herein provided, the Escrow Agent shall be liable to the owners of the Refunded Certificates for the amount thereof until the required application shall be made.

The duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel with respect to any matter relevant to this Agreement, who may or may not be counsel to the Board, and be entitled to receive from the Board reimbursement of the reasonable fees and expenses of such counsel, and in reliance upon the opinion of such counsel have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the Board, and the Escrow Agent may in good faith conclusively rely upon such certificate.

Section 3.04. Permitted Acts. The Escrow Agent and its affiliates may become the owner of or may deal in any obligations of the Board described herein as fully and with the same rights as if it were not the Escrow Agent.

Section 3.05. Resignation of Escrow Agent. The Escrow Agent at the time acting hereunder may at any time resign by giving not less than sixty (60) days' written notice to the Board, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the owners of the Refunded Certificates or by the Board as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent and the transfer to such successor Escrow Agent of the funds and accounts held by the Escrow Agent hereunder.

Section 3.06. Removal of Escrow Agent.

(a) The Escrow Agent may be removed at any time if the owners of a majority in aggregate principal amount of the Refunded Certificates then outstanding file a request for removal in writing with the Board, but the Escrow Agent shall remain in office until the appointment and taking office of a successor Escrow Agent in accordance with the provisions of this Agreement. A copy of any such owners' request shall be delivered by the Board to the Escrow Agent.

(b) The Escrow Agent may also be removed at any time for any breach of trust or for any violation of this Agreement by a court of competent jurisdiction upon the application of the Board or the owners of not less than fifty percent (50%) in aggregate principal amount of the Refunded Certificates then outstanding.

(c) The Escrow Agent shall be deemed to have been removed if it is dissolved, becomes incapable of exercising the powers of Escrow Agent hereunder or is taken over by any governmental action.

(d) Prior to the removal of the Escrow Agent, all fees and expenses of the Escrow Agent, including, without limitation, reasonable attorney's fees and expenses, shall have been paid to the Escrow Agent.

Section 3.07. Successor Escrow Agent.

(a) When the position of the Escrow Agent becomes or is about to become vacant, the Board shall appoint a successor Escrow Agent to fill such vacancy.

(b) If no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this Section, the owner of any Refunded Bond then outstanding may, or any Escrow Agent retiring or being removed from such position shall, apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Upon the deposit by the retiring or removed Escrow Agent of all funds and securities held by it under the provisions hereof into the registry of such court, such retiring or removed Escrow Agent shall be relieved of all future duties hereunder.

(c) Any corporation or association into with the Escrow Agent may be converted or merged, or with which it may sell its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer shall be and become successor Escrow Agent hereunder without the necessity of any further act.

Section 3.08. Condition to removal or resignation of Escrow Agent.

The Escrow Agent may not resign or be removed hereunder unless it also resigns or is removed as Trustee for the Refunded Certificates.

ARTICLE IV

MISCELLANEOUS

Section 4.01. Amendments to this Agreement. This Agreement is made for the benefit of the Board and the owners from time to time of the Refunded Certificates and it shall not be repealed, revoked, altered or amended without the written consent all such owners, the Escrow Agent and the Board; provided, however, that the Board and the Escrow Agent, may, without the consent of, or notice to, such owners, enter into such agreements supplemental to this Agreement as shall not adversely affect the exclusion from gross income for federal income tax purposes of the Interest Component of the Basic Rent represented by the Refunded Certificates and the Refunding Certificates and the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the Refunded Certificates, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and
- (c) to subject to this Agreement additional funds, securities or properties.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of Mark E. Raymond or other nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the Refunded Certificates, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Section 4.02. Substitution of Securities. Notwithstanding the foregoing or any other provision of this Agreement, at the written direction of the Board and upon compliance with the conditions hereinafter stated, the Escrow Agent shall in simultaneous transactions, sell, transfer, otherwise dispose of or request the redemption of the Government Obligations held hereunder and to substitute therefor other Government Obligations, subject to the condition that such moneys or securities together with the interest or income thereof, shall be sufficient to pay, when due, the Basic Rent represented by, and the Prepayment Premium of, the Refunded Certificates. The Escrow Agent shall upon the written direction of the Board purchase such substituted securities with the proceeds derived from the sale, transfer, disposition or redemption of the Government Obligations held hereunder or from other moneys available. The transactions may be effected only if there shall have been obtained: (1) an independent verification addressed to at least the Escrow Agent by a nationally recognized independent certified public accounting firm acceptable to the Escrow Agent concerning the adequacy of such substituted securities with respect to the principal and the interest thereon and any other moneys or securities held for such purpose to pay the Basic Rent represented by, and the Prepayment Premium of, the Refunded Certificates in the manner required hereby and by the proceedings which authorized their issuance; (2) an opinion from Mark E. Raymond, or other nationally recognized bond counsel, to the Board and the Escrow Agent to the effect that the disposition and substitution or purchase of such securities will not adversely affect the tax-exempt

status of the Interest Component of the Basic Rent represented by the Refunded Certificates and Refunding Certificates for federal income tax purposes; and (3) new cash flow schedules showing (i) the cash and Government Obligations to be on deposit in the Escrow Account upon making such substitution, (ii) the dates and amounts of maturing principal and interest to be received by the Escrow Agent from such Government Obligations, and (iii) that the cash on hand in the Escrow Account plus cash to be derived from the maturing principal and interest of such Government Obligations shall be sufficient to pay when due all remaining Basic Rent represented by, and the Prepayment Premium of, the Refunded Certificates.

If securities are substituted pursuant to this Section 4.02, any surplus moneys resulting from the sale, transfer, other disposition or redemption of the Government Obligations held hereunder and the substitutions therefor of Government Obligations, as shown in the verification referred to in (1) above shall be released from the Trust Estate created hereunder and shall be transferred to the Board, and shall be used by the Board in the following order of priority (i) if any Refunding Certificates shall be outstanding, to pay Basic Rent represented by, and the Prepayment Premium of, such Refunding Certificates, and (ii) otherwise, for any lawful purpose of the Board approved in writing by nationally recognized bond counsel.

Section 4.03. Severability. If any one or more of the covenants, promises or agreements provided in this Agreement should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed to be separate and shall in no way affect the validity of the remaining provisions of this Agreement.

Section 4.04. Agreement Binding. All the covenants, promises and agreements in this Agreement contained by or on behalf of the Board or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, and to the benefit of the owners of the Refunded Certificates, whether so expressed or not.

Section 4.05. Termination. This Agreement shall terminate when all transfers and payments required to be made by the Escrow Agent under the provisions hereof shall have been made.

Section 4.06. Governing Law. This Agreement shall be governed by the applicable laws of the State of Florida.

Section 4.07. Execution by Counterparts. This Agreement may be executed in several counterparts, each of which shall be regarded for all purposes as an original, and all of which, together, shall constitute and be but one and the same instrument.

Section 4.08. Notices. Any notice, demand, direction, request or other instrument authorized or required by this Agreement to be given shall be deemed sufficiently given on the day sent by telefacsimile transmission, electronic mail, overnight delivery or certified mail, return receipt requested, addressed as follows or to such other address furnished in writing by any of the following to all of the following:

If to the Board:

School Board of Clay County, Florida
Attn: Ass't. Superintendent, Business Affairs
900 Walnut Street
Green Cove Springs, Florida 32043

If to the Escrow Agent:

U.S. Bank National Association
Corporate Trust Services
550 West Cypress Creek Road, Suite 380
Fort Lauderdale, FL 33309

IN WITNESS WHEREOF, the Board and the Escrow Agent have duly executed this Agreement dated as of _____, 2012.

SCHOOL BOARD OF CLAY COUNTY,
FLORIDA, as Lessee

By: _____
Name: Carol Studdard
Title: Chairperson

ATTEST:

By: _____
Name: Ben Wortham
Title: Superintendent/Secretary

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By: _____
Name:
Title: Assistant Vice President

EXHIBIT A

**GOVERNMENT OBLIGATIONS TO BE DEPOSITED
INTO ESCROW DEPOSIT TRUST FUND**

EXHIBIT B

DEFEASANCE NOTICE

SCHOOL BOARD OF CLAY COUNTY, FLORIDA
CERTIFICATES OF PARTICIPATION
SERIES 2003

<u>Maturity</u>	<u>CUSIP Nos.*</u>
2018	183253 BN2
2019	183253 BP7
2020	183253 BQ5
2021	183253 BR3
2022	183253 BS1
2023	183253 BT9
2024	183253 BU6
2025	183253 BV4

NOTICE IS HEREBY GIVEN that for the payment of all Basic Rent Payments represented by, and the Prepayment Price on July 1, 2013, of the obligations indicated above (the "Refunded Series 2003 Certificates"), there has been deposited in escrow with U.S. Bank National Association, as escrow agent, moneys which have been invested in direct obligations of the United States of America.

The scheduled payments to be received from such obligations, together with the interest income therefrom, have been calculated to be adequate to pay the principal portion, Prepayment Premium and interest portion due and to become due with respect to the Refunded Series 2003 Certificates to and including July 1, 2013, the Prepayment Date thereof.

The Refunded Series 2003 Certificates are deemed to have been paid within the meaning of Section 12.01 of the Master Trust Agreement dated as of May 15, 1997, as amended and supplemented, under which the Refunded Series 2003 Certificates were issued and secured.

DATED this ___ day of _____, 2012.

U.S. BANK NATIONAL ASSOCIATION
1-800-934-6802

* CUSIP numbers are included solely for the convenience of the owners, and no representation is made as to the correctness of the CUSIP numbers indicated in this Prepayment Notice.

EXHIBIT C

REDEMPTION NOTICE

SCHOOL BOARD OF CLAY COUNTY, FLORIDA
CERTIFICATES OF PARTICIPATION
SERIES 2003

<u>Maturity</u>	<u>CUSIP Nos.*</u>
2018	183253 BN2
2019	183253 BP7
2020	183253 BQ5
2021	183253 BR3
2022	183253 BS1
2023	183253 BT9
2024	183253 BU6
2025	183253 BV4

Notice is hereby given that pursuant to the terms of the Master Trust Agreement, dated as of May 15, 1997, as amended, the Certificates of the above issue are called for prepayment on July 1, 2013 (the "Prepayment Date") at a prepayment price of 100% of the principal amount thereof plus accrued interest thereon to the Prepayment Date.

The Certificates so called for prepayment should be presented for payment at the office of the U.S. Bank National Association set forth below, on or after July 1, 2013, and will cease to bear or accrue interest after that date, whether or not so presented.

If by Mail:

U.S. Bank National Association
Corporate Trust Services
P.O. Box 64111
St. Paul, MN 55164-0111

If by Hand or Overnight Delivery:

U.S. Bank National Association
Corporate Trust Services
60 Livingstone Ave.
1st FL- Bond Drop Win
St. Paul, MN 55164

Under the Jobs & Growth Tax Relief Reconciliation Act of 2003, ___% will be withheld if the tax identification number is not properly certified. Please furnish a properly completed IRS Form W-9 or exemption certificate or equivalent when presenting your securities for redemption.

DATED this ___ day of _____, 2013.

U.S. BANK NATIONAL ASSOCIATION

* CUSIP numbers are included solely for the convenience of the owners, and no representation is made as to the correctness of the CUSIP numbers indicated in this Prepayment Notice.

EXHIBIT D

SCHEDULE OF PAYMENTS REPRESENTED BY REFUNDED CERTIFICATES

EXHIBIT E

ESCROW AGENT FEES AND EXPENSES

- (i) In consideration of the services rendered by the Escrow Agent under the Agreement, the Board agrees to pay the Escrow Agent a one-time fee of \$500.00 to be paid at closing from funds of the Board and not from the Escrow Deposit Trust Fund for all services to be incurred as Escrow Agent in connection with such services, plus agrees to pay as incurred reimbursement at cost for ordinary out-of-pocket expenses including postage and publication costs. The term "ordinary out-of-pocket expenses" means expenses of holding, investing and disbursing the Escrow Deposit Trust Fund as provided herein and includes, but is not limited to, publication costs, postage and legal fees as incurred.
- (ii) The Board shall also reimburse the Escrow Agent for any extraordinary expenses incurred by it in connection herewith. The term "extraordinary expenses" includes (a) expenses arising out of the assertion of any third party to any interest in the Escrow Deposit Trust Fund or any challenge to the validity hereof, including reasonable attorneys' fees, (b) expenses relating to any reinvestment under Section 2.07 or substitution under Section 4.02 hereof, and (c) expenses (other than ordinary expenses) not occasioned by the Escrow Holder's misconduct or negligence.
- (iii) The fees and expenses payable by the Board under Sections (i) or (ii) above shall not be paid from the Escrow Deposit Trust Fund, but shall be paid by the Board from legally available funds of the Board.

Exhibit C

Series 2012 Supplemental Trust Agreement

SERIES 2012 SUPPLEMENTAL TRUST AGREEMENT

by and among

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

and

**CLAY SCHOOL BOARD LEASING CORPORATION,
as Lessor**

and

**SCHOOL BOARD OF CLAY COUNTY, FLORIDA,
as Lessee**

Dated as of _____ 1, 2012

Relating to
Certificates of Participation
(School Board of Clay County, Florida Master Lease Program), Series 2012
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 Clay County, Florida

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SERIES 2012 SUPPLEMENTAL TRUST AGREEMENT

THIS SERIES 2012 SUPPLEMENTAL TRUST AGREEMENT, dated as of _____ 1, 2012 (the "Series 2012 Supplemental Trust Agreement"), supplementing the Master Trust Agreement, dated as of May 15, 1997, as amended and supplemented, (the "Trust Agreement"), is by and among **U.S. BANK NATIONAL ASSOCIATION** (successor to First Union National Bank of Florida and Wachovia Bank, National Association), a national banking association with corporate trust powers qualified to accept trusts of the type set forth in the Trust Agreement (the "Trustee"), the **CLAY SCHOOL BOARD LEASING CORPORATION**, a not-for-profit corporation duly organized and existing under the laws of the State of Florida (the "Corporation"), and the **SCHOOL BOARD OF CLAY COUNTY, FLORIDA**, acting as the governing body of the Clay County School District (the "Board").

W I T N E S S E T H:

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 May 15, 1997, as amended and supplemented (the "Lease Agreement"), between the Corporation, as lessor, and the Board, as lessee; and

WHEREAS, pursuant to the Lease Agreement, the Board may from time to time, by execution of a Lease Schedule to the Lease Agreement (a "Lease Schedule"), direct the Corporation to acquire, construct and lease-purchase to the Board the items of property described in such Lease Schedule (which items of property are collectively referred to herein as the "Projects"); and

WHEREAS, provision for the payment of the cost of acquiring, constructing and installing each Project is and will be made by the issuance and sale from time to time of Series (as defined in the Trust Agreement) of Certificates of Participation issued under the Trust Agreement (the "Certificates"), which are and shall be secured by and be payable from the right of the Corporation to receive Basic Rent Payments (as defined in the Trust Agreement) made by the Board pursuant to the Lease Agreement and related Lease Schedule; and

WHEREAS, the School Board has ground leased certain real property and improvements thereon (the "Series 2003 Project") to the Corporation pursuant to a Ground Lease Agreement dated as of July 1, 2003 (the "Series 2003 Ground Lease"); and

WHEREAS, the School Board and the Corporation have entered into a Lease Schedule No. 2003 (as amended and restated, "Schedule No. 2003") (the "Master Lease," and together with all Lease Schedules, including Schedule No. 2003, the "Series 2003 Lease Agreement"); and

WHEREAS, the Corporation has entered into the Trust Agreement providing for the issuance of series of Certificates of Participation, representing undivided proportionate interests in the principal portion and interest under the Master Lease and the Schedule relating to such Series of Certificates; and

WHEREAS, to provide funds for the acquisition and construction of the Series 2003 Project, the Trustee issued Certificates of Participation, Series 2003 (the "Series 2003 Certificates") pursuant to the Trust Agreement, as supplemented by a Series 2003 Supplemental Trust Agreement, dated as of July 1, 2003; and

WHEREAS, as a result of a decline in interest rates the School Board wishes to refinance [a portion of its]obligations under the Series 2003 Lease Agreement; and

WHEREAS, to accomplish such refinancing, the Corporation and the Trustee are entering into this Series 2012 Supplemental Trust Agreement providing for the issuance of the Certificates of Participation, Series 2012 (the "Series 2012 Certificates") to refund the Series 2003 Certificates [maturing after July 1, 20__](the "Refunded Series 2003 Certificates"), which Series 2012 Certificates will represent an undivided proportionate interest in the principal portion and interest portion of [a portion of]the basic lease payments to be made under the Series 2003 Lease Agreement [on a parity with the Series 2003 Certificates other than the Refunded Series 2003 Certificates]; and

WHEREAS, a portion of the proceeds of the Series 2012 Certificates will be deposited with U.S. Bank, National Association, acting as escrow agent under an Escrow Deposit Agreement (the "Escrow Deposit Agreement") to be entered into between the School Board and the Escrow Agent, and used to pay the principal of and interest on and to redeem the Refunded Series 2003 Certificates on July 1, 2013 at a price of 100% of the principal amount thereof; and

WHEREAS, the Trustee has agreed to deliver a Series of Certificates pursuant to and upon receipt of a Request and Authorization (as defined in the Trust Agreement) from the Corporation and the Board and the terms of this Series 2012 Supplemental Trust Agreement; and

WHEREAS, the Corporation has assigned by absolute outright assignment to the Trustee all of its right, title and interest in and to the Lease Agreement and the Lease Payments (as defined in the Trust Agreement), other than its rights of indemnification, its 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 May 15, 1997 (the "Assignment of Lease Agreement"), between the Corporation and the Trustee; and

WHEREAS, the Board and the Corporation have entered into Amended and Restated Lease Schedule No. 2003 (together with the Lease Agreement, the "Series 2003 Lease"), in order to, among other things, amend the schedule of Basic Rent to reflect the refinancing of the Refunded Series 2003 Certificates; and

WHEREAS, the Trustee has received a Request and Authorization from the Corporation and the Board relating to the issuance of \$ _____ aggregate principal amount of "Certificates of Participation (School Board of Clay County, Florida Master Lease Program), Series 2012 Evidencing an Undivided Proportionate Interests of the Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Clay County, Florida" (the "Series 2012 Certificates"); and

WHEREAS, the proceeds of the Series 2012 Certificates shall be used pursuant to the Trust Agreement, as supplemented hereby, to refinance the Refunded Series 2003 Certificates, as well as pay costs of issuance; and

WHEREAS, the Series 2012 Certificates shall be secured in the manner provided in the Trust Agreement and shall have the terms and provisions contained in this Series 2012 Supplemental Trust Agreement; and

WHEREAS, all things necessary to make the Series 2012 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 2012 Supplemental Trust Agreement, and the creation, execution and issuance of the Series 2012 Certificates subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THIS SERIES 2012 SUPPLEMENTAL TRUST AGREEMENT WITNESSETH:

ARTICLE I

DEFINITIONS

SECTION 101. DEFINITIONS. Words and terms which are defined in the Trust Agreement, shall have the same meanings ascribed to them when used herein, unless the context or use indicates a different meaning or intent. In addition to the words and terms elsewhere defined in this Series 2012 Supplemental Trust Agreement, the following words and terms as used in this Series 2012 Supplemental Trust Agreement shall have the following meanings unless the context or use indicates another or different meaning or intent:

"Escrow Deposit Agreement" means the Escrow Deposit Agreement of even date herewith between the Board and U.S. Bank National Association.

"Lease Schedule No. 2003" means Amended and Restated Lease Schedule No. 2003 relating to the Series 2003 Project, dated as of July 1, 2003, which shall be part of the Lease Agreement.

"_____" or **"Insurer"** or **"Credit Enhancer"** means _____, or any successor thereto.

"Municipal Bond Insurance Policy" means the municipal bond insurance policy issued by the Insurer guaranteeing the scheduled payment when due of the principal and interest in respect of the Series 2012 Certificates as provided therein.

"Payment Date" shall mean January 1 and July 1 of each year, commencing _____ 1, 201_.

"Refunded Series 2003 Certificates" means the Series 2003 Certificates maturing after July 1, 201_.

"Related Documents" means the Trust Agreement, the Lease Agreement, the Ground Lease, the Assignment of Lease Agreement and the Assignment of Ground Lease, as supplemented and amended.

"Series 2012 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 2012 Certificates" means the \$_____ aggregate principal amount of Certificates of Participation authorized to be issued under Section 4.01 of the Trust Agreement and Section 201 hereof.

"Series 2012 Pledged Accounts" means the Series 2012 Subaccount of the Costs of Issuance Account, the Series 2012 Subaccount of the Interest Account, the Series 2012 Subaccount of the Principal Account, and the Series 2012 Account of the Prepayment Fund.

"Series 2003 Project" means the property and improvements described as the "Series 2003 Project" in Lease Schedule No. 2003, as the same may be amended or modified from time to time.

"Series 2012 Subaccount of the Costs of Issuance Account" means the subaccount established in the Costs of Issuance Account pursuant to Sections 6.02 and 6.04 of the Trust Agreement and Section 401 hereof.

"Series 2012 Subaccount of the Interest Account" means the subaccount established in the Interest Account pursuant to Sections 6.02 and 6.06 of the Trust Agreement and Section 401 hereof.

"Series 2012 Subaccount of the Principal Account" means the subaccount established in the Principal Account pursuant to Sections 6.02 and 6.06 of the Trust Agreement and Section 401 hereof.

"Series 2012 Supplemental Trust Agreement" means this instrument, as amended and supplemented.

"Trustee" means U.S. Bank National Association and any successor thereto.

ARTICLE II

THE SERIES 2012 CERTIFICATES

SECTION 201. AUTHORIZATION OF SERIES 2012 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 Clay County, Florida Master Lease Program), Series 2012 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 Clay County, Florida." The aggregate principal amount of Series 2012 Certificates which may be issued is hereby expressly limited to \$ _____. The Series 2012 Certificates shall be issued for the purposes of (a) refunding the Refunded Series 2003 Certificates and (b) paying Costs of Issuance of the Series 2012 Certificates. The Series 2012 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 2012 Certificates shall be lettered and numbered R-1 and upward.

(b) Except as otherwise provided in the Trust Agreement, each Series 2012 Certificate shall be dated as of _____, 2012. Interest on the Series 2012 Certificates shall be payable on each Payment Date, commencing _____ 1, 201_. The Series 2012 Certificates shall be payable in the manner provided in the Trust Agreement.

(c) The Series 2012 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:

<u>Amount</u>	<u>Maturity July 1</u>	<u>Interest Rate</u>
\$	2018	
	2019	
	2020	
	2021	
	2022	
	2023	
	2024	
	2025	

(d) The Series 2012 Certificates shall be Serial Certificates. The Series 2012 Certificates shall be substantially in the form set forth in Exhibit B to the Trust Agreement.

SECTION 202. ISSUANCE OF SERIES 2012 CERTIFICATES. The Series 2012 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. LETTER OF INSTRUCTIONS. In lieu of a separate Letter of Instructions relating to the Series 2012 Certificates as described in Section 6.12 of the Trust Agreement, the Corporation and the Board agree to abide by the provisions of the Certificate as to Arbitrage and Other Tax Matters executed in connection with the issuance of the Series 2012 Certificates.

ARTICLE III

APPLICATION OF SERIES 2012 CERTIFICATE PROCEEDS

SECTION 301. APPLICATION OF SERIES 2012 CERTIFICATE PROCEEDS.

The proceeds of the Series 2012 Certificates (not including any underwriting discount [and municipal bond insurance premium]) shall be applied by the Trustee as follows:

(a) Deposit to the credit of the Series 2012 Subaccount of the Costs of Issuance Account an amount equal to the Costs of Issuance of the Series 2012 Certificates (\$_____) [(other than \$_____ which shall be wired directly by Wells Fargo Securities to the Insurer upon delivery in order to pay the Municipal Bond Insurance Policy premium)];

(b) Deposit to the credit of the Escrow Deposit Trust Fund created pursuant to the Escrow Deposit Agreement the balance of the proceeds from the sale of the Series 2012 Certificates (\$_____).

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. On _____, 201_, the Trustee shall transfer any remaining balance in the Series 2012 Subaccount of the Costs of Issuance Account to the Series 2012 Interest Account and shall then close the Series 2012 Subaccount of the Costs of Issuance Account.

ARTICLE IV

ESTABLISHMENT OF SERIES 2012 PLEDGED ACCOUNTS

SECTION 401. ESTABLISHMENT OF SERIES 2012 PLEDGED ACCOUNTS.

In accordance with Section 6.02(b) of the Trust Agreement, there is hereby established with the Trustee, solely for the benefit of the Owners of the Series 2012 Certificates, the following accounts and subaccounts:

- (a) The "Series 2012 Subaccount of the Costs of Issuance Account."
- (b) The "Series 2012 Subaccount of the Interest Account."
- (c) The "Series 2012 Subaccount of the Principal Account."
- (d) The "Series 2012 Account of the Prepayment Fund."

The moneys on deposit in the Accounts and Subaccounts described in this Section shall be disbursed by the Trustee in the manner and for the purposes described in the Trust Agreement. The moneys in the Series 2012 Pledged Accounts shall be invested in accordance with Section 6.10(a) of the Trust Agreement solely in Permitted Investments.

SECTION 402. SECURITY FOR SERIES 2012 CERTIFICATES. The Series 2012 Certificates shall be secured in the manner provided in the Trust Agreement and shall receive all the benefits of the Trust Estate created thereunder; provided, such portion of the Trust Estate which is derived from the sale, re-letting or other disposition of the Series 2012 Project and any cash, securities and investments in the Series 2012 Pledged Accounts shall be utilized solely for the benefit of the Owners of the Series 2012 Certificates. The Owners of the Series 2012 Certificates shall have no claim against, nor receive any benefits from, any portion of the Trust Estate derived from the sale, re-letting or other disposition of Projects, other than the Series 2012 Project, or any cash, securities and investments in the Pledged Accounts, other than the Series 2012 Pledged Accounts.[The Series 2012 Certificates shall be secured by the Basic Rent paid pursuant to the Series 2003 Lease on a parity with the Series 2003 Certificates other than the Refunded Series 2003 Certificates.]

SECTION 403. [CREDIT ENHANCEMENT. The Series 2012 Certificates shall be further secured by the Municipal Bond Insurance Policy.

SECTION 404.]PERMITTED INVESTMENTS. In addition to the "Permitted Investments" as defined in the Trust Agreement, with respect to the Series 2012 Pledged Accounts, "Permitted Investments" shall include U.S. dollar denominated deposit accounts and certificates of deposits issued by any bank, bank and trust company, or national banking association (including Trustee and its affiliates), which such deposits are either (i) insured by the Federal Deposit Insurance Corporation or a similar governmental agency, or (ii) with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P

and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (Ratings on holding companies are not considered as the rating of the bank.)

ARTICLE V

PREPAYMENT OF SERIES 2012 CERTIFICATES

SECTION 501. PREPAYMENT DATES AND PRICES OF SERIES 2012 CERTIFICATES. (a) The Series 2012 Certificates are subject to prepayment only as provided in this Section. The Series 2012 Certificates are subject to extraordinary prepayment, in whole or in part, on any Mandatory Prepayment Date (if in part, in any order of maturity as directed by the Board or, in the absence of such direction, in inverse order of maturity and by lot within maturities), without prepayment premium, at the principal amount, together with accrued interest to the Mandatory Prepayment Date from the Net Proceeds of insurance or condemnation deposited with the Trustee pursuant to Section 5.08(c) of the Lease Agreement. 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 2012 Certificates are also subject to extraordinary mandatory prepayment and redemption, in whole or in part, on any Mandatory Prepayment Date (if in part, with the prior written consent of 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.

(b) The Series 2012 Certificates shall not be subject to prepayment or redemption at the option of the School Board prior to July 1, 20__.

Any of the Series 2012 Certificates may be prepaid from prepayments of Basic Rent made by the Board pursuant to the Series 2012 Lease, in whole or in part on July 1, 20__ 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 Prices equal to the principal amount of the Series 2012 Certificates or portions 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 2003 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 the Insurer which consent shall not be unreasonably withheld.

(c) The Series 2012 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 BOND INSURANCE

SECTION 601. PROVISIONS REGARDING MUNICIPAL BOND INSURANCE POLICY; ADDITIONAL OBLIGATIONS OF THE BOARD.

The following provisions relating to the Series 2012 Certificates shall apply so long as the Municipal Bond Insurance Policy is in full force and effect:

ARTICLE VII]

MISCELLANEOUS

SECTION 701. PROVISIONS OF TRUST AGREEMENT NOT OTHERWISE MODIFIED. Except as expressly modified or amended hereby, the Trust Agreement shall remain in full force and effect. To the extent of any conflict between the terms of the Trust Agreement and this Series 2012 Supplemental Trust Agreement, the terms hereof shall control.

SECTION 702. THIRD PARTY BENEFICIARIES. Nothing in this Series 2012 Supplemental Trust Agreement, express or implied, is to or shall be construed to confer upon or to give to any person or party other than the Corporation, and its assignee, the Trustee, the Credit Enhancer and the Board any rights, remedies or claims under or by reason of this Series 2012 Supplemental Trust Agreement or any covenants, condition or stipulation hereof; and all covenants, stipulations, promises and agreements in this Series 2012 Supplemental Trust Agreement contained by or on behalf of the Corporation or the Board shall be for the sole and exclusive benefit of the Corporation, and its assignee, the Credit Enhancer and the Board. [The Insurer shall be deemed a third party beneficiary of this Series 2012 Supplemental Trust Agreement.]

SECTION 703. COUNTERPARTS. This Series 2012 Supplemental Trust Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 704. HEADINGS. Any heading preceding the text of the several Articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Series 2012 Supplemental Trust Agreement, nor shall they affect its meaning, construction or effect.

SECTION 705. LAWS. This Series 2012 Supplemental Trust Agreement shall be construed and governed in accordance with the laws of the State.

IN WITNESS WHEREOF, the parties have executed this Series 2012 Supplemental Trust Agreement by their officers thereunto duly authorized as of the date and year first written above.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Name:
Title:

CLAY SCHOOL BOARD LEASING CORPORATION, as Lessor

By: _____
Name: Carol Studdard
Title: President

ATTEST:

By: _____
Name: Ben Wortham
Title: Secretary

SCHOOL BOARD OF CLAY COUNTY, FLORIDA, as Lessee

By: _____
Name: Carol Studdard
Title: Chairman

ATTEST:

By: _____
Name: Ben Wortham
Title: Superintendent/Secretary

Exhibit D

Certificate Purchase Contract

\$ _____
CERTIFICATES OF PARTICIPATION
(School Board of Clay County, Florida Master Lease Program), Series 2012
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 Clay County, Florida

_____, 2012

CERTIFICATE PURCHASE CONTRACT

School Board of Clay County
Clay School Board Leasing Corporation
900 Walnut Street
Green Cove Springs, Florida 32043

Ladies and Gentlemen:

The undersigned, Wells Fargo Bank, National Association (the "Underwriter") offers to enter into this Certificate Purchase Contract (the "Purchase Contract") with the School Board of Clay County, Florida, a school board duly organized and operating under the laws of the State of Florida (the "Board") and the Clay School Board Leasing Corporation, a Florida not-for-profit educational corporation (the "Corporation"), which upon acceptance of this offer by the Board and the Corporation will be binding upon the Board and the Corporation and upon the Underwriter. This offer is made subject to written acceptance hereof by the Board and the Corporation at or before 11:59 p.m., local time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Board and the Corporation at any time prior to the acceptance hereof by the Board and the Corporation. The parties hereto agree and acknowledge that the obligations of the Board and the Corporation hereunder do not constitute a general obligation of the Board or the Corporation.

1. Purchase and Sale. Upon the terms and conditions and in reliance upon the representations, warranties, covenants and agreements set forth herein, the Underwriter hereby agrees to purchase, and the Board agrees to cause U.S. Bank, National Association, Fort Lauderdale, Florida, as trustee (the "Trustee") to execute and deliver to the Underwriter, all (but not less than all) of the aggregate principal amount of the Certificates described in the above heading (the "Certificates"). The Certificates shall be dated as of their date of delivery. The

purchase price for the Certificates shall be \$_____ (which price represents the par amount plus an original issue premium of \$_____ and less the Underwriter's discount of \$_____.

The Certificates shall be as described in and shall be authorized by a resolution adopted by the Board on May 17, 2012 (the "Resolution"), and shall be issued under and secured pursuant to the provisions of a Master Trust Agreement, dated as of May 15, 1997, as amended and supplemented (the "Master Trust"), and as particularly amended and supplemented by the Series 2012 Supplemental Trust Agreement, dated as of _____ 1, 2012 (the "Series 2012 Supplemental Trust Agreement," and together with the Master Trust, the "Trust Agreement") each by and among the Board, the Corporation and the Trustee. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Trust Agreement. The Certificates shall mature at the times and in the amounts and bear interest at the rates set forth in Appendix A attached hereto and shall be subject to extraordinary prepayment as described in the Series 2012 Supplemental Trust Agreement and shall be subject to prepayment at the times and at the prices set forth in Appendix B attached hereto. The information required by Section 218.385(6), Florida Statutes, as amended, to be provided by the Underwriter is set forth in Appendix C attached hereto. Further, in order to assist the Board in complying with Section 218.385(2) and (5), Florida Statutes, as amended, the Underwriter is providing the Board with the information needed to complete a truth-in-bonding statement, the form of which is attached as Appendix D attached hereto.

The Certificates are being issued for the principal purposes of providing funds for the advance refunding, (i) of the Certificates of Participation (School Board of Clay County, Florida Master Lease Program), Series 2003 (the "Series 2003 Certificates") maturing on July 1 in the years 2018 through 2025, inclusive (the "Refunded Certificates"), as well as to pay certain costs of issuance with respect to the Certificates. The Series 2003 Certificates maturing on July 1, _____ through _____, inclusive, are not being refunded with proceeds of the Certificates.

2. Delivery of Offering Statement and Other Documents.

(a) Prior to the date hereof, the Board and the Corporation have provided, or cause to be provided, to the Underwriter for its review the Preliminary Offering Statement dated _____, 2012 (the "Preliminary Offering Statement"), that the Board hereby deems final in accordance with Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "SEC Rule"), as of its date, except for certain permitted omissions in connection with the pricing of the Certificates.

(b) As soon as practicable after the date hereof, and, in any event within seven business days of the date hereof (or within such shorter period as may be reasonably requested by the Underwriter in order to accompany any confirmation that requests payment from any customer to comply with Rule G-32 of the Municipal Securities Rulemaking Board (the "MSRB")), but in no event later than three business days prior to the Date of Closing, the Board shall, so as to enable the Underwriter to comply with the provisions of the SEC Rule,

deliver, or cause to be delivered, to the Underwriter a sufficient number of copies of a final Offering Statement as the Underwriter shall request dated the date hereof (including the cover page and appendices contained therein, the "Offering Statement"), together with all supplements and amendments thereto, substantially in the form of the Preliminary Offering Statement, with only such changes therein as shall have been accepted by the Underwriter, executed on behalf of the Board by the Chair and the Superintendent of Schools.

(c) The Underwriter shall give notice to the Board and the Corporation on the date after which no participating underwriter, as such term is defined in the SEC Rule, remains obligated to deliver Offering Statements pursuant to paragraph (b)(4) of the SEC Rule.

(d) At or prior to the Closing, the Underwriter shall file, or cause to be filed, the Offering Statement with the MSRB via its Electronic Municipal Market Access ("EMMA") system.

(e) At Closing, the Board shall deliver, or cause to be delivered, to the Underwriter copies of the Resolution, certified to by its Secretary, substantially in the form heretofore delivered to the Underwriter, with only such changes therein as agreed upon by the Underwriter.

3. Public Offering. The Underwriter agrees to make an offering of all the Certificates at a price not in excess of the initial public offering prices or lower than the yields set forth on the inside cover page of the Offering Statement. The Underwriter reserves the right to make concessions to dealers and to charge such initial public offering prices as the Underwriter reasonably deems necessary in connection with the marketing of the Certificates. The Board and the Corporation hereby authorize the Underwriter to use the Offering Statement and the information contained therein in connection with the offering and sale of the Certificates and ratings and confirm their authorization of the use by the Underwriter prior to the date hereof of the Preliminary Offering Statement in connection with such offering and sale.

4. Good Faith Check. Delivered to the Board herewith is a corporate check of the Underwriter, payable to the order of the Board in the sum of \$_____ (the "Good Faith Check"). In the event that this offer is accepted, the Good Faith Check shall be held uncashed by the Board until the Closing and in the event the Underwriter complies with its obligations to accept and pay for the Certificates, as provided herein, said check shall be returned to the Underwriter at the Closing. In the event that the Board does not approve this offer, the Good Faith Check shall be immediately returned to the Underwriter. In the event that the Underwriter fails (other than for a reason permitted hereunder) to accept and pay for the Certificates at the Closing as herein provided, the Board may cash the Good Faith Check and apply the funds to defray its expenses and to pay liquidated damages for such failure and for any defaults hereunder on the part of the Underwriter, and such use shall constitute a full release and discharge of all claims by the Board against the Underwriter arising out of the transactions contemplated hereby. In the event of the failure by the Board to deliver the Certificates at the Closing, or if the Board shall be unable to satisfy the conditions to the

obligations of the Underwriter contained herein (unless such conditions are waived by the Underwriter), or if the obligations of the Underwriter shall be terminated for any reason permitted hereunder, the Board shall immediately cause the Good Faith Check to be returned to the Underwriter, and such return shall constitute a full release and discharge of all claims by the Underwriter against the Board arising out of the transactions contemplated hereby.

5. Representations, Warranties and Agreements.

(a) By its acceptance hereof, the Board represents and warrants to and agrees with the Underwriter that, as of the date hereof:

(i) The Board is duly and validly existing as a body corporate and politic pursuant to Article IX, Section 4(a) of the Florida Constitution and the laws of the State of Florida (particularly Chapter 1001, Florida Statutes) and is the governing body of the public schools within the School District of Clay County, Florida (the "District").

(ii) The Board has full legal right, power and authority to enter into this Purchase Contract, the Master Lease-Purchase Agreement, dated as of May 15, 1997, between the Board and the Corporation, as amended and supplemented, and as particularly as amended and supplemented by the Amended and Restated Lease Schedule No. 2003, dated as of _____ 1, 2012 (the Master Lease and such Amended and Restated Lease Schedule No. 2003 being herein collectively described as the "Series 2003 Lease Agreement"), the Continuing Disclosure Certificate (the "Disclosure Certificate") to be dated as of the date of delivery of the Certificates, the Ground Lease Agreement dated as of July 1, 2003, between the Board and the Corporation as amended and supplemented (the "Ground Lease"), the Escrow Deposit Agreement, dated as of _____ 1, 2012, between the Board and U.S. Bank, National Association, as escrow agent (the "Escrow Agreement") and the Trust Agreement; by official action of the Board taken prior to or concurrently with the acceptance hereof, the Resolution has been duly adopted in accordance with the Constitution of the State of Florida and the laws of the State of Florida; the Resolution is in full force and effect and has not been rescinded; this Purchase Contract, the Series 2003 Lease Agreement, the Disclosure Certificate, the Ground Lease, the Escrow Agreement and the Trust Agreement, when executed by the Board will each be duly authorized and delivered and, assuming the due authorization, execution and delivery by the other parties thereto, will constitute the legal, valid and binding obligations of the Board enforceable in accordance with their respective terms, except as the enforcement thereof may be affected by bankruptcy, insolvency, or other laws affecting the rights of creditors or tenants generally or the application by a court of equitable principles; the Board has duly authorized and approved the consummation by it of all other transactions contemplated by the Resolution, the Offering Statement, the Disclosure Certificate, the Series 2003 Lease Agreement, the Ground Lease, the Escrow Agreement and this Purchase Contract to have been performed or consummated at or prior to the Date of Closing.

(iii) The execution and delivery of this Purchase Contract, the Series 2003 Lease Agreement, the Disclosure Certificate, the Ground Lease, the Escrow Agreement and

the Trust Agreement, the issuance by the Trustee of the Certificates and the adoption of the Resolution, and compliance with the obligations on the Board's part contained herein and therein, will not conflict with or constitute a material breach of or material default under any federal or State of Florida constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Board is a party or to which the Board or any of its properties or other assets is otherwise subject, nor will any such execution, delivery, adoption, implementation or compliance result in the creation or imposition of any material lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or other assets of the Board under the terms of any such provision, law, regulation, document or instrument, except as provided or permitted by the Certificates, this Purchase Contract, the Series 2003 Lease Agreement, the Disclosure Certificate, the Ground Lease, the Escrow Agreement and the Trust Agreement.

(iv) All approvals, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Board of its obligations under this Purchase Contract, the Resolution, the Series 2003 Lease Agreement, the Disclosure Certificate, the Ground Lease, the Escrow Agreement and the Trust Agreement have been, or prior to the Closing will have been, duly obtained; provided, however, that this representation and warranty does not apply to such approvals, consents and orders as may be required under the "Blue Sky" or securities laws of any state in connection with the offering and sale of the Certificates.

(v) The information contained in the Preliminary Offering Statement and the Offering Statement pertaining to the Board, the District, Clay County, Florida (the "County"), the Certificates (other than the information related to The Depository Trust Company ("DTC") and its book-entry-only system of registration), the Resolution, the Series 2003 Lease Agreement, the Disclosure Certificate, the Ground Lease, the Escrow Agreement and the Trust Agreement was and is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact which is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(vi) Except as described in the Offering Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, governmental agency or public board or body, pending or, to the best knowledge of the Board, threatened against the Board: (A) which may affect the existence of the Board or the titles or rights of their officers to their respective offices; (B) which may affect or which seeks to prohibit, restrain or enjoin the sale, issuance or delivery of the Certificates, or the collection or payment of the Basic Rent and Supplemental Rent or assignment thereof to make payments on the Certificates and to make other payments under the Series 2003 Lease Agreement; (C) which in any way contests or affects the validity or enforceability of the Certificates, the Resolution, the Series 2003 Lease Agreement, the Disclosure Certificate, the Ground Lease, the Escrow

Agreement, the Trust Agreement or any of them; (D) which would cause the Interest Component of Basic Rent Payments to be included in gross income of the holders of the Certificates for purposes of federal income taxation; or (E) which contests in any way the completeness or accuracy of the Offering Statement or which contests the powers of the Board or any authority or proceedings for the issuance, sale or delivery of the Certificates, or the due adoption of the Resolution or the execution and delivery of this Purchase Contract, the Series 2003 Lease Agreement, the Trust Agreement, the Disclosure Certificate, the Ground Lease, the Escrow Agreement or any of them; nor, to the best knowledge of the Board, is there any basis therefor wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Certificates, the Resolution, the Trust Agreement, the Series 2003 Lease Agreement, the Disclosure Certificate, the Ground Lease, the Escrow Agreement or any of them, or this Purchase Contract.

(vii) The Board will furnish such information, execute such instruments and take such other action not inconsistent with law in cooperation with the Underwriter as the Underwriter may reasonably request in order: (A) to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; and (B) to determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the initial distribution of the Certificates; provided that the Board shall not be obligated to pay any fee, qualify to do business or to take any action that would subject it to general service of process in any state where it is not now so subject.

(viii) If, after the date of this Purchase Contract and until the earlier of (A) ninety (90) days from the "end of the underwriting period," as defined below, or (B) the time when the Offering Statement is available to any person from a nationally recognized repository, but in no case less than 25 days following the end of the underwriting period, the Board becomes aware that any event shall have occurred which might or would cause the Offering Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Board shall notify the Underwriter thereof, and, if in the opinion of the Underwriter or the Board, such event requires the preparation and publication of a supplement or amendment to the Offering Statement, the Board will, at its own expense, forthwith prepare and furnish to the Underwriter a sufficient number of copies of an amendment of or supplement to the Offering Statement (in form and substance satisfactory to the Underwriter and its Counsel) which will supplement or amend the Offering Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at such time, not misleading.

(ix) The Board covenants to comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), in order to maintain the exclusion from gross income for purposes of federal income taxation of the Interest Component of Basic

Rent Payments, subject to the right of the Board to non-appropriate. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Certificates and other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The Board does not have any material unfunded rebate obligations with respect to any Certificates previously issued under the Trust Agreement.

(x) The Board has not, since December 31, 1975, been in default in the payment of principal of, premium, if any, or interest on, or otherwise been in default with respect to, any bonds, notes or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest.

(xi) Other than as disclosed in the Preliminary Offering Statement and the Offering Statement, the Board has not in the past five years failed to comply in any material respect with any previous continuing disclosure undertakings made pursuant to the SEC Rule.

(xii) The Board has never been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Board is an issuer whose arbitrage certificates cannot be relied upon.

(xiii) Since June 30, 2011, the date of the latest available audited financial statements of the Board, other than as disclosed in the Preliminary Offering Statement and the Offering Statement, there has been no material adverse change in the financial position or results of operation of the Board, nor has the Board incurred any material liabilities other than (i) in the ordinary course of business, and (ii) obligations incurred in connection with the issuance of the Certificates.

(xiv) The Board acknowledges and agrees that (i) the purchase and sale of the Certificates pursuant to this Purchase Contract is an arm's-length commercial transaction between the Board and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter are and have been acting solely as principals and are not acting as the agents or fiduciaries of the Board, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Board with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or are currently providing other services to the Board on other matters) and the Underwriter has no obligation to the Board with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract and (iv) the Board has consulted with its own legal, financial and other advisors to the extent it has deemed appropriate. The Underwriter has financial and other interests that differ from those of the Board.

For purposes of subparagraph (viii) above, the "end of the underwriting period" means the later of such time as (i) the Board causes the Certificates to be delivered to the Underwriter

or (ii) the Underwriter does not retain, directly or as a member or an underwriting syndicate, an unsold balance of the Certificates for sale to the public.

(b) By its acceptance hereof, the Corporation represents and warrants to and agrees with the Underwriter that, as of the date hereof:

(i) The Corporation is a not-for-profit corporation duly organized, incorporated, validly existing, and in good standing under the laws of the State of Florida (particularly Chapter 617, Florida Statutes).

(ii) The Corporation has full legal right, power and authority to enter into this Purchase Contract, the Series 2003 Lease Agreement, the Trust Agreement, the Assignment of Lease Agreement, dated as of May 15, 1997, as amended and supplemented from time to time, by the Corporation to the Trustee (collectively the "Lease Assignment"), the Ground Lease, the Assignment of Ground Lease, dated as of March 1, 2003 from the Corporation to the Trustee (the "Ground Lease Assignment"); pursuant to a resolution adopted by the Corporation on May 17, 2012 (the "Corporation Resolution"), this Purchase Contract, the Trust Agreement, the Series 2003 Lease Agreement, the Lease Assignment and the Ground Lease Assignment have been duly authorized, executed and delivered by the Corporation and, assuming the due authorization, execution and delivery of the other parties thereto, constitute the legal, valid and binding obligations of the Corporation enforceable in accordance with their respective terms, except as the enforcement thereof may be affected by bankruptcy, insolvency, or other laws affecting the rights of creditors or tenants generally or the application by a court of equitable principles; the Corporation Resolution is in full force and effect and has not been rescinded; the Corporation has duly authorized and approved the consummation by it of all other transactions contemplated by the Trust Agreement, the Series 2003 Lease Agreement, the Lease Assignment, the Offering Statement, the Ground Lease, the Ground Lease Assignment and this Purchase Contract to have been performed or consummated at or prior to the Date of Closing.

(iii) The execution and delivery of the Certificates, this Purchase Contract, the Trust Agreement, the Series 2003 Lease Agreement, the Lease Assignment, the Ground Lease, the Ground Lease Assignment and the adoption of the Corporation Resolution and compliance with the obligations on the Corporation's part contained herein and therein, will not conflict with or constitute a material breach of or material default under any federal or State of Florida constitutional provisions, law, administrative regulations, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Corporation is a party or to which the Corporation or any of its properties or other assets is otherwise subject, nor will any such execution, delivery, adoption, implementation or compliance result in the creation or imposition of any material lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or other assets of the Corporation under the terms of any such provision, law, regulation, document or instrument, except as provided or permitted by the Corporation Resolution, this Purchase

Contract, the Certificates, the Series 2003 Lease Agreement, the Trust Agreement, the Ground Lease, the Ground Lease Assignment and the Lease Assignment.

(iv) All approvals, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Corporation of its obligations under this Purchase Contract, the Trust Agreement, the Certificates, the Series 2003 Lease Agreement, the Ground Lease, the Ground Lease Assignment and the Lease Assignment have been, or prior to the Closing will have been, duly obtained; provided, however, that this representation and warranty does not apply to such approvals, consents and orders as may be required under the "blue sky" or securities laws of any state in connection with the offering and sale of the Certificates.

(v) The information contained in the Preliminary Offering Statement and the Offering Statement pertaining to the Corporation, the Certificates, the Trust Agreement, the Series 2003 Lease Agreement, the Ground Lease, the Ground Lease Assignment and the Lease Assignment was and is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact which is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(vi) Except as described in the Offering Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, governmental agency or public board or body, pending or, to the best knowledge of the Corporation, threatened against the Corporation: (A) which may affect the existence of the Corporation or the titles or rights of their officers to their respective offices; (B) which may affect or which seeks to prohibit, restrain or enjoin the sale, issuance or delivery of the Certificates, or the collection or payment of the Basic Rent or assignment thereof to make payments on the Certificates and to make other payments under the Series 2003 Lease Agreement; (C) which in any way contests or affects the validity or enforceability of the Certificates, the Corporation Resolution, the Trust Agreement, the Series 2003 Lease Agreement, the Ground Lease, the Ground Lease Assignment, the Disclosure Certificate and the Lease Assignment or any of them; (D) which would cause the Interest Component of Basic Rent Payments to be included in the federal gross income of the holders of the Certificates; or (E) which contests in any way the completeness or accuracy of the Preliminary Offering Statement or the Offering Statement or which contests the powers of the Corporation or any authority or proceedings for the issuance, sale or delivery of the Certificates, or the due execution and delivery of this Purchase Contract, the Series 2003 Lease Agreement, the Trust Agreement, the Ground Lease, the Ground Lease Assignment and the Lease Assignment or any of them; nor, to the best knowledge of the Corporation, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Certificates, the Trust Agreement, the Series 2003 Lease Agreement and the Lease Assignment, the Ground Lease, the Ground Lease Assignment or any of them, or this Purchase Contract.

(vii) The Corporation will furnish such information, execute such instruments and take such other action not inconsistent with law in cooperation with the Underwriter as the Underwriter may reasonably request in order to qualify the Certificates for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate, and to determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the initial distribution of the Certificates; provided that the Corporation shall not be obligated to pay any fee, qualify to do business or to take any action that would subject it to general service of process in any state where it is not now so subject.

(viii) If between the date of this Purchase Contract and the Date of the Closing any event shall occur of which the Corporation has knowledge which would or might cause the information contained in the Offering Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Corporation shall notify the Underwriter thereof, and if in the reasonable opinion of the Underwriter or the Corporation, such event requires the preparation and publication of a supplement or amendment to the Offering Statement, the Corporation shall cooperate with the Underwriter in supplementing or amending the Offering Statement, in such form and manner and at such time or times as may be reasonably called for by the Underwriter.

6. The Closing. At _____ a.m., local time, _____, 2012 (such date herein called the "Date of Closing"), or at such later time or on such later date as may be mutually agreed upon by the Board, the Trustee and the Underwriter, the Board shall cause the Trustee, subject to the terms and conditions hereof, to deliver the Certificates to the Underwriter through the facilities of DTC in New York, New York in definitive form (bearing proper CUSIP number), duly executed and authenticated, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Underwriter shall accept such delivery and pay the purchase price of the Certificates as set forth in Paragraph 1 hereof in Federal funds to the order of the Trustee (such delivery of and payment for the Certificates herein called the "Closing"). The Closing shall occur at the offices of the Board in Green Cove Springs, Florida, or such other place as shall have been mutually agreed upon by the Board, the Corporation, the Trustee and the Underwriter. The Certificates shall be prepared and delivered as fully registered certificates in the definitive form as described in the Offering Statement and the Trust Agreement and will be made available for inspection and checking by the Underwriter at the office of The Depository Trust Company, New York, New York, or at such other place as shall be mutually agreed upon, not later than 10:00 a.m., New York time, on the business day prior to the Date of Closing.

7. Closing Conditions. The Underwriter is entering into this Purchase Contract in reliance upon the representations, warranties and agreements of the Board and the Corporation contained herein, and in reliance upon the representations, warranties and agreements to be

contained in the documents and instruments to be delivered at the Closing, and upon the performance of the covenants and agreements herein, as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligation under this Purchase Contract to purchase, to accept delivery of and to pay for the Certificates shall be conditioned upon the performance of the covenants and agreements to be performed hereunder and under such other documents and instruments to be delivered at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) The representations and warranties of the Board and the Corporation contained herein shall be true, complete and correct on the date hereof and as of the Date of Closing, as if made on the Date of Closing, and a certificate to that effect shall be delivered to the Underwriter by the Board and the Corporation at Closing.

(b) At the date of execution hereof and at the Closing, the Resolution shall have been duly approved and adopted by the Board, shall be in full force and effect, and shall not have been amended, modified or supplemented, except to the extent to which the Underwriter shall have given its prior written consent and there shall have been taken in connection therewith and in connection with the issuance of the Certificates all such action as, in the opinion of Mark E. Raymond, Esq., Special Counsel and Bryant Miller Olive P.A., Counsel for the Underwriter, shall be necessary and appropriate in connection with the transactions contemplated hereby.

(c) At the Closing, there will be no pending or threatened litigation or proceeding of any nature seeking to restrain or enjoin the issuance, sale or delivery of the Certificates, or the collection or application of the Basic Rent Payments to make payments on the Certificates or in any way contesting or affecting the validity or enforceability of the Certificates, the Resolution, this Purchase Contract, the Series 2003 Lease Agreement, the Lease Assignment, the Trust Agreement, the Disclosure Certificate, the Ground Lease, the Ground Lease Assignment or contesting in any way the proceedings of the Board, the Corporation or the Trustee taken with respect thereto, or contesting in any way the due existence or powers of the Board, the Corporation or the Trustee or the title of any of the members or officials of the Board, the Corporation or the Trustee to their respective offices and the Underwriter will receive the certificates of the Board, the Corporation and the Trustee to the foregoing effect, or opinions of Counsel to the Board, the Corporation and the Trustee that any such litigation is without merit.

(d) There shall have been no material adverse change in the financial condition of the Board since June 30, 2011.

(e) At the Closing, the Underwriter shall receive all of the documents required by Section 4.13 of the Trust Agreement and, in addition, the following documents, each dated as of the Closing:

(i) The opinion of Mark E. Raymond, Esq., Special Counsel, dated the Date of Closing, in substantially the form attached to the Offering Statement as Appendix "G";

(ii) An opinion of Special Counsel, addressed to the Underwriter and the Trustee, substantially to the effect that (1) the Underwriter and the Trustee may rely upon the opinion referred to in (i) above as though addressed to them; (2) prior to termination of the Series 2003 Lease Agreement, the Certificates are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; (3) the Board is a body corporate and politic and the governing body of the District, duly organized and existing under the Constitution and laws of the State of Florida with full power and authority to adopt the Resolution, and enter into this Purchase Contract, the Series 2003 Lease Agreement, the Trust Agreement, the Ground Lease and the Disclosure Certificate; (4) the Board has authorized, executed and delivered the Offering Statement and has duly authorized the distribution of the Offering Statement; and (5) with respect to information in the Offering Statement and based upon said firm's review of the Offering Statement, as Special Counsel, and without having undertaken to determine independently the accuracy or completeness of the contents of the Offering Statement, the information in the Offering Statement under the headings (unless otherwise noted, the term "headings" includes all subheadings under a heading) entitled "INTRODUCTION" (excluding the information regarding projects, lease terms, and principal amount of outstanding certificates of participation with respect to other leases under the Master Lease, as to which no opinion need be expressed), "AUTHORIZATION," "PLAN OF REFINANCE," "DESCRIPTION OF THE CERTIFICATES," "SECURITY FOR THE CERTIFICATES," "SUMMARY OF LEASE-PURCHASE PLAN" (excluding any financial, statistical and demographic information and the information regarding Assured Guaranty Municipal Corp. (the "Insurer") or its policy of insurance (the "Policy") relating to the Certificates or DTC and its book-entry-only system of registration, as to all of which no opinion need be expressed) and "TAX EXEMPTION" insofar as the same purport to describe the Certificates, the Trust Agreement, the Series 2003 Lease Agreement, the Ground Lease, the Escrow Agreement, the Constitution and the laws of the State of Florida or the United States and to the extent indicated therein are accurate and fair statements or summaries of the information contained therein.

(iii) An opinion of J. Bruce Bickner, P.A., Orange Park, Florida, Counsel to the Board, addressed to the Underwriter, the Board and the Trustee, substantially to the effect that: (A) the Board is a body corporate and politic and the governing body of the District, duly organized and existing under the Constitution and laws of the State of Florida, with full power and authority to adopt the Resolution and enter into this Purchase Contract, the Series 2003 Lease Agreement, the Trust Agreement, the Ground Lease, the Escrow Agreement and the Disclosure Certificate; (B) this Purchase Contract Certificate, the Series 2003 Lease Agreement, the Trust Agreement, the Ground Lease, the Escrow Agreement and the Disclosure Certificate have been duly authorized, executed and delivered by the Board and, assuming the due authorization, execution and delivery by the other parties thereto, constitute legal, valid, and binding agreements of the Board enforceable in accordance with their respective terms

except to the extent that the enforceability of the rights and remedies set forth therein may be limited by bankruptcy, insolvency or other laws affecting creditors' or tenants' rights generally and the application of equitable principles; (C) the Board has authorized, executed and delivered the Offering Statement and the information in the Offering Statement under the heading "LITIGATION," and regarding the Board and the Resolution is correct in all material respects and does not omit any statement which, in their opinion, should be included or referred to therein; (D) to the best of their knowledge, based upon the facts provided by the staff of the Board, the Board is not in material breach of or material default under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, material resolution, material agreement or other material instrument to which the Board is a party or to which the Board or any of its property or assets is otherwise subject, and no event has occurred and is continuing that with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the execution and delivery of this Purchase Contract, the Trust Agreement, the Series 2003 Lease Agreement, the Ground Lease, the Escrow Agreement and the Disclosure Certificate and the adoption of the Resolution and compliance with the provisions on the Board's part contained herein or therein, will not conflict with or constitute a material breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Board is a party or to which the Board or any of its property or assets is otherwise subject, and any such execution, delivery, adoption or compliance will not result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Board under the terms of any such law, regulation or instrument, except as expressly provided by this Purchase Contract, the Certificates, the Resolution, the Trust Agreement, the Series 2003 Lease Agreement, the Ground Lease, the Escrow Agreement and the Disclosure Certificate; (E) the Resolution has been duly and lawfully adopted by the Board, is in full force and effect and has not been altered, amended or repealed; (F) to the best of their knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, pending or threatened against or affecting the Board, nor, to his knowledge, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would have a materially adverse effect upon the transactions contemplated by the Offering Statement or the validity of this Purchase Contract, the Certificates, the Resolution, the Trust Agreement, the Series 2003 Lease Agreement, the Ground Lease, the Escrow Agreement or the Disclosure Certificate; and (G) all authorizations, consents, approvals and reviews of governmental bodies or regulatory authorities then required for the Board's adoption, execution or performance of its obligations under the Resolution, the Series 2003 Lease Agreement, the Trust Agreement, this Purchase Contract, the Ground Lease, the Escrow Agreement and the Disclosure Certificate have been obtained or effected.

(iv) A certificate dated the Date of Closing, signed by the Chairman of the Board and the Superintendent, or other appropriate officials satisfactory to the Underwriter,

to the effect that, to the best knowledge of each of them, the representations of the Board herein are true and correct in all material respects as of the Date of Closing; (B) the Board has performed all obligations to be performed and has satisfied all conditions on its part to be observed or satisfied under this Purchase Contract, the Resolution, the Series 2003 Lease Agreement, the Trust Agreement, the Ground Lease, the Escrow Agreement and the Disclosure Certificate, as of the Date of Closing; (C) except as disclosed in the Offering Statement, there is no litigation of which either of them have notice, and to the best knowledge of each of them no litigation is pending or threatened (1) to restrain or enjoin the issuance or delivery of any of the Certificates, (2) in any way contesting or affecting any authority for the issuance of the Certificates or the validity of the Certificates, the Resolution, the Trust Agreement, the Series 2003 Lease Agreement, this Purchase Contract, the Ground Lease, the Escrow Agreement and the Disclosure Certificate, (3) in any way contesting the corporate existence or powers of the Board, (4) to restrain or enjoin the collection of the Basic Rent Payments or the application thereof to make the payments on the Certificates, (5) which may result in any material adverse change in the business, properties, assets and the financial condition of the Board taken as a whole, or (6) asserting that the Offering Statement contains any untrue statement of a material fact or omits any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (D) since June 30, 2011, no material adverse change has occurred in the financial position or results of operations of the Board except as set forth in or contemplated by the Offering Statement, and the Board has not incurred any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Offering Statement; and (E) the Offering Statement did not as of its date, and does not as of the Date of Closing contain any untrue statement of a material fact or omit to state any material fact relating to the Board or the District required to be included therein or necessary in order to make the statements contained therein, in light of the circumstances in which they were made, not misleading (provided, however, that no opinion need be expressed with respect to the information contained therein relating to the Insurer or the Policy or DTC and its the book-entry system of registration).

(v) An opinion dated the Date of Closing and addressed to the Underwriter, the Corporation and the Trustee from J. Bruce Bickner, P.A., Special Counsel to the Corporation, to the effect that: (A) the Corporation is a not-for-profit corporation duly incorporated and organized, validly existing and in good standing, under the laws of the State of Florida; (B) this Purchase Contract, the Trust Agreement, the Ground Lease, the Series 2003 Lease Agreement, the Ground Lease Assignment and the Lease Assignment have each been duly authorized, executed and delivered by the Corporation and, assuming the due authorization, execution and delivery by the other parties thereto, each constitutes a legal, valid, and binding agreement of the Corporation enforceable in accordance with its terms except to the extent that the enforceability of the rights and remedies set forth therein may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and the application of equitable principles; (C) the information in the Offering Statement as to legal matters relating to the Corporation is correct in all material respects and does not omit any statement which, in their opinion, should be included or referred to therein; (D) to the best of their knowledge, the

Corporation is not in material breach of or material default under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, material resolution, material agreement or other material instrument to which the Corporation is a party or to which the Corporation or any of its property or assets is otherwise subject, and no event has occurred and is continuing that with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and, to the best of their knowledge, the execution and delivery of this Purchase Contract, the Trust Agreement, the Ground Lease, the Series 2003 Lease Agreement, the Ground Lease Assignment and the Lease Assignment and compliance with the provisions on the Corporation's part contained herein or therein, will not conflict with or constitute a material breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Corporation is a party or to which the Corporation or any of its property or assets is otherwise subject, and, to the best of their knowledge, any such execution, delivery, adoption or compliance will not result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation under the terms of any such law, regulation or instrument, except as expressly provided by this Purchase Contract, the Trust Agreement, the Ground Lease, the Series 2003 Lease Agreement, the Ground Lease Assignment and the Lease Assignment; (E) to the best of their knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, pending or threatened against or affecting the Corporation, nor is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would have a materially adverse effect upon the transactions contemplated by the Offering Statement or the validity of the Certificates, the Trust Agreement, the Ground Lease, the Series 2003 Lease Agreement, the Ground Lease Assignment and the Lease Assignment or this Purchase Contract; and (F) to the best of their knowledge, all authorizations, consents, approvals and reviews of governmental bodies or regulatory authorities then required for the Corporation's adoption, execution or performance of its obligations under the Trust Agreement, the Ground Lease, the Series 2003 Lease Agreement, the Ground Lease Assignment, the Lease Assignment and this Purchase Contract have been obtained or effected.

(vi) A certificate, dated the Date of Closing, signed by the President and Secretary of the Corporation or other appropriate officials satisfactory to the Underwriter, to the effect that, to the best of their knowledge: (A) the representations of the Corporation herein are true and correct in all material respects as of the Date of Closing; (B) the Corporation has performed all obligations to be performed and has satisfied all conditions on its part to be observed or satisfied under this Purchase Contract, the Trust Agreement, the Ground Lease, the Series 2003 Lease Agreement, the Ground Lease Assignment and the Lease Assignment as of the Date of Closing; (C) except as disclosed in the Offering Statement, there is no litigation of which they have notice, and to the best of their knowledge no litigation is pending or threatened (1) to restrain or enjoin the issuance or delivery of any of the Certificates, (2) in any

way contesting or affecting any authority for the issuance of the Certificates or the validity of the Certificates, the Trust Agreement, the Ground Lease, the Series 2003 Lease Agreement, the Ground Lease Assignment and the Lease Assignment or this Purchase Contract, (3) in any way contesting the corporate existence or powers of the Corporation, (4) to restrain or enjoin the collection of the Basic Rent Payments, the Supplemental Rent Payments or the application thereof to make Certificate Payments, or (5) asserting that the Offering Statement contains any untrue statement of a material fact relating to the Corporation or omits any material fact relating to the Corporation necessary to make the statements therein relating to the Corporation, in light of the circumstances under which they were made, not misleading; and (D) the Corporation has not incurred any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Offering Statement.

(vii) An opinion dated the Date of Closing and addressed to the Board and the Underwriter of counsel to the Trustee, in its capacity as Trustee and Escrow Agent, to the effect that: (A) the Trustee is duly authorized to execute and deliver and to perform all of its obligations under the Trust Agreement, the Certificates, the Escrow Agreement and the Lease Assignment; (B) the execution and delivery of and performance by the Trustee of its obligations under the Trust Agreement, the Certificates, and the Lease Assignment are within the trust powers of the Trustee; (C) the Trustee has the legal power and authority to execute and deliver the Certificates and the Certificates have been duly executed and delivered in accordance with the Trust Agreement; and (D) the Trust Agreement, the Lease Assignment, the Escrow Agreement and the Ground Lease Assignment have each been duly authorized, executed and delivered by the Trustee, and each constitutes the legal, valid and binding obligation of the Trustee enforceable against it in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, moratorium, insolvency or similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(viii) A certificate dated the Date of Closing, signed by an authorized officer of the Trustee to the effect that: (A) the Trustee is a national banking association duly organized and in good standing under the laws of the United States of America, and is authorized to conduct its business in the State of Florida; (B) the Trustee has full corporate power, authority and legal right to execute and deliver, and perform its obligations under the Trust Agreement, the Lease Assignment, the Escrow Agreement and the Certificates and has taken any and all actions and has obtained any and all consents and approvals required in connection with the foregoing; (C) the execution and delivery of the Trust Agreement, the Certificates, the Lease Assignment, the Escrow Agreement and the Ground Lease Assignment, and all actions necessary or appropriate to carry out and consummate the transactions contemplated hereby and thereby, are within the trust powers of the Trustee; (D) the execution and delivery of, and the performance under each of the foregoing will not conflict with, violate or result in a breach of or constitute a default under the Trustee's charter, bylaws or articles of association or a material default under any indenture, agreement or other instrument by which the Trustee or any of its properties may be bound or any material 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 Trustee or any of its property and by which the Trustee or any of its property may be bound; (E) there is no litigation, proceeding or investigation relating to the Trustee before or by any court, public board or body pending or, to the knowledge of the Trustee, threatened against or affecting the Trustee, challenging the validity of, or in which an unfavorable decision, ruling or finding would materially adversely affect the Certificates, the Trust Agreement, the Lease Assignment, the Escrow Agreement and the Ground Lease Assignment; (F) the Certificates have been duly authenticated, executed and delivered in accordance with the Trust Agreement; and (G) the Trustee has performed all obligations to be performed and has satisfied all conditions on its part to be observed or satisfied as a precondition to the effectiveness of the Lease Assignment, the Ground Lease Assignment, the Trust Agreement, the Escrow Agreement and the Certificates, at or prior to the Closing.

(ix) An opinion, dated the Date of Closing and addressed to the Underwriter, of Bryant Miller Olive P.A., counsel for the Underwriter, substantially to the effect that (A) the Disclosure Certificate provides a suitable basis for the Underwriter to make a reasonable determination as required by paragraph (b)(5) of the SEC Rule and (B) prior to termination of the Series 2003 Lease Agreement, the Certificates are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(x) An opinion, dated the Date of Closing and addressed to the Underwriter, of Bryant Miller Olive P.A., Underwriter's Counsel, substantially to the effect that (A) based upon their participation and their review of the Offering Statement as Underwriter's Counsel and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Offering Statement, nothing has come to their attention causing them to believe that the Offering Statement contains any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for the information regarding DTC and its book-entry-only system registration and the financial and statistical information contained in the Offering Statement as to which no view need be expressed), (B) the Board has complied with the continuing disclosure requirements of the SEC Rule, and (C) prior to termination of the Series 2003 Lease Agreement, the Certificates are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(xi) An executed copy of the Policy issued by the Insurer relating to the Certificates in form and substance satisfactory to the Underwriter.

(xii) Evidence satisfactory to the Underwriter that Moody's Investors Service ("Moody's") and Fitch Ratings ("Fitch") have issued ratings of "_____" and "_____" respectively, on the Certificates as of the Date of Closing, which rating shall be based on the

issuance of the Policy and that Moody's and Fitch have issued ratings of "____" and "____" respectively, without regard to the issuance of the Policy.

(xiii) Copies of the Series 2003 Lease Agreement, the Trust Agreement, the Lease Assignment, the Ground Lease, the Ground Lease Assignment, the Escrow Agreement, and the Disclosure Certificate, fully executed by the respective parties hereto.

(xiv) The report of Causey Demgen & Moore, Inc., certified public accountants, as to the accuracy of the calculations relating to the sufficiency of amounts to be held under the Escrow Agreement to pay its principal, redemption premium, if any, and interest on the Refunded Certificates.

(xv) A certificate of an officer of the Insurer or opinion of Counsel to the Insurer, dated the Closing Date, addressed to the Underwriter and the Board, in form and substance satisfactory to the Underwriter and the Board, substantially to the effect that (A) the Insurer is duly qualified to do business in the State of Florida, (B) the Insurer has full corporate power and authority to execute and deliver the Policy and the Policy has been duly authorized, executed and delivered by the Insurer and constitutes a legal, valid and binding obligation of the Insurer enforceable in accordance with its terms, (C) the statements contained in the Offering Statement under the heading "MUNICIPAL BOND INSURANCE POLICY" insofar as such statements constitute summaries of the matters referred to therein, accurately reflect and fairly present the information purported to be shown and, insofar as such statements purport to describe the Insurer, fairly and accurately describe the Insurer, (D) the Insurer has not been in default after December 31, 1975 as to principal or interest with respect to any obligations insured by the Insurer, (E) proceedings legally required for the issuance of the Policy have been taken by the Insurer and licenses, orders, consents or other authorizations or approvals of any governmental boards or bodies legally required for the enforceability of the Policy have been obtained, and (F) proceedings not taken and any licenses, authorizations or approvals not obtained are not material to the enforceability of the Policy.

(xvi) Such additional legal opinions, certificates, instruments, approvals and other documents as the Underwriter may reasonably require to evidence the truth and accuracy, as of the date hereof and as of the Date of Closing, of the representations and warranties contained herein and of the statements and information contained in the Offering Statement and the due performance or satisfaction on or prior to the Date of Closing of all the agreements then to be performed and conditions then to be satisfied by the Board or the Trustee.

All of the evidence, opinions, letters, certificates, instruments and other documents, mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in the form specified herein or are otherwise in form and substance satisfactory to the Underwriter and its counsel.

If the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Certificates contained in this Purchase Contract are not satisfied, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Certificates shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriter nor the Board, the Corporation or the Trustee shall be under any further obligation hereunder, except that the respective obligations of the Board and the Underwriter set forth in Paragraph 9 hereof shall continue in full force and effect and the Good Faith Check specified in Paragraph 4 hereof shall be returned to the Underwriter.

8. Termination. The Underwriter may terminate this Purchase Contract in their discretion by notice to the Board and the Corporation in the event that between the date hereof and the Closing (a) legislation shall be enacted by the Congress of the United States or adopted by either House thereof or a decision by a court of the United States or the Tax Court of the United States shall be rendered or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made, with respect to federal taxation of revenues or other income of the general character expected to be derived under the Series 2003 Lease Agreement from the Board or upon interest received on securities of the general character of the Certificates or which would have the effect of changing, directly or indirectly, the federal income tax consequences of receipt of interest on securities of the general character of the Certificates in the hands of the holders thereof, which in the reasonable opinion of the Underwriter would materially adversely affect the market price of the Certificates; (b) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis the effect of which on financial markets is such as to make it, in the reasonable judgment of the Underwriter, impractical or inadvisable to proceed with the offering or delivery of the Certificates as contemplated by the final Offering Statement (it being agreed by the parties hereto that no such situation currently exists); (c) trading in the Board's outstanding securities shall have been suspended by the Securities and Exchange Commission or trading in securities generally on the New York Stock Exchange shall have been suspended or limited or minimum prices shall have been established on such Exchange; (d) a general banking moratorium shall have been established by federal, New York or Florida authorities; (e) any event shall have occurred or shall exist which, in the reasonable opinion of the Underwriter, would or might cause the information contained in the Offering Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading as of such time; (f) legislation shall be enacted, or a decision by a court of the United States shall be rendered, that, in the reasonable opinion of counsel for the Underwriter, has the effect of requiring the contemplated distribution of the Certificates or any action or instrument pertaining thereto to be registered under the Securities Act of 1933, as amended, or under Florida law, or of requiring the Trust Agreement, or any instrument or act pertaining thereto to be qualified under the Trust Indenture Act of 1939, as amended; or (g) there shall have been any materially adverse change in the affairs of the Board that, in reasonable judgment of the Underwriter, materially and

adversely affects the market price or marketability of the Certificates or the ability of the Underwriter to enforce contracts for the sale of the Certificates.

9. Expenses.

(a) Except as provided in (b) below, the Underwriter shall be under no obligation to pay, and the Board shall pay, such expenses incident to the issuance of the Certificates and the performance of the Board's obligations hereunder, including, but not limited to the following expenses: (i) the cost of preparing and printing or other reproduction of the Series 2003 Lease Agreement, the Lease Assignment, the Disclosure Certificate, the Ground Lease, the Ground Lease Assignment, the Escrow Agreement and the Trust Agreement; (ii) the cost of preparing and printing the Certificates, the Preliminary Offering Statement and the Offering Statement; (iii) the fees and disbursements of the Trustee and the escrow agent; (iv) the fees and disbursements of Special Counsel, Disclosure Counsel, Counsel to the Board and Special Counsel to the Corporation; (v) the fees and disbursements of the financial advisor to the Board; (vi) the fees relating to the ratings on the Certificates; and (vii) the fees and disbursements of any experts, accountants, consultants or advisors retained by the Board or the Corporation. The Board shall pay for expenses (included in the expense component of the Underwriter's discount) incurred on behalf of Board employees which are incidental to implementing this agreement.

(b) The Underwriter shall pay expenses related to the initial purchase and sale of the Certificates as follows: (i) all advertising expenses in connection with the public offering of the Certificates; (ii) the fees and disbursements of Bryant Miller Olive P.A., Counsel to the Underwriter; (iii) the costs of "blue sky," Day Loan and Fed Funds; (iv) the costs of preparing this Purchase Contract, and (v) all other expenses incurred by them in connection with the public offering of the Certificates.

10. Indemnity. To the extent permitted by law:

(a) The Board agrees to indemnify and hold harmless the Underwriter, the directors, officers, employees and agents of the Underwriter and each person who controls the Underwriter within the meaning of either the Securities Act of 1933 (the "Securities Act") or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact relating to the Board contained in the Offering Statement (or in any supplement or amendment thereto), or arise out of or are based upon the omission or alleged omission to state therein a material fact relating to the Board required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or

action; provided, however, that the Board will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made in the Offering Statement or the Offering Statement, or in any amendment thereof or supplement thereto, in reliance upon and in conformity with written information furnished to the Board by the Underwriter specifically for inclusion therein. This indemnity agreement will be in addition to any liability which the Board may otherwise have.

(b) The Underwriter agrees to indemnify and hold harmless the Board, each of its officials, directors, officers and employees, and each person who controls the Board within the meaning of either the Securities Act or the Exchange Act, to the same extent as the foregoing indemnity from the Board to the Underwriter, but only with reference to written information relating to the Underwriter furnished to the Board by the Underwriter specifically for inclusion in the Offering Statement (or in any amendment or supplement thereto). This indemnity agreement will be in addition to any liability which the Underwriter may otherwise have. The Board acknowledges that the statements set forth in the last paragraph of the cover page regarding the delivery of the Certificates, and, under the heading "UNDERWRITING", in the Offering Statement, constitute the only information furnished in writing by the Underwriter for inclusion in the Offering Statement (or in any amendment or supplement thereto hereinafter required).

(c) Promptly after receipt by an indemnified party under this Section 11 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 11, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from liability under paragraph (a) or (b) above unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses; and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a) or (b) above. The indemnifying party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought (in which case the indemnifying party shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the indemnified party or parties except as set forth below); provided, however, that such counsel shall be satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest; (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party; (iii) the

indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action; or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding.

(d) In the event that the indemnity provided in paragraph (a) or (b) of this Section 11 is unavailable to or insufficient to hold harmless an indemnified party for any reason, the Board and the Underwriter agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending same) (collectively "Losses") to which the Board and one or more of the Underwriter may be subject in such proportion as is appropriate to reflect the relative benefits received by the Board on the one hand and by the Underwriter on the other from the offering of the Certificates. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the Board and the Underwriter shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Board on the one hand and of the Underwriter on the other in connection with the statements or omissions which resulted in such Losses, as well as any other relevant equitable considerations. In no case shall any Underwriter (except as may be provided in any agreement among the Underwriter relating to the offering of the Certificates) be responsible for any amount in excess of the purchase discount or commission applicable to the Certificates purchased by the Underwriter hereunder. Benefits received by the Board shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses) received by it, and benefits received by the Underwriter shall be deemed to be equal to the total purchase discounts and commissions in each case set forth on the inside cover page of the Offering Statement. Relative fault shall be determined by reference to, among other things, whether any untrue or any alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information provided by the Board on the one hand or the Underwriter on the other, the intent of the parties and their relative knowledge, information and opportunity to correct or prevent such untrue statement or omission. The Board and the Underwriter agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph (d), no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 11, each person who controls the Underwriter within the meaning of either the Securities Act or the Exchange Act and each director, officer, employee and agent of the Underwriter shall have the same rights to contribution as the

Underwriter, and each person who controls the Board within the meaning of either the Securities Act or the Exchange Act and each official, director, officer and employee of the Board shall have the same rights to contribution as the Board, subject in each case to the applicable terms and conditions of this paragraph (d).

11. Parties in Interest.

(a) This Purchase Contract is made solely for the benefit of the Board, the Corporation and the Underwriter (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of the Board contained in this Purchase Contract shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the Certificates pursuant to this Purchase Contract; or (iii) any termination of this Purchase Contract, but only to the extent provided by Section 8 hereof.

(b) No covenant, stipulation, obligation or agreement contained in this Purchase Contract shall be deemed to be a covenant, stipulation, obligation or agreement of any member, agent or employee of the Board or the Corporation in his or her individual capacity and neither the members of the Board or the Corporation nor any official executing this Purchase Contract shall be liable personally under this Purchase Contract or be subject to any personal liability or accountability by reason of the execution hereof.

12. Effectiveness. This Purchase Contract shall become effective upon the execution of the acceptance hereof on behalf of the Board and the Corporation by their duly authorized officers, and shall be valid and enforceable at the time of such acceptance.

13. Counterparts. This Purchase Contract may be executed in several counterparts, which together shall constitute one and the same instrument.

14. Florida Law Governs. The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State of Florida.

15. Entire Agreement. This Purchase Contract when accepted by the Board and the Corporation in writing as heretofore specified shall constitute the entire agreement between us.

16. Headings. The headings of the Sections of this Purchase Contract are inserted for convenience only and shall not be deemed to be part hereof.

[Remainder of page intentionally left blank]

**[SIGNATURE PAGE FOR CERTIFICATE PURCHASE CONTRACT FOR CERTIFICATES
OF PARTICIPATION, SERIES 2012]**

Very truly yours,

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By: _____

Name: Michael Olliff

Title: Vice-President

**[SIGNATURE PAGE FOR CERTIFICATE PURCHASE CONTRACT FOR CERTIFICATES
OF PARTICIPATION, SERIES 2012]**

Accepted as of the date hereof:

THE SCHOOL BOARD OF CLAY
COUNTY, FLORIDA

By: _____

Name: Carol Studdard

Its: Chair

Attest:

Name: Ben Wortham

Its: Secretary/Superintendent of Schools

CLAY SCHOOL BOARD
LEASING CORPORATION

By: _____

Name: Carol Studdard

Its: Chair

Attest:

Name: Ben Wortham

Its: Secretary

APPENDIX A

\$ _____

**CERTIFICATES OF PARTICIPATION
(School Board of Clay County, Florida Master Lease Program), Series 2012
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 Clay County, Florida**

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND YIELDS

<u>Maturity (July 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Initial CUSIP Numbers</u>
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				

APPENDIX B

\$ _____

CERTIFICATES OF PARTICIPATION

(School Board of Clay County, Florida Master Lease Program), Series 2012

**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 Clay County, Florida**

PREPAYMENT PROVISIONS

[TO COME]

APPENDIX C

DISCLOSURE STATEMENT

The undersigned, Wells Fargo Bank, National Association (the "Underwriter"), hereby provides the following information in connection with the Certificates of Participation (School Board of Clay County, Florida Master Lease Program), Series 2012 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 Clay County, Florida:

1. Set forth is an itemized list of the nature and estimated amounts of expenses to be incurred by the Underwriter in connection with the issuance of the Certificates:

<u>Underwriter's Expenses</u>	<u>Per \$1,000</u>	<u>Total</u>
	_____	_____
	_____	_____
Total	_____	_____

2. Set forth below are the names, addresses and estimated amounts of compensation of all "finders," as defined in Section 218.386, Florida Statutes, as amended, in connection with the issuance of the Certificates:

NONE

3. The amount of the underwriting discount expected to be realized by the Underwriter with respect to the Certificates is \$ _____ (\$ _____ per \$1,000), which includes the following:

	<u>Per \$1,000</u>	<u>Total</u>
Average Takedown		
Underwriter's Expenses		
Total	_____	_____

No management fee is being received.

4. Set forth below are all fees, bonuses and other compensation to be paid by the Underwriter in connection with the Certificate issue to any person not regularly employed or retained by them.

NONE

5. The names and address of the Underwriter is as follows:

Wells Fargo Bank, National Association
2363 Gulf-to-Bay Boulevard
Mail Code: WS7517
Clearwater, Florida 33765

We understand that you do not require additional disclosure information pursuant to Section 218.385(6), Florida Statutes, as amended.

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Statement this ____ day of _____, 2012.

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By: _____

Name: Michael Olliff

Title: Vice President

**[SIGNATURE PAGE FOR DISCLOSURE STATEMENT FOR CERTIFICATES OF
PARTICIPATION, SERIES 2012A]**

APPENDIX D

TRUTH-IN-BONDING STATEMENT

_____, 2012

The School Board of Clay County, Florida
Green Cove Springs, Florida

Clay School Board Leasing Corporation
Green Cover Springs, Florida

Re: \$_____ Certificates of Participation (School Board of Clay County, Florida Master Lease Program), Series 2012 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 Clay County, Florida

Ladies and Gentlemen:

In connection with the proposed issuance of the \$_____ aggregate principal amount of Certificates of Participation (School Board of Clay County, Florida Master Lease Program), Series 2012 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 Clay County, Florida (the "Certificates"), Wells Fargo Bank, National Association, as the underwriter (the "Underwriter"), is underwriting a public offering of the Certificates pursuant to the Certificate Purchase Contract dated _____, 2012, between the Underwriter, the Corporation and the Board (the "Purchase Contract").

The purpose of this letter is to furnish, pursuant to the provisions of Section 218.385(2) and (3), Florida Statutes, as amended, the truth-in-bonding statement required thereby, as follows:

(1) The Board is proposing to issue \$_____ of the Certificates for the purpose of providing funds to refund certain outstanding Certificates of Participation and to pay certain costs of issuance with respect to the Certificates.

This obligation is expected to be repaid over a period of approximately ____ years. Assuming an all-inclusive true interest cost rate of _____% total interest paid over the life of the debt or obligation is estimated to be \$_____.

(2) The source of repayment for the Certificates is certain revenues of the Board. Based solely upon the assumptions set forth in (1) above, assuming annual appropriation by the

Board, the issuance of the Certificates will result in an average of \$_____ of the Board's legally available revenues not being available to the Board to finance other services of the Board in the years 2012 through July 1, 2025. Issuing the Certificates for the purpose of refinancing the Series 2003 Project will not result in a decrease in the Board's legally available revenues being available to the Board to finance other services over the same period of time.

The foregoing is provided for information purposes only and shall not affect or control the actual terms and conditions of the Certificates.

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By: _____
Name: Michael Olliff
Title: Vice President

Exhibit E

Preliminary Offering Statement

PRELIMINARY OFFERING STATEMENT DATED _____, 2012

NEW ISSUE - BOOK-ENTRY ONLY

**See "RATINGS" herein for ratings
(Insured)**

In the opinion of Mark E. Raymond, Esq., Palm Beach Gardens, Florida, Special Counsel, assuming continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and judicial decisions, the Interest Component of the Basic Rent Payments paid to the Owners of the Series 2012 Certificates is excluded from gross income for federal income tax purposes. The Interest Component of the Basic Rent Payments is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. See "TAX EXEMPTION" herein for a description of the alternative minimum tax on corporations and certain other federal tax consequences of ownership of the Series 2012 Certificates. However, no opinion is expressed with respect to the federal income tax consequences of any payments received with respect to the Series 2012 Certificates following termination of the Lease Agreement as a result of an Event of Non-Appropriation or the occurrence of an Event of Default thereunder. Special Counsel is further of the opinion that the Series 2012 Certificates are exempt from the Florida intangible personal property tax; provided, however, that no opinion is expressed with respect to the payment or reporting of intangible personal property tax following termination of the Lease Agreement as a result of an Event of Non-Appropriation or the occurrence of an Event of Default thereunder. See "TAX EXEMPTION" herein for a discussion of Special Counsel's opinion, including a description of the corporate alternative minimum tax.

\$ _____ *

**CERTIFICATES OF PARTICIPATION
(School Board of Clay County, Florida Master Lease Program), Series 2012
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 Clay County, Florida**

Dated: Date of Delivery

Due: July 1, as shown on the inside cover

The Certificates of Participation (School Board of Clay County, Florida Master Lease Program), Series 2012 (the "Series 2012 Certificates") offered hereby evidence an undivided proportionate interest of the owners thereof in certain Basic Rent Payments to be made by the School Board of Clay County, Florida (the "Board") under a Master Lease-Purchase Agreement (the "Master Lease"), dated as of May 15, 1997 by and between the Board and the Clay School Board Leasing Corporation (the "Corporation"), as amended and supplemented from time to time, and as particularly supplemented by Amended and Restated Lease Schedule No. 2003, dated as of June 1, 2012 (collectively, the "Series 2003 Lease"), providing for the advance refunding of the Certificates of Participation (School Board of Clay County, Florida Master Lease Program), Series 2003 maturing on July 1 in the years 2018, through and including, 2025, and thereby refinancing the lease purchase of certain education and related facilities and equipment (the "Series 2003 Project"). In connection with the execution of the Series 2003 Lease, the Board entered into a Ground Lease Agreement with

the Corporation, dated as of July 1, 2003, **as amended**] (the "Series 2003 Ground Lease"), whereby the Board leases to the Corporation the land on which the Series 2003 Project is located, which land is subleased back to the Board pursuant to the Series 2003 Lease.

The Series 2012 Certificates will be issued as fully registered certificates in denominations of \$5,000 or any integral multiple thereof, pursuant to the provisions of a Master Trust Agreement dated as of May 15, 1997, as amended and supplemented from time to time, and as particularly supplemented by a Series 2012 Supplemental Trust Agreement, dated as of June 1, 2012 (collectively, the "Trust Agreement"), among the Corporation, the Board and U.S. Bank, National Association, successor in interest to First Union National Bank of Florida (the "Trustee"). The Interest Component of Basic Rent Payments represented by the Series 2012 Certificates is payable on January 1 and July 1 of each year, commencing **[January 1, 2013]**. Interest will be paid by check or draft of the Trustee, as Paying Agent and Registrar, mailed on each Payment Date to Owners listed in the respective registration books maintained by the Trustee on the fifteenth day of the month, whether or not a business day, next preceding each Payment Date. The Principal Component of Basic Rent Payments represented by the Series 2012 Certificates is payable to Owners upon presentation, when due, at maturity or earlier redemption, at the designated corporate trust office of the Trustee, initially located in Fort Lauderdale, Florida.

The Series 2012 Certificates are subject to **[optional and/or extraordinary mandatory prepayment]** prior to maturity, as described herein.

THE BASIC RENT PAYMENTS AND, CONSEQUENTLY, THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST ARE PAYABLE SOLELY FROM THE BOARD'S AVAILABLE REVENUES SPECIFICALLY APPROPRIATED FOR SUCH PURPOSE AND NEITHER THE BOARD, THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY ANY SUMS DUE UNDER THE MASTER LEASE EXCEPT FROM AVAILABLE REVENUES APPROPRIATED BY THE BOARD FOR SUCH PURPOSE. THE BASIC RENT PAYMENTS ARE SUBJECT TO ANNUAL APPROPRIATION BY THE BOARD. THE SERIES 2012 CERTIFICATES PAYMENTS OF PRINCIPAL AND INTEREST AND THE PAYMENTS DUE FROM THE BOARD UNDER THE LEASE AGREEMENT AND THE CONTRACTUAL OBLIGATIONS OF THE BOARD UNDER THE LEASE AGREEMENT DO NOT CONSTITUTE A GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE BOARD, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. THE ISSUANCE OF THE SERIES 2012 CERTIFICATES WILL NOT DIRECTLY OR INDIRECTLY OBLIGATE THE BOARD, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, TO LEVY OR TO PLEDGE ANY FORM OF AD VALOREM TAXATION WHATSOEVER THEREFOR AND THE OWNERS OF THE SERIES 2012 CERTIFICATES WILL HAVE NO RECOURSE TO THE POWER OF AD VALOREM TAXATION OF THE BOARD OR ANY OTHER GOVERNMENTAL ENTITY.

All or a portion of the scheduled payment of the principal portion and the interest portion of Basic Rent Payments represented by the Series 2012 Certificates when due may be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2012 Certificates by Assured Guaranty Municipal Corp. (the "Insurer"). See "CERTIFICATE INSURANCE" herein.

[INSERT LOGO]

This cover page contains certain information for quick reference only. It is not 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 2012 Certificates are offered subject to prior sale when, as and if issued by the Trustee and accepted by the Underwriter and subject to the approval of their legality by Mark E. Raymond, Esq., Palm Beach Gardens, Florida, Special Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriter by its Counsel, Bryant Miller Olive P.A., Tallahassee, Florida. Certain matters will be passed upon for the Board and the Corporation by Counsel, J. Bruce Bickner, P.A., Orange Park, Florida. Ford & Associates, Inc., Tampa, Florida, is acting as Financial Advisor to the Board. It is expected that delivery of the Series 2012 Certificates in book-entry only form will be available through the facilities of DTC for delivery in New York, New York on or about _____, 2012.

Wells Fargo Securities

Dated: _____, 2012.

* Preliminary, subject to change.

RED HERRING LANGUAGE:

This Preliminary Offering Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Offering Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2012 Certificates in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of such jurisdiction. The Board has deemed this Preliminary Offering Statement “final,” except for certain permitted omissions, within the contemplation of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

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

\$_____*

CERTIFICATES OF PARTICIPATION, SERIES 2012

<u>Maturity</u> <u>(July 1)*</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Initial CUSIP</u> <u>Numbers**</u>
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				

* Preliminary, subject to change.

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

ADDITIONAL INFORMATION

The Series 2012 Certificates are being issued by U.S. Bank, National Association, successor in interest to First Union National Bank of Florida, as Trustee (the "Trustee"), as fully registered certificates in denominations of \$5,000 or any integral multiple thereof, pursuant to the provisions of a Master Trust Agreement, dated as of May 15, 1997, as amended and supplemented from time to time (the "Trust Agreement"), and particularly as supplemented by the Series 2012 Supplemental Trust Agreement, dated as of June 1, 2012, among the Corporation, the Board and the Trustee. Capitalized undefined terms used herein shall have the meanings ascribed in the Trust Agreement.

The Interest Component of Basic Rent Payments represented by the Certificates is payable on January 1 and July 1 of each year, commencing **[January 1, 2013]** (a "Payment Date"). Interest will be paid by check or draft of the Trustee, as "Paying Agent" and "Registrar", mailed on each Payment Date to Owners listed in the registration books maintained by the Trustee on the fifteenth day of the month next preceding each Payment Date. At the written request and expense of any Owner of at least \$1,000,000 in principal amount of Series 2012 Certificates, interest may be payable by wire transfer to a bank account located in the continental United States and designated in writing by the Owner at least five days prior to a Payment Date. The Principal Component of Basic Rent Payments represented by the Series 2012 Certificates is payable to Owners upon presentation, when due, at maturity or earlier redemption, at the designated corporate trust office of the Trustee, initially located in Fort Lauderdale, Florida.

The Series 2003 Lease has an initial lease term commencing on July 1, 2003 through and including June 30, 2004 and is automatically renewable annually through June 30, 2025, effective each July 1, through the following June 30 unless sooner terminated in accordance with the provisions of the Series 2003 Lease. The Board has previously entered into the Master Lease-Purchase Agreement, dated as of May 15, 1997 (the "Master Lease" as is more fully described herein) and as lessee may enter into other leases under the Master Lease in addition to the Series 2003 Lease, the Series 2005 Lease and the Series 2008 Lease (each as defined herein). Pursuant to an Assignment of Lease Agreement, dated as of May 15, 1997, as amended and supplemented from time to time (the "Assignment"), the Corporation has assigned for the benefit of the Owners of the Series 2012 Certificates certain of its rights under the Series 2003 Lease, including the right to receive Basic Rent Payments paid by the Board, but excluding certain rights, including its rights to indemnification, to enter into additional lease schedules and its rights to receive notices and grant consents or approvals thereunder. There are approximately ____ schools and ____ additions to schools leased under the Master Lease. Based on the Board's full time equivalent enrollment of approximately 35,708 students, approximately ____% of the District's students will attend classes in facilities leased under the Master Lease (including the Series 2003 Project leased under the Series 2003 Lease Agreement).

Upon the occurrence of an Event of Non-Appropriation, the Lease Terms of the Series 2003 Lease shall, and upon the occurrence of an Event of Default, the Lease Term may, be terminated. Upon any such termination, any proceeds of the disposition of leased facilities will be applied to

payment of the related Certificates issued under the Trust Agreement, all as further described herein. In no event will owners of Series 2012 Certificates have any interest in or right to any proceeds of the disposition of facilities leased under any lease other than the Series 2003 Lease. Should termination of the Master Lease occur, the Certificates will not be prepaid except at the option of Assured Guaranty Municipal Corp. (the "Insurer") to the extent guaranteed thereby, or to the extent the Trustee has moneys available therefor. No opinion is expressed by Special Counsel as to the excludability from gross income for federal income tax purposes of any payment made to Owners of Series 2012 Certificates following such termination of the Master Lease. In addition, following termination of the Series 2003 Lease, transfers of the Series 2012 Certificates may be subject to compliance with the registration provisions of state and federal securities laws. Termination of the Series 2003 Lease will not result in termination of the certificate insurance policy issued by the Insurer if issued upon delivery of the Series 2012 Certificates.

**SCHOOL BOARD OF CLAY COUNTY, FLORIDA (LESSOR)
CLAY SCHOOL BOARD LEASING CORPORATION (LESSEE)
900 Walnut Street
Green Cove Springs, Florida 32043**

BOARD MEMBERS

Carol Studdard, Chairman
Janice Kerekes, Vice Chairman
Frank Farrell
Lisa Graham
Charles E. Van Zant, Jr.

SCHOOL DISTRICT OFFICIALS

Superintendent of Schools

Ben Wortham

Assistant Superintendent for Business Affairs

George F. Copeland, Ed. D., C.P.A.¹

Counsel to the Board and the Corporation

J. Bruce Bickner, P.A.
Orange Park, Florida

Special Counsel

Mark E. Raymond, Esq.
Palm Beach Gardens, Florida

Financial Advisor

Ford & Associates, Inc.
Tampa, Florida

Trustee, Paying Agent, Registrar and Escrow Agent

¹ Dr. Copeland has announced his retirement effective _____, 2012. The Board [has] initiated an executive search to hire a successor Assistant Superintendent for Business Affairs.

U.S. Bank, National Association
Fort Lauderdale, Florida

This Offering Statement does not constitute an offer to sell the Series 2012 Certificates in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, sales representative or other person has been authorized to give any information or make any representations other than as contained in this Offering Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Offering Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of the Series 2012 Certificates by any person in any jurisdiction to which it is unlawful for such person to make such offer, solicitation or sale.

The information contained in this Offering Statement has been obtained from the Board, the Insurer, DTC and other sources that are considered to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct. However, such information is not to be construed as a representation of the Board, the Corporation, the Trustee, the Financial Advisor, or the Underwriter. 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 Underwriter expressly make no representations that such estimates, assumptions and opinions will be realized or fulfilled. The 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 Underwriter does not guarantee the accuracy or completeness of such information. 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.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2012 CERTIFICATES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE BOARD, THE CORPORATION AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2012 CERTIFICATES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSION OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2012 Certificates are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

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OFFERING STATEMENT

relating to

\$ _____ *

CERTIFICATES OF PARTICIPATION

**(School Board of Clay County, Florida Master Lease Program), Series 2012
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 Clay County, Florida**

INTRODUCTION

The purpose of this Offering Statement, which includes the cover and inside cover page and Appendices hereto, is to furnish information concerning the School Board of Clay County, Florida (the "Board") as the governing body of the School District of Clay County, Florida (the "School District") and the sale and delivery of the Certificates of Participation (School Board of Clay County, Florida Master Lease Program), Series 2012 in an aggregate principal amount of \$16,000,000* (the "Series 2012 Certificates").

The Board has established a program to lease-purchase various educational facilities (each a "Project") in Clay County, Florida (the "County") pursuant to a Master Lease-Purchase Agreement, dated as of May 15, 1997, as amended and supplemented from time to time (collectively, the "Master Lease") with the Clay School Board Leasing Corporation (the "Corporation"), whereby the Board leases such facilities from the Corporation. The Series 2012 Certificates represent an undivided proportionate interest of the owner thereof in the right to receive Basic Rent Payments payable under the Master Lease, as further supplemented by Amended and Restated Lease Schedule No. 2003 (collectively, the "Series 2003 Lease"). Pursuant to the Series 2003 Lease, the Board will lease certain educational and related facilities as more fully described herein (the "Series 2003 Project") which Series 2003 Lease will be automatically renewable through June 30, 2025. See "SERIES 2003 PROJECT" herein.

The Series 2012 Certificates are issued pursuant to a Master Trust Agreement, dated as of May 15, 1997, as amended and supplemented from time to time (collectively, the "Trust Agreement"), by and among U.S. Bank, National Association (successor in interest to First Union National Bank of Florida) (the "Trustee"), the Corporation and the Board. Pursuant to an Assignment of Lease Agreement, dated as of May 15, 1997, as amended and supplemented from time to time (the "Assignment"), the Corporation has assigned for the benefit of the owners of the Unrefunded Series 2003 Certificates (as defined herein) and the Series 2012 Certificates on a pro rata basis certain of its rights under the Series 2003 Lease, including the right to receive Basic Rent Payments paid by the Board, but excluding certain rights, including its rights to indemnification, to enter into additional Lease Schedules and its right to receive notices and grant consents or approvals thereunder. See "SUMMARY OF LEASE-PURCHASE PLAN" herein.

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* Preliminary, subject to change.

In May 1997, the Board entered into its original Lease Schedule No. 1997 under the Master Lease and leased certain educational and related facilities (the "Series 1997 Project") and in connection therewith the Trustee executed and delivered \$13,680,000 in original principal amount of Certificates of Participation, Series 1997 (the "Series 1997 Certificates"). In March 2004, the original Lease Schedule No. 1997 was amended and restated (the "Series 1997 Lease") and is automatically renewable through June 30, 2025. The Series 1997 Certificates were advance refunded from certain proceeds of the Certificates of Participation, Series 2004 (the "Series 2004 Certificates") executed and delivered by the Trustee in the original principal amount of \$9,900,000, of which \$_____ are currently outstanding. The Series 2004 Certificates are secured by the Basic Rent Payments received under the Series 1997 Lease.

In March 2000, the Board entered into its original Lease Schedule No. 2000 under the Master Lease and leased certain educational and related facilities (the "Series 2000 Project") and in connection therewith the Trustee executed and delivered \$24,948,000 in original principal amount of Certificates of Participation, Series 2000 (the "Series 2000 Certificates"). The original Lease Schedule No. 1997 was amended and restated (the "Series 2000 Lease") and is automatically renewable through June 30, 2025. The Series 2000 Certificates were advance refunded from certain proceeds of the Certificates of Participation, Series 2005B (the "Series 2005B Certificates") executed and delivered by the Trustee in the original principal amount of \$18,545,000, of which \$_____ is currently outstanding. The Series 2005B Certificates are secured by the Basic Rent Payments received under the Series 2000 Lease.

In July 2003, the Board entered into its original Lease Schedule No. 2003 under the Master Lease (the "Original Series 2003 Lease") and leased certain educational and related facilities (the "Series 2003 Project"). In connection with the execution and delivery of the Original Series 2003 Lease, the Trustee executed and delivered \$15,495,000 in original principal amount of Certificates of Participation, Series 2003 (the "Series 2003 Certificates"), \$_____ of which were outstanding prior to the issuance of the Series 2012 Certificates. The Original Series 2003 Lease will be amended and restated by the Series 2003 Lease and will be automatically renewable through June 30, 2025. The Series 2003 Certificates maturing after July 1, 2018 (the "Refunded Certificates") will be advance refunded from certain proceeds of the Series 2012 Certificates. **[The outstanding Series 2003 Certificates maturing on and prior to July 1, 2018 (the "Unrefunded Series 2003 Certificates") and the Series 2012 Certificates will be equally and ratably secured by the Basic Rent Payments received under the Series 2003 Lease.]**

In September 2005, the Board entered into its Lease Schedule No. 2005A (the "Series 2005A Lease") under the Master Lease and leased certain educational and related facilities (the "Series 2005A Project") and in connection therewith the Trustee executed and delivered \$16,430,000 in original principal amount of Certificates of Participation, Series 2005A (the "Series 2005A Certificates"), \$_____ of which are currently outstanding. The Series 2005A Lease is automatically renewable through June 30, 2027. The Series 2005A Certificates are secured by the Basic Rent Payments received under the Series 2005A Lease.

In _____, 2008, the Board entered into its Lease Schedule No. 2008 (the "Series 2008 Lease") under the Master Lease and leased certain educational and related facilities (the "Series 2008 Project") and in connection therewith the Trustee executed and delivered \$_____ in original principal amount of Certificates of Participation, Series 2008 (the "Series 2008 Certificates"), \$_____ of which are currently outstanding. The Series 2008 Lease is automatically renewable through June 30, 2029. The Series 2008 Certificates are secured by the Basic Rent Payments received under the Series 2008 Lease.

The Unrefunded Series 2003 Certificates, the Series 2004 Certificates, the Series 2005A Certificates, the Series 2005B Certificates and the Series 2008 Certificates are herein referred to as the "Prior Certificates" and the Series 2012 Certificates together with the Prior Certificates and any Additional Certificates issued pursuant to the Trust Agreement are herein referred to as the "Certificates."

The Series 2003 Lease is entered into under the Master Lease in connection with the lease-purchase financing of the Series 2003 Project by the Board. The Board has previously entered into a Ground Lease Agreement, and one or more supplements thereto, with the Corporation (collectively, the "Series 2003 Ground Lease"), whereby the Board leases to the Corporation the land on which the Series 2003 Project is located, which land is subleased back to the Board pursuant to the Series 2003 Lease. The Series 2012 Certificates, are being issued under and are secured by a trust estate (the "Trust Estate") created pursuant to the Trust Agreement. The portion of the Trust Estate which is derived from the sale, re-letting or other disposition of a Project, moneys and damages received in relation to such Project and any cash, securities and investments in any Pledged Accounts relating to such Project shall be utilized solely for the benefit of the Certificates which financed or refinanced such Project and for whose benefit such Pledged Accounts were established. See "SUMMARY OF LEASE-PURCHASE PLAN," "SERIES 2003 PROJECT" and "OTHER PROJECTS" herein.

The Board has authorized and directed the Trustee to execute, authenticate and deliver the Series 2012 Certificates pursuant to the Trust Agreement.

Purpose

The Series 2012 Certificates are being executed, authenticated and delivered to provide funds for the purpose of (i) advance refunding the Refunded Certificates and thereby refinance the acquisition, construction, installation and equipping of the Series 2003 Project, and (ii) paying certain costs associated with the issuance and delivery of the Series 2012 Certificates.

Security for the Certificates

The Basic Rent Payments and, consequently, the Certificate payments of principal and interest (the "Certificate Payments") are payable solely from the Board's Available Revenues specifically appropriated for such purpose and neither the Board, the State of Florida (the "State"),

nor any political subdivision or agency thereof shall be obligated to pay any sums due under the Master Lease except from available revenues appropriated by the Board for such purpose. The Basic Rent Payments are subject to annual appropriation by the Board. The Certificate Payments of principal and interest and the payments due from the Board under the Master Lease and the contractual obligations of the Board under the Master Lease do not constitute a general obligation or a pledge of the faith and credit of the Board, the State, or any political subdivision or agency thereof within the meaning of any constitutional or statutory provision or limitation. The Series 2012 Certificates and the Unrefunded Series 2003 Certificates are payable on a parity basis from the Basic Rent Payments under the Series 2003 Lease. The issuance of the Series 2012 Certificates will not directly or indirectly obligate the Board, the State, or any political subdivision or agency thereof, to levy or to pledge any form of ad valorem taxation whatsoever therefor and the owners of the Series 2012 Certificates will have no recourse to the power of ad valorem taxation of the Board or any other governmental entity. See "SECURITY FOR THE CERTIFICATES," "RISK FACTORS" and "SUMMARY OF LEASE-PURCHASE PLAN" herein.

Prepayment of Series 2012 Certificates

The Series 2012 Certificates are subject to optional, mandatory and extraordinary mandatory prepayment prior to maturity as more fully described herein.

Certificate Insurance Policy

The Board may request a commitment from Assured Guaranty Municipal Corp. (the "Insurer") to issue concurrently with the delivery of the Series 2012 Certificates a municipal bond insurance policy (the "Policy") which will guarantee the scheduled payment of principal and interest in respect of the Series 2012 Certificates when due, as more fully described under the caption "MUNICIPAL BOND INSURANCE POLICY" herein.

Risk Factors

The purchase of the Series 2012 Certificates is subject to certain risks. Each prospective investor in the Series 2012 Certificates is encouraged to read this Offering Statement in its entirety. Particular attention should be given to the factors described under the caption "RISK FACTORS" herein.

Additional Information

Brief descriptions of the Series 2012 Certificates, the Corporation, the Board, the Series 2003 Lease, the Series 2003 Ground Lease, the Assignment and the Trust Agreement are included in this Offering Statement. All references herein to the Series 2003 Lease, the Series 2003 Ground Lease, the Assignment and the Trust Agreement are qualified in their entirety by reference to the respective complete documents. Forms of the Trust Agreement, the Series 2003 Lease, the Series 2003 Ground Lease and the Assignment, which are current as of the date of this Offering Statement

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and are in substantially the forms that will be executed and delivered on or before the date of delivery of the Series 2012 Certificates, are included in this Offering Statement as Appendices D, E, F and G attached hereto.

Unless otherwise indicated, capitalized terms used in this Offering Statement shall have the meanings set forth in the documents referenced in the foregoing paragraph.

Continuing Disclosure

The Board will deliver a Continuing Disclosure Agreement on or before the date on which the Series 2012 Certificates are sold in which the Board will covenant for the benefit of the owners of the Series 2012 Certificates to provide certain financial information and operating data relating to the Board by not later than one year following the end of the Board's fiscal year (presently June 30th) (the "Annual Report"), commencing with the report for the Fiscal Year ended on June 30, 2012, and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed annually by the Board or its dissemination agent pursuant to the undertaking with each Nationally Recognized Municipal Securities Information Repository ("NRMSIR"), which currently consists of only the Electronic Municipal Market Access ("EMMA") system, as described in the Continuing Disclosure Certificate. The notices of material events will be filed with each NRMSIR. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

AUTHORIZATION

Pursuant to the applicable provisions of Florida law, including particularly Chapters 1000 through 1013, Florida Statutes (collectively, the "Act"), and judicial interpretations thereof, the Board has the power and authority to enter into transactions such as that contemplated by the Series 2003 Lease, the Assignment, the Series 2003 Ground Lease and the Trust Agreement. The Board authorized doing so pursuant to a resolution duly adopted by the Board on May 17, 2012.

PLAN OF REFINANCE

It is currently contemplated that the Refunded Certificates will be advance refunded pursuant to the plan of refinancing. The moneys required to advance refund and prepay the Refunded Certificates will be derived from a portion of the proceeds of the Series 2012 Certificates. The Refunded Certificates will be paid on July 1, 2013 at a Prepayment Price of 100%, plus accrued interest.

A portion of the proceeds of the Series 2012 Certificates, together with funds provided by the Board, will be irrevocably placed in an Escrow Deposit Trust Fund (the "Escrow Fund") with U.S. Bank, National Association, as escrow agent (the "Escrow Agent") pursuant to an Escrow Deposit Agreement (the "Escrow Agreement"). Such funds will be applied to purchase certain direct obligations of the United States of America ("Government Obligations"). Such Government

Obligations will mature at such times and bear interest in such amounts so that sufficient moneys will be available from the maturing principal and interest thereof, together with any initial cash balances, to pay the principal of, Prepayment Price and accrued interest on the Refunded Certificates at their stated maturities or upon prepayment.

Upon the deposit of such moneys, the Refunded Certificates shall no longer be deemed outstanding for purposes of the Trust Agreement and the resolutions and other documents authorizing their issuance, and all liability of the Corporation and the Board with respect thereto shall cease, terminate and be completely discharged and extinguished, and the holders thereof shall be entitled to payment solely out of the moneys and securities on deposit pursuant to the Escrow Agreement.

VERIFICATION

As of the delivery date of the Series 2012 Certificates, [Causey Demgen & Moore Inc.], certified public accountants will verify, from information provided to them, the mathematical accuracy of the computations contained in schedules provided by Wells Fargo Bank, National Association, to determine that the anticipated receipts from the Government Obligations and the initial cash deposit to be held in the Escrow Fund will be sufficient to pay, when due, the principal of, Prepayment Price and interest on the Refunded Certificates. [Causey Demgen & Moore Inc.] will express no opinion on the assumptions provided to them, nor as to the exclusion from gross income for federal income tax purposes of the interest on the Series 2012 Certificates.

DESCRIPTION OF THE CERTIFICATES

Form and Denomination

The Series 2012 Certificates are issuable as fully registered certificates in denominations of \$5,000 or any integral multiple thereof. The Series 2012 Certificates shall be dated the date of delivery, and shall mature in the years and principal amounts set forth on the inside cover page of this Offering Statement. Interest is payable January 1 and July 1 of each year, commencing [January 1, 2013] (each a "Payment Date"), and represents an undivided proportionate interest in the interest component of Basic Rent Payments due on December 15 and June 15 of each year (each a "Basic Rent Payment Date") as set forth on the Series 2003 Lease for the Series 2012 Certificates, to and including the maturity date of each Series 2012 Certificate, at the rates set forth on the inside cover page hereof. Interest will be paid by check or draft of the Trustee, as Paying Agent and Registrar, mailed on each Payment Date to the Owners of the Series 2012 Certificates listed in the registration books maintained by the Trustee on the fifteenth day of the month (whether or not a Business Day) next preceding each Payment Date. At the written request and expense of any Owner of at least \$1,000,000 in principal amount of Series 2012 Certificates, interest may be payable by wire transfer to a domestic bank account specified in writing by the Owner thereof at least five days prior to the Record Date prior to such a Payment Date.

The principal amount of the Series 2012 Certificates payable at maturity or upon redemption thereof, whichever is earlier, shall represent an undivided proportionate interest in the Principal Component of Basic Rent Payments on each of the dates set forth on the Series 2003 Lease on a pro rata basis with the Unrefunded Series 2003 Certificates.

The Principal Component of Basic Rent Payments represented by the Series 2012 Certificates is payable to the Owner thereof upon presentation, when due, at maturity or upon earlier redemption, at the designated corporate trust office of the Trustee, presently located in Fort Lauderdale, Florida.

Provisions for Prepayment for Series 2012 Certificates

Extraordinary Payment. The Series 2012 Certificates shall be subject to extraordinary mandatory prepayment in whole or in part **[on a pro rata basis with the Unrefunded Series 2003 Certificates,]** on any Mandatory Prepayment Date (if in part, in any order of maturity as directed by the Board or, in the absence of such direction, in inverse order of maturity and by lot within maturities), without prepayment premium, at the principal amount, together with accrued interest to the Mandatory Prepayment Date from the Net Proceeds of insurance or condemnation deposited with the Trustee pursuant to the Series 2003 Lease. Subsequent to an Event of Non-Appropriation and termination of the Series 2003 Lease, the Series 2003 Lease, the Series 2012 Certificates are also subject to extraordinary mandatory prepayment and redemption, in whole or in part, on any Mandatory Prepayment Date (if in part, with the prior written consent of 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 hereof, the Mandatory Prepayment Date shall be the next succeeding Payment Date; provided, however, if such Payment Date occurs within 40 days of receipt by the Trustee of the moneys to be used for such redemption, the Mandatory Prepayment Date shall be the second succeeding Payment Date.

Optional Prepayment. The Series 2012 Certificates shall not be subject to prepayment or redemption at the option of the Board prior to July 1, 20__.

Any of the Series 2012 Certificates may be prepaid from prepayments of Basic Rent made by the Board pursuant to the Series 2012 Lease, in whole or in part on July 1, 20__ 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 Prices equal to the principal amount of the Series 2012 Certificates or portions thereof to be prepaid, plus accrued and unpaid interest thereon to the option prepayment date.

Notwithstanding any provisions of the Series 2003 Lease, any optional prepayments relating to a Group within the Series 2003 Project shall not result in a termination or release of the Lessor's leasehold estate in such Group pursuant to the Series 2003 Lease unless the Board has delivered to

the Trustee the prior written consent of the Insurer, which consent shall not be unreasonably withheld.

Notice of Prepayment and Redemption

Notice of prepayment of the Principal Component of Basic Rent Payments represented by any of the Certificates and of redemption of such Certificates shall be mailed, postage prepaid, not more than 60 days nor fewer than 30 days prior to the date of prepayment to the Owners of such Certificates to be prepaid. Failure to mail any such notice, or any defect in such notice as mailed, shall not affect the validity of the proceeding for the prepayment of Basic Rent Payments represented by any of the Certificates or the prepayment of such Certificates for which proper notice was given.

Each such notice of redemption 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 of a Series 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 of a Series 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.

Effect of Prepayment

On the date fixed for prepayment notice having been given in the manner and under the conditions provided in the Trust Agreement, the Certificates or portions thereof called for prepayment shall be due and payable at the Prepayment Price provided therefor, plus accrued interest to such date. If money or Refunding Securities, or a combination of both, sufficient to pay the Prepayment Price of the Certificates to be prepaid plus accrued interest thereon to the date fixed for prepayment, are held by the Trustee in trust for the Owners of Certificates to be prepaid, interest on the Certificates called for redemption shall cease to accrue as of the date set for prepayment; such Certificates shall cease to be entitled to any benefits or security under the 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.

Registration, Transfer and Exchange

The Trustee shall keep or cause to be kept a Certificate Register for each Series of Certificates, which shall at all times be open to inspection by the Board and the Corporation; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register the transfer or cause to be registered the transfer, on the appropriate Certificate Register, of Certificates. The transfer of any Certificates may be registered only upon the appropriate 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 or 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 authorized denomination or denominations 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.

Certificates, upon surrender thereof at the designated corporate trust office of 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, 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 authorized denomination or denominations, bearing interest at the same rate, and in the same form as the Certificates surrendered for exchange.

In all cases in which Certificates shall be exchanged or the transfer of Certificates shall be registered, the Trustee shall authenticate and deliver at the earliest practicable time Certificates in accordance with the provisions of the Trust Agreement. 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. The Trustee shall not be required to transfer or exchange a Series of Certificates (i) during the period beginning at the opening of business 15 days before the day of a mailing of a notice of redemption of such Series of Certificates and ending at the close of business on the day of such mailing, (ii) so selected for 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.

Additional Certificates

The number of Series of Certificates which may be issued under the Trust Agreement is not limited. Additional Series may be issued for purposes of funding the costs of a Project, for completion purposes, or for refunding purposes.

Completion Certificates

Completion Certificates may be issued to provide necessary funds to complete payment of the Costs of one or more of the Projects or to finance additional property which shall be added to one or more of the Projects or which shall be substituted for a portion of one or more of the Projects.

Such Completion Certificates, for purposes of the Trust Agreement and the Series 2003 Lease, shall constitute a part of the Series 2012 Certificates.

The proceeds of Completion Certificates may also be used to fund a Reserve Requirement, capitalize interest on such Completion Certificates and pay Costs of Issuance, and shall be deposited in the Pledged Accounts established for the series of Certificates which financed the original Project in such manner and in such amounts as determined by the Supplemental Trust Agreement relating to authorization of such Completion Certificates. The Completion Certificates shall be secured on a parity with the series of Certificates to which such Completion Certificates relate in accordance with the terms of the Trust Agreement and the Supplemental Trust Agreement authorizing such Completion Certificates.

Refunding Certificates

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

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

Other than for amounts required to pay Costs of Issuance or to make any required deposits to the appropriate subaccount of the Reserve Account, if any, the proceeds of such Refunding Certificates and any other moneys received by the Trustee for such purpose, shall be held by the Trustee 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 the Trust Agreement. The Refunding Certificates shall be secured in the same manner and from the same Pledged Accounts as the Certificates to be refunded in accordance with the terms of the Trust Agreement.

BOOK-ENTRY-ONLY SYSTEM

THE FOLLOWING INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY-ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CORPORATION, THE

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BOARD AND THE UNDERWRITER BELIEVE TO BE RELIABLE, BUT THE CORPORATION, THE BOARD AND THE UNDERWRITER TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF. ACCORDINGLY, THE BOARD, THE CORPORATION AND THE UNDERWRITER NEITHER MAKE NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC will act as securities depository for the Series 2012 Certificates. The Series 2012 Certificates will be registered in the name of Cede & Co. (DTC's partnership nominee). Purchases of beneficial ownership interests in the Series 2012 Certificates will be made in book-entry-only form, in the denominations hereinbefore described. Purchasers of beneficial ownership interests in the Series 2012 Certificates ("Beneficial Owners") will not receive Series 2012 Certificate representing their ownership interests in the Series 2012 Certificates, except in the event that use of the book-entry-only system for the Series 2012 Certificates is discontinued. One fully registered certificate will be issued for each maturity of the Series 2012 Certificates, and deposited with DTC.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2012 CERTIFICATES, AS NOMINEE OF DTC, REFERENCES IN THIS OFFERING STATEMENT TO THE SERIES 2012 CERTIFICATEHOLDERS OR REGISTERED OWNERS OF THE SERIES 2012 CERTIFICATES SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2012 CERTIFICATES. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2012 CERTIFICATES, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2012 CERTIFICATES TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2012 CERTIFICATES, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2012 CERTIFICATES, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2012 CERTIFICATES IS BASED SOLELY ON INFORMATION FURNISHED BY DTC.

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

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

Purchases of Series 2012 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012 Certificates on DTC's records. The ownership interest of each actual purchaser of each Series 2012 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 2012 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2012 Certificates, except in the event that use of the book-entry system for the Series 2012 Certificates is discontinued.

To facilitate subsequent transfers, all Series 2012 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 2012 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 2012 Certificates. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012 Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2012 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2012 Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Series 2012 Certificate documents. For example, Beneficial Owners of the Series 2012 Certificates may wish to ascertain that the nominee holding the Series 2012 Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2012 Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such certificates to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2012 Certificates unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2012 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distribution, and interest payments on the Series 2012 Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, Agent, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee for the Series 2012 Certificates. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2012 Certificates at any time by giving reasonable notice to the Board. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered to DTC.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

SECURITY FOR THE CERTIFICATES

Master-Lease Aspects

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The Master Lease contemplates that the relationship between the Board and the Corporation will be a continuing one, that Projects (as defined herein) in addition to the Series 1997 Project, the Series 2000 Project, the Series 2003 Project, the Series 2005 Project and the Series 2008 Project may be added to the Master Lease from time to time, and that additional Certificates in addition to the Prior Certificates and the Series 2012 Certificates may be issued under the Trust Agreement in connection with such Projects. In May 1997, the Board entered into the original Series 1997 Lease which was amended and restated in March 2004 to finance the Series 1997 Project. The Series 1997 Lease is automatically renewable through June 30, 2017. In March 2000, the Board entered into the Series 2000 Lease which was amended and restated in September 2005 to finance the Series 2000 Project. The Series 2000 Lease is automatically renewable through June 30, 2025. In July 2003, the Board entered into the Series 2003 Lease, which is being amended and restated in connection with the issuance of the Series 2012 Certificates to finance the Series 2003 Project. The Series 2003 Lease is automatically renewable through June 30, 2025. In September 2005, the Board entered into the Series 2005A Lease to finance the Series 2005A Project. The Series 2005A Lease is automatically renewable through June 30, 2027. In **[July]** 2008, the Board entered into the Series 2008 Lease to finance the Series 2008 Project. The Series 2008 Lease is automatically renewable through June 30, 2029. The owners of the Series 2012 Certificates shall have no claim against, nor receive any benefits from, any portion of the Trust Estate derived from the sale, reletting or other disposition of Projects, other than the Series 2003 Project, or any cash, securities or investments in the Pledged Accounts, other than the Series 2012 Pledged Accounts and the Series 2003 Pledged Accounts, each on a pro rata basis with the owners of the Unrefunded Series 2003 Certificates.

THE BOARD MAY NOT BUDGET AND APPROPRIATE FOR A PORTION OF BASIC RENT FOR ALL OF THE PROJECTS LEASED UNDER THE MASTER LEASE; IT MUST BUDGET AND APPROPRIATE FOR ALL PROJECTS OR NONE OF THEM. There can be no assurance that sufficient funds will be appropriated or otherwise be made available to make all of the Lease Payments. See "DESCRIPTION OF THE CERTIFICATES OF PARTICIPATION - Completion Certificates" and "- Additional Certificates" and "SECURITY FOR THE CERTIFICATES - Lease Payment Fund" herein.

Uniform Commercial Code

The Series 2012 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.

Limited Obligation of the Board

The obligation of the Board to make Lease Payments which include Basic Rent Payments and Supplemental Rent Payments under the Series 2003 Lease is a limited and special obligation, payable solely from moneys specifically appropriated by the Board for such purpose from the

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Board's Available Revenues (herein described). The Board is under no obligation to appropriate such Available Revenues. There shall be credited against such obligation moneys, if any, on deposit with the Trustee in the Series 2012 Pledged Accounts, pledged, respectively, under the Trust Agreement and from amounts, if any, realized from the exercise of remedies with respect to the Series 2003 Project by the Trustee on behalf of Series 2012 Certificate Owners on a pro rata basis with the Unrefunded Series 2003 Certificate Owners. Such Lease Payments are subject to annual appropriation by the Board and if the Board does not specifically appropriate such Available Revenues, the Series 2003 Lease shall each be terminated as a result of an Event of Non-Appropriation. An "Event of Non-Appropriation" shall occur if the Board does not approve a tentative Budget and a final Budget in accordance with State law which specifically appropriates sufficient funds from Available Revenues to continue making Lease Payments in full for all Projects leased under the Master Lease beyond the end of the Initial Lease Term or Renewal Lease Term for the following Renewal Lease Term. 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 Lease Term, the Lease Term 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.

If an Event of Non-Appropriation shall occur, the Board shall return possession of each Project to the Trustee within 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 the Master Lease. 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 under the Lease Agreement.

While the Board is not legally obligated to do so, it is its present intent to continue the Series 2003 Lease with respect to the Series 2003 Project for the Maximum Lease Term of the Series 2003 Project (ending June 30, 2025). Subject in all respects to the right of Non-Appropriation, the Board has covenanted in the Master Lease Agreement to take such action as may be necessary to include all Lease Payments due under the Master Lease as a separately stated line item in its Budget and to appropriate in each Fiscal Year from Available Revenues an amount necessary to make the Lease Payments due in such Fiscal Year.

"Available Revenues" means the moneys and revenues of the Board legally available under the Act to make the Lease Payments. Available Revenues include, but are not limited to Florida Public Education Capital Outlay funds (for Principal Components only), Florida Education Finance Program funds and the Capital Outlay Millage. See "REVENUES OF THE SCHOOL DISTRICT" herein.

The Board may issue additional indebtedness secured by a pledge of Available Revenues without the consent of the Owners of the Series 2012 Certificates and in a manner which may adversely affect the Board's ability to make Basic Rent Payments.

THE BASIC RENT PAYMENTS AND, CONSEQUENTLY, THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST ARE PAYABLE SOLELY FROM THE BOARD'S AVAILABLE REVENUES SPECIFICALLY APPROPRIATED FOR SUCH PURPOSE AND NEITHER THE BOARD, THE STATE, NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY ANY SUMS DUE UNDER THE SERIES 2003 LEASE EXCEPT FROM AVAILABLE REVENUES APPROPRIATED BY THE BOARD FOR SUCH PURPOSES. THE BASIC RENT PAYMENTS ARE SUBJECT TO ANNUAL APPROPRIATION BY THE BOARD. THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST AND THE PAYMENTS DUE FROM THE BOARD UNDER THE SERIES 2003 LEASE AND THE CONTRACTUAL OBLIGATIONS OF THE BOARD UNDER THE SERIES 2003 LEASE DO NOT CONSTITUTE A GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE BOARD, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. THE ISSUANCE OF THE SERIES 2012 CERTIFICATES WILL NOT DIRECTLY OR INDIRECTLY OBLIGATE THE BOARD, THE STATE, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, TO LEVY OR TO PLEDGE ANY FORM OF AD VALOREM TAXATION WHATSOEVER THEREFOR AND THE OWNERS OF THE SERIES 2012 CERTIFICATES WILL HAVE NO RECOURSE TO THE POWER OF AD VALOREM TAXATION OF THE BOARD OR ANY OTHER GOVERNMENTAL ENTITY.

THE BOARD IS NOT OBLIGATED TO APPROPRIATE AVAILABLE REVENUES TO MAKE LEASE PAYMENTS. IF, FOR ANY FISCAL YEAR, THE BOARD DOES NOT APPROVE A BUDGET WHICH APPROPRIATES SUFFICIENT AVAILABLE REVENUES (WITHOUT REGARD TO ANY CREDITS FROM EARNINGS ON AMOUNTS HELD IN THE FUNDS AND ACCOUNTS ESTABLISHED UNDER THE TRUST AGREEMENT) IN A LINE ITEM SPECIFICALLY IDENTIFIED FOR PAYMENT OF ITS OBLIGATIONS UNDER THE SERIES 2003 LEASE SUCH FAILURE SHALL CONSTITUTE AN EVENT OF NON-APPROPRIATION AND THE MASTER LEASE SHALL TERMINATE AS OF THE LAST DAY OF THE THEN INITIAL LEASE TERM OR THE LAST RENEWAL LEASE TERM FOR WHICH AVAILABLE REVENUES HAVE BEEN BUDGETED AND APPROPRIATED AND THE BOARD WILL NOT BE OBLIGATED TO MAKE ANY LEASE PAYMENTS ACCRUING OR ARISING BEYOND SUCH LAST DAY. IN SUCH EVENT, THE BOARD IS REQUIRED TO SURRENDER USE, POSSESSION AND CONTROL OF ALL PROJECTS LEASED UNDER THE MASTER LEASE, INCLUDING THE SERIES 2003 PROJECT, TO THE TRUSTEE.

Municipal Bond Insurance

The scheduled payment of the principal and interest in respect of the Series 2012 Certificates when due may be guaranteed under a municipal bond insurance policy to be issued by the Insurer

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concurrently with the delivery of the Series 2012 Certificates. See "MUNICIPAL BOND INSURANCE POLICY" herein.

Lease Payment Fund

The Trust Agreement provides for the establishment and maintenance of a single Lease Payment Fund, with a Principal Account and an Interest Account for deposit of Basic Rent Payments appropriated and paid under the Master Lease. Separate subaccounts within the Principal Account and the Interest Account will be established upon the issuance of any series of Certificates other than Completion Certificates (including the Series 2012 Certificates). Lease Payments due under all Lease Schedules to the Master Lease are subject to annual appropriation by the Board and are payable on a parity basis solely from Available Revenues. The Board may enter into additional Lease Schedules from time to time, for the lease purchase financing of additional Projects. See "DESCRIPTION OF THE CERTIFICATES - Additional Certificates" herein. 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 the Projects leased under the Master Lease; it must budget and appropriate for all Projects or none of them. There can be no assurance that sufficient funds will be appropriated or otherwise be made available to make Lease Payments.

Flow of Funds

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

1. the Project Fund (the "Project Fund"), which shall consist of a Project Account, a Costs of Issuance Account and a Capitalized Interest Account;
2. the Payment Fund (the "Lease Payment Fund"), which shall consist of a Principal Account and an Interest Account; and
3. the Prepayment Fund (the "Prepayment Fund").

Simultaneously with the issuance of the Series 2012 Certificates, the Series 2012 subaccounts will be established within the Principal Account, Interest Account, and the Costs of Issuance Account, and a Series 2012 Account will be established within the Prepayment Fund.

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

1. There shall be deposited to the subaccount of the Interest Account established for the payment of each Series of Certificates from the Interest Component of Basic Rent made in relation to such Certificates an amount which shall be sufficient to pay the interest coming due on the

Certificates on the next succeeding Payment Date. Moneys in each subaccount of the Interest Account shall be used to pay the interest on the Certificates for which it was established as and when the same become due, whether by redemption or otherwise, and for no other purpose. No further deposit need be made to the Interest Account when the moneys therein are equal to the interest coming due on all Outstanding Certificates on the next succeeding Payment Date.

2. There shall be deposited to the subaccount of the Principal Account established for the payment of each Series of Certificates from the Principal Component of Basic Rent made in relation to such Certificates an amount which shall be sufficient to pay the principal and the Amortization Installment coming due on such Certificates on the next succeeding principal Payment Date. Moneys in each subaccount of the Principal Account shall be used to pay the principal and Amortization Installments on the Series of Certificates for which it was established as and when the same become due, whether by redemption or otherwise, and for no other purpose. No further deposit need be made to the Principal Account when the moneys therein are equal to the principal and the Amortization Installment coming due on all Outstanding Certificates on the next succeeding principal Payment Date.

Assignment Agreement

Pursuant to the Assignment, the Corporation will make a present assignment to the Trustee of certain of its right, title and interest in and to the Mater Lease, including without limitation, the Lease Payments and any prepayments thereof, and any other amounts required to be paid by the Board under the Series 2003 Lease, but excluding certain retained rights described therein, including its rights to indemnification and to enter into additional Lease Schedules.

Default and Remedies

Upon the occurrence of an Event of Default under the Trust Agreement (which includes the occurrence of an "Event of Default" or "Event of Non-Appropriation" under the Master Lease unless the Master Lease "Event of Default" has been remedied or waived), the Trustee is entitled to and, upon direction of a majority in aggregate principal of a Series of Certificates (or, in lieu thereof, the Insurer), is required to exercise a variety of remedies including, without limitation, any one or more of the following: (1) declare the principal of all Certificates of a Series due and payable (but only if the Master Lease has been terminated); (2) protect and enforce its rights and the rights of the Owners under the Trust Agreement, Master Lease or Ground Lease(s); and (3) take possession of the Projects and sell, re-let or otherwise dispose of the leasehold estate of the Corporation in the Projects, or any portion thereof.

MUNICIPAL BOND INSURANCE POLICY

The following information has been furnished by the Insurer for use in this Offering Statement. Reference is made to "APPENDIX I -- SPECIMEN MUNICIPAL BOND INSURANCE POLICY" for a specimen copy of the Insurer's certificate insurance policy.

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The Policy

Concurrently with the issuance of the Series 2012 Certificates, the Insurer will issue its municipal bond insurance policy (the "Policy") insuring some or all of the Series 2012 Certificates. The Policy guarantees the scheduled payment of principal and interest represented by the insured Series 2012 Certificates when due as set forth in the form of the Policy included as Appendix I 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.

Assured Guaranty Municipal Corp.

The Insurer is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or the Insurer is liable for the obligations of the Insurer.

The Insurer's financial strength is rated "AA-" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (negative outlook) by Moody's Investors Service, Inc. ("Moody's"). An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of the Insurer in its sole discretion. In addition, the rating agencies may at any time change the Insurer's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by the Insurer. The Insurer only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by the Insurer on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On November 30, 2011, S&P published a Research Update in which it downgraded the Insurer's financial strength rating from "AA+" to "AA-". At the same time, S&P removed the

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financial strength rating from CreditWatch negative and changed the outlook to stable. The Insurer can give no assurance as to any further ratings action that S&P may take. Reference is made to the Research Update, a copy of which is available at www.standardandpoors.com, for the complete text of S&P's comments.

The most recent rating action by Moody's on the Insurer took place on December 18, 2009, when Moody's issued a press release stating that it had affirmed the "Aa3" insurance financial strength rating of the Insurer, with a negative outlook. Reference is made to the press release, a copy of which is available at www.moody.com, for the complete text of Moody's comments. Moody's is in the process of reviewing AGL and its subsidiaries and there can be no assurance as to any ratings action that Moody's may take with respect to the Insurer.

For more information regarding the Insurer's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

Capitalization of the Insurer

At December 31, 2011, the Insurer's consolidated policyholders' surplus and contingency reserves were approximately \$3,107,919,136 and its total net unearned premium reserve was approximately \$2,171,861,791, in each case, in accordance with statutory accounting principles.

The Insurer's statutory financial statements for the fiscal year ended December 31, 2011, which have been filed with the New York State Department of Financial Services and posted on AGL's website at <http://www.assuredguaranty.com>, are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to the Insurer are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2011, (filed by AGL with the SEC on February 29, 2012).

All information relating to the Insurer included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, after the filing of the last document referred to above and before the termination of the offering of the insured Series 2012 Certificates shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention:

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Communications Department (telephone (212) 826-0100).

Any information regarding the Insurer included herein under the caption "MUNICIPAL BOND INSURANCE POLICY -- Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "the Insurer Information") shall be modified or superseded to the extent that any subsequently included the Insurer Information (either directly or through incorporation by reference) modifies or supersedes such previously included the Insurer Information. Any of the Insurer Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

The Insurer or one of its affiliates may purchase a portion of the insured Series 2012 Certificates or any uninsured certificates offered under this Official Statement and may hold such insured Series 2012 Certificates or uninsured certificates for investment or may sell or otherwise dispose of such insured Series 2012 Certificates or uninsured certificates at any time or from time to time.

The Insurer makes no representation regarding the Series 2012 Certificates or the advisability of investing in the Series 2012 Certificates. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Offering Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer supplied by the Insurer and presented under the heading "MUNICIPAL BOND INSURANCE POLICY"

SUMMARY OF LEASE-PURCHASE PLAN

The Ground Lease

The Board, as Ground Lessor, has entered into the Series 2003 Ground Lease with the Corporation, as Ground Lessee, and leased the land upon which the Series 2003 Project is located. The Corporation in turn subleased the land back to the Board pursuant to the Master Lease and assigned all of its rights under the Series 2003 Ground Lease to the Trustee pursuant to the Assignment of 2003 Ground Lease. The term of the Series 2003 Ground Lease commenced in March 2003 and will terminate on the earlier of (a) the date on which the Unrefunded Series 2003 Certificates and the Series 2012 Certificates have been paid in full or provisions for payment of the Unrefunded Series 2003 Certificates and the Series 2012 Certificates have been made pursuant to the Trust Agreement, (b) June 30, 2025, or (c) the date the Series 2003 Lease is terminated after the occurrence of an Event of Default. So long as no Event of Default or Event of Non-Appropriation under the Lease Agreement has occurred, the Land shall be used by the Corporation and the Board to acquire, construct and install the Series 2003 Project. Title to the Land shall remain with the Board and title to all components of the Series 2003 Project, other than Designated Equipment, shall

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be in the name of the Corporation pursuant to the Series 2003 Lease, and title to the buildings comprising a portion of the Series 2003 Project constructed on the Land shall remain vested in the Corporation until the earlier of (a) the date the Unrefunded Series 2003 Certificates and the Series 2012 Certificates no longer remain outstanding, or (b) the end of the Series 2003 Ground Lease Term. So long as the Master Lease has not been terminated, the Board shall pay the Corporation \$10.00 per annum as rental payment under the Series 2003 Ground Lease. Upon termination of the Master Lease the rental of the Land shall be increased to fair market value in accordance with the terms of the Series 2003 Ground Lease.

The Master Lease

The Master Lease provides for the lease-purchase financing by the Board from time to time of various real and/or personal property projects ("Projects"), including the Series 2003 Project, that are described in various Lease Schedules to be attached to the Master Lease, including Amended and Restated Lease Schedule No. 1997, Amended and Restated Lease Schedule No. 2000, Amended and Restated Lease Schedule No. 2003, Lease Schedule No. 2005A and Lease Schedule No. 2008. The Master Lease provides the terms and conditions governing the lease of Projects, and the framework under which the Board is obligated to pay rent ("Lease Payments") to the Corporation for the Project described on a particular Lease Schedule. Lease Payments consist of Basic Rent, the principal and interest components of which are set forth in each Lease Schedule, and Supplemental Rent consisting of, among other things, Trustee fees and expenses, redemption premiums and other financing expenses. Each Lease Schedule describes the Project to be lease-purchased by the Board and the details governing the particular lease transaction, including the obligation to make Basic Rent Payments for such Project and to pay Supplemental Rent.

Under the Trust Agreement, one or more Series of Certificates may be issued to obtain funds to be used to pay the costs of acquisition and construction of Projects. The proceeds of the sale of the Certificates of each Series are deposited with the Trustee and will be requisitioned by the Board, acting as agent for the Corporation, to pay the costs of one or more related Projects. Pursuant to the Assignment, the Corporation has assigned its rights under the Master Lease, including its right to receive Basic Rent Payments from the Board under all Lease Schedules, other than its right to indemnification, its right to enter into additional Lease Schedules and its obligation not to impair the tax status of the Series 2012 Certificates, to the Trustee for the benefit of owners of the Series 2012 Certificates in order to secure such Series 2012 Certificates. Failure to appropriate any Lease Payment results in an Event of Non-Appropriation with respect to all Lease Payments set forth on all Lease Schedules to the Master Lease, and a default with respect to any obligation under the Master Lease and any Lease Schedule results in an Event of Default with respect to the entire Master Lease and any Lease Schedules attached thereto. See "SECURITY FOR THE CERTIFICATES" herein.

The Series 2012 Certificates are being executed, authenticated and delivered to provide funds for the purpose of (i) advance refunding the Refunded Certificates and thereby refinance the acquisition, construction, installation and equipping of the Series 2003 Project, and (ii) paying

certain costs associated with the issuance and delivery of the Series 2012 Certificates. See "SERIES 2003 PROJECT" herein for a more detailed discussion of the Series 2003 Project. A portion of such proceeds will be deposited with the Trustee, as Escrow Agent in the Escrow Fund created under the Escrow Deposit Agreement and will be invested in a manner that will allow the funds to be available in accordance with the needs of the Board for prepayment of the Refunded Certificates. See "PLAN OF REFINANCE" herein.

The Principal Component of the Basic Rent Payments under the Series 2003 Lease represented by the Series 2012 Certificates is payable in accordance with the maturity schedule set forth on the inside cover page hereof, subject to Prepayment as provided herein. The Insurer will issue the policy as security for payment of the Principal and Interest Components of the Basic Rent Payments represented by the 2012 Certificates, as set forth on the Lease Schedule No. 2003.

The foregoing does not attempt to completely summarize the provisions of the Master Lease. See "APPENDIX D -- MASTER LEASE-PURCHASE AGREEMENT AND FORM OF SERIES 2003 LEASE" attached hereto.

SERIES 2003 PROJECT

The Series 2003 Project consists of the acquisition, construction and equipping of "Junior High School M," a new junior high school facility for grades seven and eight, with approximately 1061 student stations and constructed on approximately 35 acres currently owned by the School District. The facilities cost approximately \$19,036,000 million and consist of basic classrooms, administrative facilities, skills development lab facilities, exceptional student education facilities, art facilities, band/chorus facilities, physical education facilities, applied technology facilities, a media center, food service facilities and custodial facilities. The Series 2003 Project was completed in May, 2005.

OTHER PROJECTS

The following is a general description of the Series 1997 Project, the Series 2000 Project, the Series 2005 Project and the Series 2008 Project, the only other Projects subject to the Master Lease.

Series 1997 Project. The Series 1997 Project consisted of (i) the acquisition of approximately 42.05 acres adjacent to the existing Ridgeview Junior High School property, and (ii) the conversion of the Ridgeview Junior High School facility into a senior high school facility for grades 9 through 12. The conversion of Ridgeview Junior High School consisted of the renovation of the existing facility and new construction to provide additional administrative facilities, restrooms and custodial facilities, and new construction to provide band/chorus facilities, gymnasium, skills development lab facilities, home economic lab facilities, business education lab facilities, industrial education lab facilities and driver education facilities. In addition, site development included improvements consistent with a high school athletic facility. Finally, the Series 1997 Project consisted of the

equipping of the band and athletics. The Series 1997 Project was completed on September 16, 1998, and within budget.

Series 2000 Project. The Series 2000 Project consisted of the planning, construction and equipping of Flemming Island High School, a senior high school facility for grades 9 through 12 in the Flemming Island area of the County. Fleming Island High School has approximately 1,500 student stations and is located on 60 acres. The facilities consist of classrooms, administrative facilities, skills development lab facilities, driver education facilities, art facilities, band/chorus facilities, physical education facilities, applied technology facilities, a media center, food service facilities and custodial facilities. The Series 2000 Project was completed in August 2003.

Series 2005 Project. The Series 2005 Project consisted of the acquisition, construction and equipping of School "NN" a new school facility for grades kindergarten through eight. The School is located on approximately 40 acres on Plantation Oaks Boulevard in the County currently owned by the School District. The facilities cost approximately \$23,223,000 and consists of approximately 1,101 student stations including basic classrooms, administrative facilities, skills development lab facilities, exceptional student education facilities, art facilities, band/chorus facilities, physical education facilities, applied technology facilities, a media center, food service facilities and custodial facilities. The Series 2005 Project was completed in August, 2006.

Series 2008 Project. The Series 2008 Project consisted of . . . **[DESCRIPTION TO COME.]**
ESTIMATED SOURCES AND USES OF SERIES 2012 CERTIFICATE PROCEEDS

SOURCES OF FUNDS:

Par Amount of Series 2012 Certificates	\$ _____
Net Original Issue Discount/Premium	_____
Total Sources	\$ _____

USES OF FUNDS:

Deposit to Escrow Deposit Trust Fund for the Refunded Certificates	\$ _____
Deposit to Series 2012 Subaccount of the Costs of Issuance Account ⁽¹⁾	_____
Total Uses	\$ _____

(1) Includes, without limitation, municipal bond insurance policy premium, Underwriter's discount, legal, accounting and financial advisory fees, printing costs and other costs associated with the issuance of the Series 2012 Certificates.

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COMBINED CERTIFICATE PAYMENT SCHEDULE

Payment requirements on the Unrefunded Series 2003 Certificates, the Series 2005A Certificates, the Series 2005B Certificates and the Series 2008 Certificates following the issuance of the Series 2012 Certificates are as follows:

Certificate Year Ending <u>July 1</u>	Unrefunded Series 2003 <u>Certificates</u>	Series 2005A <u>Certificates</u>	Series 2005B <u>Certificates</u>	Series 2008 <u>Certificates</u>	Series 2012 Certificates			Total Combined Certificate <u>Payments</u>
					<u>Annual Principal Component</u>	<u>Annual Interest Component</u>	<u>Total Annual Payments</u>	
2012	\$667,690.00	\$ 958,533.76	\$1,935,767.50					
2013	667,690.00	967,683.76	1,932,092.50					
2014	667,690.00	966,133.76	1,937,892.50					
2015	667,690.00	963,808.76	1,939,067.50					
2016	667,690.00	960,683.76	1,934,042.50					
2017	667,690.00	966,283.76	1,934,792.50					
2018	--	1,021,083.76	2,625,137.50					
2019	--	1,027,521.26	2,619,887.50					
2020	--	1,022,927.50	2,624,387.50					
2021	--	1,022,715.00	387,887.50					
2022	--	1,021,040.00	384,500.00					
2023	--	1,018,515.00	390,687.50					
2024	--	1,025,140.00	386,025.00					
2025	--	1,020,490.00	390,937.50					
2026	--	4,674,240.00	--					
2027	--	4,671,640.00	--					
2028	--	--	--					
2029	--	--	--					
Totals								

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RISK FACTORS

The purchase of the Series 2012 Certificates is subject to certain risks. Each prospective investor in the Series 2012 Certificates is encouraged to read this Offering Statement in its entirety. Particular attention should be given to the factors described below which, among others, could affect the marketability, liquidity or market value of the Series 2012 Certificates to an extent that cannot be determined. The following is not, and is not intended to be, a complete description of all the risk factors that may affect the repayment of the Series 2012 Certificates.

Annual Right of the Board to Terminate the Master Lease

Although the Board has determined that the Series 2003 Project is necessary to its operations and currently intends to continue the Series 2003 Lease in force and effect for the Maximum Lease Term described therein and has covenanted in the Series 2003 Lease that the Superintendent will include a sufficient amount in the tentative Budget and final Budget to enable the Board to make the Lease Payments under the Series 2003 Lease due in each Fiscal Year, the Board is not required to appropriate funds for Basic Rent Payments. If, for any Fiscal Year, the Board does not approve a tentative Budget and a final Budget which appropriates sufficient Available Revenues from legally available revenues in a line item specifically identified for payment of its obligations under the Series 2003 Lease, or any other property included under the Master Lease, the Master Lease shall terminate upon the later of the last day of the then Initial Lease Term or last Renewal Lease Term for which moneys have been budgeted and appropriated with respect to the Projects financed thereunder. The Board will not be obligated to make Basic Rent Payments accruing or arising thereafter, except for payment representing the number of days they occupied the Projects from the date such funds were last appropriated to the date of Non-Appropriation, and the Board shall be required to surrender use, possession and control of the Projects to the Trustee within 30 Business days after such Event of Non-Appropriation occurs.

The likelihood that the Master Lease will be terminated as the result of an Event of Non-Appropriation is dependent upon certain factors that are beyond the control of the Certificate Owners, including the continuing future utility of the Projects, in terms of location, design, capacity and other factors, to meet the Board's needs as educational facilities and changes in population or demographics within the County.

No Right of Certificate Owners to Direct Remedies or Consent to Amendments

Termination of the Master Lease will not result in termination of the certificate insurance policy issued by the Insurer. Unless the Insurer is in default of its obligations under such policy, the Insurer is entitled to control and direct any of the rights or remedies of the Trustee, including the right to direct the Trustee as to whether or not to relet or sell the Corporation's interest in the Projects, including the Series 2003 Project. The Insurer may elect, subsequent to the termination of the Series 2003 Lease to accelerate the maturity of all of the Series 2012 Certificates, in which case the principal and interest represented by the respective Series of Certificates shall become due and

payable immediately. If the Insurer does not elect to accelerate the maturity of all 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 of 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 maintain the exclusion from gross income for federal income tax purposes of the Interest Component of the Basic Rent Payment paid to the Series 2012 Certificate Owners.

The Insurer is deemed to be the owner of all Series 2012 Certificates for certain purposes, including consenting to certain amendments to the Trust Agreement, the Master Lease, the Assignment, the Series 2003 Lease and other documents executed to facilitate the issuance of the Series 2012 Certificates.

Limitation Upon Disposition; Ability to Sell or Relet

Following an Event of Default under the Trust Agreement (which include an Event of Non-Appropriation under the Master Lease), the Trustee as assignee of the Corporation may take possession of the Projects, including the Series 2003 Project and sell or re-let its interest therein. The Trustee's ability to actually achieve such a disposition of the Projects, including the Series 2003 Project, is limited by its inability to convey fee simple title to the Projects and by the governmental nature of the Projects. Moreover, it is possible that a court of competent jurisdiction could enjoin the sale or re-letting of the Trustee's interest in the Projects because of the essential governmental nature thereof. Also, there is no assurance that the remedies available to the Trustee upon any such termination of the Master Lease and the disposition of the components of the Projects will produce sufficient amounts to pay the outstanding Series 2012 Certificates.

Tax Treatment

Upon termination of the Master Lease, there is no assurance that payments made by the Trustee or the Insurer with respect to the Series 2012 Certificates and designated as interest will be excludable from gross income for federal income tax purposes or that the ownership or disposition of the Series 2012 Certificates will not be subject to Florida's intangible personal property tax. See "TAX EXEMPTION" herein.

Capital Outlay Millage Revenues

The amount which can be realized by the Board derived from the levy of the Capital Outlay Millage (hereinafter described), the Board's primary source of repayment of the Basic Rent represented by the Series 2012 Certificates, can be affected by a variety of factors not within the Board's control including, without limitation, fluctuations in the assessed valuation of the property within the County and the amount of general business activity, growth and new construction which occurs within the County. The revenues derived from the Capital Outlay Millage could be affected adversely by, among other things, a decline in property values brought on by market, catastrophic

or other events or crises, litigation or legislation. There can, therefore, be no assurances that such revenues will not decrease in the event that such growth and new construction, for whatever reason, decreases or ceases altogether within the County. See "REVENUES OF THE DISTRICT" herein and "APPENDIX A -- GENERAL INFORMATION RELATING TO CLAY COUNTY, FLORIDA" attached hereto. The Capital Outlay Millage may also be adversely affected pursuant to changes in applicable law. See "- Recent Legislative and Constitutional Initiatives" below and "RECENT CHANGES AFFECTING DISTRICT REVENUES -- Recent Constitutional Amendments and Legislative Initiatives Affecting Ad Valorem Taxes" herein, for a description of recent changes in applicable law affecting the levy of the Capital Outlay Millage.

Additional Lease Schedules

The Board may enter into other Lease Schedules in addition to the Amended and Restated Lease Schedule No. 1997, the Amended and Restated Lease Schedule No. 2000, the Amended and Restated Lease Schedule No. 2003, the Lease Schedule No. 2005A and the Lease Schedule No. 2008. 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 Lease Schedules, including the Series 2003 Lease. Upon any such termination of all Lease Schedules, the Board must surrender all Projects to the Trustee for sale or lease. The proceeds of any such disposition of Projects will be applied to the payment of the applicable Series of Certificates. In no event will owners of a Series of Certificates have any interest in or right to any proceeds of the disposition of facilities 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 Lease Schedules and the disposition of the Series 2003 Project will produce sufficient amounts to pay the outstanding Unrefunded Series 2003 Certificates on a pro rata basis with the Series 2012 Certificates, respectively.

Applicability of Securities Laws

After termination of the Series 2003 Lease under certain circumstances, transfer of a Series 2012 Certificate may be subject to the registration provisions of applicable federal and state securities laws. Special Counsel will express no opinion as to the effect of such securities laws. Accordingly, there is no assurance that liquidity of the Series 2012 Certificates will not be impaired following termination of the Series 2003 Lease.

Additional Indebtedness

The Board may issue additional indebtedness other than in connection with the Master Lease secured by or payable from available revenues without the consent of the Owners of the Series 2012 Certificates. Incurring such additional indebtedness may adversely affect the Board's ability to make Lease Payments under the Master Lease.

Recent Legislative and Constitutional Initiatives

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During the 2012 Regular Florida Legislative session and past recent legislative sessions, many legislative and constitutional proposals have been introduced that could affect District funding sources to the extent passed. See "RECENT CHANGES AFFECTING DISTRICT REVENUES" for a description of recent initiatives that have been enacted. The Board is unable to predict what proposals, and their effect on Board finances, may be introduced and adopted during the time the Series 2012 Certificates are Outstanding.

No Reserve Account

No reserve account has been established for the Series 2012 Certificates.

Budget Constraints

As discussed under "REVENUES OF THE DISTRICT," the School District receives a substantial portion of its operational and capital revenues from State sources. A significantly large percentage of such State revenues is generated from the levy of the State sales tax. The State is currently experiencing significant shortfalls in sales tax revenues, which has resulted in significant budget cuts to both the State and District budgets. The State Legislature has been reluctant to create new sources of revenues through the levy of new taxes or the elimination of certain exemptions from the payment of sales taxes.

Since 2007, the State Legislature has significantly reduced the State's budget as a result of the ongoing economic downturn. This reduction has resulted in the School District losing a significant amount in State revenues. The School District was able to mitigate this loss through use of the State Fiscal Stabilization Funds ("SFSF") under the American Recovery and Reinvestment Act of 2009 ("ARRA"). Specifically, the State's budget for Fiscal Year ended June 30, 2012 reduced education funding by \$1.35 billion or 7.96% from the Fiscal Year ended June 30, 2011. This resulted in a reduction in funding of \$[17,215,404] million to the School District. Nonetheless, the School District adopted a balanced budget for the Fiscal Year ended June 30, 2012.

On March 9, 2012, the Florida Legislature passed the State Budget for Fiscal Year ended June 30, 2013. Included in the adopted budget is a \$597 million increase in State education funding compared to Fiscal Year ended June 30, 2012. However, taking into account Federal Education Jobs funds carried-forward from the Fiscal Year ended June 30, 2011 and used in the Fiscal Year ended June 30, 2012 to make up for the recent decreases in State education funding, the overall increase in funding for education in the State for the Fiscal Year ended June 30, 2013 is approximately \$42 million. The School District expects a net [increase/decrease] of approximately \$_____ in overall funding per student.

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 School Board's facilities including the facilities leased under its Master Lease.

[The School Board has covenanted in the Lease Agreement to procure and maintain insurance against loss or damage to any part of the Projects by fire or lightning, with extended coverage and vandalism and malicious mischief insurance. Such extended coverage insurance will, as nearly as practicable, also cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. [DESCRIBE CURRENT PROPERTY INSURANCE COVERAGE]. The Master Lease requires a level of coverage greater to the amount obtained by the School District. However, such coverage is not available at a reasonable premium. Pursuant to the Series 2012 Lease Agreement and the holders of the Series 2012 Certificates have approved such level of coverage.]

THE CORPORATION

The Corporation is a Florida single purpose, not-for-profit educational corporation formed for the purpose of acting as lessor in connection with "lease-purchase" of capital facilities for the Board. The Corporation may in the future initiate additional Lease Schedules under the Master Lease, enter into other lease-purchase agreements with the Board and cause Certificates 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 Board serves as ex-officio Secretary/Treasurer of the Corporation. There is no litigation presently pending against the Corporation.

The Corporation has assigned all of its right, title and interest in and to the Master Lease (except certain indemnification rights, the right to initiate additional Lease Schedules from time to time and its obligation not to impair the tax status of the Series 2012 Certificates) including its right to receive Lease Payments from the Board, its right, title and interest in and to the Series 2003 Ground Lease, and its right to use, sell and relet Projects, to the Trustee. The Trustee directly collects from the Board all of the Basic Rent Payments which are the source of and security for payment of the Series 2012 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.

THE SCHOOL BOARD OF CLAY COUNTY, FLORIDA

The Board is organized under Section 4, Article IX, of the Florida Constitution and Chapter 1001, Florida Statutes, as a body corporate and politic, and is the governing body of the School District. The geographic boundaries of the School District are coterminous with those of the County. The County is located in the northeastern portion of the State to the south and west of Jacksonville. The County encompasses a land area of approximately 601 square miles, and had a 2011 estimated population of 191,143. There are four incorporated municipalities located in the County: Green Cove Springs, Keystone Heights, Orange Park and Penney Farms. See "APPENDIX A -- GENERAL INFORMATION RELATING TO CLAY COUNTY, FLORIDA" attached hereto for a further description of the County and certain demographic information relating thereto. As of June 30, 2011, the School District included 41 schools, comprised of 26 elementary schools, six junior high schools, one junior-senior high school, six high schools, one alternative school, and one combination school with over 35,777 students and approximately 4,830 full-time employees, of which approximately 3,100 were teachers (including substitute teachers), and the School District also employs numerous part-time employees. Management of the schools of the School District is independent of County and city governments. The County Tax Collector collects taxes for the Board, but exercises no control over expenditures by the Board.

The Board

The Board has five members who qualify within residence areas, but are elected countywide for staggered four-year terms. Under existing law, the Board’s duties and powers include, but are not limited to, the development of policies and rules for the efficient operation of the School District; the acquisition, maintenance and disposition of school property within the School District; the development and adoption of a school program for the School District; the establishment, organization and operation of schools, including vocational and evening schools, 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 school or school-related activities.

The Board also has broad financial responsibilities, including 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, their offices, if any, and the expiration of their respective terms are as follows:

<u>Name/Office</u>	<u>Term Expires</u>
Carol Studdard, Chairman	November 2012
Janice Kerekes, Vice Chairman	November 2014
Frank Farrell	November 2012

Lisa Graham
Charles E. Van Zant, Jr.

November 2014
November 2014

Superintendent of Schools

The Superintendent of Schools is the chief executive officer and secretary of the Board. The Superintendent oversees operations of the school system, makes policy recommendations to the Board, and performs the duties assigned to him by law and the regulations of the State Department of Education. The Superintendent is elected for a four-year term, with the current term expiring in November 2012.

The Superintendent also prepares the annual budget for approval by the Board, recommends the tax levy based upon needs illustrated by the budget, recommends debt issuance or borrowing plans of the Board when necessary, provides recommendations for investment of available funds, and keeps records with respect to all funds and financial transactions of the Board.

Administration

Mr. Ben Wortham - Superintendent of Schools. Mr. Wortham has been Superintendent of Schools since November, 2008. His educational career spans over 40 years with the School District of Clay County as a teacher, school principal and central office administrator. In 1993, he was appointed Deputy Superintendent, the highest non-elected position in the school system, and served for 14 years in that role. Mr. Wortham received his Bachelor of Science Degree from the University of Tennessee and his Masters of Education from the University of Memphis. His additional post-graduate work was earned from the University of Florida.

Dr. George F. Copeland, Ed.D., CPA - Assistant Superintendent for Business Affairs. Dr. Copeland has served as Assistant Superintendent for Business Affairs for the Board since 1996. Dr. Copeland has previously been employed as an accountant with Price Waterhouse & Co., controller for a civil engineering firm, fiscal analyst for the State of Utah Legislature, Business Administrator for the Jordan School District, and the Coordinator of Indirect Cost by the University of Florida. Dr. Copeland has announced his retirement effective _____, 2012. The Board **[has]** initiated an executive search to hire a successor Assistant Superintendent for Business Affairs.

Employee Relations

The Board employed 4,830 full-time employees during the Fiscal Year ended June 30, 2011. Approximately 3100 are classroom teachers, who are represented by the Clay County Education Association; non-instructional personnel are represented by the Clay County Education Support Personnel Association. The Board believes that it has a satisfactory relationship with its employees.

Statistical Data

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

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

<u>School Year</u>	<u>Number of Schools⁽¹⁾</u>	<u>Number of Classroom Instructors⁽²⁾</u>	<u>F.T.E. Enrollment⁽³⁾</u>	<u>Average Expenditure from General Fund per F.T.E. Student</u>	<u>General and Operating Expenditures</u>
2011-12	41	3100	35,708	6,208	247,165,154
2010-11	40	2764	35,683	6,814	235,886,592
2009-10	40	2684	35,898	6,811	239,680,470
2008-09	38	2858	35,844	6,701	267,354,760
2007-08	36	2745	36,000	6,951	259,596,249

⁽¹⁾ Excludes Adult Education and the Florida Youth Challenge Academy.

⁽²⁾ Includes part-time substitute teachers.

⁽³⁾ Unweighted full-time equivalent, inclusive of adult education.

Source: School District of Clay County, Florida.

Projected Student Enrollment

<u>School Year</u>	<u>Projected Equivalent Enrollment</u>
2012-13	35,777
2013-14	36,134
2014-15	36,500
2015-16	37,000

Source: School District of Clay County, Florida.

**School District of Clay County
Profile of Enrollments
Full-time Equivalent Students⁽¹⁾**

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Grades 1-3 + Kindergarten	8,115	7,818	7,588	7,285	7,344
Grades 4-8	10,466	10,322	10,283	10,127	9,996
Grades 9-12	8,410	8,458	8,386	8,530	8,429
Exceptional Education	7,768	8,038	8,370	8,438	8,425
Vocational Education	928	878	914	942	1,010

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
At Risk Students	<u>313</u>	<u>331</u>	<u>356</u>	<u>360</u>	<u>342</u>
Full time Equivalent Students	36,000	35,844	35,898	35,683	35,545
Student Increase (Decrease)	379	(155)	53	(215)	(139)

⁽¹⁾ Enrollments are calculated on a full-time student basis for adults and on the basis of the number of students in grades kindergarten through twelve for the regular and summer school terms. A full-time equivalent (FTE) student is defined as equal to 900 hours of instruction time.

Source: School Board of Clay County, Florida

Accounting and Funds

Pursuant to Section 11.45, Florida Statutes, the financial operations of the Board are subject to annual audit. The Board may use independent auditors two out every three fiscal years with the Auditor General's office auditing the financial operations of the Board once every three fiscal years. Audit responsibilities assigned to the Auditor General and/or an independent auditor include the presentation of an annual report on the Board's financial statements, assessment of the adequacy of the Board's control environment, and determination of the Board's compliance with legal requirements.

Accounting policies conform with accounting principles generally accepted in the United States applicable to state and local governmental units. The District implemented the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* ("GASB 34"), and related GASB pronouncements, during the Fiscal Year ended June 30, 2002. GASB 34 creates new basic financial statements for reporting the District's financial activities. In addition to fund-basis financial statements, the financial statements now include government-wide financial statements prepared on the accrual basis of accounting that splits the District's programs between governmental and business-type activities. The organization of such financial statements is as follows:

Government-wide Financial Statements - Government-wide financial statements, including the statement of net assets and 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 School 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 School District's transportation department are allocated to the transportation function, while remaining depreciation expenses are not readily associated with a particular function. Depreciation

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expenses associated with the School 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 School 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 School 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 School 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.

Food Service Fund - to account for the proceeds of Food and Nutrition Services. Food and Nutrition Services is concerned with providing food to pupils and staff in the school system. Food and Nutrition Services includes the preparation and serving of regular and incidental meals, lunches or snacks in connection with school activities and the delivery of food.

ARRA Economic Stimulus Programs Funds - to account for the proceeds of American Recovery and Reinvestment Act (the "ARRA") funds that are legally restricted to expenditure for specified purposes. Because revenues of grants accounted for in the ARRA Economic Stimulus Funds are not recognized until expenditures are incurred, these grant funds generally do not accumulate fund balances.

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 various series of Certificates of Participation.

Capital Projects - Local Capital Improvement Section 1011.71(2), F.S. Fund - to account for the financial resources generated by the Local Option Millage Levy (as defined in "REVENUES OF THE SCHOOL DISTRICT -- Local Sources" herein), to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, and debt service payments on certificates of participation.

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

Internal Service Fund - to account for the School District's individual self-insurance programs.

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.

Budget Process

State law requires the Board to adopt in each fiscal year a tentative budget and a final budget, each of which is required to be balanced with available funds. Revenues derived from ad valorem property taxes are budgeted, as required by State law, on the application of millage levies to 96 percent of the non-exempt assessed value of property in the County.

The Superintendent is responsible for recommending the tentative budget to the Board. State law further requires the Board to advertise its intent to adopt the tentative budget, including a proposed tax millage, within 29 days after certification of taxable property by the County Property Appraiser, which is required by State law to occur by July 1, unless extended.

The Board is required to hold a public hearing on the tentative budget and the proposed tax millage within five days, but not earlier than two days, after advertisement. At the hearing, the Board adopts a tentative budget and a resolution stating the millage rate to be levied, and sets the date for the public hearing on the final budget. Following the hearing on the tentative budget, all property owners are notified by the State Property Appraiser, usually in mid-August, of the date, time and place of the hearing on the final budget; the proposed millage rate; and the millage rate which would have had to be levied to raise the same ad valorem property tax revenue as was raised in the preceding year.

A public hearing and adoption of the final budget and tax millage are required within 80 days, but not earlier than 65 days, after the taxable property certification by the County Property Appraiser. This public hearing usually occurs early in September.

In no event may the millage rate adopted at the final budget hearing exceed the millage rate adopted at the tentative budget hearing unless each taxpayer within the District is sent notice by mail of the taxes under the tentative adopted millage rate and the taxes under the higher rate to be

adopted at the final budget hearing. The final budget is submitted to the State Department of Education. After the final budget hearing, the Board must certify the final millage rate to the County Tax Collector, the County Property Appraiser and the State Department of Revenue. The School District prepared its tentative budget for the Fiscal Year ended June 30, 2012, which was adopted at a public hearing held on August 1, 2011 and adopted its final budget for such Fiscal Year on September 15, 2011.

Accounting, Auditing and Budget System

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

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

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

General Fund Operations

The Board's General Fund revenues are derived from Federal and state appropriations and local sources. The Board's two major sources of funds for the General Fund from the State are basic and categorical funding from the Florida Education Finance Program ("FEFP"). FEFP categorical funds are restricted to the specific purposes for which they are authorized. To participate in FEFP funding, each school district must levy a minimum millage for operating purposes, which is set by the State Board of Education. The operating millage for the General Fund set by the Board for Fiscal Year 2011-12 is 7.9770 mills.

The following table summarizes results of operations for the General Fund for the Fiscal Years ended June 30, 2008 through June 30, 2011 (audited) and June 30, 2012 (budgeted).

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School District of Clay County, Florida
Statement of Operations for the General Fund

	<u>Audited</u> 2007-08	<u>Audited</u> 2008-09	<u>Audited</u> 2009-10	<u>Audited</u> 2010-11	<u>Budgeted</u> 2011-12
Revenues					
Intergovernmental:					
Federal Direct	941,803	943,015	\$800,398	\$926,130	920,000
Federal Through State			38,300	-	
State	197,215,218	181,079,123	171,157,355	175,024,909	170,146,039
Local					
Property Taxes	<u>56,895,471</u>	<u>63,107,983</u>	<u>63,506,283</u>	<u>57,891,949</u>	<u>57,318,567</u>
Miscellaneous	<u>3,713,228</u>	<u>2,363,892</u>	<u>2,714,683</u>	<u>4,507,608</u>	<u>2,533,957</u>
Total Revenues	258,765,720	24,749,013	238,217,019	238,350,595	230,918,563
Expenditures					
Current Education:					
Instruction	169,239,150	174,935,724	157,034,261	155,743,026	160,516,970
Pupil Personnel Services	13,212,202	14,102,092	10,661,574	8,471,506	12,497,180
Instructional Media Services	5,861,568	5,864,899	2,597,908	2,406,496	4,003,771
Instruction & Curriculum Development	4,934,085	4,201,928	3,669,432	3,901,135	3,986,903
Instructional Staff Training	1,498,556	1,266,545	628,470	592,770	901,580
Instruction Related Technology	1,329,973	1,196,706	1,057,259	1,220,655	2,117,368
Board of Education	765,300	1,091,015	1,195,999	1,111,363	2,452,494
General Administration	864,172	896,103	852,856	874,805	883,847
School Administration	14,726,095	15,076,266	15,183,109	15,673,358	13,060,706
Facilities Acquisition & Construction	915,259	1,587,033	1,484,871	2,046,750	2,144,068
Fiscal Services	746,192	728,704	757,804	596,598	763,547
Food Services	51,681	80,634	54,145	71,673	
Central Services	3,862,798	3,602,714	3,247,964	3,242,315	3,547,471
Pupil Transportation Services	12,632,919	11,459,367	11,087,970	11,580,016	11,949,212
Operation of Plant	17,796,823	20,299,047	19,677,783	19,948,064	20,226,985
Maintenance of Plant	5,702,700	5,922,827	5,635,233	5,466,928	5,575,552
Administrative Technology Services	1,668,911	1,921,517	1,812,706	1,501,843	1,886,522
Community Services	382,730	375,779	411,023	419,988	414,600
Fixed Capital Outlay:					
Facilities Acquisition & Construction	1,065,646	471,817	380,600	182,090	-
Other Capital Outlay	2,339,489	2,276,041	2,070,841	692,612	-
Debt Service					
Principal	-	-	178,661	122,327	122,327
Interest	-	-	-	20,273	113,051
Total Expenditures	259,596,249	267,354,760	239,680,468	235,886,591	247,164,154
Excess of Revenues Over Expenditures	(830,530)	19,860,747	(1,463,450)	2,464,004	(16,245,591)
Other Financing Sources (Uses)					
Transfers In	1,758,400	3,330,000	3,101,284	3,385,929	3,325,543
Inception of Capital Lease			481,289		
Sale of Capital Assets	108,818	5,320	25,688	13,358	30,000
Loss Recoveries	316,655	14,498	40,981	15,711	40,000
Transfers Out	<u>(2,516,094)</u>	<u>(14,448)</u>	<u>(28,458)</u>	-	-
Total other Financing Sources (Uses)	(332,222)	3,335,370	3,620,785	3,414,999	3,395,543
	(1,162,751)	(16,525,377)	2,157,335	5,879,002	(12,850,048)
Net Change in Fund Balances					
Fund Balances, Beginning	32,671,400	31,821,403	14,912,342	16,879,727	22,882,967
Increase (Decrease) in Inventory Reserve	312,755	(383,683)	(189,951)	124,238	
Fund Balances, Ending	31,821,403	14,912,343	\$16,879,727	\$22,882,968	10,032,919
Reserved and/or Designated	9,309,732	5,630,642	580,349	3,142,905	3,105,362
Unreserved (Undesignated)	<u>22,511,671</u>	<u>9,281,701</u>	<u>299,378</u>	<u>19,740,063</u>	<u>6,927,557</u>

Totals may not add due to rounding.

Sources: School Board of Clay County, Florida, Comprehensive Annual Financial Report for the Fiscal Years ended June 30, 2008, 2009, 2010 and 2011; School Board of Clay County, Florida Annual Budget Report for the Fiscal Year ended June 30, 2012.

The Department of Education instructs school districts that undistributed reserves should be in the range 3-5% of General Fund state and local revenues. The Board's five year Strategic Plan requires the General Fund's undistributed reserve to be a minimum of 3% based on General Fund state and local revenues. For the fiscal year ending June 30, 2011, undistributed reserve was _____ which represents _____% of the General Fund State and local revenues. The unaudited undistributed reserve for fiscal year ending June 30, 2012 is _____, which represents _____% of State and local revenues.

Cash and Investments

As of June 30, 2011, the Board held cash and investments totaling \$10,703,740.94 and \$49,620,761.76, respectively (unaudited). The majority of the investments are presently invested with the State Board of Administration in the State Local Government Surplus Funds Trust Fund. See "INVESTMENT POLICY" herein.

REVENUES OF THE SCHOOL DISTRICT

The School District derives its revenues for operations and for capital outlay projects from a variety of federal, state and local sources. The major categories of these revenue sources are briefly described below. In Fiscal Year 2011, excluding Series 2012 Certificate proceeds and existing fund balances, it was budgeted that approximately 17% of the annual revenues for capital improvements will be provided by State revenues, and 87% will be provided by local millage and other sources.

Federal Sources

The School District received \$45,419,546.53 in federal subsidies in Fiscal Year 2010-11 and anticipates receiving \$29,577,566.40 in Fiscal Year 2011-12. The use of such federal subsidies is restricted for purposes such as (1) offsetting the costs of providing services to dependents of military personnel, (2) providing services for children living in federally subsidized housing, (3) offsetting salaries of junior ROTC instructors, (4) providing subsidized food programs, and (5) providing services for the handicapped.

State Sources

Capital Outlay. A source of State educational funding contributions to the Board's capital outlay requirements is the State Public Education Capital Outlay Program ("PECO"). PECO funds are derived from revenues generated from the gross receipts tax levied on utilities pursuant to Article VII of the Florida Constitution. The vast majority of such revenues are generated from assessments imposed on the sale of telecommunication services and electricity pursuant to Chapter 203, Florida Statutes. The method of allocation of funds to the district school boards is provided by state law based upon a statutory formula, a component of which is the number of full-time equivalent students in the school system. The Commissioner of Education of the State administers the PECO program and allocates or reallocates funds as authorized by law. PECO allocated

\$1,933,808 to the Board in Fiscal Year ended June 30, 2009, \$724,455 in Fiscal Year ended June 30, 2010 and \$2,062,385 in Fiscal Year ended June 30, 2011. No PECO revenues were budgeted to be received by the Board for Fiscal Year ending June 30, 2012. PECO funds may be used to make the principal portion of lease-purchase payments on a new construction project, but only to the extent that the project otherwise qualifies for PECO funding.

PECO Funds				
<u>Fiscal Year</u>	<u>Allocated by OEF⁽¹⁾</u>	<u>Maintenance Repair and Renovation⁽²⁾</u>	<u>Charter Schools⁽³⁾</u>	<u>Total PECO Funds</u>
2008				
2009				
2010				
2011				
2012 ⁽⁴⁾				

⁽¹⁾ These funds may be used either for debt service or costs of new construction or a survey recommended project.

⁽²⁾ These funds may be used only for costs of maintenance, repairs and renovation and are not available to pay debt service.

⁽³⁾ These funds are passed through to the School District’s charter schools for their capital outlay needs.

⁽⁴⁾ Budgeted.

Source: State Department of Education, Office of Education Finance Accounting Information System Project Disbursement Report Request.

The State Capital Outlay and Debt Service Funds (“CO&DS”) also provides funds for the Board’s capital outlay requirements. CO&DS Funds are derived from a portion of the revenues collected from motor vehicle license charges. The Board received \$408,477 in Fiscal Year ended June 30, 2011 and projects it will receive \$430,000 Fiscal Year ended June 30, 2012.

In July 2005, the District participated in the refunding of the 1997 Bonds (2005A) in the amount of \$3,970,000, and in the refunding of the 1998 Bonds (2005B) in the amount of \$740,000. In January 2010, the District participated in the refunding of the 1999 Bonds (2009A) in the amount of \$340,000. As of June 30, 2011, the outstanding CO&DS Bond principal totaled \$5,025,000. The District has not participated in a State Bond Issue for Fiscal Year 2011-12.

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

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

FEFP categorical programs are lump sum appropriations from the State intended to supplement local school district revenues to enhance the delivery of educational and support services by each school district. All or a portion of the FEFP receipts are not available to pay debt service on the Series 2012 Certificates. 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 were provided.

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

Local Sources

Property Taxes. 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 Certificates to the power of taxation of the School Board.

1. For operational purposes, the State 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." The "district required local effort" for the School District was 5.369 mills for Fiscal Year 2010-11 and 5.479 mills for Fiscal Year 2011-12.

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

“discretionary millage” for the School District was 0.748 mills for Fiscal Year 2010-11 and 0.748 mills for Fiscal Year 2011-12.

3. 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 1.5 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 (each mill represents \$1 of tax assessment per \$1,000 of property value assessment, subject to certain exclusions). Historically, the maximum Local Option Millage Levy was 2.00 mills. In its 2008 Legislative Session, the State Legislature reduced the maximum amount of the levy from the 2.0 mills then in effect to 1.75 mills and in its 2009 Legislative Session, the State Legislature further reduced the maximum levy from 1.75 mills to 1.50 mills. Payments from the proceeds of the Local Option Millage Levy for lease purchase agreements for educational facilities and sites, including the Series 2003 Lease Agreement, may not exceed three-fourths of the proceeds of the Local Option Millage Levy; however, on March 9, 2012, the State Legislature passed House Bill 5101 (“HB 5101”), which removes the three-fourths limit for lease-purchase agreements entered into before June 30, 2009. **SEE “RECENT CHANGES AFFECTING DISTRICT REVENUES – Recent Constitutional Amendments and Legislative Initiatives Affecting Ad Valorem Taxes” FOR INFORMATION CONCERNING SUCH LEGISLATION THAT MAY ADVERSELY AFFECT THE DISTRICT’S TAXABLE ASSESSED VALUATION, LOCAL OPTION MILLAGE LEVY AND THE CAPITAL OUTLAY MILLAGE AVAILABLE TO MAKE LEASE PAYMENTS.** In the event that revenues generated from the reduced Local Option Millage Levy are insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2008, an amount equal to the revenue generated from 0.50 mills of the operating levy may be used to make such Lease Payments. Additionally, pursuant to recently enacted legislation, if the revenue from 1.50 mills is insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2009 or to meet other critical capital needs, a school board may elect to levy up to 0.25 mills for capital purposes in lieu of a like amount of discretionary operating millage. 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 are not pledged to, the payment of Basic Rent Payments under the Master Lease, 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 funds to make Basic Rent Payments. The “Local Option Millage Levy” for the School District was 1.50 mills for Fiscal Year 2010-11 and 1.50 mills for Fiscal Year 2011-12.

4. School boards, with the approval of the qualified electorate of the school district, may levy an additional millage for current operations and/or capital outlay purposes for a period of not to exceed two years.

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

The Board assessed, or expects to assess, as the case may be, a Local Option Millage Levy of 1.50 mills for the Fiscal Years ended June 30, 2010, 2011, and 2012. See the table entitled School District of Clay County, Florida Taxes Levied and Collected For the Fiscal Years 2002 through 2011 under the caption "AD VALOREM TAX PROCEDURES" for a schedule of the millage actually assessed by the Board over the past ten years. The Board's total non-voted millages for Fiscal Years ended June 30, 2010, 2011, and 2012 are 7.733 mills, 7.867 mills and 7.977 mills, respectively; the Florida 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
REQUIRED TO COVER MAXIMUM ANNUAL
PAYMENTS ON THE SERIES 2012 CERTIFICATES
AND THE PRIOR CERTIFICATES**

The table below sets forth the estimated millage that would provide 1.00x coverage of the maximum annual debt service on the Prior Certificates and the Series 2012 Certificates following the issuance and the defeasance of the Refunded Certificates.

	Fiscal Year <u>2011-12</u>
Taxable Assessed Valuation (2012 Tax Year)	\$9,218,286,352
Funds Generated from 1 Millage Levy ⁽¹⁾	\$ _____
Maximum Annual Lease Payments on all Prior Certificates and the Series 2012 Certificates	\$ _____
Estimated Maximum Annual Lease Payments on all Prior Certificates and the Series 2012 Certificates to be paid from Capital Outlay Millage ⁽²⁾	\$ _____
Millage Levy Which Produces 1.00x Coverage of Maximum Annual Lease Payments on the Prior Certificates and the Series 2012 Certificates paid by Capital Outlay Millage	_____ mills
Millage Levy Legally Required Which Produces 1.00x Coverage of Maximum Annual Lease Payments on the Prior Certificates and the Series 2012 Certificates paid by Capital Outlay Millage ⁽²⁾	_____ mills

⁽¹⁾ This 1-mill amount is calculated using 96% of the taxable assessed valuation.

⁽²⁾ Payments from the proceeds of the Local Option Millage Levy for lease purchase agreements for educational facilities and sites may not exceed three-fourths of the proceeds of the Local Option Millage Levy; however, HB 5101 allows payments from the proceeds of the Local Option Millage

Levy to exceed three-fourths of the proceeds of such levy for lease purchase agreements entered into prior to June 30, 2009. See “RECENT CHANGES AFFECTING DISTRICT REVENUES – Recent Constitutional Amendments and Legislative Initiatives Affecting Ad Valorem Taxes” herein. The Board levies a Local Option Millage Levy of 1.5 mills.

Local Government Infrastructure Surtax. On November 3, 1989, the citizens of the County approved a 1% local government infrastructure sales surtax authorized under Section 212.055(2), Florida Statutes. Pursuant to Section 212.055(2)(c)1., Florida Statutes, the County and its municipalities entered into an interlocal agreement with the Board, dated June 23, 1998, wherein the parties agreed to a distribution formula for the infrastructure sales surtax proceeds. The distribution formula provides, in part, that the School District shall receive 10% of the County’s portion of the proceeds using the statutory distribution formula provided in Section 218.62, Florida Statutes. The surtax proceeds are used for fixed capital expenditures or fixed capital costs associated with the construction, reconstruction, or improvement of public facilities which have a useful life expectancy of five or more years; any land acquisition, land improvement, design, and engineering costs related thereto; and certain vehicle purchases.

Educational Impact Fees. The County imposes an educational impact fee based on an ordinance adopted by the County Commission in 2003. This ordinance was most recently amended in October 2005, when Ordinance 2005-43 established, in part, revised rates to be collected. The educational impact fee is collected by the County for most new residential construction. The fees are collected by the County and each municipality within the County based on an interlocal agreement. The fees shall be used solely for the purpose of providing capital improvements to the public educational system necessitated by new residential development, and shall not be used for any expenditure that would be classified as a maintenance or repair expense. The authorized uses include, but are not limited to, land acquisition, facility design and construction costs, furniture and equipment, and payment of principal, interest, and related costs of indebtedness necessitated by new residential development. Because the educational impact fee is similar to a capital-type special assessment, it is reported as program revenue in the government wide financial statements.

School District of Clay County, Florida

Direct Debt

as of June 30, 2011

(unaudited)

<u>Direct Debt</u>	<u>Non-Self Supporting Revenue Debt</u>
State Board of Education Capital Outlay: ⁽¹⁾	
Series 2002B	\$ 1,050,000
Series 2003A	510,000
Series 2005A	2,620,000

Series 2005B	570,000
Series 2009A	275,000
District Revenue Bonds	
Series 2010A	2,925,000
Certificates of Participation ⁽²⁾	
Series 2003 ⁽³⁾	15,495,000
Series 2004	5,900,000
Series 2005A	15,005,000
Series 2005B	16,540,000
Series 2008	<u>10,180,000</u>
TOTAL DIRECT DEBT	\$71,070,000

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

⁽²⁾ Represents payments under lease-purchase agreements which are subject to annual renewal by the Board and do not constitute long-term debt.

⁽³⁾ Portions of the Series 2003 Certificates are being refunded by the Series 2012 Certificates. See "PLAN OF REFINANCE" herein.

Source: School Board of Clay County, Florida, Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2011.

AD VALOREM TAX PROCEDURES

General

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

State law requires that all real and personal property be assessed at its just or fair market value. No ad valorem taxes may be levied by the State upon real estate or tangible personal property. Such taxes may be levied only by counties, school districts, municipalities and certain special districts. Railroad properties are centrally assessed at the State level. Real property used for the following purposes is generally exempt from ad valorem taxation: religious, educational, charitable, scientific, literary, and governmental. In addition, there are special exemptions for

widows, hospitals, homesteads, and homes for the aged and disabled veterans. Agricultural land, non commercial recreational land, inventory, and livestock are assessed at less than 100% of fair market value.

The County Property Appraiser determines property valuation on real and tangible personal property as of January 1 of each year. The County Property Appraiser determines the valuation of all real and personal property by July 1 of each year and notifies the County, the School District, each municipality, and each other legally constituted special taxing district as to its just valuation, notes the legal adjustments and exemptions and the taxable valuation. The taxable valuation is then used by each taxing body to calculate its ad valorem millage for the budget year. Each taxing body must advertise its budget, stating the proposed millage and hold public hearings on such budgets. Final budgets are determined by each taxing body, and the millage is certified to the County Property Appraiser by October 1.

Concurrently, the County Property Appraiser notifies each property owner of the proposed valuation and the proposed millage on such property. If the individual property owner believes that his or her property has not been appraised at fair market value, the owner may file a petition with the Clerk of the Property Appraisal Adjustment Board (the "Adjustment Board"). The Adjustment Board consists of members of the County Commission and members of the Board. The Adjustment Board holds public hearings on such petitions and may make adjustments to the valuations made by the County Property Appraiser, if such valuations were found not to be fair and at market value. The Adjustment Board must certify its decision with regard to all petitions and certify to the County Property Appraiser the valuation to be used. These changes are then made to the final tax roll.

Every person who has the legal title or beneficial title in equity to real property in the State and who resides thereon and in good faith makes the same his or her permanent residence or the permanent residence of others legally or naturally dependent upon such person is entitled to an exemption from ad valorem taxation by counties up to the assessed valuation of \$25,000 on the residence and contiguous real property. See "RECENT CHANGES AFFECTING DISTRICT REVENUES - Recent Constitutional Amendments and Legislative Initiatives Affecting Ad Valorem Taxes" herein for recent increases to such "homestead exemption."

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

The following tables reflect historical assessed valuations for the County and historical levies and collections of ad valorem taxes for the County for the tax years 2002 through 2011.

Clay County, Florida
Assessed Valuation of Taxable Property For the Years 2002 through 2011

<u>Tax Year</u>	<u>Total Assessed Valuations</u>	<u>Homestead Exemptions</u>	<u>Other Exemptions⁽¹⁾</u>	<u>Taxable Assessed Valuation</u>	<u>% Taxable to Assessed Valuation</u>
2011					
2010					
2009					
2008					
2007					
2006					
2005					
2004					
2003					
2002					

⁽¹⁾ Other Exemptions includes: Classified Use Value, Renewal Energy Source, Seniors, Government, Widows, Widowers, Disability and Institutional.
Source: Clay County Property Appraiser.

The following table contains the list of the Countywide Principal Taxpayers as of June 30, 2011:

Clay County, Florida
Principal Taxpayers
as of 2011 Assessment Roll

<u>Taxpayer</u>	<u>Taxable Value</u>	<u>% of Total Taxable Value</u>
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Total Principal Taxpayers

Total Taxable Assessed Valuation

Sources: Clay County Property Appraiser.

Procedure for Ad Valorem Tax Collection

All real and tangible personal property taxes are due and payable on November 1 of each year, or as soon thereafter as the tax roll is certified and delivered to the County Tax Collector. The County Tax Collector mails a notice to each property owner on the tax roll for the taxes levied by the County, the Board, municipalities within the County and other taxing authorities. Taxes may be paid upon receipt of such notice, with discounts at the rate of 4% if paid in the month of November; 3% if paid in the month of December; 2% if paid in the month of January and 1% if paid in the month of February. Taxes paid in the month of March are without discount. All unpaid taxes on real and personal property become delinquent on April 1 of the year following the year in which taxes were levied. Delinquent real property taxes bear interest at the rate of 18% per year from April 1 until a tax certificate is sold at auction, from which time the interest rate shall be as bid by the buyer of the tax certificate. Delinquent tangible personal property taxes also bear interest at the rate of 18% per year from April 1 until paid. Delinquent personal property taxes must be advertised within 45 days after delinquency, and after May 1, the property is subject to warrant, levy, seizure and sale.

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

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

Section 197.016(2), Florida Statutes, requires the County Tax Collector to distribute the taxes collected, to each governmental unit levying the tax. Such distribution is to be made four times during the first two months after the tax roll comes into its possession, and once per month thereafter.

Clay County, Florida
Taxes Levied and Collected by All Governmental Units for the Years 2002-2011

Tax Roll <u>Year</u>	Total Taxes <u>Levied</u>	Total Monies <u>Collected</u>	Discounts <u>Allowed</u>	Total Cash Credits on <u>Collections</u>	Total Cash Credits as a <u>% Levied</u>
2011					
2010					
2009					
2008					
2007					
2006					
2005					
2004					
2003					
2002					

Sources: Clay County Tax Collector.

Truth in Millage Bill

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

The following table contains historical millage levies collected for the School District:

School District of Clay County, Florida
Taxes Levied and Collected
For the Tax Years 2002 through 2011

Tax Roll <u>Year</u>	School Fiscal <u>Year</u>	Taxable Assessed <u>Valuation</u>	Operating <u>Millage⁽¹⁾</u>	Local Option Millage <u>Levied⁽²⁾</u>	Total <u>Millage</u>	<u>Taxes</u> Levied	Taxes Collected ⁽³⁾	Percent <u>Collected⁽³⁾</u>
2011	2011-							
	12							
2010	2010-							
	11							

2009	209-10
2008	2008- 09
2007	2007- 08
2006	2006- 07
2005	2005- 06
2004	2004- 05
2003	2003- 04
2002	2002- 03

(1) Includes "district required local effort" and "discretionary millage" for operational purposes.

(2) The School District currently does not levy a debt service millage in addition to the Local Option Millage Levy.

(3) Includes discounts taken for early payment.

Sources: Clay County Property Appraiser, Clay County Tax Collector.

Pursuant to Article VII of the Florida Constitution, the Board may not levy ad valorem taxes, exclusive of voted taxes levied for the payment of bonds, in excess of 10 mills. The Board has levied 7.9770 non-voted mills for Fiscal Year ending June 30, 2012.

RECENT CHANGES AFFECTING DISTRICT REVENUES

Class Size Reduction

In the general election on November 5, 2002, the voters of the State approved two amendments to the Florida Constitution that affect the Board's operations. Amendment 9 to the Florida Constitution requires that the State Legislature provide funding for sufficient classrooms so that class sizes can be reduced to certain constitutional class size maximums by the beginning of the 2011 school year. Section 1003.03, Florida Statutes, implements Amendment 9 (collectively, "Class Size Legislation").

The Class Size Legislation establishes constitutional class size maximums limiting students per class to no more than 18 for pre-kindergarten through third grade, 22 for grades four through eight and 25 for grades nine through 12. These maximums were required to be implemented by the beginning of the 2011 school year. Upon adoption, school districts that exceed these class size maximums were 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 Fiscal Year ended June 30, 2003.

{6102/10/00652256.DOCv4}

For the Fiscal Year ended June 30, 2004 through the Fiscal Year ended June 30, 2006, compliance for each of the grade groupings was calculated to be the average at the district level. For the Fiscal Year ended June 30, 2007 through the Fiscal Year ended June 30, 2009, compliance was determined by the average on a school-by-school basis. For the Fiscal Year ended June 30, 2010 and thereafter, except as otherwise provided below, compliance was to be determined on an individual classroom level.

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

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

During its 2009 session, the Florida legislature enacted, and the Governor signed into law, legislation delaying implementation of the mandated class size reductions for one year. Such legislation generally provided that compliance with the Class Size Legislation would be determined on a school-by-school basis through and including the Fiscal Year ended June 30, 2010, and that final compliance on an individual classroom basis would be delayed until the Fiscal Year ended June 30, 2011. In the event a school district is not in compliance with such requirements, the legislation provides that the State shall reduce categorical funds due to such school district for operational purposes.

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 School District or the Board. The Class Size Legislation is largely focused upon funding of capital outlays and facility needs. There can be no assurance that these funds will be sufficient to meet the capital and facility needs of the School District required by the Class Size Legislation. Further, there can be no assurance that the School District will have funds sufficient to meet the capital and facility needs of the School District required by the Class Size Legislation or that compliance therewith will not adversely affect other capital needs and operating costs of the School District.

The School District currently complies with the constitutional class size maximums for the fiscal year ending June 30, 2012. There can be no assurances that the School District will be able to maintain its class size in the manner currently mandated by the Class Size Legislation. While the Class Size Legislation requires that the 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 School District. There can be no assurance that the State Legislature will provide funds sufficient to meet the capital, facility and operating needs of the School District required by the Class Size Legislation. Further, there can be no assurance that the School District will have funds sufficient to meet the capital, facility and operating needs of the School District required by the Class Size Legislation or that compliance therewith will not adversely affect other capital needs and operating costs of the School District.

Pre-K Programs

The second amendment to the Florida Constitution approved by the voters in 2002 relates to a statewide voluntary pre-kindergarten program. During the 2004-A special session, the State Legislature passed House Bill 1-A, codified in Chapter 1002, Part V, Florida Statutes, which creates a statewide Voluntary Pre-kindergarten Education Program (together with the Constitutional amendment, the "Pre-K Legislation"). Among other things, the Pre-K Legislation provides eligibility and enrollment requirements, authorizes parents to enroll their children in a school-year pre-kindergarten ("Pre-K") program delivered by a private Pre-K provider, a summer program delivered by a public school or private Pre-K provider or, if offered in a school district that meets class-size reduction requirements, a school year Pre-K program delivered by a public school. The Pre-K Legislation also requires school districts to deliver summer Pre-K programs and permits school districts to deliver school-year Pre-K programs. Additionally, the Pre-K Legislation appropriates State funds to finance the Pre-K programs and provides the method for calculating the funds allocated to each Pre-K program provider. There can be no assurance that the State Legislature will provide funds sufficient to meet the capital and facility needs of the School District required by the Pre-K Legislation. Further, there can be no assurance that the School District will have funds sufficient to meet the capital and facility needs of the School District required by the Pre-K Legislation or that compliance therewith will not adversely affect other capital needs and operating costs of the School District.

Limitation on State Revenues

In the 1994 general election, voters of the State approved an amendment to the Florida Constitution which is commonly referred to as the "Limitation On State Revenues Amendment." This amendment provides that state revenues collected for any fiscal year shall be limited to state revenues allowed under the amendment for the prior fiscal year plus an adjustment for growth. Growth is defined as an amount equal to the average annual rate of growth in the State personal income over the most recent twenty quarters times the state revenues allowed under the amendment for the prior fiscal year. State revenues collected for any fiscal year in excess of this limitation are required to be transferred to a budget stabilization fund until the fund reaches the maximum balance specified in the amendment to the Florida Constitution, and thereafter is required to be refunded to taxpayers as provided by general law. The limitation on state revenues imposed by the amendment may be increased by the State Legislature, by a two-thirds vote in each house.

The term “state revenues,” as used in the amendment, means taxes, fees, licenses, and charges for services imposed by the legislature on individuals, businesses, or agencies outside state government. However, the term “state revenues” does not include: (1) revenues that are necessary to meet the requirements set forth in documents authorizing the issuance of bonds by the State; (2) revenues that are used to provide matching funds for the federal Medicaid program with the exception of the revenues used to support the Public Medical Assistance Trust Fund or its successor program and with the exception of State matching funds used to fund elective expansions made after July 1, 1994; (3) proceeds from the State lottery returned as prizes; (4) receipts of the Florida Hurricane Catastrophe Fund; (5) balances carried forward from prior fiscal years; (6) taxes, licenses, fees and charges for services imposed by local, regional, or school district governing bodies, or (7) revenue from taxes, licenses, fees and charges for services required to be imposed by any amendment or revision to the Florida Constitution after July 1, 1994. This amendment took effect on January 1, 1995, and was first applicable to the State’s fiscal year 1995-1996.

In its 2011 Regular Session, the State Legislature enacted Senate Joint Resolution 958 (“SJR 958”). SJR 958 amends Article VII, Section 1 of the Florida Constitution and creates Article VII, Section 19 and Article XII, Section 32 of the Florida Constitution. SJR 958 (1) replaces the existing state revenue limitation based on State personal income growth (as described above) with a new state revenue limitation based on changes in population and inflation; (2) requires excess revenues to be deposited into the Budget Stabilization Fund to support public education or returned to taxpayers; (3) adds fines and revenues used to pay debt service on bonds issued after July 1, 2012 to the state revenues subject to the limitation; (4) authorizes the Florida Legislature to increase the revenue limitation by a supermajority vote; and (5) authorizes the Florida Legislature to place a proposed increase before the voters, which would require approval of 60% of the voters. SJR 958 will be on the ballot in the 2012 general election or at an earlier election authorized by law. If approved by 60% of the voters, the new state revenue limitation will be phased in starting in state fiscal year 2014-1015. Overtime the new state revenue limitation is more likely to constrain state revenues than the current state revenue limitation; however, the potential impact on the Board or its finances cannot be ascertained at this time.

To the extent Available Revenues or any portion thereof, constitute “state revenues” which are subject to and limited by the Limitation on State Revenues Amendment, the future distribution of increases in such Available Revenues or any portion thereof to the Board may be adversely affected by the Limitation on the State Revenues Amendment. Whether the limitation will have practical impact in the future is not known.

Recent Constitutional Amendments and Legislative Initiatives Affecting Ad Valorem Taxes

During recent years, various other legislative proposals and constitutional amendments relating to ad valorem taxation have been introduced in the State. Many of these proposals sought to provide for new or increased exemptions to ad valorem taxation, limit the amount of revenues that local governments could generate from ad valorem taxation or otherwise restrict the ability of local governments in the State to levy ad valorem taxes at recent, historical levels. Additionally,

there have been certain proposals seeking to reduce the “required local effort” millage for school districts and to replace such millage with other revenue source(s) or to require that certain percentages of school district funding be spent on particular activities. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the School District or its finances.

Several Constitutional and Legislative amendments affecting Ad Valorem Taxes have been approved by voters in the past including the following.

Save Our Homes Amendment. By voter referendum held on November 3, 1992, Article VII, Section 4 of the Florida Constitution was amended by adding thereto a subsection which, in effect, limits the increases in assessed just value of homestead property to the lesser of (1) three percent of the assessment for the prior year or (2) the percentage change in the Consumer Price Index for all urban consumers, U. S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics. Further, the amendment provides that (1) no assessment shall exceed just value, (2) after any change of ownership of homestead property or upon termination of homestead status such property shall be reassessed at just value as of January 1 of the year following the year of sale or change of status, (3) new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead, and (4) changes, additions, reductions or improvements to homestead shall initially be assessed as provided for by general law, and thereafter as provided in the amendment. The effective date of the amendment was January 5, 1993 and, pursuant to a ruling by the Supreme Court of the State, it began to affect homestead property valuations commencing January 1, 1995, with 1994 assessed values being the base year for determining compliance.

In the November 7, 2006 general election, the voters of the State approved Amendments 6 and 7 to the Florida 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.

Constitutional Amendments Related to Ad Valorem Exemptions. On January 29, 2008, in a special election held in conjunction with the State’s presidential primary, the requisite number of voters approved amendments to the Florida Constitution exempting certain portions of a property’s assessed value from taxation. The following is a brief summary of certain important provisions contained in such amendments:

1. Provides for an additional exemption for the assessed value of homestead property between \$50,000 and \$75,000, thus doubling the existing homestead exemption for property with an assessed value equal to or greater than \$75,000. This exemption does not apply to school district taxes.

2. Permits owners of homestead property to transfer their "Save Our Homes" benefit (up to \$500,000) to a new homestead property purchased within two years of the sale of their previous homestead property to which such benefit applied if the just value of the new homestead is greater than or is equal to the just value of the prior homestead. If the just value of the new homestead is less than the just value of the prior homestead, then owners of homestead property may transfer a proportional amount of their "Save Our Homes" benefit, such proportional amount equaling the just value of the new homestead divided by the just value of the prior homestead multiplied by the assessed value of the prior homestead. As discussed above, the Save Our Homes amendment generally limits annual increases in ad valorem tax assessments for those properties with homestead exemptions to the lesser of three percent (3%) or the annual rate of inflation. This exemption applies to all taxes, including school district taxes.

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

4. Limits increases in the assessed value of non-homestead property to 10% per year, subject to certain adjustments. The cap on increases would be in effect for a 10 year period, subject to extension by an affirmative vote of electors. This limitation does not apply to school district taxes.

The amendments were effective for the 2008 tax year (Fiscal Year 2008-2009 for local governments). While certain members of the State Legislature publicly indicated that they would seek to replace the ad valorem revenues lost by school districts with other revenue sources, the State Legislature approved significant budget cuts for education during its 2009 special session. At this time, it is impossible to estimate with any certainty the level of impact that the constitutional amendments will have on the School District, but the impact could be substantial.

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

Exemption for Deployed Military Personnel. In the November 2010 General Election voters approved a constitutional amendment which provides an additional homestead exemption for deployed military personnel. The exemption equals the percentage of days during the prior

calendar year that the military homeowner was deployed outside of the United States in support of military operations designated by the legislature. This constitutional amendment took effect on January 1, 2011. At this time, it is impossible to estimate with any certainty the level of impact that the constitutional amendment will have on the School District.

Other Proposals Affecting Ad Valorem Taxation. During the State Legislature's 2011 Regular Session, it passed House Joint Resolution 381 ("HJR 381"). Among other things, HJR 381 (1) authorizes the State Legislature to prohibit by general law the increase of assessed value for property whose fair market value declined over the prior year; (2) reduces the limitation on annual increases of non-homestead property from 10% to 5% (the 5% cap sunsets in 2023); and (3) provides an additional homestead exemption of 50% (reduced to 0% in five years) of just value of the property for first-time homeowners. The additional homestead exemption for first-time homeowners does not apply to school property taxes. Such proposal will be placed on the November 2012 ballot and requires approval by 60% of the voters. At present, it is uncertain if this proposal will be approved by the voters. If approved, the impact of this proposal on the School District's finances cannot be accurately ascertained.

Reduction in Local Option Millage Levy. During the 2008 session, the State Legislature amended Section 1011.71(2), Florida Statutes, to reduce the maximum millage rate that school districts may levy for capital outlay and maintenance purposes (also known as the "Local Option Millage Levy") from 2.0 mills to 1.75 mills commencing in 2008-09 Fiscal Year. In conjunction with such reduction, the State's Commissioner of Education increased the amount of the required local effort for each school district in the State, which resulted in a shift of the millage (and associated tax revenues) from capital outlay and maintenance purposes to operational purposes. However, if the revenues generated from the reduced Local Option Millage Levy are insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2008, an amount equal to the revenue generated from 0.50 mills of the operating millage levy may be used to make such lease payments or for critical capital outlay needs.

Further Reduction in Local Option Millage Levy. Section 1011.71, Florida Statutes, was amended in the 2009, 2010 and 2011 legislative sessions and provides for the following: (i) a reduction of the maximum Local Option Millage Levy from 1.75 mills to 1.50 mills; (ii) a waiver of the three-fourths limit on use of proceeds from the Local Option Millage Levy for lease-purchase agreements entered into before June 30, 2009, for the 2009/2010 Fiscal Year; and (iii) if the revenue from 1.50 mills is insufficient to make the payments due under a lease-purchase agreement entered into prior to June 30, 2009, or to meet other critical fixed capital outlay needs, authorization for school districts to levy up to 0.25 mills for capital improvement needs in lieu of an equivalent amount of the discretionary mills for operations as provided in the State General Appropriation Act.

On March 9, 2012, the State Legislature passed HB 5101, which becomes effective July 1, 2012. HB 5101, among other things, provides authority to school districts to be able to exceed the three-fourths limit for lease-purchase agreements entered into prior to June 30, 2009. When HB

5101 becomes effective, the School District will be authorized to use more than three-fourths of the proceeds from the Local Option Millage Levy for the Prior Certificates.

Recent Fluctuations in Taxable Assessed Valuation. Budgeted revenues from ad valorem taxes are based on applying millage levies to 96% of the non-exempt assessed valuation of real and personal property within the County. Although some State agencies project a slight increase in ad valorem taxes in upcoming years, the School District's budget for Fiscal Year ended June 30, 2012 assumes a decline in assessed property values of approximately \$545 million from the prior year. These declines in assessed valuation are likely to have a negative impact on revenues of the School District from ad valorem taxes, including revenues from the Local Option Millage Levy.

Establishment of the K-12 Public School Facility Funding Task Force. HB 5101 establishes the K-12 Public School Facility Funding Task Force (the "Task Force"). The Task Force will convene no later than July 31, 2012, for the purpose of examining all relevant factors in order to make recommendations to the State Legislature for more equitable facility funding for public and charter schools. The issues to be considered by the Task Force include, but are not limited to: (a) charter school facility funding needs; (b) existing funding and revenue sources available for fixed capital outlay needs for charter and public schools; (c) long-term debt for school facilities; (d) class size requirements and the impacts of such requirements of facilities funding needs; and (e) school district facilities utilization. The Task Force is required to complete its work and submit its recommendations to the Governor and State Legislature by December 1, 2012.

PENSION AND OTHER POSTEMPLOYMENT BENEFIT PLANS

The information relating to the Florida Retirement System ("FRS") contained herein has been obtained from the FRS Annual Reports available at www.dms.myflorida.com and the Florida Comprehensive Annual Financial Reports available at http://www.myfloridacfo.com/aadir/statewide_financial_reporting. No representation is made by the School Board as to the accuracy or adequacy of such information or that there has not been any material adverse change in such information subsequent to the date of such information.

Florida Retirement System

Substantially all full and part time employees of the Board are eligible to participate in the FRS. The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The State Board of Administration ("SBA") manages the FRS. The SBA is governed by a three-member Board of Trustees which includes the State's elected governor, chief financial officer and attorney general, which function as chairman, treasurer, and secretary, respectively. FRS membership is required for all employees filling a regularly established position in a state agency, county, city agency, state university, state community college, or district school board. Cities, municipalities, special districts, charter schools and metropolitan planning organizations have the option of participating in the FRS; however, participation is irrevocable after the entity elects to participate.

As of June 30, 2011, the FRS had 1,097,450 total members, including 318,341 retirees and beneficiaries (excluding general revenue and teachers' retirement system survivor benefit), 90,271 terminated vested participants, 45,092 DROP (as hereinafter defined) participants, 479,153 active vested participants and 164,593 active non-vested participants. These members are categorized into five classes of membership: (1) Senior Management Service Class ("SMSC") members which include senior management level positions in state and local governments and assistant state attorneys, prosecutors and public defenders; (2) Special Risk Class which includes positions such as law enforcement officers, firefighters, correctional officers, emergency medical technicians and paramedics; (3) Special Risk Administrative Support Class which include non-special risk law enforcement, firefighting, emergency medical care or correctional administrative support positions within a FRS special risk-employing agency; (4) Elected Officers' Class ("EOC") which includes members who are elected state and city officers and the elected officers of cities and special districts that choose to place their officials in this class; and (5) Regular Class members includes members that do not qualify for membership in the other classes.

For those members who enrolled in the FRS defined benefit plan (the "FRS Pension Plan") prior to July 1, 2011, benefits under the FRS Pension Plan vest after six years of service for all membership classes. Regular Class, SMSC and EOC members are eligible for normal retirement with six or more years of creditable service and an age 62 or higher, or 30 years of creditable service regardless of age. Special Risk Class and Special Risk Administrative Support Class members are eligible for normal retirement with six or more years of special risk class service and an age 55 or higher, or 25 years of special risk service regardless of age. With up to four years of active duty wartime service and a total of 25 years of service including special risk service, the retirement age drops to age 52. Without at least six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the retirement requirements of the Regular Class. Regardless of class, a member may take early retirement any time after vesting within 20 years of normal retirement age; however, there is a five percent benefit reduction for each year prior to normal retirement age. The State Constitution prohibits increasing benefits without concurrently providing for funding the increase on a sound actuarial basis.

The FRS Pension Plan calculates its benefits on the basis of age, average final compensation, creditable years of service and accrual value by membership class. Members are also eligible for in-line-of-duty or regular disability and survivors' benefits.

Subject to provisions of Section 121.091, Florida Statutes, the Defined Retirement Option Program (the "DROP") permits employees eligible for normal retirement under the FRS to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months while the member's benefits accumulate in the FRS Trust Fund. Authorized instructional personnel may participate in the DROP for up to 36 additional months beyond their initial 60-month participation period. For those members who entered the DROP prior to July 1, 2011, such member's benefits will earn monthly interest at an equivalent annual rate of 6.50%. For those members who entered the DROP on and after July 1, 2011, the annual interest rate shall equal 1.3% per year. Authorized instructional

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personnel may participate in the DROP for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. As of June 30, 2011, the FRS Trust Fund projected \$2,543,635,828 in accumulated benefits and interest for 36,890 current and prior DROP participants.

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

The SBA administers the Public Employee Optional Retirement Program (the “FRS Investment Plan”), an alternative defined contribution plan available to all FRS members. Retirement benefits are based upon the value of the member’s account upon retirement. Regardless of membership class, FRS Investment Plan contributions vest after one year of service. If a member elects to transfer amounts from the FRS Pension Plan to that member’s the FRS Investment Plan account, the member must meet the six-year vesting requirement for any such transferred funds and associated earnings. The FRS Investment Plan is funded by employer contributions that are based on salary. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Administration costs of the FRS Investment Plan are funded through a 0.05% employer contribution and forfeited benefits. Disability coverage is provided under the FRS Investment Plan. Members of the FRS Investment Plan vest after eight years for non-duty related disability benefits and may elect to surrender their account balance to the FRS Trust Fund to receive guaranteed monthly benefits under the FRS Pension Plan, or members may keep their account balance to fund future retirement needs in lieu of guaranteed monthly benefit payments. The member may rollover vested funds to another qualified plan, structure a periodic payment under the FRS Investment Plan, receive a lump-sum distribution or leave the funds invested for future distribution.

Participating employers must comply with the statutory contribution requirements. Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan. Employer contribution rates are based on a level percentage of payrolls and are determined using the entry-age actuarial cost method. The School District is required to contribute to the FRS an amount equal to a variable percentage of each employee’s salary, where the percentage is based upon the employee’s statutory classification. The statutory classifications and percentages that affect the District are as follows:

Class or Plan	Percent of Gross Salary	
	<u>Employee</u>	<u>Employer^(A)</u>
Regular	0.00	10.77
Elected County Officers	0.00	18.64

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Deferred Retirement Option Program Reemployed Retiree ^(B)	0.00	12.25
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^(A) Employer rates include 1.11 percent for the postemployment health insurance supplement. Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of the FRS Investment Plan.

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

Source: School District of Clay County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2011.

The School District’s liability for participation in the FRS is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the School District. The School District’s contributions to the FRS for Fiscal Years ended June 30, 2010, and June 30, 2011 totaled \$18,279,852.17 and \$20,200,796.23, respectively, which were equal to the required contributions for each fiscal year. There were _____ employees of the School District participating in the FRS Investment Plan during the Fiscal Year ended June 30, 2011. Required contributions made to the FRS Investment Plan totaled \$_____. Effective July 1, 2011, all members of FRS will be required to contribute 3% of their gross compensation toward their retirement.

The chart below shows the annual required contribution (the “ARC”) by all participating employers to the FRS and the percentage of such contribution to the ARC:

**Schedule of Contributions
for the Florida Retirement System**

Fiscal Year	State Contributions ⁽¹⁾	Non-State Contributions ⁽¹⁾	Employee Contributions ⁽¹⁾	Total Contributions ⁽¹⁾
2005	\$519,531	\$1,547,700	\$30,556	\$2,097,787
2006	538,498	1,781,878	30,723	2,351,099
2007	671,356	2,366,330	28,112	3,065,798
2008	672,485	2,520,215	96,767	3,289,467
2009	678,777	2,556,630	138,264	3,373,671
2010	687,182	2,463,578	23,416	3,174,176
2011	765,984	2,720,845	32,932	3,519,761

⁽¹⁾ 000 omitted in dollar amounts.

Source: The Florida Retirement System, Pension Plan & Other State-Administered Systems, Annual Report: July 1, 2010 – June 30, 2011.

**Schedule of Employer Contributions
For the Florida retirement System**

<u>Fiscal Year</u>	<u>Annual Required Contribution⁽¹⁾</u>	<u>Percentage Contributed</u>
2005	\$2,141,862	102%
2006	2,193,928	96
2007	2,455,255	111
2008	2,612,672	107
2009	2,535,854	111
2010	2,447,374	111
2011	3,680,042	83

⁽¹⁾ 000 omitted in dollar amounts.

Source: The Florida Retirement System, Pension Plan & Other State-Administered Systems, Annual Report: July 1, 2010 – June 30, 2011.

Any unfunded actuarial accrued liability (“UAAL”) is required to be amortized within 30 years. Section 121.031(3)(f), Florida Statutes, provides that any surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level dollar basis. Generally, the UAAL estimates on the basis of demographic and economic assumptions, the present value of pension benefits that employers owe to their active and retired members based on past years of service. The actuarial value of assets is the value of cash, investments and other property belonging to the FRS Plan using a five year smoothing method that smoothes the difference between the market value of assets and the actuarial value of the plan assets over a five year period to prevent short term fluctuations that may result from market or economic conditions. The actuarial valuations also compare the actuarial accrued liability with the actuarial value of assets for the employees and any excess of that liability over the assets forms an UAAL. The actuarial valuations also express the percentages that the pension plans are funded through a “funded ratio” which represents the quotient obtained by dividing the actuarial value of assets of the pension plan by the actuarial accrued liability of such plan. As of June 30, 2012, the balance of legally required reserves for all defined benefit pension plans was \$126.65 billion. Such funds are reserved to provide for total current and future benefits, refunds and administration of the FRS Pension Plan.

The FRS Trust Fund assets are invested by the SBA. The assumed rate of investment return for the Fiscal Year ended June 30, 2011 was 7.75%, with the actual return calculated on the basis of fair value which was 22.09%. As of June 30, 2011, the FRS Trust Fund was valued at \$128.53 billion and invested in the classes and approximate percentages as follows:

Global Equities	60.2%
Fixed Income	24.8
Real Estate	6.5
Private Equity	4.4
Strategic Investments	3.2
Cash	0.9

Source: The Florida Retirement System, Pension Plan & Other State-Administered Systems, Annual Report: July 1, 2010 – June 30, 2011.

The chart below shows the funding progress for the FRS which presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Schedule of Funding Progress
for the Florida Retirement System**

Actuarial Valuation Date	Actuarial Value of Assets (a) ⁽¹⁾	Actuarial Liability - Entry Age (AAL) (b) ⁽¹⁾	Unfunded ML (UAAL) (b-a) ⁽¹⁾	Funded Ratio (a/b)	Covered Payroll (c) ⁽¹⁾⁽²⁾	UAAL As % of Covered Payroll (b-a)/c
7/1/05	\$111,539,878	\$103,925,948	\$(7,614,380)	107.33%	\$24,185,938	(31.48)%
7/1/06	117,159,615	110,977,831	(6,181,784)	105.57	25,327,922	(24.41)
7/1/07	125,584,704	118,870,513	(6,714,191)	105.65	26,385,768	(25.45)
7/1/08	130,720,547	124,087,214	(6,633,333)	105.35	26,891,340	(24.67)
7/1/09 ⁽³⁾	118,764,692	136,375,597	17,610,905	87.09	26,573,196	66.27
7/1/10 ⁽⁴⁾	120,929,666	139,652,377	18,722,711	86.59	25,765,362	72.67
7/1/11	126,078,053	145,034,475	18,956,422	86.93	25,686,138	73.80

⁽¹⁾ 000 omitted dollar amounts.

⁽²⁾ Payroll includes DROP payroll.

⁽³⁾ As reported in July 1, 2009 actuarial valuation report, prior to impact of House Bill 479 (2009).

⁽⁴⁾ As reported in July 1, 2010 actuarial valuation report, prior to impact of Senate Bill 2100 (2011).

Source: The Florida Retirement System, Pension Plan & Other State-Administered Systems, Annual Report: July 1, 2006 – June 30, 2011.

Market Value of Assets

Fiscal Year	Market Value of Assets (a) ⁽¹⁾	Actuarial Accrued Liability (AAL) - Entry Age (b) ⁽¹⁾	Funded Ratio (%) (a/b)
2005	\$109,875,206	\$103,925,948	105.72%
2006	118,354,931	110,977,831	106.65
2007	136,280,545	118,870,513	114.65
2008	126,936,897	124,087,214	102.30
2009	99,579,208	136,375,597	73.02

2010	109,344,318	139,652,377	78.30
2011	128,532,863	145,034,475	88.62

⁽¹⁾ 000 omitted dollar amounts.

Source: The Florida Retirement System, Pension Plan & Other State-Administered Systems, Annual Report: July 1, 2006 – June 30, 2011.

**Summary of Accrued and Unfunded Actuarial Liabilities
for the Florida Retirement System**

Actuarial Valuation Date	Accrued Liabilities ⁽¹⁾	Actuarial Valuation of Assets ⁽¹⁾	Funding Ratio (Assets/Liabilities)	Unfunded Actuarial Liability (UAL) ⁽¹⁾	Annualized Payroll (Active Members) ⁽¹⁾	Unfunded Actuarial Liability/Payroll
7/1/06	\$109,519,043	\$117,159,615	107%	(\$7,640,572)	\$25,327,922	(30%)
7/1/07	117,359,375	125,584,704	107	(8,225,329)	26,385,768	(31)
7/1/08	122,532,299	130,720,547	107	(8,188,248)	26,891,340	(30)
7/1/09	134,204,076	118,764,692	89	15,439,384	26,573,196	58
7/1/10	137,635,012	120,929,666	88	16,705,346	25,765,362	65
7/1/11	144,122,816	126,078,053	87	18,044,763	25,686,138	70

⁽¹⁾ 000 omitted in dollar amounts.

Source: The Florida Retirement System, Pension Plan & Other State-Administered Systems, Annual Report: July 1, 2009 – June 30, 2011.

The information presented in the above schedules was determined as part of the actuarial valuations performed at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Florida Retirement System Assumptions

Valuation Date	July 1, 2011
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay, Open
Equivalent Single amortization period ⁽¹⁾	30 years
Asset valuation method	5-year Smoothed Method
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases ⁽²⁾	5.85%
Includes inflation at	3.00%
Cost-of-Living Adjustments	3.00%

⁽¹⁾ Used for GASB Statement 27 reporting purposes.

⁽²⁾ Includes individual salary growth of 4.00% plus an age-graded merit scale defined by general and employment class.

Source: The Florida Retirement System, Pension Plan & Other State-Administered Systems, Annual Report: July 1, 2009 – June 30, 2010.

Senate Bill 2100

The State Legislature passed Senate Bill 2100 (“SB 2100”) during its 2011 session and was signed by Governor Rick Scott on May 20, 2011. SB 2100 makes significant changes to the FRS with respect to employee contributions and employer contributions, among other items. Effective July 1, 2011, all members of FRS will be required to contribute 3% of their gross compensation toward their retirement. In addition, the legislation reduces the required employer contribution rates for each membership class and subclass of the FRS. For fiscal year ended June 30, 2011, contribution rates ranged from 10.77% to 23.25% of annual covered payroll. Under SB 2100, employer contribution rates range from 4.91% to 14.10% of annual covered payroll. The savings resulting from such reduced contributions will be used to partially offset the reduction in State education funding for fiscal year ending July 1, 2012. See “RISK FACTORS -- Budget Constraints” herein. Additionally, the bill eliminates the cost of living adjustment for all FRS employees for service earned on or after July 1, 2011, although the bill does contemplate reinstatement of the adjustment in 2016 under certain circumstances.

Although no further action is required on the part of the Florida Legislature to implement the amendments in SB 2100, on June 20, 2011, the Florida Education Association and the Police Benevolent Association, joined by the Florida Public Services Union, a chapter of the Service Employees International Union and Teamsters Local 385 (collectively, the “FRS Plaintiffs”), filed a lawsuit in Circuit Court in Tallahassee, Florida challenging the above described legislative changes with respect to existing FRS members. The lawsuit alleges SB 2100 unlawfully impairs state employee contracts, constitutes a taking of private property without full compensation and violates government workers constitutional right to collective bargaining. On March 6, 2012, the Circuit Court granted the FRS Plaintiffs’ motion for summary judgment finding there is no genuine issue as to any material fact. The Circuit Court held the challenged portions of SB 2100 constituted an unconstitutional impairment of the FRS Plaintiffs’ contract with the State by changing the FRS from a noncontributory plan with a cost-of-living adjustment to a contributory plan without a cost-of-living adjustment. The Circuit Court also held the mandatory 3% contribution to the FRS and the elimination of the cost-of-living adjustment constituted a taking of private property for a public use without full compensation being paid. Finally, the Circuit Court held SB 2100 abridges the right of public employees to collectively bargain over wages, hours and other terms or conditions of employment. Governor Scott issued a statement that the State will appeal the Circuit Court decision, which will result in an automatic stay of the decision. As such, there will be no immediate impact on the District’s budget. However, if the FRS Plaintiffs are ultimately successful on appeal,

the impact to the District's finances could be substantial given the current State economy and level of education funding. See "Risk Factors -- Budget Constraints" herein.

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

Other Post Employment Benefits

In addition to its contributions under the FRS described above, the School District provides other postemployment benefits ("OPEB") for certain of its retired employees in the form of both an implicit rate subsidy, by providing access to health insurance plans requiring the use of a single "blended" or "common" rate for both active and retired employees, as well as a small co-payment of premiums on a quarterly basis. The offering of this health insurance coverage is required by Section 112.0801, Florida Statutes.

Plan Description. The Postemployment Health Care Benefits Plan is a single-employer defined benefit plan administered by the School District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the School District are eligible to participate in the School District's health insurance plan. The School District subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

Additionally, retirees who worked for and retired from the School District after a minimum of 25 years, and who are age 59 before the start of the insurance plan year (October 1) receive insurance coverage at a reduced (explicitly subsidized) premium rate. This defined benefit plan provides an annual premium reduction of up to \$1,200 and continues until the retirees are eligible to enroll in the Federal Medicare program for their primary coverage (age 65).

This premium supplement for retirees with 25 years of service was eliminated effective October 1, 2010.

The Postemployment Health Care Benefits Plan does not issue a stand-alone report, and is not included in the report of a Public Employee Retirement System or another entity.

Funding Policy. For the Postemployment Health Care Benefits Plan, contribution requirements of the School District are established and may be amended through recommendations of the Insurance Committee and action from the Board. The School District has

not advance-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation, and the Plan is financed on a pay-as-you go basis. For the 2010-11 fiscal year, 165 retirees and eligible dependents received postemployment health care benefits. The School District provided required contributions of \$639,836 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums, and net of retiree contributions totaling \$1,095,900.

Annual OPEB Cost and Net OPEB Obligation. The School District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with parameters of GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The following table shows the School District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation for Postemployment Health Care Benefits:

Description	June 30, 2011
Normal Cost (service cost for one year)	\$ 833,088
Amortization of Unfunded Actuarial Accrued Liability	291,367
Interest on Normal Cost and Amortization	44,895
Annual Required Contribution	1,169,350
Interest on Net OPEB Obligation	20,400
(Less Amortization of Net OPEB Obligation	(18,215)
Annual OPEB Cost (Expense)	1,171,535
Contribution Toward the OPEB Cost	(639,836)
Increase in Net OPEB Obligation	531,699
Net OPEB Obligation, Beginning of Year	510,011
NET OPEB Obligation, End of Year	\$ 1,041,710

Source: District School Board of Lake County, Florida, Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2011.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2011, were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2008-09	\$ 736,454	50.9%	\$ 722,018
2009-10	777,965	127.3%	510,011
2010-11	1,171,535	54.6%	1,041,710

Source: District School Board of Lake County, Florida, Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2011.

Funded Status and Funding Progress. As of June 30, 2011, the actuarial accrued liability for benefits was \$8,050,153 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$8,050,153. The covered payroll (annual payroll of active participating employees) was \$123,782,275 for the 2010-11 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 6.5 percent.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The School District's OPEB actuarial valuation for the 2010-11 fiscal year used the entry age normal cost actuarial method to estimate the unfunded actuarial liability and to determine the annual required contribution. These methods were selected because they produced the lowest OPEB liability and annual cost. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4% rate of return on invested assets, which is the School District's long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 3.5% per year, and an annual healthcare cost trend rate of 10.5% initially for the 2010-11 fiscal year, reduced each year, to an ultimate rate of 5.5% for the fiscal year ending June 30, 2018. The unfunded actuarial accrued liability and gains/losses are being amortized as a level percentage of projected payroll on a closed basis over 30 years.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2012 Certificates upon an event of default under the Trust Agreement, the Lease Agreement, the Series 2012 Certificates and the Policy are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the

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federal bankruptcy code, the remedies specified by the Trust Agreement, the Lease Agreement, the Series 2012 Certificates and the Policy may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2012 Certificates (including Special Counsel's approving opinion) will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before of after such delivery.

CONTINUING DISCLOSURE

The Board has agreed and undertaken for the benefit of Series 2012 Certificate holders and in order to assist the Underwriter 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, the District and the Series 2012 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 2012 Certificates remain Outstanding under the Trust Agreement. The covenant shall also terminate upon the termination of the Rule by legislative, judicial or administrative action. The Annual Report will be filed annually by the Board or its dissemination agent pursuant to the undertaking with each Nationally Recognized Municipal Securities Information Repository ("NRMSIR"), which currently consists of only the Electronic Municipal Market Access ("EMMA") system, as described in the Continuing Disclosure Certificate. The notices of material events will be filed with each NRMSIR. The specific nature of the information to be contained in the Annual Report and the notices of material events, are described in the Continuing Disclosure Certificate. See "APPENDIX H -- FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto.

With respect to the Series 2012 Certificates, no party other than the Board is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule. **[Add language based on continuing disclosure due diligence]**

INVESTMENT POLICY

Assets of the School District are invested pursuant to the provisions of Sections 1001.41(2) and 1001.42(w)(k), Florida Statutes. Furthermore, the investment of certain assets held under the Trust Agreement is also governed by the terms and provisions of the Trust Agreement. The Board may amend its investment policy from time to time.

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Series 2012 Certificates are subject to an approving legal opinion of Mark E. Raymond, Esq., Miami, Florida, Special Counsel, whose approving opinion (a form of which is attached hereto as "APPENDIX G – FORM OF OPINION OF SPECIAL COUNSEL" will be available at the time of delivery of the Series 2012

Certificates. The actual legal opinion to be delivered by Special Counsel may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date and subsequent distribution of it by recirculation of this Offering Statement or otherwise shall create no implication that Special Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date. Certain legal matters will be passed on for the Board and the Corporation by, J. Bruce Bickner, P.A., Orange Park, Florida. Certain legal matters will be passed on for the Underwriter by its Counsel, Bryant Miller Olive P.A., Tallahassee, Florida.

LITIGATION

Concurrently with the delivery of the Series 2012 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 2012 Certificates, the Master Lease or the Series 2003 Lease or (ii) questioning or affecting the validity of the Series 2012 Certificates, the Master Lease or the Series 2003 Lease or any proceedings of the Board or actions of the Trustee with respect to the authorization, sale, execution or issuance of the Series 2012 Certificates or the transactions contemplated by this Offering Statement or the Master Lease, the Trust Agreement, the Series 2003 Lease or any other agreement or instrument to which the Board is a party in connection therewith and which is used or contemplated for use in the transactions contemplated by this Offering Statement or (iii) questioning or affecting the creation, organization nor existence of the School Board and which would have an adverse effect on the actions taken by the Board with respect to the issuance of the Series 2012 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 School District.

RATINGS

Moody's Investors Service ("Moody's") and Fitch Ratings ("Fitch") are expected to assign ratings of "_____" and "_____" respectively, to the Series 2012 Certificates, with the understanding that, upon delivery of the Series 2012 Certificates, an insurance policy will be issued by the Insurer. In addition, Moody's and Fitch have assigned ratings of "_____" and "_____" respectively, to the Series 2012 Certificates without regard to such insurance policy. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007; 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

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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 2012 Certificates.

CONTINGENT FEES

The Board has retained Special Counsel, Counsel for the Board and the Financial Advisor, with respect to the authorization, sale, execution and delivery of the Series 2012 Certificates. The Corporation has retained Counsel for the Corporation with respect to the authorization, sale, execution and delivery of the Series 2012 Certificates. Payment of the fees of such professionals and a discount to the Underwriter (which includes the fees of Underwriter's Counsel) are each contingent upon the issuance of the Series 2012 Certificates.

UNDERWRITING

The Series 2012 Certificates are being purchased by Wells Fargo Bank, National Association (the "Underwriter") at a purchase price of \$_____ (which reflects net original issue [premium/discount] of \$_____ and an Underwriter's discount of \$_____). The Underwriter's obligation is subject to certain conditions precedent, and they will be obligated to purchase all of the Series 2012 Certificates if any Series 2012 Certificates are purchased. The Series 2012 Certificates may be offered and sold to certain dealers (including dealers depositing such Series 2012 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 Underwriter. The 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 Underwriter does not guaranty the accuracy or completeness of such information.

FINANCIAL ADVISOR

The Board has retained Ford & Associates, Inc., Tampa, Florida, as financial advisor in connection with the Board's financing plans and with respect to the issuance of the Series 2012 Certificates. 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 Certificates. In addition to a financial advisory fee, the Financial Advisor may receive a brokerage fee for bidding certain investment of proceeds of the Series 2012 Certificates.

FINANCIAL STATEMENTS

The basic financial statements of the Board as of June 30, 2011 and for the year then ended, attached hereto as "APPENDIX B," have been audited by Purvis Gray & Company, as set forth in its report dated February 14, 2012. See "APPENDIX B: THE AUDITED BASIC FINANCIAL STATEMENTS OF THE SCHOOL BOARD OF CLAY COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2011" attached hereto. The auditor has not participated in the preparation or review of this Offering Statement and the financial statements are included as a publicly available record.

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 2012 Certificates in order that the Interest Component of the Basic Rent Payments received by the Owners of the Series 2012 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 Certificates, regardless of the date on which such non-compliance occurs or is ascertained. The Board and the Corporation have covenanted in the Series 2003 Lease to comply with such requirements in order to maintain the exclusion from federal gross income of the Interest Component.

In the opinion of Special Counsel, the form of which is attached hereto as APPENDIX G, assuming compliance with the aforementioned covenants, prior to the termination of the Series 2003 Lease 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 2012 Certificates, including among other things, restrictions relating to the use of investment of the proceeds of the Series 2012 Certificates and the payment of certain arbitrage earnings in excess of the "yield" on the Series 2012 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 2012 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 Certificates. Prospective purchasers of Series 2012 Certificates should be aware that the ownership of Series 2012 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 2012 Certificates, and (3) the inclusion of the Interest Component of the Basic Rent Payments in passive income for certain Subchapter S corporations. In addition, the Interest Component may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2012 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 2012 CERTIFICATE HOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE SERIES 2012 CERTIFICATE HOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Florida Taxes

In the opinion of Special Counsel, the Series 2012 Certificates are exempt from all present intangible personal property taxes imposed pursuant to Chapter 199, Florida Statutes.

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 2012 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 2012 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 2012 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 2012 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 2012 Certificates.

NOTWITHSTANDING THE FOREGOING, SPECIAL COUNSEL EXPRESSES NO OPINION REGARDING THE FEDERAL INCOME TAX OR FLORIDA TAX CONSEQUENCES

RESULTING FROM THE OWNERSHIP OF THE SERIES 2012 CERTIFICATES OR THE RECEIPT BY THE OWNERS THEREOF OF PAYMENTS ON THE SERIES 2012 CERTIFICATES FOLLOWING THE TERMINATION OF THE SERIES 2003 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 2012 Certificates maturing July 1 in the years 20__ through 20__ (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 2003 Lease 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 by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Certificates. The federal income tax consequences of the purchase, ownership and prepayment, sale or other disposition of Discount Certificates which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Owners of Certificates should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, prepayment or other disposition of such Discount Certificates and with respect to the state and local tax consequences of owning and disposing of such Discount Certificates.

Special Counsel expresses no opinion regarding the federal income tax consequences resulting from the accrual of original issue discount following the termination of the Series 2003 Lease resulting from an Event of Non-Appropriation or Event of Default thereunder.

Original Issue Premium

The difference between the principal amount of the Series 2012 Certificates maturing July 1 in the years 20__ through and including 20__ (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 which term ends on the earlier of the maturity date or first optional prepayment date for each of the Premium Certificates which minimizes the yield on said Premium Certificates to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Certificate, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Certificate annually by the amount of amortizable certificate premium for the taxable year. The amortization of certificate premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Certificates. Owners of the Premium Certificates are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Certificates.

Special Counsel expresses no opinion regarding the federal income tax consequences resulting from the accrual of original issue premium following the termination of the Series 2003 Lease resulting from an Event of Non-Appropriation or Event of Default thereunder.

ACCURACY AND COMPLETENESS OF OFFERING STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the Board and the Series 2003 Project and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive statements of the provisions of such documents 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 2012 Certificates, the security for the payment of the Series 2012 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 2012 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 2012 Certificates, the undersigned will furnish a certificate to the effect that nothing has come to their attention which would lead them to believe that the Offering Statement (except for the information related to DTC, its book-entry-only system of registration, as to all of which no opinion will be expressed), as of its date and as of the date of delivery of the Series 2012 Certificates, contains an untrue statement of a material fact or

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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 CLAY COUNTY,
FLORIDA**

By: _____
Chairman

By: _____
Superintendent

APPENDIX A

GENERAL INFORMATION REGARDING CLAY COUNTY

APPENDIX B

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DISTRICT SCHOOL BOARD
OF CLAY COUNTY, FLORIDA FOR FISCAL YEAR ENDED JUNE 30, 2011**

APPENDIX C

**MASTER TRUST AGREEMENT AND FORM OF SERIES 2012 A SUPPLEMENTAL TRUST
AGREEMENT**

APPENDIX D

MASTER LEASE-PURCHASE AGREEMENT AND FORM OF THE SERIES 2003 LEASE

APPENDIX E

ASSIGNMENT OF THE SERIES 2003 LEASE

APPENDIX F

**THE SERIES 2003 GROUND LEASE AND FORM OF AMENDMENTS AND ASSIGNMENT
OF GROUND LEASE**

APPENDIX G

FORM OF OPINION OF SPECIAL COUNSEL

APPENDIX H

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX I

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

Exhibit F

Continuing Disclosure Statement

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by The School Board of Clay County, Florida (the "Board") in connection with the execution of Amended and Restated Lease Schedule No. 2003, dated as of _____ 1, 2012, to the Master Lease Purchase Agreement dated as of May 15, 1997 (the "Master Lease," and together with Amended and Restated Lease Schedule No. 2003, the "Series 2003 Lease"). The Series 2003 Lease is being delivered in connection with the issuance by the Board of its \$_____ Certificates of Participation (School Board of Clay County, Florida, Master Lease Program), Series 2012A Evidencing an Undivided Proportionate Interests of the Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Clay County, Florida (the "Certificates"). The Series 2012A Certificates are being issued pursuant to a Master Trust Agreement dated as of May 15, 1997, as supplemented by the Series 2012A Supplemental Trust Agreement dated as of _____ 1, 2012 (the "Series 2012A Trust Agreement"), between the Clay School Board Leasing Corporation (the "Corporation") and U.S. Bank National Association, as successor in interest to First Union National Bank of Florida (the "Trustee"). The Board covenants and agrees as follows:

SECTION 1. PURPOSE OF THE DISCLOSURE AGREEMENT. This Disclosure Agreement is being executed and delivered by the Board for the benefit of the Holders and Beneficial Owners of the Certificates and in order to assist the Participating Underwriter in complying with the continuing disclosure requirements of Securities and Exchange Commission Rule 15c2-12.

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the Master Trust Agreement which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Board pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

"Dissemination Agent" shall mean the Board, or any successor Dissemination Agent designated in writing by the Board and which has filed with the Board a written acceptance of such designation.

"Event of Bankruptcy" shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a

proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“Obligated Person” shall mean any person, including the Board, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Certificates (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

“Participating Underwriter” shall mean the original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

“Repository” shall mean each entity authorized and approved by the Securities and Exchange Commission from time to time to act as a repository for purposes of complying with the Rule. The Repositories currently approved by the Securities and Exchange Commission may be found by visiting the Securities and Exchange Commission’s website at <http://www.sec.gov/info/municipal/nrmsir.htm>. As of the date hereof, the Repository recognized by the Securities and Exchange Commission for such purpose is the Municipal Securities Rulemaking Board, which currently accepts continuing disclosure submissions through its Electronic Municipal Market Access (“EMMA”) web portal at “<http://emma.msrb.org>.”

“Rule” shall mean the continuing disclosure requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Florida.

SECTION 3. PROVISION OF ANNUAL REPORTS.

(a) The Board shall, or shall cause the Dissemination Agent to, not later than one year after the end of the Board’s fiscal year (presently June 30th) (the “Annual Filing Date”), commencing with the report for the fiscal year ending June 30, 2012, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Board may be submitted

separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date, provided, further, in such event unaudited financial statements are required to be delivered as part of the Annual Report in accordance with Section 4(a) below. If the Board's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than fifteen (15) Business Days prior to the date set forth in (a) above, the Board shall provide the Annual Report to the Dissemination Agent (if other than the Board). If the Board is unable to provide to any Repository an Annual Report as required in subsection (a), the Board shall send a notice to any Repository, in electronic format as prescribed by such Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of any Repository; and

(ii) if the Dissemination Agent is other than the Board, file a report with the Board certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing any Repository to which it was provided.

SECTION 4. CONTENT OF ANNUAL REPORTS. The Board's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Board for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Board's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Offering Statement dated _____, 2012 (the "Offering Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and

(b) If available, the Board's Comprehensive Annual Financial Report ("CAFR") for the immediately preceding Fiscal Year; and

(c) Financial information or operating data of the type included in the Offering Statement under the headings or in the Tables, as the case may be, entitled "SCHOOL BOARD OF CLAY COUNTY, FLORIDA -- Statistical Data," "-- General Fund Operations," "REVENUES OF THE SCHOOL DISTRICT," "AD VALOREM TAX PROCEDURES," and "PENSION AND OTHER POSTEMPLOYMENT BENEFIT PLANS," provided that the information updating the tables may be provided in the format deemed most appropriate by the Board.

The information provided under Section 4(b) may be included by specific reference to documents, including official statements of debt issues of the Board or related public entities, which are available to the public on the Repository's Internet Web site or filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Board shall clearly identify each such other document so included by reference.

SECTION 5. REPORTING OF SIGNIFICANT EVENTS.

(a) Pursuant to the provisions of this Section 5, the Board shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates. Such notice shall be given in a timely manner not in excess of ten (10) business days after the occurrence of the event, with the exception of the event described in number 15 below, which notice shall be given in a timely manner:

1. principal and interest payment delinquencies, or the occurrence of an "Event of Nonappropriation" under the Master Lease;
2. non-payment related defaults under the Master Lease or the Trust Agreement, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determination with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
7. modifications to rights of the Holders of the Certificates, if material;
8. optional, contingent or unscheduled Certificate calls, if material, and tender offers;
9. defeasance;
10. release, substitution, or sale of property securing repayment of the Certificates, if material;
11. rating changes;

12. an Event of Bankruptcy or similar event of an Obligated Person;

13. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. appointment of a successor or additional trustee or the change of name of a trustee, if material; and

15. notice of any failure on the part of the Board to meet the requirements of Section 3 hereof.

(b) The notice required to be given in paragraph 5(a) above shall be filed with any Repository, in electronic format as prescribed by such Repository.

SECTION 6. IDENTIFYING INFORMATION. In accordance with the Rule, all disclosure filings submitted pursuant to this Disclosure Certificate to any Repository must be accompanied by identifying information as prescribed by the Repository. Such information may include, but not be limited to:

(a) The category of information being provided;

(b) The period covered by any annual financial information, financial statement or other financial information or operation data;

(c) The issues or specific securities to which such documents are related (including CUSIPs, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);

(d) The name of any Obligated Person other than the Board;

(e) The name and date of the document being submitted; and

(f) Contact information for the submitter.

SECTION 7. TERMINATION OF REPORTING OBLIGATIONS. The Board's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates, so long as there is no remaining liability of the Board, or if the Rule is repealed or no longer in effect. If such termination occurs prior to the final maturity of the Certificates, the Board shall give notice of such termination in the same manner

as for a Listed Event under Section 5.

SECTION 8. DISSEMINATION AGENT. The Board may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Board pursuant to this Disclosure Agreement.

SECTION 9. AMENDMENT; WAIVER. Notwithstanding any other provision of this Disclosure Agreement, the Board may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Board, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Certificates in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Certificates.

Notwithstanding the foregoing, the Board shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Board shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Board. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting

principles.

SECTION 10. ADDITIONAL INFORMATION. Nothing in this Disclosure Agreement shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Board chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Board shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. DEFAULT. In the event of a failure of the Board to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Board to comply with its obligations under this Disclosure Agreement; provided, however, the sole remedy under this Disclosure Agreement in the event of any failure of the Board to comply with the provisions of this Disclosure Agreement shall be an action to compel performance. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Master Trust Agreement.

SECTION 12. DUTIES, IMMUNITIES AND LIABILITIES OF DISSEMINATION AGENT. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Board agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Board under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

SECTION 13. BENEFICIARIES. This Disclosure Agreement shall inure solely to the benefit of the Board, the Trustee, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Dated as of _____, 2012.

SCHOOL BOARD OF CLAY COUNTY, FLORIDA

By: _____

Chairman

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: School Board of Clay County, Florida

Name of Bond Issue: \$_____ CERTIFICATES OF PARTICIPATION (School Board of Clay County, Florida Master Lease Program), Series 2012A 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 Clay County, Florida (collectively, the "Certificates")

Date of Issuance: _____, 2012

NOTICE IS HEREBY GIVEN that the Board has not provided an Annual Report with respect to the above-named Certificates as required by Sections 3 and 4(b) of the Continuing Disclosure Agreement dated as of _____, 2012. The Board anticipates that the Annual Report will be filed by _____.

Dated: _____

THE SCHOOL BOARD OF CLAY
COUNTY, FLORIDA, as ISSUER

By: _____

Name: _____

Title: _____